STATE LEASE MF099295

| CONTROL | BASEFILE | COUNTY |
|---|---|---|
| 65-902394 | 000 - | WASHINGTON /239 |

SURVEY : WASHINGTON COUNTY ROADS
BLOCK :
TOWNSHIP : 00
SECTION/TRACT:
PART :
ACRES : 10.37
DEPTH LIMITS : NO

Rentals: Not.

Lease Admin: DK.

Mineral Maps:

LESSEE : UNION PACIFIC RESOURCES COMPAN
LEASE DATE : Jun 16 1998
PRIMARY TERM : 3 yrs
BONUS ($) : 2127.40
RENTAL ($) : 0.00
ROYALTY : 0.20000000
VAR ROYALTY :

952670
MF 099295
M-099295

CONTENTS OF FILE NO. NM-99395

| | |
|---|---|
| 1. Lease. 8/21/98 | |
| 2. Letter + Attachments. 8/27/98. 8/21/98 | |
| 3. Memo. 6/10/98. 8/21/98 | |
| 4. Letter 7/27/98. 1-22-99 | |
| Scanned sm 10/10/13 | |
| 5) TERMINATION LETTER 9/25/17 | |
| scanned pf 9-26-2018 | |
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GLO-S-08-(1-82)

HROW Lease
Revised 10/89

# The State of Texas

Austin, Texas

**PAID-UP**
**OIL AND GAS LEASE NO. M-99295**
**GENERAL LAND OFFICE**
**AUSTIN, TEXAS**

THIS AGREEMENT made and entered into by and between the Commissioner of the General Land Office of the State of Texas, whose address is Stephen F. Austin Building, 1700 North Congress, Austin, Texas, 78701, hereinafter called "Lessor", hereunto authorized by the School Land Board, pursuant to the provisions of Chapters 32 and 52 of the Natural Resources Code (hereinafter called N.R.C.), and amendments thereto, and all applicable rules promulgated by the School Land Board, and **Union Pacific Resources Company,** whose address is **P.O. Box 7, Fort Worth, Texas 76101**, hereinafter called "Lessee".

1. Lessor, in consideration of **Two Thousand One Hundred Twenty Seven and 40/100 Dollars ($2127.40),** receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease, and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, and all other hydrocarbons, produced from the land covered hereby. The land covered hereby, herein called "said land" is located in the County of **Washington**, State of Texas, and is described as follows:

> **10.637** acres of land, more or less, situated in said **Washington** County, Texas, more particularly described in Exhibit "A" attached hereto and made a part hereof together with a plat, attached hereto as Exhibit "B", depicting said right-of-way and surrounding area for purposes of illustration only.

For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain **10.637** acres, whether actually containing more or less, and the above recital of acreage shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. PRIMARY TERM: This lease, which is a "paid up" lease requiring no rentals, shall remain in force for a term of **three (3) years** from **June 16, 1998**, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. ROYALTIES: As royalty Lessee covenants and agrees:

(a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its well, the equal**one fifth (1/5)** part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such **one fifth (1/5)** part of such oil at the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest, in either case, to bear none of the cost of treating oil to render it marketable pipe line oil;

(b) To pay Lessor on gas and casinghead gas produced from said land (1) when sold by lessee **one fifth (1/5)** of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of **one fifth (1/5)** of such gas and casinghead gas.

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

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

(e) If at any time or times after the expiration of the primary term, all such wells are shutin for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check of lessee, as royalty, the sum of **$53.19**. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

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

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

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

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

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

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

5. RELEASE: Lessee may relinquish the rights granted hereunder to the State at any time by recording the relinquishment in the county where this area is situated and filing the recorded relinquishment or certified copy

of same in the General Land Office within ninety (90) days after its execution accompanied by the prescribed filing fee. Such relinquishment will not have the effect of releasing Lessee from any liability theretofore accrued in favor of the State.

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

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

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

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

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

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

12. WELL INFORMATION: Lessee agrees to forthwith furnish Lessor, upon written request, with copies of all drilling logs, electrical logs, cores and core records and other information pertaining to all wells drilled by

lessee either on the leased premises or acreage pooled therewith, when requested to do so. Said information shall remain confidential as required by statute.

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

14. COMPENSATORY ROYALTY: Lessee shall pay a compensatory royalty if this lease is not being held by production on the leased premises, by production from a pooled unit, or by payment of shut-in royalties in accordance with the terms of this lease, and if oil or gas is sold or delivered in paying quantities from a well located within 2500 feet of the leased premises and completed in a producible reservoir underlying the area leased hereunder or in any case in which drainage is occurring. Such compensatory royalty shall be paid at the royalty rate provided in this lease based on the value of production from the well as provided in the lease on which such well is located. The compensatory royalty shall be paid in the same proportion that the acreage of this lease has to the acreage of the proration unit surrounding the draining well plus the acreage of this lease. The compensatory royalty shall be paid monthly to the Commissioner of the General Land Office on or before the last day of the month after the month in which the oil or gas is sold and delivered from the well causing the drainage or from the well located within 2500 feet of the leased premises and completed in a producible reservoir under this lease. Notwithstanding anything herein to the contrary, compensatory royalty payable hereunder shall be no less than an amount equal to **$106.38**, and shall maintain this lease in effect for so long as such payments are made as provided herein.

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

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

Garry Mauro

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

Approved:
Energy: RH
Executive: SL

**Exhibit "A"**

Acreage to be Leased from the State of Texas in Washington County, Texas, being part of F.M. 389

10.637 acres of land, more or less, situated in the Phillip Coe League, A-31 in Washington County, Texas and being the same land described in the following Deeds Recorded in the Deed Records of Washington County, Texas:

Tract 1: 1.474 (calculated) acres of land, more or less, being the same land described in that deed dated November 23, 1926, from Nick Murski and Kasper Kowalski, as Administrators by law of the Estate of C. Murski Estate to Washington County, Texas, recorded in Volume 91, Page 145 of the Deed Records of Washington County, Texas.

Tract 2: 1 1/5 acres of land, more or less, being the same land described in that deed dated February 24, 1926, from August Kramer and wife, Ottillie Kramer to Washington County, Texas, recorded in Volume 86, Page 490 of the Deed Records of Washington County, Texas.

Tract 3: 1.035 (calculated) acres of land, more or less, being the same land described in that deed dated April 11, 1927, from Henry Grimm, Jr. and wife, Emma Grimm to Washington County, Texas, recorded in Volume 91, Page 118 of the Deed Records of Washington County, Texas.

Tract 4: 0.0367 (calculated) acre of land, more or less, being the same land described in that deed dated May 10, 1927, fro, Elma Morriss to Washington County, Texas, recorded in Volume 91, Page 167 of the Deed Records of Washington County, Texas.

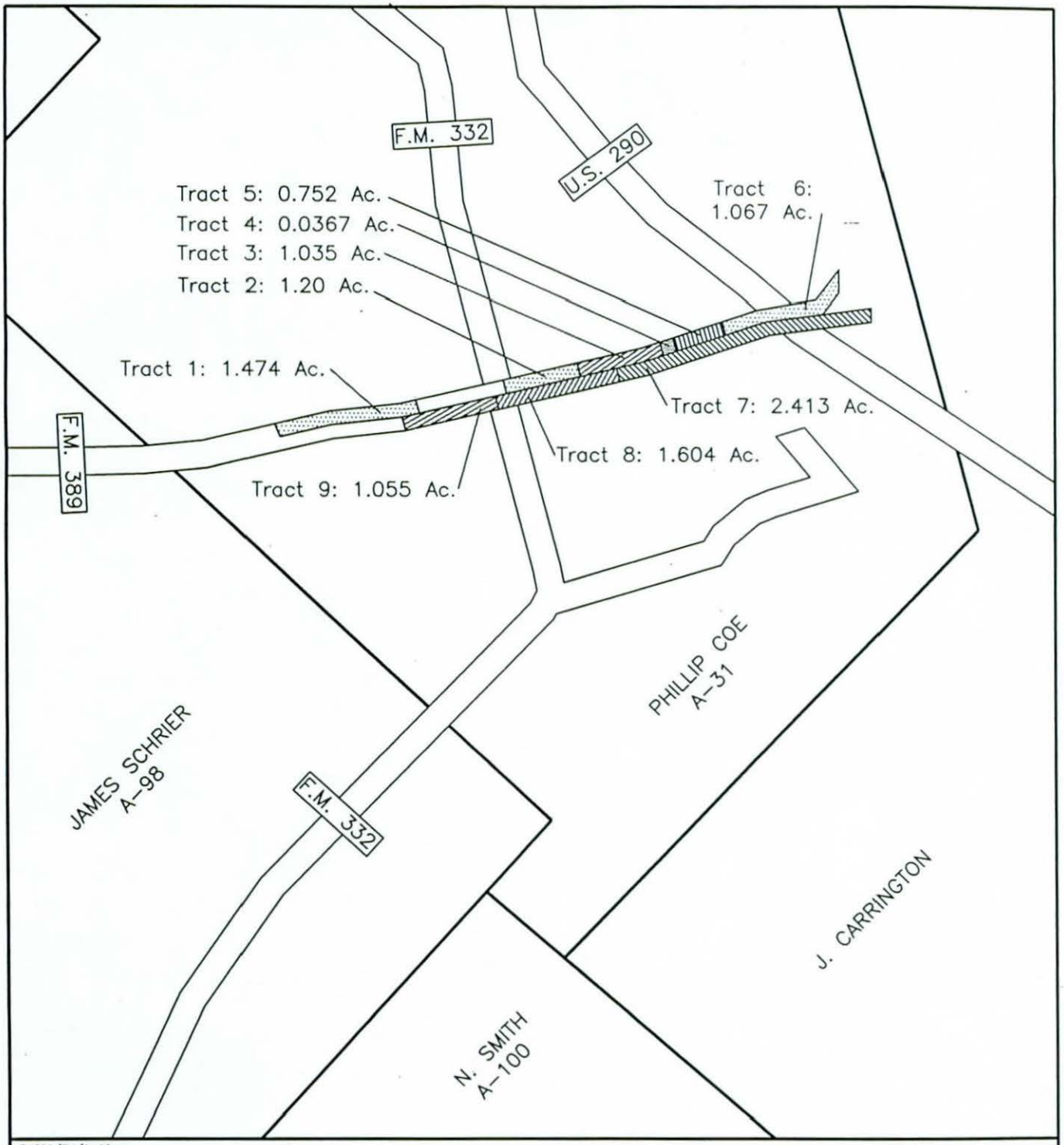
Tract 5: 0.752 (calculated) acre of land, more or less, being the same land described in that deed dated April 9, 1927, from W. F. Schawe and wife, Mrs. W. F. Schawe to Washington County, Texas, recorded in Volume 91, Page 227 of the Deed Records of Washington County, Texas.

Tract 6: 1.067 (calculated) acres of land, more or less, being the same land described in that deed dated April 15, 1927, from Chas. Grimm to Washington County, Texas, recorded in Volume 91, Page 128 of the Deed Records of Washington County, Texas.

Tract 7: 2.413 (calculated) acres of land, more or less, being the same land described in that deed dated April 7, 1927, from Ed. Wehmeyer and wife, Mrs. Ed. Wehmeyer to Washington County, Texas, recorded in Volume 91, page 214 of the Deed Records of Washington County, Texas.

Tract 8: 1.604 (calculated) acres of land, more or less, being the same land described in that deed dated October 18, 1925, from Mrs. Sophie Wehmeyer to Washington County, Texas, being the first document recorded in Volume 91, Page 206 of the Deed Records of Washington County, Texas.

Tract 9: 1.055 (calculated) acres of land, more or less, being the same land described in that deed dated October 20, 1925, from Aug. Richter and wife, Maria Richter to Washington County, Texas, being the first document recorded in Volume 91, Page 183 of the Deed Records of Washington County, Texas.




FM389/EM/6-98

MAP SHOWING

A PORTION OF F.M. 389

10.637 ACRES

APPROXIMATELY 1 MILE SOUTHWEST OF BRENHAM

WASHINGTON COUNTY

(1)

MF 99395
ITEM Deere
TO
FROM
DATE 8/21/98

**DENNIS MAHLMANN**
**Petroleum Land Services**
**208 W. Alamo**
**Brenham, Texas 77833**
**409/836-3260**

May 27, 1998

200.00
1/5
3yr Paid
5.00 per tc
Shut in 10

Texas General Land Office
Lease Administration
1700 N. Congress Ave.
Austin, Texas 78701

X 100.00

98049700

Attn.: Mr. Drew Reid

RE: Oil and Gas Lease, 10.637 acres of land,
Farm-to-Markey Highway 389,
Washington County, Texas

Dear Mr. Reid:

Attached please find the following items relating to the leasing of the above highway or right-of-way tract:

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

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

3) Waiver of notice by Union Pacific Resources Company;

4) Affidavit re: horizontal drilling;

5) Affidavit re: consideration paid for adjacent leases;

6) Map indicating ownership of adjacent tract;

7) Copies of leases on adjacent lands.

8) Title opinion letter covering subject tracts.

Thank you for this opportunity to develop these minerals. Please call on me if you have questions.

Sincerely yours,

Dennis Mahlmann
Landman and Agent,
Union Pacific Resources Company

Enclosures

ENERGY RESOURCES
98 JUN -1 PM 5:07
RECEIVED

**DENNIS MAHLMANN**
**Petroleum Land Services**
**208 W. Alamo**
**Brenham, Texas 77833**
**409/836-3260**

May 27, 1998

Texas General Land Office
Lease Administration
1700 N. Congress Ave.
Austin, Texas 78701

Attn.: Mr. Drew Reid

RE: Oil and Gas Lease, 10.637 acres of land,
Farm-to-Market Highway 389,
Washington County, Texas

Dear Mr. Reid:

Union Pacific Resources Company hereby makes application to lease a 10.637 acre right-of-way tract located in Washington County, Texas. Union Pacific Resources Company is an "adjacent mineral owner" to the tract as a result of currently existing oil and gas leases.

Attached to this application are the following:

1) Plat or map of the right-of-way tract showing the boundaries of said tract;

2) Vicinity map indicating the location of the 10.637 acres to be leased;

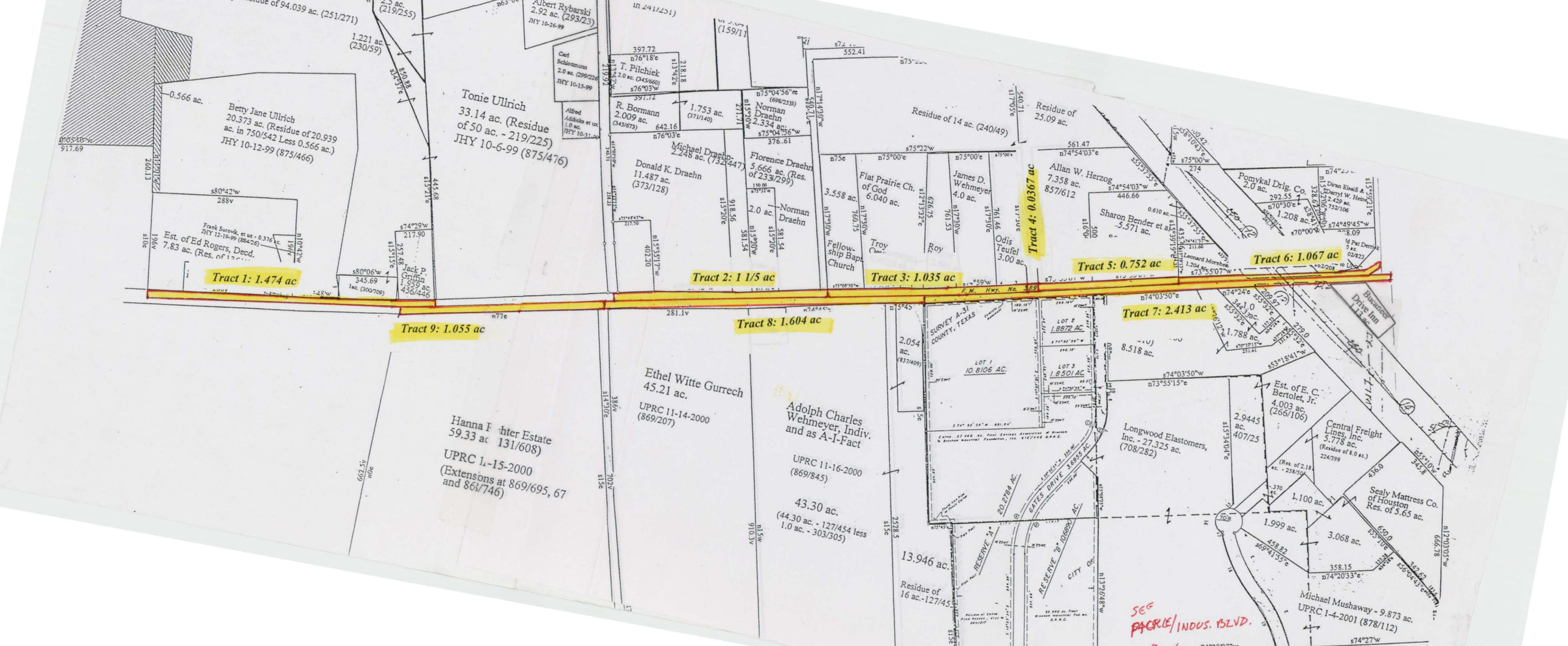
3) Copies of source deeds into the Washington County.

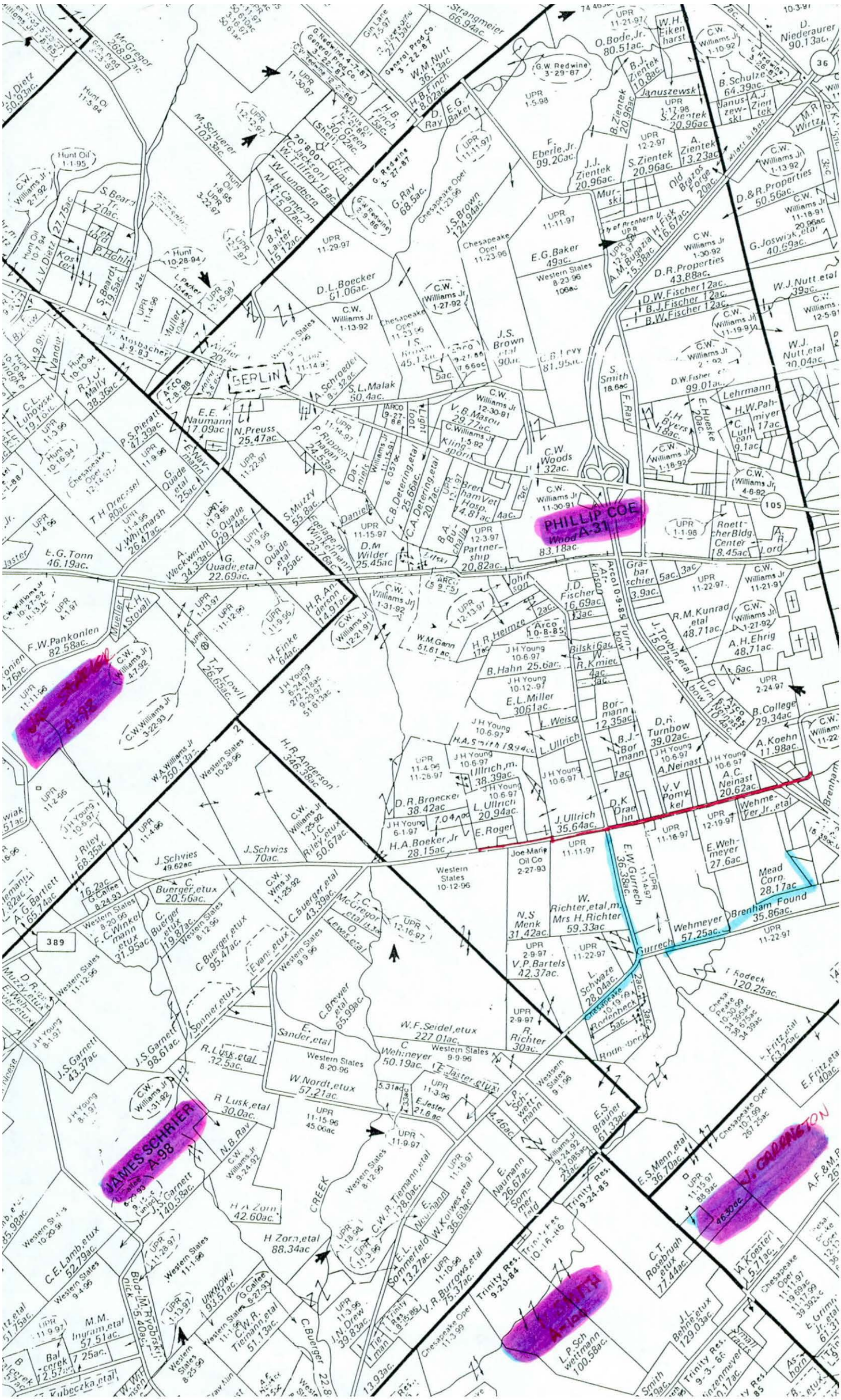
Please call me if you have any questions or if I can be of assistance.

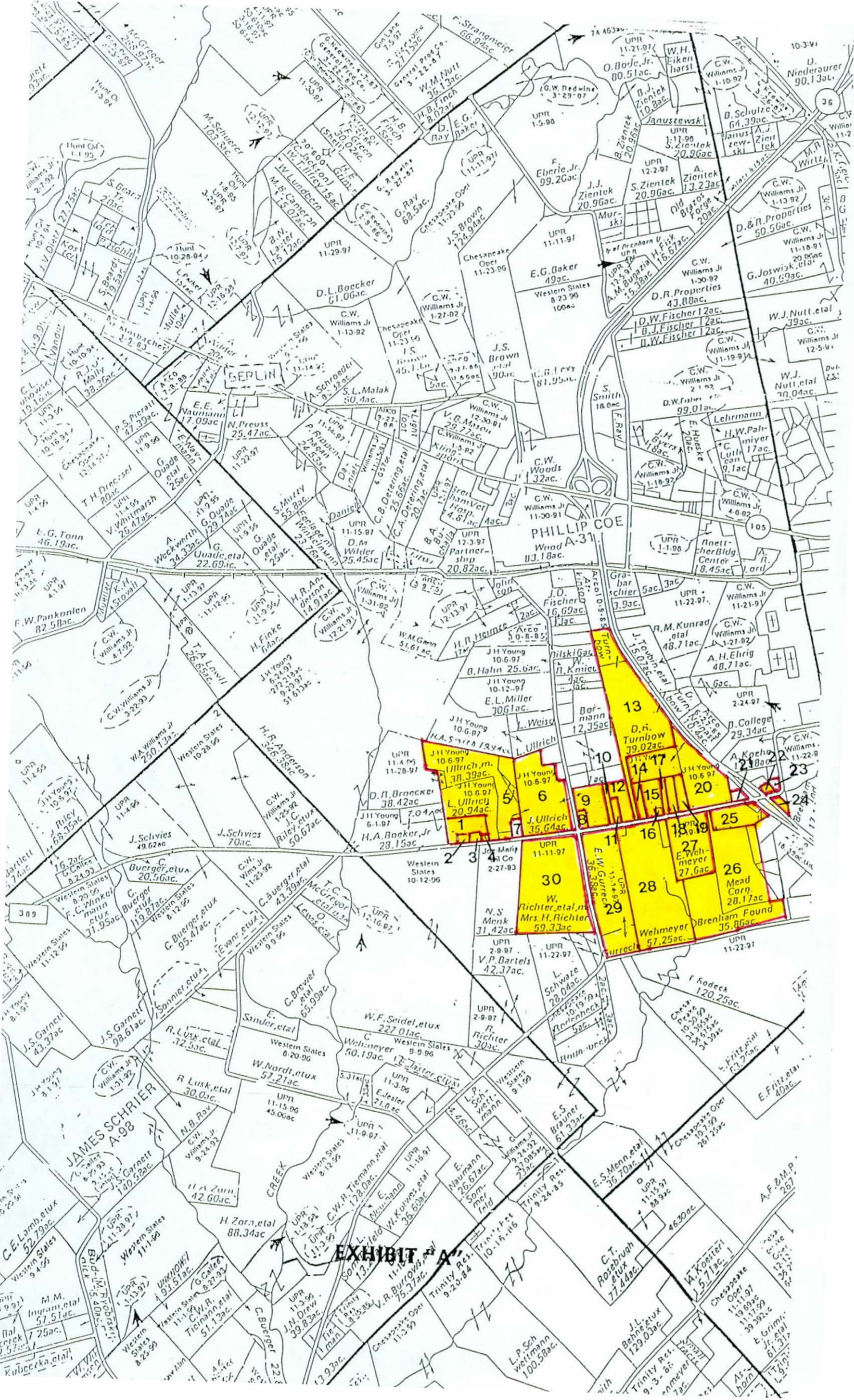
Sincerely yours,

Dennis Mahlmann
Landman and Agent,
Union Pacific Resources Company

Enclosures


Tract 1: 1.474 ac
Tract 2: 1 1/5 ac
Tract 3: 1.035 ac
Tract 4: 0.0367 ac
Tract 5: 0.752 ac
Tract 6: 1.067 ac
Tract 7: 2.413 ac
Tract 8: 1.604 ac
Tract 9: 1.055 ac
F.M. Hwy. No. 369
Tonie Ullrich
33.14 ac. (Residue of 50 ac. - 219/225)
JHY 10-6-99 (875/476)
Betty Jane Ullrich
20.373 ac. (Residue of 20.939 ac. in 750/542 Less 0.566 ac.)
JHY 10-12-99 (875/466)
0.566 ac.
Residue of 94.039 ac. (251/271)
Albert Rybarski
2.92 ac. (293/23)
JHY 10-26-99
Carl Schlosmann
2.0 ac. (299/226)
JHY 10-15-99
Alfred Addicks et ux
1.0 ac.
JHY 10-31-99
1.221 ac. (230/59)
2.5 ac. (219/255)
T. Pilchiek
2.0 ac. (345/660)
R. Bormann
2.009 ac. (345/673)
1.753 ac. (371/140)
Michael Draehn
2.248 ac. (752/447)
Donald K. Draehn
11.487 ac. (373/128)
Florence Draehn
5.666 ac. (Res. of 233/299)
Norman Draehn
2.0 ac.
Norman Draehn
2.334 ac.
Residue of 14 ac. (240/49)
Residue of 25.09 ac.
Allan W. Herzog
7.358 ac. 857/612
Sharon Bender et al
5.571 ac.
Leonard Morrison
1.204 ac.
Pomykal Drlg. Co.
2.0 ac.
1.208 ac.
Duran Eliasib & Sherryl W. Hernandez
2.429 ac. 752/106
Flat Prairie Ch. of God
6.040 ac.
Troy
Roy
James D. Wehmeyer
4.0 ac.
Odis Teufel
3.00 ac.
3.558 ac.
Fellowship Bapt Church
Frank Surovik, et ux - 0.376 ac. JHY 12-16-99 (884/26)
Est. of Ed Rogers, Decd.
7.83 ac. (Res. of 12...
Jack P. Griffin
1.959 ac 456/446
345.69
1ac. (300/709)
Hanna F...hter Estate
59.33 ac 131/608)
UPRC 1-15-2000
(Extensions at 869/695, 67 and 863/746)
Ethel Witte Gurrech
45.21 ac.
UPRC 11-14-2000
(869/207)
Adolph Charles Wehmeyer, Indiv. and as A-I-Fact
UPRC 11-16-2000
(869/845)
43.30 ac.
(44.30 ac. - 127/454 less 1.0 ac. - 303/305)
13.946 ac.
Residue of 16 ac.-127/45...
2.054 ac. (837/409)
SURVEY A-3/ COUNTY, TEXAS
LOT 1 10.8106 AC.
LOT 2 1.8872 AC
LOT 3 1.8501 AC
8.518 ac.
Longwood Elastomers, Inc. - 27.325 ac. (708/282)
20.2784 AC.
GATES DRIVE 3.6055 AC.
RESERVE "A"
RESERVE "B" 1.0680 AC.
CITY OF...
Est. of E. C. Bertolet, Jr.
4.003 ac. (266/106)
1.788 ac.
2.9445 ac. 407/25
Central Freight Lines, Inc.
5.778 ac.
(Residue of 8.0 ac.)
224/399
(Res. of 2.18 ac. - 258/59)
1.100 ac.
1.999 ac.
3.068 ac.
Sealy Mattress Co. of Houston
Res. of 5.65 ac.
Michael Mushaway - 9.873 ac.
UPRC 1-4-2001 (878/112)
Bucaneer Drive Inn
1.13 ac.
SEE PACKER/INDUS. BLVD.


PHILLIP COE
Wood A-31
JAMES SCHRIER
A-98
J. CARRINGTON
463ac
I. SMITH
A-1
BERLIN
Brenham Found
35.86ac.
Wehmeyer
57.25ac.
Gurrech
Mead
Corn.
28.17ac
Joe Marie
Oil Co
2-27-93
Western
States
10-12-96
Western States
8-20-96
Western States
8-12-96
Western States
9-9-96
Western States
11-1-96
Western States
10-20-96
Western States
8-29-96
Western States
10-28-96
Western States
11-12-96
Western States
8-27-96
Western States
9-4-96
Trinity Res.
9-24-85
Trinity Res.
9-20-84
Trinity Res.
10-16-85
Trinity Res.
9-3-86
Chesapeake Oper
11-3-99
Chesapeake Oper
11-23-96
Chesapeake Oper
12-14-97
Chesapeake Oper
10-7-99
Chesapeake Oper
11-7-99
Chesapeake Oper
11-9-99
Chesapeake Oper
10-19-99
Chesapeake Oper
10-30-98
Arco
9-27-88
Arco
10-8-85
Arco
9-9-85
Arco
9-21-88
Arco
10-8-85
Arco
10-8-85
Arco
10-8-85


BERLIN
PHILLIP COE
A-31
JAMES SCHRIER
A-98
EXHIBIT "A"

**AFFIDAVIT**

STATE OF TEXAS

COUNTY OF WASHINGTON

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

Affiant states that he is an independent landman currently engaged by Union Pacific Resources Company, and that he is aware that the proposed leasing of the following described right-of-way tracts is for the specific purpose of drilling a horizontal oil and gas well.

RIGHT-OF-WAY TRACTS TO BE LEASED IN WASHINGTON COUNTY, BEING A PART OF FARM-TO-MARKET HIGHWAY 389

**10.637 acres of land**, more or less, out of the Philip Coe League, A-31, Washington County, Texas and being the same nine (9) tracts of land described as follows, to-wit:

Tract 1: 1.474 (calculated) acres of land, more or less, being the same land described in that deed dated November 23, 1926, from Nick Murski and Kasper Kowalski, as Administrators by law of the Estate of C. Murski Estate to Washington County, Texas, recorded in Volume 91, Page 145 of the Deed Records of Washington County, Texas.

Tract 2: 1 1/5 acres of land, more or less, being the same land described in that deed dated February 24, 1926, from August Kramer and wife, Ottillie Kramer to Washington County, Texas, recorded in Volume 86, Page 490 of the Deed Records of Washington County, Texas.

Tract 3: 1.035 (calculated) acres of land, more or less, being the same land described in that deed dated April 11, 1927, from Henry Grimm, Jr. and wife, Emma Grimm to Washington County, Texas, recorded in Volume 91, Page 118 of the Deed Records of Washington County, Texas.

Tract 4: 0.0367 (calculated) acre of land, more or less, being the same land described in that deed dated May 10, 1927, fro, Elma Morriss to Washington County, Texas, recorded in Volume 91, Page 167 of the Deed Records of Washington County, Texas.

Tract 5: 0.752 (calculated) acre of land, more or less, being the same land described in that deed dated April 9, 1927, from W. F. Schawe and wife, Mrs. W. F. Schawe to Washington County, Texas, recorded in Volume 91, Page 227 of the Deed Records of Washington County, Texas.

Tract 6: 1.067 (calculated) acres of land, more or less, being the same land described in that deed dated April 15, 1927, from Chas. Grimm to Washington County, Texas, recorded in Volume 91, Page 128 of the Deed Records of Washington County, Texas.

Tract 7: 2.413 (calculated) acres of land, more or less, being the same land described in that deed dated April 7, 1927, from Ed. Wehmeyer and wife, Mrs. Ed. Wehmeyer to Washington County, Texas, recorded in Volume 91, page 214 of the Deed Records of Washington County, Texas.

Tract 8: 1.604 (calculated) acres of land, more or less, being the same land described in that deed dated October 18, 1925, from Mrs. Sophie Wehmeyer to Washington County, Texas, being the first document recorded in Volume 91, Page 206 of the Deed Records of Washington County, Texas.

Tract 9: 1.055 (calculated) acres of land, more or less, being the same land described in that deed dated October 20, 1925, from Aug. Richter and wife, Maria Richter to Washington County, Texas, being the first document recorded in Volume 91, Page 183 of the Deed Records of Washington County, Texas.

Further affiant sayeth not.

Dated this 29th day of May, 1998.

Dennis Mahlmann

DENNIS MAHLMANN

SUBSCRIBED AND SWORN TO BEFORE ME this 29th day of May, 1998.

NOTARY PUBLIC STATE OF TEXAS
ELVIS D. HOLLIS
NOTARY PUBLIC
State of Texas
Comm. Exp. 07-02-2000

Elvis D Hollis

Notary Public, State of Texas

**AFFIDAVIT**

STATE OF TEXAS

COUNTY OF WASHINGTON

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

Affiant state that as an independent landman currently engaged by Union Pacific Resources Company, he is aware that the consideration paid for the oil and gas leases adjacent to the right-of-way tracts listed below.

RIGHT-OF-WAY TRACTS TO BE LEASED IN WASHINGTON COUNTY, BEING A PART OF FARM-TO-MARKET HIGHWAY 389

**10.637 acres of land**, more or less, out of the Philip Coe League, A-31, Washington County, Texas and being the same nine (9) tracts of land described as follows, to-wit:

Tract 1: 1.474 (calculated) acres of land, more or less, being the same land described in that deed dated November 23, 1926, from Nick Murski and Kasper Kowalski, as Administrators by law of the C. Murski Estate to Washington County, Texas, recorded in Volume 91, Page 145 of the Deed Records of Washington County, Texas.

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Tract 4: 1.035 (calculated) acres of land, more or less, being the same land described in that deed dated April 11, 1927, from Henry Grimm, Jr. and wife, Emma Grimm to Washington County, Texas, recorded in Volume 91, Page 118 of the Deed Records of Washington County, Texas.

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Tract 7: 2.413 (calculated) acres of land, more or less, being the same land described in that deed dated April 7, 1927, from Ed. Wehmeyer and wife, Mrs. Ed. Wehmeyer to Washington County, Texas, recorded in Volume 91, page 214 of the Deed Records of Washington County, Texas.

Tract 8: 1.604 (calculated) acres of land, more or less, being the same land described in that deed dated October 18, 1925, from Mrs. Sophie Wehmeyer to Washington County, Texas, being the first document recorded in Volume 91, Page 206 of the Deed Records of Washington County, Texas.

Tract 9: 1.055 (calculated) acres of land, more or less, being the same land described in that deed dated October 20, 1925, from Aug. Richter and wife, Maria Richter to Washington County, Texas, being the first document recorded in Volume 91, Page 183 of the Deed Records of Washington County, Texas.

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

| LESSORS | REF. | ROYALTY | BONUS | RENTAL |
|---|---|---|---|---|
| Tract 1: 7.83 Acres* | | | | |
| Estate of Ed Rogers, Deceased | 777/111 | 1/6 | $100/Ac. | $5/Ac |
| Primary term extended from three years to five years for additional bonus of $50/Ac; Ref. 885/451. | | | | |
| Union Pacific Resources has AMI agreement with John H. Young, Inc.; Young will participate in well. | | | | |
| *7/9 interest leased; owners of other 2/9 interest are unlocated. | | | | |
| Tract 2: 0.90 Acre | | | | |
| Elijha Rogers, et al | 777/105 | 1/6 | $100/Ac. | $5/Ac |
| Primary term extended from three years to five years for additional bonus of $50/Ac; Ref. _____. | | | | |
| Union Pacific Resources has AMI agreement with John H. Young, Inc.; Young will participate in well. | | | | |
| Tract 3: 0.62 Acre | | | | |
| Chester Rogers, et ux | 777/107 | 1/6 | $100/Ac. | $5/Ac |
| Primary term extended from three years to five years for additional bonus of $50/Ac; Ref. 885/453. | | | | |
| Union Pacific Resources has AMI agreement with John H. Young, Inc.; Young will participate in well. | | | | |

Tract 4: 0.272 Acre
Alberta Campbell, et vir 777/138 1/6 $100/Ac. $5/Ac
Primary term extended from three years to five years for additional bonus of $50/Ac; Ref. _____.
Union Pacific Resources has AMI agreement with John H. Young, Inc.; Young will participate in well.

Tract 5: 20.373 Acres
Betty Jane Ullrich 759/789 1/6 $75/Ac. $5/Ac
Primary term extended from three years to five years for additional bonus of $50/Ac; Ref. 885/466.
Union Pacific Resources has AMI agreement with John H. Young, Inc.; Young will participate in well.

Tract 6: 71.53 Acres
Tonie Ullrich 759/781 1/6 $75/Ac. $5/Ac
Primary term extended from three years to five years for additional bonus of $50/Ac; Ref. 875/476.
Union Pacific Resources has AMI agreement with John H. Young, Inc.; Young will participate in well.

Tract 7: 1.96 Acres UNLEASED
Jack Perry Griffin

Tract 8: 2.000 Acres
Bluebonnet Electric Cooperative, Inc. Not recorded 3/16 $100/Ac Pd Up

Tract 9: 11.487 Acres
Donald K. Draehn, et ux 759/823 1/6 $75/Ac $5/Ac
Primary term extended from three years to five years for additional bonus of $50/Ac; Ref. 880/955.
Union Pacific Resources has AMI agreement with John H. Young, Inc.; Young will participate in well.

Tract 10: 2.248 Acres
Michael Keith Draehn 759/833 1/6 $75/Ac $5/Ac
Primary term extended from three years to five years for additional bonus of $50/Ac; Ref. 884/030.
Union Pacific Resources has AMI agreement with John H. Young, Inc.; Young will participate in well.

Tract 11: 4.334 Acres
Norman W. Draehn, et ux 759/808 1/6 $75/Ac $5/Ac
Primary term extended from three years to five years for additional bonus of $50/Ac; Ref. 880/958.
Union Pacific Resources has AMI agreement with John H. Young, Inc.; Young will participate in well.

Tract 12: 5.666 Acres
Florence Draehn 759/807 1/6 $75/Ac $5/Ac
Primary term extended from three years to five years for additional bonus of $50/Ac; Ref. 884/22.
Union Pacific Resources has AMI agreement with John H. Young, Inc.; Young will participate in well.

Tract 13: 41.4275 Acres
Mike Hopkins Distributing 888/957 1/5 $150/Ac Pd Up

Tract 14: 3.558 Acres
Fellowship Baptist Church Leased to Cheasapeake Operating, Inc. Lease expires 7-27-98.

Tract 15: 6.040 Acres
Flat Prairie Church of God 777/113 1/6 $100/Ac $5/Ac
Primary term extended from three years to five years for additional bonus of $50/Ac; Ref. 884/33.
Union Pacific Resources has AMI agreement with John H. Young, Inc.; Young will participate in well.

Tract 16: 0.4025 Acre
Troy Oevermann, et ux 777/88 1/6 $100/Ac $5/Ac
Primary term extended from three years to five years for additional bonus of $50/Ac; Ref. 884/14.
Union Pacific Resources has AMI agreement with John H. Young, Inc.; Young will participate in well.

Tract 17: 2.686 Acres
Roy W. Rueter, et ux 777/110 1/6 $100/Ac $5/Ac
Primary term extended from three years to five years for additional bonus of $50/Ac; Ref. 885/305.
Union Pacific Resources has AMI agreement with John H. Young, Inc.; Young will participate in well.

Tract 18: 4.000 Acres
James Wehmeyer, et ux 759/825 1/6 $75/Ac $5/Ac
Primary term extended from three years to five years for additional bonus of $50/Ac; Ref. 880/960.
Union Pacific Resources has AMI agreement with John H. Young, Inc.; Young will participate in well.

Tract 19: 3.000 Acres
Odis J. Teufel, et ux 777/104 1/6 $100/Ac $5/Ac
Primary term extended from three years to five years for additional bonus of $50/Ac; Ref. 880/970.

Union Pacific Resources has AMI agreement with John H. Young, Inc.; Young will participate in well.

| | | | | | |
|---|---|---|---|---|---|
| Tract 20: | 43.485 Acres | | | | |
| Adolph Charles Wehmeyer, et al | | 759/826 | 1/6 | $75/Ac | $5/Ac |
| Primary term extended from three years to five years for additional bonus of $50/Ac; Ref. 884/20. | | | | | |
| Guernell Ahrens | | 759/828 | 1/6 | $75/Ac | $5/Ac |
| Primary term extended from three years to five years for additional bonus of $50/Ac; Ref. 875/450. | | | | | |
| LaVerna Landua | | 759/830 | 1/6 | $75/Ac | $5/Ac |
| Primary term extended from three years to five years for additional bonus of $50/Ac; Ref. 875/448. | | | | | |
| Union Pacific Resources has AMI agreement with John H. Young, Inc.; Young will participate in well. | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Tract 21: | 1.204 Acres | UNLEASED | | | |
| Mitchell Morehead | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Tract 22: | 1.00 Acre | | | | |
| Jud's Food Stores, Inc. | | 862/208 | 1/6 | $100/Ac | Pd Up |

| | | | | | |
|---|---|---|---|---|---|
| Tract 23: | 1.000 Acre | UNLEASED | | | |
| Gerald Pat Derrick | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Tract 24: | 1.130 Acres | | | | |
| Bucaneer Drive Inn | | 891/376 | 1/6 | $75/Ac | Pd Up |

| | | | | | |
|---|---|---|---|---|---|
| Tract 25: | 11.306 Acres | | | | |
| Alexander Oil Company | | 862/210 | 1/6 | $100/Ac | Pd Up |

| | | | | | |
|---|---|---|---|---|---|
| Tract 26: | 27.46 Acres (1/2 interest) | | | | |
| Edwin G. Wehmeyer, Jr. | | 766/254 | 1/6 | $200/Ac | Pd Up |
| Primary term extended from three years to six years for additional bonus of $100/Ac.; Ref. 872/291. | | | | | |
| Lula W. Galipp | | 766/567 | 1/6 | $200/Ac | Pd Up |
| Primary term extended from three years to six years for additional bonus of $100/Ac.; Ref. 873/567. | | | | | |
| Doris W. Staten | | 766/259 | 1/6 | $200/Ac | Pd Up |
| Primary term extended from three years to six years for additional bonus of $100/Ac.; Ref. 872/698. | | | | | |
| Eldo G. Wehmeyer | | 766/247 | 1/6 | $200/Ac | Pd Up |
| Primary term extended from three years to six years for additional bonus of $100/Ac.; Ref. 872/340. | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Tract 27: | 65.2447 Acres (1/2 interest) | | | | |
| Economic Development Foundation of Brenham, Inc. | | 890/904 | 1/5 | $150/Ac. | Pd Up |

| | | | | | |
|---|---|---|---|---|---|
| Tract 28: | 60.30 Acres | | | | |
| Adolph Charles Wehmeyer | | 869/845 | 1/6 | $100/Ac | Pd Up |

| | | | | | |
|---|---|---|---|---|---|
| Tract 29: | 45.21 Acres | | | | |
| Ethel Witte Gurrech | | 869/207 | 1/6 | $100/Ac | Pd Up |
| Lease amended, 870/788. | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| TRACT 30: | 59.33 Acres | | | | |
| Mildred R. Hendrix, et vir | | 869/067 | 1/6 | $100/Ac | Pd Up |
| Lease amended at 870/859. | | | | | |
| Bennie Richter, et ux | | 869/695 | 1/6 | $100/Ac | Pd Up |
| Walter Richter | | 866/746 | 1/6 | $100/Ac | Pd Up |
| Lease amended at 871/001. | | | | | |

Affiant further states that said lands listed as TRACT 1 through TRACT 30, herein, correspond to the lands listed as same on the attached map, labeled Exhibit "A".

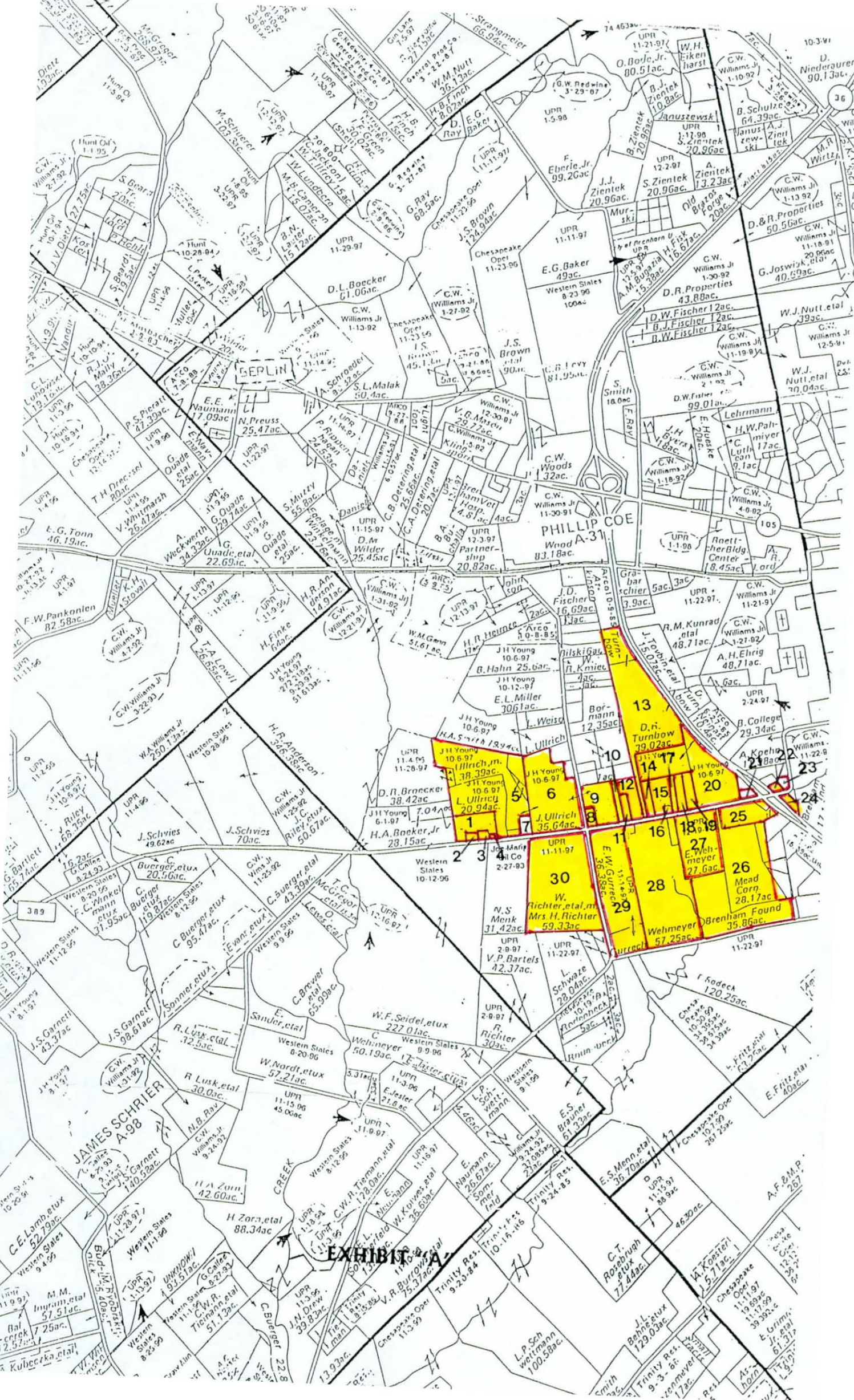
Dated this 29th day of May, 1998.

DENNIS MAHLMANN

SUBSCRIBED AND SWORN TO BEFORE ME this 29th day of May, 1998.

ELVIS D. HOLLIS
NOTARY PUBLIC
State of Texas
Comm. Exp. 07-02-2000

Notary Public, State of Texas


BERLIN
PHILLIP COE
A-31
JAMES SCHRIER
A-98
EXHIBIT "A"
D.R. Turnbow
29.02ac.
E.W. Gurrech
36.38ac.
E. Wehmeyer
27.6ac.
Mead Corn
28.17ac
Brentham Found
35.86ac.
Wehmeyer
57.25ac.
W. Richter, etal, mm
Mrs. H. Richter
59.33ac
J. Ullrich
35.64ac.
L. Ullrich
20.94ac.
Ullrich, m.
38.39ac.
D.R. Broecker
38.42ac
H.A. Boeker, Jr
28.15ac
J. Schvies
49.62ac
J. Schvies
70ac.
E.S. Mann, etal
36.70ac.
C.T. Rosebrugh etux
77.44ac.
J.L. Behne etux
129.03ac.
L.P. Schwettmann
100.58ac.
Trinity Res.
9-24-85
Trinity Res.
9-20-84
Trinity Res.
10-16-86
V.R. Burrow, etal
75.37ac.
W. Kuhnes, etal
36.60ac.
H. Zorn, etal
88.34ac
C.E. Lamb, etux
52.79ac.
J.S. Garnett
140.92ac.
J.S. Garnett
98.61ac.
R. Lusk, etal
30.0ac.
R. Lusk, etal
12.5ac.
W. Nordt, etux
57.21ac.
C. Weimeyer
50.19ac.
W.F. Seidel, etux
227.01ac.
C. Buerger, etux
95.47ac.
C. Buerger, etux
119.87ac.
C. Buerger, etux
20.56ac.
C. Buerger, etal
43.39ac.
F.C. Winkelmann, etux
31.95ac.
J.S. Garnett
43.37ac
J.H. Young
6-24-97
272.21ac
9-29-97
51.61ac.
J.H. Young
10-6-97
B. Hahn
25.6ac.
J.H. Young
10-12-97
E.L. Miller
306.1ac.
W.M. Gann
51.61ac.
H.R. Anderson
146.35ac.
W.A. Williams Jr
250.1ac.
T.A. Lovell
26.65ac.
H. Finke
6.0ac.
K.H. Stovall
E.W. Pankonien
82.58ac.
E.G. Tonn
46.19ac.
A. Weckwerth
34.32ac.
G. Quade, etal
22.69ac.
G. Quade
129.74ac.
G. Quade, etal
25ac.
T.H. Dreessel
80ac.
V. Whitmarsh
26.47ac.
E.E. Naumann
17.09ac
N. Preuss
25.47ac.
P.S. Pieratt
47.39ac.
E. Nay-mann
P. Ripperda
24.53ac.
S.L. Malak
50.4ac.
J.S. Brown
90ac.
C.W. Woods
32ac.
V.R. Mayer
29.72ac.
C.B. Detering, etal
25.65ac.
C.A. Detering, etal
20.7ac.
D.M. Wilder
25.45ac
Partnership
20.82ac.
D.L. Boecker
61.06ac.
G. Ray
68.5ac.
J.S. Brown
124.9ac.
E.G. Baker
49ac.
Western States
8-20-96
100ac
D.R. Properties
43.8ac.
D.W. Fischer 12ac.
B.J. Fischer 12ac.
B.W. Fischer 12ac.
W.J. Nutt, etal
39ac.
W.J. Nutt, etal
20.04ac.
D.W. Fischer
99.01ac.
H.W. Pahlmeyer
17ac.
C. Lutheran
9.1ac
G. Joswiak, etal
40.6ac.
D.&R. Properties
50.5ac.
M.R. Wirtz
A.J. Zientek
13.23ac
S. Zientek
20.96ac.
B. Schulze
64.39ac.
D. Niederauer
90.1ac.
W.H. Eikenhorst
O. Borde, Jr.
80.51ac.
B.J. Zientek
10.8ac.
B. Zientek
20.96ac.
F. Eberle, Jr.
99.2ac
J.J. Zientek
20.96ac.
Old Bratos Forge
20ac.
H. Fisk
16.67ac.
A.M. Bugarin
15.38ac.
Murski
Januszewski
Chesapeake Oper
11-23-96
Hunt Oil's
1-1-95
Hunt
10-28-94
Hunt Oil
10-10-94
Hunt Oil
10-16-94
Hunt Oil
1-1-95
Hunt Oil
11-3-94
M. Schuerer
103.3ac
M. Gregor
200.62ac
S. Beard
19.5ac
S. Beard
20ac.
J.V. Dietz
27.75ac
J.V. Dietz
19.2ac.
L. Vandur
L.L. Lubowski
19.1ac.
R.J. Mally
38.36ac
L. Baker
13.4ac
L. Baker
13.4ac
Muller
10ac
Kosters
Gearan
Jr.
20ac.
Rehkopf
Gearan
Sr.
20ac.

ADJACENT MINERAL OWNER STATUS OF LANDS SURROUNDING PROPOSED LEASE OF 10.637 ACRE RIGHT-0F-WAY (A PART OF FARM-TO-MARKET HIGHWAY 389, WASHINGTON COUNTY, TEXAS) FROM THE STATE OF TEXAS TO UNION PACIFIC RESOURCES COMPANY. SEE ATTACHED PLAT LABELED EXHIBIT "A".

| TRACT NO. | ACRES | WORKING INTEREST OWNERSHIP |
|---|---|---|
| 1 | 7.83 | John H. Young, Inc.<br>815 Walker, Suite 940<br>Houston, Texas 77002 |
| 2 | 0.90 | John H. Young, Inc.<br>815 Walker, Suite 940<br>Houston, Texas 77002 |
| 3 | 0.62 | John H. Young, Inc.<br>815 Walker, Suite 940<br>Houston, Texas 77002 |
| 4 | 0.272 | John H. Young, Inc.<br>815 Walker, Suite 940<br>Houston, Texas 77002 |
| 5 | 20.373 | John H. Young, Inc.<br>815 Walker, Suite 940<br>Houston, Texas 77002 |
| 6 | 71.53 | John H. Young, Inc.<br>815 Walker, Suite 940<br>Houston, Texas 77002 |
| 7 | 1.96 | Jack Perry Griffin<br>5518 Holly Street<br>Houston, Texas 77081-7410 |
| 8 | 2.000 | Union Pacific Resources Company<br>P. O. Box 7<br>Fort Worth, Texas 76101 |
| 9 | 11.487 | John H. Young, Inc.<br>815 Walker, Suite 940<br>Houston, Texas 77002 |
| 10 | 2.248 | John H. Young, Inc.<br>815 Walker, Suite 940<br>Houston, Texas 77002 |
| 11 | 4.334 | John H. Young, Inc.<br>815 Walker, Suite 940<br>Houston, Texas 77002 |
| 12 | 5.666 | John H. Young, Inc.<br>815 Walker, Suite 940<br>Houston, Texas 77002 |
| 13 | 41.4275 | Union Pacific Resources Company<br>P. O. Box 7<br>Fort Worth, Texas 76101 |
| 14 | 3.558 | Chesapeake Operating, Inc.<br>P. O. Box 18496<br>Oklahoma City, Oklahoma 73154 |
| 15 | 6.040 | John H. Young, Inc.<br>815 Walker, Suite 940<br>Houston, Texas 77002 |

| | | |
|---|---|---|
| 16 | 0.4025 | John H. Young, Inc.<br>815 Walker, Suite 940<br>Houston, Texas 77002 |
| 17 | 2.686 | John H. Young, Inc.<br>815 Walker, Suite 940<br>Houston, Texas 77002 |
| 18 | 4.000 | John H. Young, Inc.<br>815 Walker, Suite 940<br>Houston, Texas 77002 |
| 19 | 3.000 | John H. Young, Inc.<br>815 Walker, Suite 940<br>Houston, Texas 77002 |
| 20 | 43.485 | Union Pacific Resources Company<br>P. O. Box 7<br>Fort Worth, Texas 76101 |
| 21 | 1.204 | Mitchell Morehead<br>911 Lazy Lane<br>Bryan, Texas 77802 |
| 22 | 1.000 | Union Pacific Resources Company<br>P. O. Box 7<br>Fort Worth, Texas 76101 |
| 23 | 1.000 | Gerald Pat Derrick<br>600 E. Tom Green Street<br>Brenham, Texas 77833 |
| 24 | 1.130 | Union Pacific Resources Company<br>P. O. Box 7<br>Fort Worth, Texas 76101 |
| 25 | 11.306 | Union Pacific Resources Company<br>P. O. Box 7<br>Fort Worth, Texas 76101 |
| 26 | 27.460 | Union Pacific Resources Company<br>P. O. Box 7<br>Fort Worth, Texas 76101 |
| 27 | 65.2447 | Union Pacific Resources Company<br>P. O. Box 7<br>Fort Worth, Texas 76101 |
| 28 | 60.300 | Union Pacific Resources Company<br>P. O. Box 7<br>Fort Worth, Texas 76101 |
| 29 | 45.210 | Union Pacific Resources Company<br>P. O. Box 7<br>Fort Worth, Texas 76101 |
| 30 | 59.330 | Union Pacific Resources Company<br>P. O. Box 7<br>Fort Worth, Texas 76101 |

**DENNIS MAHLMANN**
**Petroleum Land Services**
**208 W. Alamo**
**Brenham, Texas 77833**
**409/836-3260**

May 26, 1998

Texas General Land Office
Lease Administration
1700 N. Congress Ave.
Austin, Texas 78701

Attn.: Mr. Drew Reid

RE: 10.637 acres of land, more or less, FM Highway 389,
Philip Coe League, A-31, Washington County, Texas

Dear Mr. Reid:

We have examined title to **10.637 acres of land**, more or less, out of the Philip Coe League, Abstract No. 31, Washington County, Texas, being the same land described as the following nine (9) tracts of land, to-wit:

Tract 1: 1.474 (calculated) acres of land, more or less, being the same land described in that deed dated November 23, 1926, from Nick Murski and Kasper Kowalski, as Administrators by law of the C. Murski Estate to Washington County, Texas, recorded in Volume 91, Page 145 of the Deed Records of Washington County, Texas.

Tract 2: 1 1/5 acres of land, more or less, being the same land described in that deed dated February 24, 1926, from August Kramer and wife, Ottillie Kramer to Washington County, Texas, recorded in Volume 86, Page 490 of the Deed Records of Washington County, Texas.

Tract 3: 0.0367 (calculated) acre of land, more or less, being the same land described in that deed dated May 10, 1927, from Elma Morriss to Washington County, Texas, recorded in Volume 91, Page 167 of the Deed Records of Washington County, Texas.

Tract 4: 1.035 (calculated) acres of land, more or less, being the same land described in that deed dated April 11, 1927, from Henry Grimm, Jr. and wife, Emma Grimm to Washington County, Texas, recorded in Volume 91, Page 118 of the Deed Records of Washington County, Texas.

Tract 5: 0.752 (calculated) acre of land, more or less, being the same land described in that deed dated April 9, 1927, from W. F. Schawe and wife, Mrs. W. F. Schawe to Washington County, Texas, recorded in Volume 91, Page 227 of the Deed Records of Washington County, Texas.

Tract 6: 1.067 (calculated) acres of land, more or less, being the same land described in that deed dated April 15, 1927, from Chas. Grimm to Washington County, Texas, recorded in Volume 91, Page 128 of the Deed Records of Washington County, Texas.

Tract 7: 2.413 (calculated) acres of land, more or less, being the same land described in that deed dated April 7, 1927, from Ed. Wehmeyer and wife, Mrs. Ed. Wehmeyer to Washington County, Texas, recorded in Volume 91, page 214 of the Deed Records of Washington County, Texas.

Tract 8: 1.604 (calculated) acres of land, more or less, being the same land described in that deed dated October 18, 1925, from Mrs. Sophie Wehmeyer to Washington County, Texas, being the first document recorded in Volume 91, Page 206 of the Deed Records of Washington County, Texas.

Tract 9: 1.055 (calculated) acres of land, more or less, being the same land described in that deed dated October 20, 1925, from Aug. Richter and wife, Maria Richter to Washington County, Texas, being the first document recorded in Volume 91, Page 183 of the Deed Records of Washington County, Texas.

We find that the Surface Ownership, Executive Rights and Mineral Fee are vested in the **STATE OF TEXAS** as a result of the conveyances listed above.

Please feel free to call on me if you have any questions or comments.

Respectfully Submitted,

Dennis Mahlmann
Landman and Agent
Union Pacific Resources Company

above described would increase the value of our property; therefore,

KNOW ALL MEN BY THESE PRESENTS: That Otto Koerth & wife of the County of Washington and the State of Texas, in consideration of the prospective increase in the value of ___property by the construction of said road, and for the further consideration of the sum of $1.00 to me in hand paid by said county, the receipt of which is hereby acknowledged; have Granted, Sold and Conveyed, and by these presents do Grant, Sell and Convey unto Washington County Texas, all of the land hereinabove described.

TO HAVE AND TO HOLD the above described land, together with all and singular, the rights and appurtenances thereto in anywise belonging unto said Washington County, Texas, forever.

It is expressly agreed and understood, however, that should said road not be constructed over and upon the land hereinabove described, this conveyance shall become null and void and the title to said land shall revert to us or our heirs or assigns.

Witness our hands this the 22 day of July A. D. 1921.

Otto Koerth.
AnnieKoerth.

THE STATE OF TEXAS )
)
COUNTY OF WASHINGTON ) Before me, the undersigned authority, on this day personally appeared Otto Koerth & wife known to me to be the person whose name __subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the 22nd day of July A. D. 1921.

Gilbert Weishuhn. Deputy Dist. Clerk, Washington Co.

(Seal)

Filed for record at 8 o'clock A. M. Apr. 23, 1929. C. B. Thompson CCCWC.

Recorded at 10:35 o'clock A. M. Apr. 23, 1929. By [signature] Deputy.

**********

Tract 1

DEED: C. MURSKI ESTATE TO WASHINGTON COUNTY.

THE STATE OF TEXAS )
)
COUNTY OF WASHINGTON )

WHEREAS, Washington County, Texas, is desirous of constructing an improved road leading from Brenham to Latium, known as the Brenham-Latium Rd; and,

WHEREAS, it is thught by said county to construct said road through and upon certain land now owned by us and to include in said road or the right of way therefore that part of such land so owned by us viz:

A strip of land along the South side of C. Murski place of such a width that there will be 40 ft. between the center line of the above Rd. as run out by the county Eng'r. and our South line the said strip of land being a part of the Phillip Coe League in Washington County, Texas.

WHEREAS, it is thought by us that the construction of said road upon that part of our land hereinabove described would increase the value of our property; therebre;

KNOW ALL MEN BY THESE PRESENTS: That the Heirs of the C. Murski Estate signed by Kasper Kowalski & Nick Murski as Adm. of said Estate of the County of Washington and the State of Texas, in consideration of the prospective increase in the value of our property by the construction of said road, and for the further consideration of the sum of $1.00 to me in hand paid by said county, the receipt of which is hereby acknowledged; have granted, sold and conveyed, and by these presents do grant, sell, and convey unto Washington County, Texas, all of the land hereinabove described.

TO HAVE AND TO HOLD the above described land, together with all and singular the rights and appurtenances thereto in anywise belonging unto said Washington County, Texas, forever.

It is expressly agree and understood, however, that should said road not be constructed over and upon the land here nabove described, this conveyance shall become null and void and the

title to said land shall revert to us or our heirs or assigns.

Witness our hands this the 23 day of November A. D. 1926.

Nick Murski as administrator by law of the Murski Estate, Dec. 3, 1926. — Kasper Kowalski. As Administrator by law of the C. Mruski Estate.

THE STATE OF TEXAS )
)
COUNTY OF WASHINGTON ) Before me, the undersigned authority, on this day personally appeared Kasper Kowalski & Nick Murski administrators for the C. Murski Estate known to me to be the persons whose names _ _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 23 day of November A. D. 1926.

(Seal) — G. A. Bracher. Deputy Dist. Clerk, Washington County, Texas.

Filed for record at 8 o'clock A. M. Apr. 23, 1929. — C. B. Thompson — CCCWC

Recorded at 10:55 o'clock A. M. Apr. 23, 1929. — By [signature] Deputy.

**********

DEED: ADAM KOPYCINSKI TO WASHINGTON COUNTY.

THE STATE OF TEXAS )
)
COUNTY OF WASHINGTON )

WHEREAS, Washington County, Texas, is desirous of constructing an improved road leading from Brenham to Latium known as the Brenham Latium Road.

WHEREAS, it is desired by said county to construct said road through and upon certain land now owned by me and to include in said road or the right-of-way therefor that part of such land so owned by us via:

A strip of land along the North side of my place so that there will be 40 feet between the center line of above road and my North fence line from Station 129 + 13 to Station 156 + 80.

WHEREAS, it is thought by me that the construction of said road upon that part of my land hereinabove described would increase the value of my property; therefore,

KNOW ALL MEN BY THESE PRESENTS: That Adam Kopycinski of the County of Washington and the State of Texas, in consideration of theprospective increase in the value of my property by the construction of said road, and for the further consideration of the sum of $1.00 to me in hand paid by said County, the receipt of which is hereby acknowledged, have Granted, Sold and Conveyed, and by these presents do Grant, Sell and Convey unto Washington County, Texas, all of the land hereinabove described.

TO HAVE AND TO HOLD the above described land, together with all and singular the rights and appurtenances thereto in anywise belonging unto Washington County, Texas, forever.

It is expressly agreed and understood, however, that should said road not be constructed over and upon the land hereinabove described, this conveyance shall become null and void and the title to said land shall revert to me or my heirs or assigns.

Witness mur hands this the 7 day of April A. D. 1927.

Witnessed this date signature of Adam Kopycinski, Jno. Goeking. W. E. Suter. — Adam Kopycinski. S. A. Feligak.

THE STATE OF TEXAS )
)
COUNTY OF WASHINGTON ) Before me, the undersigned authority, on this day personally appeared Adam Kopycinski & S. A. Feliczak known to me to be the persons whose names __ 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 7th day of April A. D. 1927.

(Seal) — G. A. Bracher. Deputy Dist. Clerk, Washington County, Texas.

Filed for record at 8 O'clock A. M. Apr. 23, 1929. — C. B. Thompson — CCCWC.

Recorded at 11:10 o'clock A. M. Apr. 23, 1929. — By [signature] Deputy.

E.174 vrs. from Sander's corner. Then with Sander's line S. 83 E. 203 vrs. to his corner in west line of the Stone School lot. Then with the line of said school lot S. 7½ W. 55 vrs. to corner of said school lot. Then with the S. E. line of said school lot W. 39 E.414 vrs. to corner in the right of way of said railway. Then with same about S. 47 E. 527 vrs. to the beginning corner, containing 95½ acres of land. The above is the same land as was conveyed to John Stoll by L. A. Niebuhr on Dec. 31, 1920, to which deed and the records thereof reference is had and made a part hereof.TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and appurtenances thereto in anywise belonging, unto the said Jacob Stoll and Eugene Stoll their heirs and assigns forever, and we do hereby bind ourselves, our heirs,executors and administrators, to WARRANT AND FOREVER DEFEND, all and singular, the said premises unto the said Jacob Stoll and Eugene Stoll, their heirs and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof. But it is expressly agreed and stipulated that the Vendor's Lien is retained against the above described property, premises and improvements, until the above described notes and all interest thereon are fully paid, according to their face and tenor, effect and reading, when this deed shall become absolute. Witness our hands at Brenham, Texas, this the 28 day of November, A. D. 1922.

John Stoll
Marie Stoll

THE STATE OF TEXAS )
:
COUNTY OF WASHINGTON ) Before me, A. W. Hodde, a Notary Public, in and for Washington County, Texas, on this day personally appeared John Stoll and Marie Stoll his wife, both known to me to be the persons whose names are subscribed to the foregoing instrument and acknowledged to me that they each executed the same for the purposes and consideration therein expressed and the said Marie Stoll wife of the said John Stoll having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said Marie Stoll acknowledged such instrument to be her act and deed, and she declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it. Given under my hand and seal of office, this the 28 day of November, A. D. 1922.

(SEAL)

A. W. Hodde
Notary Public, in and for
Washington County, Texas.

Filed for record 9:30 o'clock A. M. June 15th, 1927, by C. P. Thompson, CCCCW.
Recorded at 11:20 o'clock A. M. June 29th, 1927, by [signature] Deputy.

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Tract 2

DEED: AUGUST KRAMER TO WASHINGTON COUNTY, TEXAS.

THE STATE OF TEXAS )
:
COUNTY OF WASHINGTON ) WHEREAS, Washington County, Texas, is desirous of constructing an improved road leading from Brenham to Wesley known as the Wesley Road, Whereas, it is desired by said county to construct said road through and upon certain land now owned by us and to include in said road or the right-of-way therefor that part of such land so owned by us viz: A strip of land along the south side of my place known as the Hy Weise place 124 acre, on Wesley Road about 2 miles S W from Brenham of such a width that there will be 40 ft between the center line of said Wesley road as surveyed by the County Eng'r. C. A.Blucher & accepted by the County Court being 1-1/5 acres in P. H. Coe League in Washington County, Texas. WHEREAS, it is though by us that the construction of said road upon that part of our land hereinabove described would increase the value of our property; therefore, KNOW ALL MEN BY THESE PRESENTS: That August Kramer and Ottilie Kramer of the County of Washington and the State of Texas, in consideration of the prospective increase in the value of our property by the construction of said road, and for further consideration of the sum of $1.00 to me in hand paid by said county, the receipt of which is hereby acknowledged, have GRANTED, SOLD, and CONVEYED, and by these presents do GRANT, SELL,

and CONVEY unto Washington County, Texas, all of the land hereinabove described. TO HAVE AND TO HOLD the above described land, together with all and singular the rights and appurtenances thereto in anywise belonging unto Washington County, Texas, forever. It is expressly agreed and understood, however, that should said road bot be constructed over and upon the land hereinabove described, this conveyance shall become null and void and the title to said land shall revert to us or our heirs or assigns. WITNESS our hands this the 24 day of Feb. A. D. 1926.

August Kramer
Ottilie Kramer

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) Before me, the undersigned authority, on this day personally appeared August Kramer known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed. Given under my hand and seal of office this the 24 day of Feb.AD. 1926.

(SEAL)

C. A. Bracher
DEPUTY DIST. CLERK, Washington County, Texas.

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) Before me, the undersigned authority, on this day personally appeared Ottilie Kramer wife ofAugust Kramer known to me to be the person whose name is subscribed to the foregoing instrument and having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said Ottilie Kramer; acknowledged such instrument to be her act and deed and declared that she had willingly signed the same for the purposes and consideration therein expressed and that she did not wish to retract it. Given under my hand and seal of office this the 24 day of Feb. A. D. 1926.

(SEAL)

C. A. Bracher
Deputy District Clerk, Washington County, Texas.

Filed for record 4:00 o'clock P. M. June 15th, 192[illegible], by C. A. Thompson, CCCCW.
Recorded at 11:40 o'clock A. M. June 29th, 1927, by [illegible] Deputy.

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TRANSFER OF LEASE FROM KATHERINE RYAN TO THE TEXAS COMPANY.

KNOW ALL MEN BY THESE PRESENTS, That I, Katherine Ryan, a femme sole, of the postoffice of _____State of Texas, hereinafter called transferer (whether one or more), for and in consideration of Six Hundred Forty-four and 75/100 dollars, cash in hand paid by THE TEXAS COMPANY, a corporation of Texas, does hereby sell, transfer and assign unto said THE TEXAS COMPANY, hereinafter called the company, the following described oil, gas, and mineral lease: Certain oil and gas lease executed by Theodore Polz and wife Hannah, as Lessors to Katherine Ryan dated March 25th, 1927, acknowledged on same date before Wm.Wenat, Notary Public in and for Washington County Texas covering one-sixth interest in 1107 acres of land inBurleson County and partly in Washington County, Texas first tract containing 630.25 acres of land and second tract containing 276.75 acres of land total of 1107 acres, and being out of the W. H. Hawkins Survey and being the same two tracts of land conveyed by Mrs. Ella Eldridge et al to W. A. Wood,J.T.Martin and Jas. H. Simon by deed dated Feb 22nd, 1913, which deed is duly recorded in Vol. 36, pages 191, 192 & 193, of the Deed Records of Burleson County Texas, to which deed and record reference is here made for full description of said tracts of land. The one-sixth interest hereby leased is the one-third interest in the above mentioned tract owned by Jas. H. Simon, deceased. It is Guaranteed by transferrer that he has a good title to said lease, that the same is at this date a valid and subsisting lease and that the recited consideration in said lease has been actually paid. The company shall have the right at any time at its election to surrender or abandon said lease or leases or any of them without liability of any kind whatsoever, and in case of such surrender or abandonment it may release the land; and in no event shall the company be obligated against its wish or option to drill or other-

Tract 3

DEED: MISS ELMA MORRIS TO WASHINGTON COUNTY.

THE STATE OF TEXAS )
COUNTY OF WASHINGTON )

WHEREAS, Washington County, Texas, is desirous of constructing an improved road leading from Brenham to Latium known as the Brenham -Latium Road.

WHEREAS, it is desired by said County to construct said road through and upon certain land now owned by me and to include in said road, or the right-of-way therefor, that part of such land so owned by me viz:

A strip of land along the South side of my 40 ft. strip of land on the above said road about 1 3/4 miles west of Brenham of such a width that there will be 40 ft. between the center line of the above said road as located by the county Engr. and the South line of the said 40 ft. strip, the said parcel of land being in ____Lea. in Wash. Co., Texas

WHEREAS, it is thought by ____that the construction of said road upon that part of ____ land, hereinabove described, would increase the value of ____property; therefore

KNOW ALL MEN BY THESE PRESENTS: THAT MissAlma Morris of the County of Washington and the State of Texas, in consideration of the prospective increase in the value of my property by the construction of said road, and for the further consideration of the sum of $1.00 to me in hand paid by said county, the receipt of which is hereby acknowledged, have Granted, Sold, and Conveyed, and by these presents do Grant, Sell, and Convey unto Washington County, Texas, all of the land hereinabove described.

TO HAVE AND TO HOLD the above described land, together with all and singular, the rights and appurtenances thereto, in anywise belonging unto Washington County, Texas, forever.

It is expressly agreed and understood, however, that should said road not be constructed over and upon the land hereinabove described, this conveyance shall become null and void and the title to said land shall revert to me or my heirs or assigns.

Witness our hands this the 10th day of May A. D. 1927.

Elma Morriss.

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) Before me, the undersigned authority, on this day personally appeared Elma Morriss known to me to be the person whose name ___subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the 10th day of May A. D. 1927.

(Seal)

G. A. Bracher. Deputy Dist. Clerk
Washington County, Texas.

Filed for record at 8 o'clock A. M. Apr. 24, 1929. C. B. Thompson CCCWC.

Recorded at 5 o'clock P. M. Apr. 24, 1929. By G. A. Bracher Deputy.

**********

DEED: CLARENCE MOORE TO WASHINGTON COUNTY,

THE STATE OF TEXAS )
COUNTY OF WASHINGTON )

WHEREAS, Washington County, Texas, is desirous of constructing an improved road through said county from Brenham to Washington bridge, known as the Brenham-Washington Road; and,

WHEREAS, it is desired by said county to construct said road through and upon certain land now owned by Waelser Moore Est., Clarence Moore and to include in said road or the right- of-way therefor that part of such land so owned by Waelser Moore Est. & Clarence Moore,

A strip of land on both sides, of Brenham-Washington road so that it will make 40 feet between our property line and the center line of above road, from Brazos River Bridge to 7 + 00 L.t. and 7 + 30 on Rt. as surveyed and plans on record in Co. Clerks office.

WHEREAS, ~~it is thought by us that the construction of said road upon that part of our land~~

Tract 4

91/118

LATIUM RD: HY. GRIMM TO WASHINGTON COUNTY.

THE STATE OF TEXAS)
COUNTY OF WASHINGTON) WHEREAS, Washington County, Texas, is desirous of construction an improved road leading from Brenham to Latium known as the Brenham-Latium Rd. WHEREAS, it is desired by said County to construct said road through and upon certain land now owned by us and to include in said road, or the right-of-way therefor, that part of such land so owned by____viz: A strip of land along the south side of my place just west of Brenham of such a width that there will be 40 ft between the C L of said road as run out by the Co. Engr. and the south line of my place, said strip being in Coe Lea. in Washington Co. Texas. WHEREAS, it is thought by us that the construction of said road upon that part of our land, hereinabove described, would increase the value of our property; therefore, KNOW ALL MEN BY THESE PRESENTS: That Henry Grimm & Mrs. Emma Grimm of the County of Washington and the State of Texas, in consideration of the prospective increase in the value of our property by the construction of said road, and for the further consideration of the sum of $1.00 to me in hand paid by said County, the receipt of which is hereby acknowledged, HAVE GRANTED, SOLD, and CONVEYED, and by these presents do GRANT, SELL, and CONVEY unto Washington County, Texas, all of the land hereinabove described. TO HAVE AND TO HOLD the above described land, together with all and singular, the rights and appurtenances, thereto, in any wise belonging unto Washington County, Texas, forever. It is expressly agreed and understood, however, that should said road not be constructed over and upon the land hereinabove described, this conveyance shall become null and void and the title to said land shall revert to us or or heirs or assigns.

WITNESS our hands this the 11 day of April, A. D. , 1927.

Henry Grimm Jr.
Emma Grimm.

Wash. Co. agrees to give us wire material for a 3 wire fence, posts 15' C-C, gate & pipes for entrances; Co agrees to pay cash in lieu of fence material. The co. to give 2-19' of old concrete pipe for entrance.

THE STATE OF TEXAS)
COUNTY OF WASHINGTON) Before me the undersigned authority, on this day personally appeared Henry Grimm known to me to be the person whose name subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS THE 11th day of April, A. D., 1927.

G. A. Bracher, DEPUTY DIST. CLERK,
WASHINGTON COUNTY, TEXAS.
(SEAL)

THE STATE OF TEXAS)
COUNTY OF WASHINGTON) Before me the undersigned authority, on this day personally appeared Emma Grimm wife of Henry Grimm known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said Emma Grimm; acknowledged such instrument to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therin expressed, and that she did not wish to retract it.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS THE 11th day of April, A. D., 1927.

G. A. Bracher, DEPUTY DIST. CLERK,
WASHINGTON COUNTY, TEXAS.
(SEAL)

Filed for record at 10:30 o'clock A.M. April 20, 1929. C.B.Thompson CCCWC.
Recorded at 11:05 o'clock A.M. April 20, 1929. By [signature] Deputy.

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INDEPENDENCE RD: EDGAR GRAVES TO WASHINGTON COUNTY.

THE STATE OF TEXAS)
COUNTY OF WASHINGTON) WHEREAS, Washington County, Texas, is desirous of constructing an improved road known as the Independence road; and, WHEREAS, it is desired by said county to construct said

WHEREAS, it is desired by said County to construct said road through and upon certain land now owned by __ and to include in said road, or the right-of-way therefore, that part of such land so owned by ___viz:

A strip of land along the east line of my place so that there will be 40 ft. between the center line of above road and my East fence line.

WHEREAS, it is thought by ___that the construction of said road upon that part of ___land hereinabove described would increase the value of __ property; therefore,

KNOW ALL MEN BY THESE PRESENTS: That Esther Anna Roberts of the County of Washington and the State of Texas, in consideration of the prospective increase in the value of __property by the construction of said road, and for the further consideration of the sum of $1.00 to me in hand paid by said County, the receipt of which is hereby acknowledged, Have Granted, Sold, and Conveyed, and by these presents do Grant, Sell, and Convey unto Washington County, Texas, all of the land hereinabove described.

TO HAVE AND TO HOLD the above described land, together with all and singular the rights and appurtenances thereto in anywise belonging unto Washington County, Texas, forever.

It is expressly agreed and understood, however, that should said road not be constructed over and upon the land hereinabove described, this conveyance shall become null and void, and the title to said land shall revert to ___or_heirs or assigns.

Witness our hands this the 7 day of April A. D. 1927.

Easthries Ann Roberts.

THE STATE OF TEXAS )
)
COUNTY OF WASHINGTON ) Before me the undersigned authority, on this day personally appeared Esther Anna Robert known to me to be the person whose name __subscribed to the foregoing instrument and acknowledged to me that _he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the 7 day of April A. D. 1927.

G. A. Bracher. Deputy Dist. Clerk,
Washington County, Texas.

(Seal)

Filed for record at 8 o'clock A. M. June 3, 1929. C. B. Thompson CCCWC.

Recorded at 8:40 o'clock A. M. June 3, 1929. By [signature] Deputy.

Tract 5

****** **********

DEED: W. F. SCHAWE TO WASHINGTON COUNTY.

THE STATE OF TEXAS )
)
COUNTY OF WASHINGTON ) WHEREAS, Washington County, Texas, is desirous of constructing an improved road leading from Bre ham to Latium knownas the Brenham Latium Road.

WHEREAS, it is desired by said County to construct said road through and upon certain land now owned by us and to include in said road, or the right-of-way therefor, that part of such land so owned by us viz:

A strip of land along the south side of my 37½ acre place a mile west of Brenham on said road of such a width that there will be 40 ft. between the center line of said road as run out by the county Engr. and the north line of my place said strip being in ___lea. in Washington County, Texas.

WHEREAS, it is thought by us that the construction of said road upon that part of our land, hereinabove described, would increase the value of our property; therefore,

KNOW ALL MEN BY THESE PRESENTS: That W. F. Schawe & wife of the County of Washington and the State of Texas, in consideration of the prospective increase in the value of our property by the construction of said road, and for the further consideration of the sum of $100 to me in hand paid by said County, the receipt of which is hereby acknowledged, have Granted, sold, and Conveyed, and by these presents do Grant, Sell, and Convey unto Washington County, Texas, all of

the land hereinabove described.

TO HAVE AND TO HOLD the above described land, together with all and singular the rights and appurtenances thereto, in anywise belonging unto Washington County, Texas, forever.

It is expressly agreed and understood, however, that should said road not be constructed over and upon the land hereinabove described, this conveyance shall become null and void and the title to said land shall revert to us or our heirs or assigns.

Witness our hands this the 9 day of April A. D. 1927.

W. F. Schawe.
M s. Schawe.

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) Before me, the undersigned authority, on this day personally appeared W. F. chawe known to me to be the person whose name subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the 9th day of April A. D. 1927.

(Seal)

G. A. Bracher. Deputy Dist. Clerk,
Washington County, Texas.

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) Before me, the undersigned authority, on this day personally appeared Mrs. W. F. Schawe wife of W. F. Schawe, known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said Mrs. W. F. Schawe; acknowledged such instrument to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this the 9th day of April A. D. 1927.

(Seal)

G. A. Bracher. Deputy Dist. Clerk,
Washington County, Texas.

Filed for record at 8 o'clock A. M. June 3, 1929. C. B. Thompson CCCWC.

Recorded at 9:05 o'clock A. M. June 3, 1929. By Deputy.

**********

DEED: MY. SLOTHMAN TO WASHINGTON COUNTY.

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) WHEREAS the undersigned is the owner of a tract of acres of land, more or less, situated in said State and county, and upon the route of the proposed road through Washington County, commonly known as the East & West Highway, the same being a part of the ___ league: and,

Whereas, it is contemplated that out of the proceeds of bonds to be issued and sold for and on account of road improvements in said county, a macadamized, paved or graveled road leading from the Western to the Eastern boundary of said county will be established, built and maintained over upon and through my said tract of land; and,

Whereas, the establishment and maintenance of said public highway over, upon and through my said land, will greatly enhance the value thereof and will prove of material advantage and value to my ; now,

Therefore, Mr. S. of said county and state, in consideration of the premises and of the advantage that will accrue to him by reason of the establishment and maintenance of said road on his premises above described, do hereby agree, bind and obigate himself to Donate, Give, Grant and Convey to Washington County, Texas, for the use and benefit of said county, a right-of-way for said public road and highway, not to exceed 60 feet in width, over, upon and through my said tract of land; said right-of-way to be located at such place on said tract of land as may be designated by the engineer acting for said county; and in the event that said public road and

Whereas, it is thought by us that the construction of said road upon that part of our land above described would increase the value of our property; therefore;

KNOW AL L MEN BY THESE PRESENTS: That Herman Huebner and wife of the County of Washington and the State of Texas, in consideration of the prospective increase in the value of our property by the construction of said road, and for the further consideration of the sum of $1.00 to me in hand paid by said county, the receipt of which is hereby acknowledged; have Granted, Sold, and Conveyed, and by these presents do Grant, Sell, and Convey unto Washington County, Texas, all of the land herein above described;

To Have and To Hold the above described land, together with all and singular, the rights and appurtenances thereto in any wise belonging unto said Washington County, Texas, forever.

It is expressly agreed and understood, however, that should said road not be constructed over and upon the land herein above described, the conveyance shall become null and void and the title to said land shall revert to us or our heirs or assigns.

Witness our hands this the 18 day of Sept. A. D. 1924.

Thomas Huebner.
Clara Huebner.

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) Before me, the undersigned authority, on this day personally appeared Herman Huebner known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the 18th day of September A. D. 1924.

(Seal)

G. A. Bracher. Deputy Dist.Clerk, Washington County.

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) Before me, the undersigned authority, on this day personally appeared Mrs. Clara Heubner wife of Herman Huebner known to me to be the personwhose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said Mrs. Clara Huebner, acknowledged such instrument to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this the 18 day of September A. D. 1924.

(Seal)

G. A. Bracher. Deputy Dist. Clerk. Washington County.

Filed for record at 9 o'clock A. M. Apr. 22, 1929. C. B. Thompson CCCWC.

Recorded at 11:20 o'clock A. M. Apr. 22. 1929. By [signature] Deputy.

Tract 6

********** *

DEED: CHAS. GRIMM TO WASHINGTON COUNTY.

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) Whereas, Washington County, Texas, is desirous of constructing an improved road leading from Brenham To Latieum known as the Brenham-Latieum Rd.

WHEREAS, it is desired by said County to construct said road through and upon certain land now owned by me and to include in said road, or the right-of-way therefor that part of such land so owned by me viz;

A strip of land around my S. E. cor. of my place (Jno. Kieke Place) with such a curve with an external of 115 ft. from the pt. of intersection of the two center lines of the roads on east & west sides of my place, thence from the pt. of this curve a strip of land of such a width that there will be 40 ft. between the L of said road as run out by Co. Eng. and the N. line of my place.

WHEREAS, it is thought by me that the construction of said road upon that part of my land herein above described would increase the value of my property; therefore,

KNOW ALL MEN BY THESE PRESENTS: That Chas. Grimm of the County of Washington and the State of Texas, in consideration of the prospectible increase in the value of my property by the construction of said road, and for the further consideration of the sum of $1.00 to me in hand paid by said County, the receipt of which is hereby acknowledged, Have Granted, Sold, and Conveyed a d by these presents do Grant, Sell and Convey, unto Washington County, Texas, all of the land herein above described.

To Have and To Hold the above described land, together with all and singular the rights and appurtenances thereto in anywise belonging unto Washington County, Texas, forever.

It is expressly agreed and understood, however, that should said road not be constructed over andupon the land hereinabove described, this conveyance shall become null and void and the title to said land shall revert to me or my heirs or assigns.

Witness mur hands this the 15 day of April A. D. 1927.

Chas. Grimm.

THE STATE OF TEXAS )
)
COUNTY OF WASHINGTON ) Before me, the undersigned authority, on this day personally appeared Chas. Grimm, known to me to be the person whose name ___ subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the 15 day of April A. D. 1927.

(Seal)

G. A. Bracher. Deputy Dist.Clerk, Washington County, Texas.

Filed for record at 9 o'clock A. M. Apr. 22, 1929. C. B. Thompson CCCWC.

Recorded at 11:45 o'clock A. M. Apr. 22, 1929. By Deputy.

**********

DEED: OTTO GRIMM TO WASHINGTON COUNTY.

THE STATE OF TEXAS )
)
COUNTY OF WASHINGTON ) Whereas, Washington County, Texas, is desirous of constructing an improved road leading from Brenham-to Latium known as the Brenham-Latium Road; and,

Whereas, it is desired by said county to construct said road through and upon certain land now owned by us and to include in said road or the right-of-way thereof that part of such land so owned by us viz:

A strip of land thru my place on Grimms Branch 50 ft. on each side of the ℄ of the Brenham Latium Rd from 431 ± 20 to sta. 433 ± 00, 40' each side of the ℄ as run out by Co. Eng. from 433 ± 00 to Approx. 465 ± -- the West line of my place; and,

Whereas, it is thought by us that the construction of said road upon that part of us land above described would increase the value of our property; therefore,

KNOW ALL MEN BY THESE PRESENTS: That Otto Grimm and wife, of the county of Washington and the State of Texas, in consideration of the prospective increase in the value of my property by the construction of said road, and for the further consideration of the sum of one dollar to me in hand paid by said county, the receipt of which is hereby acknowled; have Granted, Sold and Conveyed, and by these presents do Grant, Sell, and Convey unto Washington County, Texas, all of the land hereinabove described.

TO HAVE AND TO HOLD the above described land, together with all and singular, the rights and appurtenanes thereto in anywise belonging unto said Washington County, Texas, forever.

IT IS EXPRESSLY AGREED AND UNDERSTOOD, however, that should said road not be constructed over and upon the land herein above described this conveyance shall become null and void and the title to said land shall revert to us or our heirs or assigns.

Witness our hands this the 8 day of Oct. A. D. 1925.

Otto Grimm.
Ella Grimm.

91/214

Filed for record at 8 o'clock A. M. June 1, 1929. C. B. Thompson CCCWC.
Recorded at 11:35 o'clock A. M. June 1, 1929. By Deputy.

Tract 7

**********

DEED: ED. WEHMEYER TO WASHINGTON COUNTY.

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) WHEREAS, Washington County, Texas, is desirous of constructing an improved road leading from Brenham to Latium known as the Brenham-Latium Road; and,

WHEREAS, it is desired by said county to construct said road through and upon certain land now owned by us and to include in said road of the right-of-way therefor that part of such land so owned by us viz:

A strip of land along the north side of my place just west of town of such a width that there will be 40 ft. between our north line and the center line of said road as surveyed by the County Engr. & on record in his office said land being a part of league, in Washington County, Texas. The county agrees to rebuild a tank atleat the same as the one then is now.

WHEREAS, it is thought by us that the construction of said road upon that part of our land hereinabove described would increase the value of our property; therefore,

KNOW ALL MEN BY THE E PRESENTS: That Ed. Wehmeyer & wife of the County of Washington and the State of Texas, in consideration of the prospective increase in the value of my property by the construction of said road, and for the further consideration of the sum of $1.00 to me in hand paid by said county, the receipt of which is hereby acknowledged; have Granted, Sold, and Conveyed, and by these presents do Grant, Sell and Convey, unto Washington County, Texas, all of the land hereinabove described.

TO HAVE AND TO HOLD the above described land, together with all and singular the rights and appurtenances thereto in anywise belonging unto said Washington County, Texas, forever.

It is expressly agreed and understood, however, that should said road not be constructed over and upon the land hereinabove described, this conveyance shall become null and void and the title to said land shall revert to us or our heirs or assigns.

Witness our hands this the 7 day of April A. D. 1927.

Mrs. Ed. Wehmeyer.
Ed. Wehmeyer.

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) Before me, the undersigned authority, on this day personally appeared Ed. Wehmeyer, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office, this the 7th day of April A. D. 1927.

(Seal) G. A. Bracher. Deputy Dist. Clerk, Washington County, Texas.

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) Before me, the undersigned authority, on this day personally appeared Mrs. Ed. Wehmeyr wife of Ed. Wehmeyer, known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her husband and having the same fully explained to her, she, the said Mrs. Ed. Wehmeyer acknowledged such instrument to be her act and deed, and declared that she had willingly signed the same for the purposes and considerationn therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this the 7th day of April A. D. 1927.

(Seal) G. A. Bracher. Deputy Dist. Clerk. Washington County, Texas.

Filed for record at 8 o'clock A. M. June 1, 1929. C. B. Thompson CCCWC.
Recorded at 12 o'clock M. M. June 1, 1929. By Deputy.

**********

Witness our hands this the 7 day of April A. D. 1927.

Mrs. Sophie Wehmeyer.

Tract 8

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) WHEREAS, Washington County, Texas, is desirous of constructing an improved road through said county from Brenham to Latium, known as the Brenham-Latium road; and,

WHEREAS, it is desired by said county to construct said road through and upon certain lands now owned by me and to include in saod road or the right-of-way therefor that part of such land so owned by me viz:

A strip of land along the north side of my place one mile S-W of Brenham of such a width that there will be 40 ft. between the center line of the above road and my north line. This center line is the center line as run out by the County Engineer; and,

WHEREAS, it is thought by me that the construction of said road upon that part of my land above described would increase the value of my property; therefore,

KNOW ALL MEN BY THESE PRESENTS: That Mrs. Sophie Wehmeyer of the County of Washington and the State of Texas, in consideration of the prospective increase in the value of my property by the construction of said road, and for the further consideration of the sum of $1.00 to me in hand paid by said county; the receipt of which is hereby acknowledged; have Granted, Sold, and Conveyed, and by these presents do Grant, Sell, and Convey unto Washington County, Texas, all of the land hereinabove described.

TO HAVE AND TO HOLD the above described land, together with all and singular, the rights and appurtenances thereto in anywise belonging unto said Washington County, Texas, forever.

It is expressly agreed and understood, however, that should said road not be constructed over and upon the land hereinabove described, this conveyance shall be null and void and the title to said land shall revert to me or my heirs or assigns.

Witness our hands this the 14 day of Oct. A. D. 1925.

Mrs. Sophie Wehmeyer.

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) Before me, the undersigned authority, on this day personally appeared Mrs. Sophie Wehmeyer, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the 14 day of October A. D. 1925.

(Seal)

G. A. Bracher. Deputy Dist. Clerk, Washington County.

Filed for record at 8 o'clock A. M. June 1, 1929. C. B. Thompson CCCWC.

Recorded at 8:30 o'clock A. M. June 1, 1929. By [signature] Deputy.

************************

DEED: SOPHIE WEHMEYER TO WASHINGTON COUNTY.

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) WHEREAS, Washington County, Texas is desirous of constructing an improved road leading from Brenham to Wesley known as the Brenham Wesley Road.

WHEREAS, it is desired by said County to construct said road through and upon certain land now owned by me and to include in said road or the right-of-way therefor that part of such land so owned by me viz:

A strip of land along the West side of my place approx. 2 miles West of Brenha, of such a width that there will be 40 ft. between the center line of the above road as run out by the Co. Engineer and the West property line of my place. Said strip to extend along the west side of my place along the Wesley Road.

WHEREAS, it is thought by me that the construction of said road upon that part of my land

FM 332

40' x 9183' (12550') = 2.34 AC

FM 389

91

183

Filed for record at 8 o'clock A. M. Apr. 27, 1929. C. B. Thompson CCCWC.

Recorded at 2:20 o'clock P. M. Apr. 27, 1929. By [signature] Deputy.

**********

Tract 9

DEED: AUG. RICHTER TO WASHINGTON COUNTY.

THE STATE OF TEXAS )
COUNTY OF WASHINGTON )

WHEREAS, Washington County, Texas, is desirous of constructing an improved road leading from Brenham to Latium known as the Latium Road.

WHEREAS, it is desired by said county to construct said road through and upon certain land now owned by u and to include in said road or the right-of-way therefor that part of such land so owned by U viz:

Whereas a strip of land along the entire North side of my place (2 mis. W. of Brenham) of such a width that there will be 40' between line from sta. 109 + 72 and Sta. 121 + 21 on Meander Survey, as run out by the County Engineer .

WHEREAS, it is thought by us that the construction of said road upon that part of my land hereinabove described would increase the value of our property; therefore,

KNOW ALL MEN BY THESE PRESENTS: That Aug. Richter & Wife of the County of Washington and the State of Texas, in consideration of the prospective increase in the value of us property by the construction of said road, and for the further consideration of the sum of $1.00 to me in hand paid by said county, the receipt of which is hereby acknowledged have Granted, Sold, and Conveyed, and by these presents do Grant, Sell and Convey unto Washington County, Texas, all of the land hereinabove described.

TO HAVE AND TO HOLD the above described land, together with all and singular the rights and appurtenances threto in anywise belonging unto Washington County, Texas, forever.

It is expressly agreed and under tood, however, that shuld said road not be constructed over and upon the land hereinabove described, this conveyance shall become null and void and the title to said land shall revert to us or our heirs or assigns.

Witness our hands this the 20 day of Oct. A. D. 1925.

Aug. Rechter.
Maria Richter.

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) Before me, the undersigned authority, on this day personally appeared Aug. Richter known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the 20th day of October A. D. 1925.

(Seal)

G. A. Bracher. Deputy Dist. Clerk
Washington County, Texas.

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) Before me, the undersigned authority, on this day personally appeared Maria Richter wife of Aug. Richter, known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said Maria Richter, acknowledged such instrument to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed., and that she did not wish to retract it.

Given under my hand and seal of office this the 20 day of October A. D. 1925.

(Seal)

G. A. Bracher. Deputy Dist. Clerk
Washington County. Texas.

Filed for record at 8 o'clock A. M. Apr. 27, 1929. C. B. Thompson CCCWC.

Recorded at 2:40 o'clock P. M. Apr. 27, 1929. By [signature] Deputy.

**********

12121
-10972
1149 X 40 = 1.059 AC

Tract 1



MEMORANDUM OF EXTENSION
OF OIL, GAS AND MINERAL LEASE

1362

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

Reference is made to Oil, Gas and Mineral Lease ("Rogers Lease") dated December 15, 1994, from ELIJHA ROGERS, ALBERTA ROGERS CAMPBELL, DORA ROGERS KALLIE, ETHEL COLE, J.D. ROGERS, AND MINNIE ROGERS JACKSON, REPRESENTED BY AND THROUGH THEIR ATTORNEY-IN-FACT, CHESTER ROGERS; CHESTER ROGERS INDIVIDUALLY AND TARA KALLIE, INDIVIDUALLY (therein and herein called "Lessors") to JOHN H. YOUNG, INC. Covering the following land:

7.83 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas, and being described as follows:

10.00 acres of land, more or less, described in that certain Deed dated March 1, 1944 from Albert B. Mueller to Ed Rogers et ux and recorded in Volume 136, Page 428, Deed Records of Washington County, Texas, SAVE AND EXCEPT the following four (4) tracts:

1) 0.272 acres of land, more or less, described in that certain deed dated March 16, 1967 from Ed Rogers et ux to Alberta Little et vir and recorded in Volume 270, Page 74 of the Deed Records of Washington Couny, Texas.

2) 0.620 acres of land, more or less, described in that certain deed dated June 21, 1968 from Ed Rogers et ux and recorded in Volume 277, Page 5 of the Deed Records of Washington County, Texas.

3) 0.376 acres of land, more or less, described in that certain Deed dated December 4, 1971 from Ed Rogers et ux to Dora Kallie et vir and recorded in Volume 308, Page 729, Deed Records, Washington County, Texas.

4) 0.90 acres of land, more or less, described in that certain deed dated February 5, 1975 from Chester Rogers et al to Elijha Rogers et ux and recorded in Volume 339, Page 733, Deed Records, Washington County, Texas,

and to recording memorandum of the Rogers Lease dated December 16 1994, and recorded in Volume 777, Page 111 of the Official Records of Washington County, Texas, executed by Lessors.

NOW, THEREFORE, for a sufficient consideration received, Lessors, acting for themselves and their heirs and assigns, declare and agree that the primary term of the Rogers Lease as set out therein, in accordance with the provisions thereof, has been and is extended to five (5) years from its date.

EXECUTED this 19th day of December, 1997.

Chester Rogers
CHESTER ROGERS, INDIVIDUALLY
AND AS ATTORNEY-IN-FACT FOR
ELIJHA ROGERS, ALBERTA ROGERS
CAMPBELL, DORA ROGERS KALLIE,
ETHEL COLE, J.D. ROGERS AND
MINNIE ROGERS JACKSON

Tara Kallie
TARA KALLIE, INDIVIDUALLY

THE STATE OF TEXAS §
§
COUNTY OF WASHINGTON §

This instrument was acknowledged before me on this 5 day of March, 1998 by Chester Rogers, individually and as Attorney-in-Fact for Elijha Rogers, Alberta Rogers Campbell, Dora Rogers Kallie, Ethel Cole, J. D. Rogers and Minnie Rogers Jackson.

KATHY A. ROPSHAW
NOTARY PUBLIC, STATE OF TEXAS
MY COMMISSION EXPIRES
NOV. 5, 2000

Kathy A. Ropshaw
NOTARY PUBLIC IN AND FOR
THE STATE OF T E X A S

Notary's Printed Name

My Commission Expires:

THE STATE OF TEXAS §
§
COUNTY OF WASHINGTON §

This instrument was acknowledged before me on this 19th day of December, 1997 by TARA KALLIE, INDIVIDUALLY.

BOOKER T. HOGAN JR.
NOTARY PUBLIC
State of Texas
Comm. Exp. 08-11-99

Booker T. Hogan, Jr.
NOTARY PUBLIC IN AND FOR
THE STATE OF T E X A S

Booker T. Hogan, Jr.
Notary's Printed Name

My Commission Expires:
8/11/99

C:\Corel\Office7\WPWin7\ASSIGNME\OTHER\MEMofEXTCrogersetal

FILED FOR RECORD
WASHINGTON COUNTY, TX
'98 MAR 5 AM 9 23
Beth A. Rothermel
WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

MAR 06 1998

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

# MEMORANDUM OF OIL, GAS AND MINERAL LEASE

2558

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

THAT, for and in consideration of TEN AND NO/100 DOLLARS ($10.00) and other valuable consideration paid by **JOHN H. YOUNG, INC.**, hereinafter called "Lessee", whose address is 815 Walker, Suite 940, Houston, Texas 77002, to **ELIJHA ROGERS, ALBERTA ROGERS CAMPBELL, DORA ROGERS KALLIE, ETHEL COLE, J.D. ROGERS, AND MINNIE ROGERS JACKSON, REPRESENTED BY AND THROUGH THEIR ATTORNEY-IN-FACT, CHESTER ROGERS; CHESTER ROGERS INDIVIDUALLY AND TARA KALLIE, INDIVIDUALLY,** hereinafter called "Lessor", whose address is Rt. 3 Box 31, Brenham, Texas 77833, Lessor has and does hereby GRANT, LEASE and LET unto Lessee for the purposes and with the exclusive right of exploring, drilling and operating for, producing and owning oil and gas, and their respective constituent products, including sulphur produced therewith, the following described land located in Washington County, Texas, to wit:

7.83 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being described as follows:

10.00 acres of land, more or less, described in that certain Deed dated March 1, 1944 from Albert B. Mueller to Ed Rogers et ux and recorded in Volume 136, Page 428, Deed Records of Washington County, Texas, SAVE AND EXCEPT the following four (4) tracts:

1.) 0.272 acres of land, more or less, described in that certain deed dated March 16, 1967 from Ed Rogers et ux to Alberta Little et vir and recorded in Volume 270, Page 74 of the Deed Records of Washington County, Texas.

2.) 0.620 acres of land, more or less, described in that certain deed dated June 21, 1968 from Ed Rogers et ux to Chester Rogers et ux and recorded in Volume 277, Page 5 of the Deed Records of Washington County, Texas.

3.) 0.376 acres of land, more or less, described in that certain Deed dated December 4, 1971 from Ed Rogers et ux to Dora Kallie et vir and recorded in Volume 308, Page 729, Deed Records, Washington County, Texas.

4.) 0.90 acres of land, more or less, described in that certain deed dated February 5, 1975 from Chester Rogers et al to Elijha Rogers et ux and recorded in Volume 339, Page 733, Deed Records, Washington County, Texas.

upon and subject to all of the terms and provisions set forth in that certain Oil, Gas and Mineral Lease dated December 15, 1994, covering said land, and providing for a primary term of three (3) years, and as long thereafter as operations, as defined in said lease, are conducted upon the leased premises with no cessation for more than sixty (60) consecutive days or oil, gas or other related hydrocarbons produced with oil or gas is produced from the leased premises or the lease is otherwise maintained in force as therein provided. A copy of said lease is in the possession of each of the parties Lessor and Lessee and which is incorporated herein by reference and made a part hereof as if set forth at length herein, and to which reference is made for all purposes.

VOL 111 PAGE 116

IN WITNESS WHEREOF, this instrument is executed on this the 16th day of December, 1994.

Chester Rogers

Chester Rogers, individually
and as Attorney-in-Fact for
Elijha Rogers, Alberta Rogers
Campbell, Dora Rogers Kallie,
Ethel Cole, J.D. Rogers and
Minnie Rogers Jackson
SS# [redacted]

Tara Kallie

Tara Kallie, individually
SS# [redacted]

THE STATE OF TEXAS §
COUNTY OF Washington §

This instrument was acknowledged before me this 16th day of December 1994, by Chester Rogers, individually and as Attorney-in-Fact for Elijha Rogers, Alberta Rogers Campbell, Dora Rogers Kallie, Ethel Cole, J.D. Rogers and Minnie Rogers Jackson.

JIM S. WALKER
MY COMMISSION EXPIRES
July 20, 1998

J. S. Walker

NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

THE STATE OF TEXAS §
COUNTY OF Washington §

This instrument was acknowledged before me this 16th day of December 1994, by Tara Kallie, individually.

JIM S. WALKER
MY COMMISSION EXPIRES
July 20, 1998

J. S. Walker

NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

FILED

AT 9:30 A M.

APR 03 1995

Beth A. Rothermel

BETH ROTHERMEL
COUNTY CLERK, WASHINGTON COUNTY, TX

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on APR 04 1995

Beth A. Rothermel

Beth Rothermel, County Clerk
Washington County, Texas

Producers 88 (4/76) Revised Paid Up
With 640 Acres Pooling Provision

©POUND PRINTING & STATIONERY COMPANY
470? ICHMOND, HOUSTON, TEXAS 77027 (713) 552-9797

# OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 15th day of December 19 94, between Elijha Rogers, Alberta Rogers Campbell, Dora Rogers Kallie, Ethel Cole, J.D. Rogers and Minnie Rogers Jackson, represented herein by and through their Attorney-in-fact Chester Rogers; Chester Rogers, individually and Tara Kallie, individually

Lessor (whether one or more), whose address is: Rt. 3 Box 31, Brenham, Texas 77833, and John H. Young, Inc., 815 Walker, Suite 940, Houston, Texas 77002, Lessee, WITNESSETH:

1. Lessor in consideration of Ten Dollars and Other Valuable Consideration Dollars ($ 10.00 & OVC), in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, conducting exploration, geologic and geophysical surveys by seismograph, core test, gravity and magnetic methods, injecting gas, water and other fluids, and air into subsurface strata, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in Washington County, Texas, to-wit:

7.83 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in Exhibit "A" attached hereto and made a part hereof.

This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above.

2. This is a paid up lease and subject to the other provisions herein contained, this lease shall be for a term of 3 years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land or land with which said land is pooled hereunder.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipelines to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil; (b) to pay lessor for gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, one-eighth of the amount realized from the sale of gasoline or other products extracted therefrom and one-eighth of the amount realized from the sale of residue gas after deducting the amount used for plant fuel and/or compression; (c) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar ($1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to one dollar ($1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the Brenham National Bank at 2211 S. Day, Brenham, Texas 77833 or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owners of this lease, severally as to acreage owned by each.

4. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof as to oil and gas, or either of them, with any other land covered by this lease, and/or with any other land, lease or leases in the immediate vicinity thereof to the extent hereinafter stipulated, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore, or to develop and operate said leased premises in compliance with the spacing rules of the Railroad Commission of Texas, or other lawful authority, or when to do so would, in the judgment of Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not substantially exceed 40 acres each in area, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each plus a tolerance of ten percent (10%) thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well to be drilled, drilling or already drilled, units thereafter created may conform substantially in size with those prescribed or permitted by governmental regulations. Lessee under the provisions hereof may pool or combine acreage covered by this lease or any portion thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall file for record in the appropriate records of the county in which the leased premises are situated an instrument describing and designating the pooled acreage as a pooled unit; and upon such recordation the unit shall be effective as to all parties hereto, their heirs, successors, and assigns, irrespective of whether or not the unit is likewise effective as to all other owners of surface, mineral, royalty, or other rights in land included in such unit. Lessee may at its election exercise its pooling option before or after commencing operations for or completing an oil or gas well on the leased premises, and the pooled unit may include, but it is not required to include, land or leases upon which a well capable of producing oil or gas in paying quantities has theretofore been completed or upon which operations for the drilling of a well for oil or gas have theretofore been commenced. In the event of operations for drilling on or production of oil or gas from any part of a pooled unit which includes all or a portion of the land covered by this lease, regardless of whether such operations for drilling were commenced or such production was secured before or after the execution of this instrument or the instrument designating the pooled unit, such operations shall be considered as operations for drilling on or production of oil or gas from land covered by this lease whether or not the well or wells be located on the premises covered by this lease and in such event operations for drilling shall be deemed to have been commenced on said land within the meaning of paragraph 5 of this lease; and the entire acreage constituting such unit or units, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease. For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them shall be entitled on production of oil and gas, or either of them, from the pooled unit, there shall be allocated to the land covered by this lease and included in said unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled unit. Such allocation shall be on an acreage basis—that is to say, there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land. The production from an oil well will be considered as production from the lease or oil pooled unit from which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit. The formation of any unit hereunder shall not have the effect of changing the ownership of any shut-in production royalty which may become payable under this lease. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool as provided above with consequent allocation of production as above provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

EXHIBIT "A"

Attached hereto and made a part of that certain Oil, Gas and Mineral Lease dated December 15, 1994, between Elijha Rogers, Alberta Rogers Campbell, Dora Rogers Kallie, Ethel Cole, J.D. Rogers, and Minnie Rogers Jackson, represented by their attorney-in-fact Chester Rogers; and Chester Rogers, individually; and Tara Kallie, individually, Lessors, and John H. Young, Inc., Lessee, covering 7.83 acres of land, situated in the Phillip Coe Survey, A-31, Washington County, Texas.

7.83 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being described as follows:

10.00 acres of land, more or less, described in that certain Deed dated March 1, 1944 from Albert B. Mueller to Ed Rogers et ux and recorded in Volume 136, Page 428, Deed Records of Washington County, Texas, SAVE AND EXCEPT the following four (4) tracts:

1.) 0.272 acres of land, more or less, described in that certain deed dated March 16, 1967 from Ed Rogers et ux to Alberta Little et vir and recorded in Volume 270, Page 74 of the Deed Records of Washington County, Texas.

2.) 0.620 acres of land, more or less, described in that certain deed dated June 21, 1968 from Ed Rogers et ux to Chester Rogers et ux and recorded in Volume 277, Page 5 of the Deed Records of Washington County, Texas.

3.) 0.376 acres of land, more or less, described in that certain Deed dated December 4, 1971 from Ed Rogers et ux to Dora Kallie et vir and recorded in Volume 308, Page 729, Deed Records, Washington County, Texas.

4.) 0.90 acres of land, more or less, described in that certain deed dated February 5, 1975 from Chester Rogers et al to Elijha Rogers et ux and recorded in Volume 339, Page 733, Deed Records, Washington County, Texas.

**ADDENDUM**

Attached to and by reference made a part of that certain Oil, Gas and Mineral Lease dated December 15, 1994, between **ELIJHA ROGERS, ALBERTA ROGERS CAMPBELL, DORA ROGERS KALLIE, ETHEL COLE, J.D. ROGERS AND MINNIE ROGERS JACKSON, REPRESENTED HEREIN BY AND THROUGH THEIR ATTORNEY-IN-FACT, CHESTER ROGERS; CHESTER ROGERS, INDIVIDUALLY AND TARA KALLIE, INDIVIDUALLY,** Lessor, and **JOHN H. YOUNG, INC.**, Lessee, covering 7.83 acres, more or less, out of and a part of the Phillip Coe Survey, A-31, Washington County, Texas.

11. All royalties payable hereunder shall be based upon one-one-sixth (1/6) of production and wherever the fraction "one-eighth" (1/8) occurs in Paragraph 3 of this lease form, the fraction "one-sixth" (1/6) is hereby substituted therefor.

12. This lease covers only oil and gas and for the purposes of this lease, references to "oil and gas" shall include oil, gas, casinghead gas and by-products thereof, and such other hydrocarbon substances and sulphur as are produced with, incidental to, and as a part of its production of oil or gas; and all minerals of every kind and character found at any depth, except oil and gas, as herein defined, are expressly reserved to Lessor and Lessor's personal representatives, heirs and assigns.

13. Lessee shall pay for all damages to roads, fences, improvements, trees and growing crops caused by its operations hereunder, and will fill and level all pits and mounds, remove all board roads and board road materials, level and fill all ruts, and restore the surface of the ground to as near its original condition as is reasonably practical within a reasonable period of time after cessation of operations at each well location on the leased premises.

14. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit or units formed by such pooling for: (a) an oil well which is not a horizontal completion shall not exceed eighty (80) acres plus a maximum acreage tolerance of 10%, (b) an oil well which is a horizontal completion shall not exceed three hundred twenty (320) acres plus a maximum acreage tolerance of 10%, (c) a gas well shall not exceed six hundred forty (640) acres plus a maximum acreage tolerance of 10%; provided that a larger unit or units may be formed for an oil well or a gas well, whether or not horizontally completed, to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of this paragraph 14, the terms "oil well" and gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with a gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with a gas-oil ratio of

100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means a well in which the horizontal component of the gross completion interval exceeds one hundred (100) feet in length. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit or units and stating the effective date of pooling. Production, drilling, or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the surface acreage covered by this lease and included in the unit or units bears to the total gross acreage in the unit or units. As to any well drilled and completed by means of a horizontal completion, if within sixty (60) days from initial completion Lessee shall file of record a written designation of unit, then Lessee shall be authorized to calculate and pay all royalties on a unit basis from the date drilling commenced on the well. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall, without the joinder of Lessor, have the recurring right but not obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority, or to prudently develop and operate the leased premises or protect correlative rights. In making such a revision, Lessee shall file of record a written declaration describing the revised unit or units and stating the effective date of the revision. To the extent any portion of the leased premises is included or excluded from the unit by virtue of such revision, the proportion of the unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly as of the effective date of the revision. In the absence of production in paying quantities from a unit or units, or upon permanent cessation thereof, Lessee may terminate the unit or units by filing of record a written declaration describing the unit and stating the date of termination. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. As used in this paragraph, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

15. In the event a portion of the herein leased premises is pooled or unitized with other land so as to form a pooled unit or units, operations on, completion of a well upon, or production from such unit or units will not maintain this lease in force as to that portion of the leased premises not included in such unit or units. The lease may be maintained in force as to any portion of the leased premises covered hereby and not included in such unit or units in any manner provided for herein; provided, however, if at the end of the primary term or after the expiration of the primary term, Lessee is then engaged in drilling or reworking operations on the leased premises or on acreage pooled therewith, or if Lessee has completed a well as a producer or dry hole within sixty (60) days prior to the expiration of the primary term, this lease shall remain in full force and effect as to all non-unitized acreage so long as Lessee conducts continuous operations thereon with no

cessation of longer than sixty (60) days between the completion of drilling or reworking operations on a well and the commencement of such operations for the next succeeding well.

16. It is expressly agreed and provided that this lease cannot be held, maintained nor extended under and by virtue of the shut-in gas well provision of this lease for a longer term beyond the primary term than two (2) consecutive calendar years immediately after the primary term, or for shorter terms at various intervals not to exceed in the aggregate three (3) years in all.

17. Lessee is hereby given the option to extend the primary term of this lease for an additional two (2) years from the expiration of the original primary term. This option may be exercised by Lessee at any time during the last year of the original primary term by paying the same sum of Fifty and No/100 dollars ($50.00) per net mineral acre to Lessor to to the credit of Lessor in the Brenham National Bank, at 2211 S. Day, Brenham, Texas, 77833, (which bank and its successors are Lessor's agents and shall continue as the depository regardless of changes in ownership of said land). This payment shall be based upon the number of net mineral acres then covered by this lease and not at such time being maintined by other provisions hereof. This payment may be made by check or draft of Lessee mailed or delivered to Lessor or said bank at any time during the original primary term. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept payment, Lessee shall not be held in default for failure to make such payment until thirty (30) days after Lessor's delivery to Lessee of a proper recordable instrument naming another bank as agent to receive such payment. If, at the time this payment is made, various parties are entitled to specific amounts according to Lessee's records, this payment may be divided between said parties and paid in the same proportion. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a primary term of five (5) years. In the event this lease is being maintained by any provision hereof at the expiration of the primary term, Lessee shall have a period of thirty (30) days from the date this lease ceases to be so maintained within which to exercise this option.

18. Prior to conducting operations of the herein leased premises, Lessee shall obtain Lessor's written consent, which consent shall not unreasonably be withheld, as to the location of any such operations including roads or drill sites.

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

Chester Rogers

Chester Rogers, individually
and as attorney-in-fact for
Elijha Rogers, Albert Rogers
Campbell, Dora Rogers Kallie,
Ethel Cole, J.D. Rogers and
Minnie Rogers Jackson
SS# [redacted]

Tara Kallie

Tara Kallie, individually
SS# [redacted]

THE STATE OF TEXAS §
COUNTY OF WASHINGTON §

This instrument was acknowledged before me this 16TH day of DECEMBER, 1994, by Chester Rogers, individually, and as attorney-in-fact for Elijha Rogers, Alberta Rogers Campbell, Dora Rogers Kallie, Ethel Cole, J.D. Rogers and Minnie Rogers Jackson.

JIM S. WALKER
MY COMMISSION EXPIRES
July 20, 1998

J. S. Walker
Notary Public in and for the
State of Texas

THE STATE OF TEXAS §
COUNTY OF WASHINGTON §

This instrument was acknowledged before me this 16TH day of DECEMBER, 199_, by Tara Kallie, individually.

JIM S. WALKER
MY COMMISSION EXPIRES
July 20, 1998

J. S. Walker
Notary Public in and for the
State of Texas

Tract 2

VOL 777 PAGE 105

# MEMORANDUM OF OIL, GAS AND MINERAL LEASE

2553

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

THAT, for and in consideration of TEN AND NO/100 DOLLARS ($10.00) and other valuable consideration paid by **JOHN H. YOUNG, INC.**, hereinafter called "Lessee", whose address is 815 Walker, Suite 940, Houston, Texas 77002, to **ELIJHA ROGERS, A WIDOWER, ELIJHA ROGERS, JR., SHIRLEY ROGERS HEMPHILL AND JANICE ROGERS, consituting the sole heirs of Mae Pearl Rogers, deceased,** hereinafter called "Lessor", whose address is Rt. 3 Box 31, Brenham, Texas 77833, Lessor has and does hereby GRANT, LEASE and LET unto Lessee for the purposes and with the exclusive right of exploring, drilling and operating for, producing and owning oil and gas, and their respective constituent products, including sulphur produced therewith, the following described land located in Washington County, Texas, to wit:

0.90 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in that certain deed dated February 5, 1975 from Chester Rogers et al to Elijha Rogers and wife Mae Pearl Rogers, recorded in Volume 339, Page 733, Deed Records, Washington County, Texas.

upon and subject to all of the terms and provisions set forth in that certain Oil, Gas and Mineral Lease dated December 15, 1994, covering said land, and providing for a primary term of three (3) years, and as long thereafter as operations, as defined in said lease, are conducted upon the leased premises with no cessation for more than sixty (60) consecutive days or oil, gas or other related hydrocarbons produced with oil or gas is produced from the leased premises or the lease is otherwise maintained in force as therein provided. A copy of said lease is in the possession of each of the parties Lessor and Lessee and which is incorporated herein by reference and made a part hereof as if set forth at length herein, and to which reference is made for all purposes.

IN WITNESS WHEREOF, this instrument is executed on this the 15th day of December, 1994.

Elijha Rogers
SS# [redacted]

Elijah Rogers Jr
Elijha Rogers, Jr.
SS# [redacted]

Shirley Rogers Hemphill
Shirley Rogers Hemphill
SS# [redacted]

Janice Rogers
Janice Rogers
SS# [redacted]

THE STATE OF TEXAS §
COUNTY OF Washington §

This instrument was acknowledged before me this 15th day of December 1994, by Elijha Rogers, a widower.

JIM S. WALKER
MY COMMISSION EXPIRES
July 20, 1998

J. S. Walker
NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

THE STATE OF TEXAS §
COUNTY OF WASHINGTON §

This instrument was acknowledged before me this 15th day of DECEMBER 1994, by Elijha Rogers, Jr.

JIM S. WALKER
MY COMMISSION EXPIRES
July 20, 1998

J. S. Walker
NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

THE STATE OF TEXAS §
COUNTY OF WASHINGTON §

This instrument was acknowledged before me this 15th day of DECEMBER 1994, by Shirley Rogers Hemphill.

JIM S. WALKER
MY COMMISSION EXPIRES
July 20, 1998

J. S. Walker
NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

THE STATE OF TEXAS §
COUNTY OF WASHINGTON §

This instrument was acknowledged before me this 15th day of DECEMBER 1994, by Janice Rogers.

JIM S. WALKER
MY COMMISSION EXPIRES
July 20, 1998

J. S. Walker
NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

FILED
AT 9:30 A M.
APR 0 3 1995
Beth A. Rothermel
BETH ROTHERMEL
COUNTY CLERK, WASHINGTON COUNTY, TX

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

APR 0 4 1995

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

Producers 88 (4/76) Revised Paid Up
With 640 Acres Pooling Provision

©POUND PRINTING & STATIONERY COMPANY
47( ICHMOND, HOUSTON, TEXAS 77027 (713) 552-9797

# OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 15th day of December 19 94, between Elijha Rogers, a widower; Elijha Rogers, Jr.; Shirley Rogers Hemphill; and Janice Rogers constituting the sole heirs of Mae Pearl Rogers, deceased.

Lessor (whether one or more), whose address is: Rt. 3 Box 31, Brenham, Texas 77833, and John H. Young, Inc., 815 Walker, Suite 940, Houston, Texas 77002, Lessee, WITNESSETH:

1. Lessor in consideration of Ten Dollars and Other Valuable Consideration Dollars ($ 10.00 & OVC), in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, conducting exploration, geologic and geophysical surveys by seismograph, core test, gravity and magnetic methods, injecting gas, water and other fluids, and air into subsurface strata, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in Washington County, Texas, to-wit:

0.90 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in that certain Deed dated February 5, 1975 from Chester Rogers et al, to Elijha Rogers and wife, Mae Pearl Rogers, recorded in Volume 339, Page 733, Deed Records, Washington County, Texas.

This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above.

2. This is a paid up lease and subject to the other provisions herein contained, this lease shall be for a term of 3 years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land or land with which said land is pooled hereunder.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipelines to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil; (b) to pay lessor for gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, one-eighth of the amount realized from the sale of gasoline or other products extracted therefrom and one-eighth of the amount realized from the sale of residue gas after deducting the amount used for plant fuel and/or compression; (c) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar ($1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to one dollar ($1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the Brenham National Bank at 2211 S. Day, Brenham, Texas 77833 or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owners of this lease, severally as to acreage owned by each.

4. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof as to oil and gas, or either of them, with any other land covered by this lease, and/or with any other land, lease or leases in the immediate vicinity thereof to the extent hereinafter stipulated, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore, or to develop and operate said leased premises in compliance with the spacing rules of the Railroad Commission of Texas, or other lawful authority, or when to do so would, in the judgment of Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not substantially exceed 40 acres each in area, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each plus a tolerance of ten percent (10%) thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well to be drilled, drilling or already drilled, units thereafter created may conform substantially in size with those prescribed or permitted by governmental regulations. Lessee under the provisions hereof may pool or combine acreage covered by this lease or any portion thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall file for record in the appropriate records of the county in which the leased premises are situated an instrument describing and designating the pooled acreage as a pooled unit; and upon such recordation the unit shall be effective as to all parties hereto, their heirs, successors, and assigns, irrespective of whether or not the unit is likewise effective as to all other owners of surface, mineral, royalty, or other rights in land included in such unit. Lessee may at its election exercise its pooling option before or after commencing operations for or completing an oil or gas well on the leased premises, and the pooled unit may include, but it is not required to include, land or leases upon which a well capable of producing oil or gas in paying quantities has theretofore been completed or upon which operations for the drilling of a well for oil or gas have theretofore been commenced. In the event of operations for drilling on or production of oil or gas from any part of a pooled unit which includes all or a portion of the land covered by this lease, regardless of whether such operations for drilling were commenced or such production was secured before or after the execution of this instrument or the instrument designating the pooled unit, such operations shall be considered as operations for drilling on or production of oil or gas from land covered by this lease whether or not the well or wells be located on the premises covered by this lease and in such event operations for drilling shall be deemed to have been commenced on said land within the meaning of paragraph 5 of this lease; and the entire acreage constituting such unit or units, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease. For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them shall be entitled on production of oil and gas, or either of them, from the pooled unit, there shall be allocated to the land covered by this lease and included in said unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled unit. Such allocation shall be on an acreage basis—that is to say, there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land. The production from an oil well will be considered as production from the lease or oil pooled unit from which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit. The formation of any unit hereunder shall not have the effect of changing the ownership of any shut-in production royalty which may become payable under this lease. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool as provided above with consequent allocation of production as above provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

**ADDENDUM**

Attached to and by reference made a part of that certain Oil, Gas and Mineral Lease dated December 15, 1994, between **ELIJHA ROGERS, A WIDOWER, ELIJHA ROGERS, JR., SHIRLEY ROGERS HEMPHILL AND JANICE ROGERS, constituting the sole heirs of Mae Pearl Rogers, deceased,** Lessor, and **JOHN H. YOUNG, INC.**, Lessee, covering 0.90 acres, more or less, out of and a part of the Phillip Coe Survey, A-31, Washington County, Texas.

11. All royalties payable hereunder shall be based upon one-one-sixth (1/6) of production and wherever the fraction "one-eighth" (1/8) occurs in Paragraph 3 of this lease form, the fraction "one-sixth" (1/6) is hereby substituted therefor.

12. This lease covers only oil and gas and for the purposes of this lease, references to "oil and gas" shall include oil, gas, casinghead gas and by-products thereof, and such other hydrocarbon substances and sulphur as are produced with, incidental to, and as a part of its production of oil or gas; and all minerals of every kind and character found at any depth, except oil and gas, as herein defined, are expressly reserved to Lessor and Lessor's personal representatives, heirs and assigns.

13. Lessee shall pay for all damages to roads, fences, improvements, trees and growing crops caused by its operations hereunder, and will fill and level all pits and mounds, remove all board roads and board road materials, level and fill all ruts, and restore the surface of the ground to as near its original condition as is reasonably practical within a reasonable period of time after cessation of operations at each well location on the leased premises.

14. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit or units formed by such pooling for: (a) an oil well which is not a horizontal completion shall not exceed eighty (80) acres plus a maximum acreage tolerance of 10%, (b) an oil well which is a horizontal completion shall not exceed three hundred twenty (320) acres plus a maximum acreage tolerance of 10%, (c) a gas well shall not exceed six hundred forty (640) acres plus a maximum acreage tolerance of 10%; provided that a larger unit or units may be formed for an oil well or a gas well, whether or not horizontally completed, to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of this paragraph 14, the terms "oil well" and gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with a gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with a gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour

production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means a well in which the horizontal component of the gross completion interval exceeds one hundred (100) feet in length. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit or units and stating the effective date of pooling. Production, drilling, or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the surface acreage covered by this lease and included in the unit or units bears to the total gross acreage in the unit or units. As to any well drilled and completed by means of a horizontal completion, if within sixty (60) days from initial completion Lessee shall file of record a written designation of unit, then Lessee shall be authorized to calculate and pay all royalties on a unit basis from the date drilling commenced on the well. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall, without the joinder of Lessor, have the recurring right but not obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority, or to prudently develop and operate the leased premises or protect correlative rights. In making such a revision, Lessee shall file of record a written declaration describing the revised unit or units and stating the effective date of the revision. To the extent any portion of the leased premises is included or excluded from the unit by virtue of such revision, the proportion of the unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly as of the effective date of the revision. In the absence of production in paying quantities from a unit or units, or upon permanent cessation thereof, Lessee may terminate the unit or units by filing of record a written declaration describing the unit and stating the date of termination. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. As used in this paragraph, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

15. In the event a portion of the herein leased premises is pooled or unitized with other land so as to form a pooled unit or units, operations on, completion of a well upon, or production from such unit or units will not maintain this lease in force as to that portion of the leased premises not included in such unit or units. The lease may be maintained in force as to any portion of the leased premises covered hereby and not included in such unit or units in any manner provided for herein; provided, however, if at the end of the primary term or after the expiration of the primary term, Lessee is then engaged in drilling or reworking operations on the leased premises or on acreage pooled therewith, or if Lessee has completed a well as a producer or dry hole within sixty (60) days prior to the expiration of the primary term, this lease shall remain in full force and effect as to all non-unitized acreage so long as Lessee conducts continuous operations thereon with no cessation of longer than sixty (60) days between the completion of

drilling or reworking operations on a well and the commencement of such operations for the next succeeding well.

16. It is expressly agreed and provided that this lease cannot be held, maintained nor extended under and by virtue of the shut-in gas well provision of this lease for a longer term beyond the primary term than two (2) consecutive calendar years immediately after the primary term, or for shorter terms at various intervals not to exceed in the aggregate three (3) years in all.

17. Lessee is hereby given the option to extend the primary term of this lease for an additional two (2) years from the expiration of the original primary term. This option may be exercised by Lessee at any time during the last year of the original primary term by paying the same sum of Fifty and No/100 dollars ($50.00) per net mineral acre to Lessor to to the credit of Lessor in the Brenham National Bank, at 2211 S. Day, Brenham, Texas, 77833, (which bank and its successors are Lessor's agents and shall continue as the depository regardless of changes in ownership of said land). This payment shall be based upon the number of net mineral acres then covered by this lease and not at such time being maintined by other provisions hereof. This payment may be made by check or draft of Lessee mailed or delivered to Lessor or said bank at any time during the original primary term. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept payment, Lessee shall not be held in default for failure to make such payment until thirty (30) days after Lessor's delivery to Lessee of a proper recordable instrument naming another bank as agent to receive such payment. If, at the time this payment is made, various parties are entitled to specific amounts according to Lessee's records, this payment may be divided between said parties and paid in the same proportion. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a primary term of five (5) years. In the event this lease is being maintained by any provision hereof at the expiration of the primary term, Lessee shall have a period of thirty (30) days from the date this lease ceases to be so maintained within which to exercise this option.

18. Prior to conducting operations of the herein leased premises, Lessee shall obtain Lessor's written consent, which consent shall not unreasonably be withheld, as to the location of any such operations including roads or drill sites.

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

Elijha Rogers
Elijha Rogers
SS# [redacted]

Elijha Rogers Jr.
Elijha Rogers, Jr.
SS# [redacted]

Shirley Rogers Hemphill
Shirley Rogers Hemphill
SS# [redacted]

Janice Rogers
Janice Rogers
SS# [redacted]

THE STATE OF TEXAS §
COUNTY OF WASHINGTON §

This instrument was acknowledged before me this 15th day of DECEMBER, 1994, by Elijha Rogers, a widower.

JIM S. WALKER
MY COMMISSION EXPIRES
July 20, 1998

J. S. Walker
Notary Public in and for the
State of Texas

THE STATE OF TEXAS §
COUNTY OF WASHINGTON §

This instrument was acknowledged before me this 15th day of DECEMBER, 1994, by Elijha Rogers, Jr.

JIM S. WALKER
MY COMMISSION EXPIRES
July 20, 1998

J. S. Walker
Notary Public in and for the
State of Texas

THE STATE OF TEXAS §
COUNTY OF WASHINGTON §

This instrument was acknowledged before me this 15th day of DECEMBER, 1994, by Shirley Rogers Hemphill.

JIM S. WALKER
MY COMMISSION EXPIRES
July 20, 1998

J. S. Walker
Notary Public in and for the
State of Texas

THE STATE OF TEXAS §
COUNTY OF WASHINGTON §

This instrument was acknowledged before me this 15th day of DECEMBER, 1994, by Janice Rogers.

JIM S. WALKER
MY COMMISSION EXPIRES
July 20, 1998

J. S. Walker
Notary Public in and for the
State of Texas

Tract 3



# MEMORANDUM OF EXTENSION OF OIL, GAS AND MINERAL LEASE

1363

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

Reference is made to Oil, Gas and Mineral Lease ("Rogers Lease") dated December 14, 1994, from CHESTER ROGERS and wife, ZERLINE ROGERS (therein and herein called "Lessors") to JOHN H. YOUNG, INC. Covering the following land:

> 0.620 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas, and being more particularly described in that certain Deed dated June 21, 1968 from Ed Rogers and wife, Ethel Rogers to Chester Rogers and wife, Zerline Rogers recorded in Volume 277, Page 5, Deed Records of Washington County, Texas,

and to recording memorandum of the Rogers Lease dated December 16 1994, and recorded in Volume 777, Page 107 of the official Records of Washington County, Texas, executed by Lessors.

NOW, THEREFORE, for a sufficient consideration received, Lessors, acting for themselves and their heirs and assigns, declare and agree that the primary term of the Rogers Lease as set out therein, in accordance with the provisions thereof, has been and is extended to five (5) years from its date.

EXECUTED this 5 day of March, 1998.

Chester Rogers
CHESTER ROGERS

THE STATE OF TEXAS §
§
COUNTY OF WASHINGTON §

This instrument was acknowledged before me on this 5 day of March, 1998 by CHESTER ROGERS.

KATHY A. ROPSHAW
NOTARY PUBLIC, STATE OF TEXAS
MY COMMISSION EXPIRES
NOV. 5, 2000

Kathy A. Ropshaw
NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS

Notary's Printed Name

My Commission Expires:

FILED FOR RECORD
WASHINGTON COUNTY, TX
'98 MAR 5 AM 9 23
Beth A. Rothermel
WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

MAR 06 1998

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

C:\Corel\Office7\WPWin7\ASSIGNME\OTHER\MEMofEXTCrogers

VOL 777 PAGE 107

# MEMORANDUM OF OIL, GAS AND MINERAL LEASE

2554

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

THAT, for and in consideration of TEN AND NO/100 DOLLARS ($10.00) and other valuable consideration paid by **JOHN H. YOUNG, INC.**, hereinafter called "Lessee", whose address is 815 Walker, Suite 940, Houston, Texas 77002, to **CHESTER ROGERS AND WIFE, ZERLINE ROGERS,** hereinafter called "Lessor", whose address is Rt. 3 Box 30, Brenham, Texas 77833, Lessor has and does hereby GRANT, LEASE and LET unto Lessee for the purposes and with the exclusive right of exploring, drilling and operating for, producing and owning oil and gas, and their respective constituent products, including sulphur produced therewith, the following described land located in Washington County, Texas, to wit:

0.620 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in that certain deed dated June 21, 1968 from Ed Rogers and wife, Ethel Rogers to Chester Rogers and wife, Zerline Rogers recorded in Volume 277, Page 5, Deed Records, Washington County, Texas.

upon and subject to all of the terms and provisions set forth in that certain Oil, Gas and Mineral Lease dated December 14, 1994, covering said land, and providing for a primary term of three (3) years, and as long thereafter as operations, as defined in said lease, are conducted upon the leased premises with no cessation for more than sixty (60) consecutive days or oil, gas or other related hydrocarbons produced with oil or gas is produced from the leased premises or the lease is otherwise maintained in force as therein provided. A copy of said lease is in the possession of each of the parties Lessor and Lessee and which is incorporated herein by reference and made a part hereof as if set forth at length herein, and to which reference is made for all purposes.

IN WITNESS WHEREOF, this instrument is executed on this the 16th day of December, 1994.

Chester Rogers
SS# [redacted]

Zerline Rogers
SS# [redacted]

THE STATE OF TEXAS §
COUNTY OF Washington §

This instrument was acknowledged before me this 16th day of December 1994, by Chester Rogers and wife, Zerline Rogers.

JIM S. WALKER
MY COMMISSION EXPIRES
July 20, 1998

J. S. Walker
NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

FILED
AT 9:30 A.M.
APR 0 3 1995
Beth A. Rothermel
BETH ROTHERMEL
COUNTY CLERK, WASHINGTON COUNTY, TX

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

APR 0 4 1995

COUNTY COURT OF WASHINGTON COUNTY, TEXAS

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

©POUND PRINTING & STATIONERY COMPANY
RICHMOND, HOUSTON, TEXAS 77027 (713) 552-9797

# OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 14th day of December 19 94, between Chester Rogers and wife, Zerline Rogers,

Lessor (whether one or more), whose address is: Rt. 3 Box 30, Brenham, Texas 77833,

and John H. Young, Inc., 815 Walker, Suite 940, Houston, Texas 77002, Lessee, WITNESSETH:

1. Lessor in consideration of Ten Dollars and Other Valuable Consideration Dollars ($10.00 & OVC), in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, conducting exploration, geologic and geophysical surveys by seismograph, core test, gravity and magnetic methods, injecting gas, water and other fluids, and air into subsurface strata, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in Washington County, Texas, to-wit:

0.620 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in that certain Deed dated June 21, 1968 from Ed Rogers and wife, Ethel Rogers to Chester Rogers and wife, Zerline Rogers, recorded in Volume 277, Page 5, Deed Records, Washington County, Texas.

This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above.

2. This is a paid up lease and subject to the other provisions herein contained, this lease shall be for a term of 3 years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land or land with which said land is pooled hereunder.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipelines to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil; (b) to pay lessor for gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, one-eighth of the amount realized from the sale of gasoline or other products extracted therefrom and one-eighth of the amount realized from the sale of residue gas after deducting the amount used for plant fuel and/or compression; (c) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar ($1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to one dollar ($1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the Brenham National Bank at 2211 S. Day, Brenham, Texas 77833 or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owners of this lease, severally as to acreage owned by each.

4. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof as to oil and gas, or either of them, with any other land covered by this lease, and/or with any other land, lease or leases in the immediate vicinity thereof to the extent hereinafter stipulated, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore, or to develop and operate said leased premises in compliance with the spacing rules of the Railroad Commission of Texas, or other lawful authority, or when to do so would, in the judgment of Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not substantially exceed 40 acres each in area, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each plus a tolerance of ten percent (10%) thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well to be drilled, drilling or already drilled, units thereafter created may conform substantially in size with those prescribed or permitted by governmental regulations. Lessee under the provisions hereof may pool or combine acreage covered by this lease or any portion thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall file for record in the appropriate records of the county in which the leased premises are situated an instrument describing and designating the pooled acreage as a pooled unit; and upon such recordation the unit shall be effective as to all parties hereto, their heirs, successors, and assigns, irrespective of whether or not the unit is likewise effective as to all other owners of surface, mineral, royalty, or other rights in land included in such unit. Lessee may at its election exercise its pooling option before or after commencing operations for or completing an oil or gas well on the leased premises, and the pooled unit may include, but it is not required to include, land or leases upon which a well capable of producing oil or gas in paying quantities has theretofore been completed or upon which operations for the drilling of a well for oil or gas have theretofore been commenced. In the event of operations for drilling on or production of oil or gas from any part of a pooled unit which includes all or a portion of the land covered by this lease, regardless of whether such operations for drilling were commenced or such production was secured before or after the execution of this instrument or the instrument designating the pooled unit, such operations shall be considered as operations for drilling on or production of oil or gas from land covered by this lease whether or not the well or wells be located on the premises covered by this lease and in such event operations for drilling shall be deemed to have been commenced on said land within the meaning of paragraph 5 of this lease; and the entire acreage constituting such unit or units, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease. For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them shall be entitled on production of oil and gas, or either of them, from the pooled unit, there shall be allocated to the land covered by this lease and included in said unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled unit. Such allocation shall be on an acreage basis—that is to say, there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land. The production from an oil well will be considered as production from the lease or oil pooled unit from which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit. The formation of any unit hereunder shall not have the effect of changing the ownership of any shut-in production royalty which may become payable under this lease. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool as provided above with consequent allocation of production as above provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

**ADDENDUM**

Attached to and by reference made a part of that certain Oil, Gas and Mineral Lease dated December 14, 1994, between **CHESTER ROGERS AND WIFE, ZERLINE ROGERS,** Lessor, and **JOHN H. YOUNG, INC.**, Lessee, covering 0.620 acres, more or less, out of and a part of the Phillip Coe Survey, A-31, Washington County, Texas.

11. All royalties payable hereunder shall be based upon one-one-sixth (1/6) of production and wherever the fraction "one-eighth" (1/8) occurs in Paragraph 3 of this lease form, the fraction "one-sixth" (1/6) is hereby substituted therefor.

12. This lease covers only oil and gas and for the purposes of this lease, references to "oil and gas" shall include oil, gas, casinghead gas and by-products thereof, and such other hydrocarbon substances and sulphur as are produced with, incidental to, and as a part of its production of oil or gas; and all minerals of every kind and character found at any depth, except oil and gas, as herein defined, are expressly reserved to Lessor and Lessor's personal representatives, heirs and assigns.

13. Lessee shall pay for all damages to roads, fences, improvements, trees and growing crops caused by its operations hereunder, and will fill and level all pits and mounds, remove all board roads and board road materials, level and fill all ruts, and restore the surface of the ground to as near its original condition as is reasonably practical within a reasonable period of time after cessation of operations at each well location on the leased premises.

14. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit or units formed by such pooling for: (a) an oil well which is not a horizontal completion shall not exceed eighty (80) acres plus a maximum acreage tolerance of 10%, (b) an oil well which is a horizontal completion shall not exceed three hundred twenty (320) acres plus a maximum acreage tolerance of 10%, (c) a gas well shall not exceed six hundred forty (640) acres plus a maximum acreage tolerance of 10%; provided that a larger unit or units may be formed for an oil well or a gas well, whether or not horizontally completed, to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of this paragraph 14, the terms "oil well" and gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with a gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with a gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing

equipment; and the term "horizontal completion" means a well in which the horizontal component of the gross completion interval exceeds one hundred (100) feet in length. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit or units and stating the effective date of pooling. Production, drilling, or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the surface acreage covered by this lease and included in the unit or units bears to the total gross acreage in the unit or units. As to any well drilled and completed by means of a horizontal completion, if within sixty (60) days from initial completion Lessee shall file of record a written designation of unit, then Lessee shall be authorized to calculate and pay all royalties on a unit basis from the date drilling commenced on the well. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall, without the joinder of Lessor, have the recurring right but not obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority, or to prudently develop and operate the leased premises or protect correlative rights. In making such a revision, Lessee shall file of record a written declaration describing the revised unit or units and stating the effective date of the revision. To the extent any portion of the leased premises is included or excluded from the unit by virtue of such revision, the proportion of the unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly as of the effective date of the revision. In the absence of production in paying quantities from a unit or units, or upon permanent cessation thereof, Lessee may terminate the unit or units by filing of record a written declaration describing the unit and stating the date of termination. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. As used in this paragraph, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

15. In the event a portion of the herein leased premises is pooled or unitized with other land so as to form a pooled unit or units, operations on, completion of a well upon, or production from such unit or units will not maintain this lease in force as to that portion of the leased premises not included in such unit or units. The lease may be maintained in force as to any portion of the leased premises covered hereby and not included in such unit or units in any manner provided for herein; provided, however, if at the end of the primary term or after the expiration of the primary term, Lessee is then engaged in drilling or reworking operations on the leased premises or on acreage pooled therewith, or if Lessee has completed a well as a producer or dry hole within sixty (60) days prior to the expiration of the primary term, this lease shall remain in full force and effect as to all non-unitized acreage so long as Lessee conducts continuous operations thereon with no cessation of longer than sixty (60) days between the completion of drilling or reworking operations on a well and the commencement of such operations for the next succeeding well.

16. It is expressly agreed and provided that this lease cannot be held, maintained nor extended under and by virtue of the shut-in gas well provision of this lease for a longer term beyond the primary term than two (2) consecutive calendar years immediately after the primary term, or for shorter terms at various intervals not to exceed in the aggregate three (3) years in all.

17. Lessee is hereby given the option to extend the primary term of this lease for an additional two (2) years from the expiration of the original primary term. This option may be exercised by Lessee at any time during the last year of the original primary term by paying the same sum of Fifty and No/100 dollars ($50.00) per net mineral acre to Lessor to to the credit of Lessor in the Brenham National Bank, at 2211 S. Day, Brenham, Texas, 77833, (which bank and its successors are Lessor's agents and shall continue as the depository regardless of changes in ownership of said land). This payment shall be based upon the number of net mineral acres then covered by this lease and not at such time being maintined by other provisions hereof. This payment may be made by check or draft of Lessee mailed or delivered to Lessor or said bank at any time during the original primary term. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept payment, Lessee shall not be held in default for failure to make such payment until thirty (30) days after Lessor's delivery to Lessee of a proper recordable instrument naming another bank as agent to receive such payment. If, at the time this payment is made, various parties are entitled to specific amounts according to Lessee's records, this payment may be divided between said parties and paid in the same proportion. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a primary term of five (5) years. In the event this lease is being maintained by any provision hereof at the expiration of the primary term, Lessee shall have a period of thirty (30) days from the date this lease ceases to be so maintained within which to exercise this option.

18. Prior to conducting operations of the herein leased premises, Lessee shall obtain Lessor's written consent, which consent shall not unreasonably be withheld, as to the location of any such operations including roads or drill sites.

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

Chester Rogers
Chester Rogers
SS# [redacted]

Zerline Rogers
Zerline Rogers
SS# [redacted]

THE STATE OF TEXAS §
COUNTY OF WASHINGTON §

This instrument was acknowledged before me this 16th day of December, 1994, by Chester Rogers and wife, Zerline Rogers.

JIM S. WALKER
MY COMMISSION EXPIRES
July 20, 1998

J. S. Walker
Notary Public in and for the
State of Texas

Tract 4

VOL 777 PAGE 138

# MEMORANDUM OF OIL, GAS AND MINERAL LEASE

2577

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

THAT, for and in consideration of TEN AND NO/100 DOLLARS ($10.00) and other valuable consideration paid by **JOHN H. YOUNG, INC.**, hereinafter called "Lessee", whose address is 815 Walker, Suite 940, Houston, Texas 77002, to **ALBERTA CAMPBELL AND HUSBAND, L.C. CAMPBELL,** hereinafter called "Lessor", whose address is 315 C.R. 53, Rosharon, Texas 77583, Lessor has and does hereby GRANT, LEASE and LET unto Lessee for the purposes and with the exclusive right of exploring, drilling and operating for, producing and owning oil and gas, and their respective constituent products, including sulphur produced therewith, the following described land located in Washington County, Texas, to wit:

0.272 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in that certain deed dated March 16, 1967 from Ed Rogers and wife, Ethel Rogers to Alberta Little, et vir, recorded in Volume 270, Page 74, Deed Records, Washington County, Texas.

upon and subject to all of the terms and provisions set forth in that certain Oil, Gas and Mineral Lease dated December 15, 1994, covering said land, and providing for a primary term of three (3) years, and as long thereafter as operations, as defined in said lease, are conducted upon the leased premises with no cessation for more than sixty (60) consecutive days or oil, gas or other related hydrocarbons produced with oil or gas is produced from the leased premises or the lease is otherwise maintained in force as therein provided. A copy of said lease is in the possession of each of the parties Lessor and Lessee and which is incorporated herein by reference and made a part hereof as if set forth at length herein, and to which reference is made for all purposes.

IN WITNESS WHEREOF, this instrument is executed on this the 27th day of January, 1995.

Alberta Campbell
Alberta Campbell
SS# [redacted]

L. C. Campbell
L.C. Campbell
SS# [redacted]

THE STATE OF TEXAS §
COUNTY OF HARRIS §

This instrument was acknowledged before me this 27th day of January 1995, by Alberta Campbell and husband, L.C. Campbell.

Michael R. Roy
NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

MICHAEL R. ROY
Notary Public, State of Texas
My Commission Expires
08/09/97

FILED
AT 9:30 A.M.
APR 03 1995
Beth A. Rothermel
BETH ROTHERMEL
COUNTY CLERK, WASHINGTON COUNTY, TX

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on APR 04 1995

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

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Tract 5

6796

MEMORANDUM OF EXTENSION
OF OIL, GAS AND MINERAL LEASE

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

Reference is made to Oil, Gas and Mineral Lease ("Ullrich Lease") dated October 12, 1994, from BETTY JANE ULLRICH, a single woman (therein and herein called "Lessor") to JOHN H. YOUNG, INC. Covering the following land:

> 20.373 acres, more or less, in the Phillip Coe Survey (A-31), Washington County, Texas and being the same land described in that Special Warranty Deed dated September 8, 1994, and recorded in Volume 750, Page 542 of the Official Records of Washington County, Texas, from Lynwood Ullrich to Betty Jane Ullrich,

and to recording memorandum of the Ullrich Lease dated October 12, 1994, and recorded in Volume 759, Page 789 of the official Records of Washington County, Texas, executed by Lessors.

NOW, THEREFORE, for a sufficient consideration received, Lessor, acting for herself and her heirs and assigns, declares and agrees that the primary term of the Ullrich Lease as set out therein, in accordance with the provisions thereof, has been and is extended to five (5) years from its date.

EXECUTED this 18th day of October, 1997.

Betty Jane Ullrich
BETTY JANE ULLRICH

THE STATE OF TEXAS §
§
COUNTY OF WASHINGTON §

This instrument was acknowledged before me on this 18th day of October, 1997 by BETTY JANE ULLRICH.

CAROLYN C. ZIESEMER
Notary Public, State of Texas
My Commission Expires 8-11-2000

Carolyn C. Ziesemer
NOTARY PUBLIC IN AND FOR
THE STATE OF T E X A S

CAROLYN C. ZIESEMER
Notary's Printed Name

My Commission Expires:
08-11-2000

C:\Corel\Office7\WPWin7\ASSIGNME\OTHER\MEMofEXTBJUllrich

MEMORANDUM OF EXTENSION
OF OIL, GAS AND MINERAL LEASE

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

Reference is made to Oil, Gas and Mineral Lease ("Ullrich Lease") dated October 12, 1994, from BETTY JANE ULLRICH, a single woman (therein and herein called "Lessor") to JOHN H. YOUNG, INC. Covering the following land:

> 20.373 acres, more or less, in the Phillip Coe Survey (A-31), Washington County, Texas and being the same land described in that Special Warranty Deed dated September 8, 1994, and recorded in Volume 750, Page 542 of the Official Records of Washington County, Texas, from Lynwood Ullrich to Betty Jane Ullrich,

and to recording memorandum of the Ullrich Lease dated October 12, 1994, and recorded in Volume 759, Page 789 of the official Records of Washington County, Texas, executed by Lessors.

NOW, THEREFORE, for a sufficient consideration received, Lessor, acting for herself and her heirs and assigns, declares and agrees that the primary term of the Ullrich Lease as set out therein, in accordance with the provisions thereof, has been and is extended to five (5) years from its date.

EXECUTED this 18th day of October, 1997.

Betty Jane Ullrich
BETTY JANE ULLRICH

THE STATE OF TEXAS §
§
COUNTY OF WASHINGTON §

This instrument was acknowledged before me on this 18th day of October, 1997 by BETTY JANE ULLRICH.

CAROLYN C. ZIESEMER
Notary Public, State of Texas
My Commission Expires 8-11-2000

Carolyn C. Ziesemer
NOTARY PUBLIC IN AND FOR
THE STATE OF T E X A S

CAROLYN C. ZIESEMER
Notary's Printed Name

My Commission Expires:

08-11-2000

C:\Corel\Office7\WPWin7\ASSIGNME\OTHER\MEMofEXTBJUllrich

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

NOV 19 1997

Beth Rothermel, County Clerk
Washington County, Texas

FILED FOR RECORD
WASHINGTON CO. TEXAS
'97 NOV 18 AM 11 03
COUNTY CLERK

7306-01

VOL. 759 PAGE 789

# MEMORANDUM OF OIL, GAS AND MINERAL LEASE

9346

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

THAT, for and in consideration of TEN AND NO/100 DOLLARS ($10.00) and other valuable consideration paid by **JOHN H. YOUNG, INC.**, hereinafter called "Lessee", whose address is 815 Walker, Suite 940, Houston, Texas 77002, to **BETTY JANE ULLRICH, A SINGLE WOMAN,** hereinafter called "Lessor", whose address is P.O. Box 68, Brenham, Texas 77834, Lessor has and does hereby GRANT, LEASE and LET unto Lessee for the purposes and with the exclusive right of exploring, drilling and operating for, producing and owning oil and gas, and their respective constituent products, including sulphur produced therewith, the following described land located in Washington County, Texas, to wit:

20.373 acres, more or less, a part of the Phillip Coe Survey, A-31, Washington County, Texas, and being more particularly described in that certain Special Warranty Deed, dated September 8, 1994, from Lynwood Ullrich to Betty Jane Ullrich, and found of record in Volume 750, Page 542 of the Official Records of Washington County, Texas.

upon and subject to all of the terms and provisions set forth in that certain Oil, Gas and Mineral Lease dated October 12, 1994, covering said land, and providing for a primary term of three (3) years, and as long thereafter as operations, as defined in said lease, are conducted upon the leased premises with no cessation for more than sixty (60) consecutive days or oil, gas or other related hydrocarbons produced with oil or gas is produced from the leased premises or the lease is otherwise maintained in force as therein provided. A copy of said lease is in the possession of each of the parties Lessor and Lessee and which is incorporated herein by reference and made a part hereof as if set forth at length herein, and to which reference is made for all purposes.

IN WITNESS WHEREOF, this instrument is executed on this the 18th day of October, 1994.

Betty Jane Ullrich
SS# [redacted]

RECORDER'S MEMORANDUM
ALL OR PART OF THE TEXT ON THIS PAGE WAS BLURRED, DEFACED, CUT OFF OR NOT LEGIBLE FOR SATISFACTORY RECORDATION.

THE STATE OF TEXAS §
COUNTY OF Washington §

This instrument was acknowledged before me this 18th day of October 1994, by Betty Jane Ullrich, a single woman.

CINDY REIMER
Notary Public, State of Texas
My Commission Expires 2-9-97

NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

FILED
AT 1:30 P M.
DEC 15 1994
Gertrude Lehrmann
GERTRUDE LEHRMANN
COUNTY CLERK, WASHINGTON COUNTY, TEXAS

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

DEC 21 1994
Gertrude Lehrmann
Gertrude Lehrmann, County Clerk
Washington County, Texas

Producers 88 (4/76) Revised Paid Up
With 640 Acres Pooling Provision

©POUND PRINTING & STATIONERY COMPANY
RICHMOND, HOUSTON, TEXAS 77027 (713) 552-9797

# OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 12 th day of October 19 94, between BETTY JANE ULLRICH, A SINGLE WOMAN

Lessor (whether one or more), whose address is: P.O.Box 68, Brenham, Texas 77834,

and JOHN H. YOUNG, INC., 815 Walker, Suite 940, Houston, Texas 77002, Lessee, WITNESSETH:

1. Lessor in consideration of Ten Dollars and Other Valuable Consideration Dollars ($ 10.00 & OVC), in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, conducting exploration, geologic and geophysical surveys by seismograph, core test, gravity and magnetic methods, injecting gas, water and other fluids, and air into subsurface strata, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in Washington County, Texas, to-wit:

20.373 acres, more or less, a part of the Phillip Coe Survey, A-31, Washington County, Texas, and being more particularly described in that certain Special Warranty Deed, dated September 8, 1994, from Lynwood Ullrich to Betty Jane Ullrich, and found of record in Volume 750, Page 542 of the Official Records of Washington County, Texas.

This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above.

2. This is a paid up lease and subject to the other provisions herein contained, this lease shall be for a term of 3 years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land or land with which said land is pooled hereunder.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipelines to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil; (b) to pay lessor for gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, one-eighth of the amount realized from the sale of gasoline or other products extracted therefrom and one-eighth of the amount realized from the sale of residue gas after deducting the amount used for plant fuel and/or compression; (c) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar ($1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to one dollar ($1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the Guaranty Federal Bank Bank at 2000 S. Market, Brenham, Texas 77833 or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owners of this lease, severally as to acreage owned by each.

4. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof as to oil and gas, or either of them, with any other land covered by this lease, and/or with any other land, lease or leases in the immediate vicinity thereof to the extent hereinafter stipulated, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore, or to develop and operate said leased premises in compliance with the spacing rules of the Railroad Commission of Texas, or other lawful authority, or when to do so would, in the judgment of Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not substantially exceed 40 acres each in area, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each plus a tolerance of ten percent (10%) thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well to be drilled, drilling or already drilled, units thereafter created may conform substantially in size with those prescribed or permitted by governmental regulations. Lessee under the provisions hereof may pool or combine acreage covered by this lease or any portion thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall file for record in the appropriate records of the county in which the leased premises are situated an instrument describing and designating the pooled acreage as a pooled unit; and upon such recordation the unit shall be effective as to all parties hereto, their heirs, successors, and assigns, irrespective of whether or not the unit is likewise effective as to all other owners of surface, mineral, royalty, or other rights in land included in such unit. Lessee may at its election exercise its pooling option before or after commencing operations for or completing an oil or gas well on the leased premises, and the pooled unit may include, but it is not required to include, land or leases upon which a well capable of producing oil or gas in paying quantities has theretofore been completed or upon which operations for the drilling of a well for oil or gas have theretofore been commenced. In the event of operations for drilling on or production of oil or gas from any part of a pooled unit which includes all or a portion of the land covered by this lease, regardless of whether such operations for drilling were commenced or such production was secured before or after the execution of this instrument or the instrument designating the pooled unit, such operations shall be considered as operations for drilling on or production of oil or gas from land covered by this lease whether or not the well or wells be located on the premises covered by this lease and in such event operations for drilling shall be deemed to have been commenced on said land within the meaning of paragraph 5 of this lease; and the entire acreage constituting such unit or units, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease. For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them shall be entitled on production of oil and gas, or either of them, from the pooled unit, there shall be allocated to the land covered by this lease and included in said unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled unit. Such allocation shall be on an acreage basis – that is to say, there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land. The production from an oil well will be considered as production from the lease or oil pooled unit from which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit. The formation of any unit hereunder shall not have the effect of changing the ownership of any shut-in production royalty which may become payable under this lease. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool as provided above with consequent allocation of production as above provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

**ADDENDUM**

Attached to and by reference made a part of that certain Oil, Gas and Mineral Lease dated October 12, 1994, between **BETTY JANE ULLRICH, a single woman,** Lessor, and **JOHN H. YOUNG, INC.**, Lessee, covering 20.373 acres, more or less, out of and a part of the Phillip Coe Survey, A-31, Washington County, Texas.

11. All royalties payable hereunder shall be based upon one-one-sixth (1/6) of production and wherever the fraction "one-eighth" (1/8) occurs in Paragraph 3 of this lease form, the fraction "one-sixth" (1/6) is hereby substituted therefor.

12. This lease covers only oil and gas and for the purposes of this lease, references to "oil and gas" shall include oil, gas, casinghead gas and by-products thereof, and such other hydrocarbon substances and sulphur as are produced with, incidental to, and as a part of its production of oil or gas; and all minerals of every kind and character found at any depth, except oil and gas, as herein defined, are expressly reserved to Lessor and Lessor's personal representatives, heirs and assigns.

13. Lessee shall pay for all damages to roads, fences, improvements, trees and growing crops caused by its operations hereunder, and will fill and level all pits and mounds, remove all board roads and board road materials, level and fill all ruts, and restore the surface of the ground to as near its original condition as is reasonably practical within a reasonable period of time after cessation of operations at each well location on the leased premises.

14. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit or units formed by such pooling for: (a) an oil well which is not a horizontal completion shall not exceed eighty (80) acres plus a maximum acreage tolerance of 10%, (b) an oil well which is a horizontal completion shall not exceed three hundred twenty (320) acres plus a maximum acreage tolerance of 10%, (c) a gas well completed at a depth of 8,000 feet or less below the surface shall not exceed three hundred twenty (320) acres plus a maximum acreage tolerance of 10% and (d) a gas well completed at a depth of more than 8,000 feet below the surface shall not exceed six hundred forty (640) acres plus a maximum acreage tolerance of 10%; provided that a larger unit or units may be formed for an oil well or a gas well, whether or not horizontally completed, to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of this paragraph 14, the terms "oil well" and gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so

prescribed, "oil well" means a well with a gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with a gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means a well in which the horizontal component of the gross completion interval exceeds one hundred (100) feet in length. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit or units and stating the effective date of pooling. Production, drilling, or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the surface acreage covered by this lease and included in the unit or units bears to the total gross acreage in the unit or units. As to any well drilled and completed by means of a horizontal completion, if within sixty (60) days from initial completion Lessee shall file of record a written designation of unit, then Lessee shall be authorized to calculate and pay all royalties on a unit basis from the date drilling commenced on the well. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall, without the joinder of Lessor, have the recurring right but not obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority, or to prudently develop and operate the leased premises or protect correlative rights. In making such a revision, Lessee shall file of record a written declaration describing the revised unit or units and stating the effective date of the revision. To the extent any portion of the leased premises is included or excluded from the unit by virtue of such revision, the proportion of the unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly as of the effective date of the revision. In the absence of production in paying quantities from a unit or units, or upon permanent cessation thereof, Lessee may terminate the unit or units by filing of record a written declaration describing the unit and stating the date of termination. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. As used in this paragraph, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

15. In the event a portion of the herein leased premises is pooled or unitized with other land so as to form a pooled unit or units, operations on, completion of a well upon, or production from such unit or units will not maintain this lease in force as to that portion of the leased premises not included in such unit or units. The lease may be maintained in force as to any portion of the leased premises covered hereby and not included in such unit or units in any manner provided for herein; provided, however, if at the end of the primary term or after the expiration of the primary term, Lessee is then engaged in drilling or reworking operations on the leased premises or on acreage pooled therewith, or if Lessee has completed a well as a producer or dry hole within sixty (60) days prior to the expiration of the primary term, this lease shall

remain in full force and effect as to all non-unitized acreage so long as Lessee conducts continuous operations thereon with no cessation of longer than sixty (60) days between the completion of drilling or reworking operations on a well and the commencement of such operations for the next succeeding well.

16. It is expressly agreed and provided that this lease cannot be held, maintained nor extended under and by virtue of the shut-in gas well provision of this lease for a longer term beyond the primary term than two (2) consecutive calendar years immediately after the primary term, or for shorter terms at various intervals not to exceed in the aggregate three (3) years in all.

17. After the expiration of this lease and within ninety (90) days of receipt of Lessor's written request, Lessee agrees to deliver to Lessor an executed and recordable release of lease.

18. Lessee is hereby given the option to extend the primary term of this lease for an additional two (2) years from the expiration of the original primary term. This option may be exercised by Lessee at any time during the last year of the original primary term by paying the same sum of Fifty and No/100 dollars ($50.00) per net mineral acre to Lessor to to the credit of Lessor in the Guaranty Federal Bank, at 2000 S. Market, Brenham, Texas, 77833, (which bank and its successors are Lessor's agents and shall continue as the depository regardless of changes in ownership of said land). This payment shall be based upon the number of net mineral acres then covered by this lease and not at such time being maintined by other provisions hereof. This payment may be made by check or draft of Lessee mailed or delivered to Lessor or said bank at any time during the original primary term. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept payment, Lessee shall not be held in default for failure to make such payment until thirty (30) days after Lessor's delivery to Lessee of a proper recordable instrument naming another bank as agent to receive such payment. If, at the time this payment is made, various parties are entitled to specific amounts according to Lessee's records, this payment may be divided between said parties and paid in the same proportion. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a primary term of five (5) years. In the event this lease is being maintained by any provision hereof at the expiration of the primary term, Lessee shall have a period of thirty (30) days from the date this lease ceases to be so maintained within which to exercise this option.

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

Betty Jane Ullrich

Betty Jane Ullrich
SS# [redacted]

THE STATE OF TEXAS §
COUNTY OF WASHINGTON. §

This instrument was acknowledged before me this 18th day of October, 1994, by Betty Jane Ullrich, a single woman.




Cindy Reimer
Notary Public in and for the
State of Texas

Tract 6

VOL 0875 PAGE 476

6801

MEMORANDUM OF EXTENSION
OF OIL, GAS AND MINERAL LEASE

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

Reference is made to Oil, Gas and Mineral Lease ("Ullrich Lease") dated October 6, 1994, from TONIE ULLRICH, a widow (therein and herein called "Lessor") to JOHN H. YOUNG, INC. Covering the following land:

> 76.25 acres of land, more or less, situated in the Phillip Coe Survey A-31, Washington County, Texas and being more particularly described on Exhibit "A" attached hereto and made a part hereof,

and to recording memorandum of the Ullrich Lease dated October 6, 1994, and recorded in Volume 759, Page 781 of the official Records of Washington County, Texas, executed by Lessors.

NOW, THEREFORE, for a sufficient consideration received, Lessor, acting for herself and her heirs and assigns, declares and agrees that the primary term of the Ullrich Lease as set out therein, in accordance with the provisions thereof, has been and is extended to five (5) years from its date.

EXECUTED this 14th day of October, 1997.

Tonie Ullrich
TONIE ULLRICH

THE STATE OF TEXAS §
§
COUNTY OF WASHINGTON §

This instrument was acknowledged before me on this 14th day of October, 1997 by TONIE ULLRICH.

PAT TOMACHEFSKY
Notary Public, State of Texas
My Commission Expires 04/05/99

Pat Tomachefsky
NOTARY PUBLIC IN AND FOR
THE STATE OF T E X A S

Notary's Printed Name

My Commission Expires:

C:\Corel\Office7\WPWin7\ASSIGNME\OTHER\MEMofEXTTUllrich

EXHIBIT A

Attached to and made a part of that Certain
Memorandum of Extension of Oil, Gas and Mineral Lease
by and between Tonie Ullrich, a widow and
John H. Young, Inc.

76.25 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described as follows:

TRACT ONE: Being 52.5 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in two (2) tracts in that certain Deed dated September 24, 1958 from E.F. Weiss et ux to Jacob Ullrich, Sr., et ux, recorded in Volume 219, Page 225, Deed Records of Washington County, Texas, SAVE AND EXCEPT: 16.86 acres, more or less, described in (4) tracts as follows:

(A) 10.94 acres, more or less described in a Deed from Jacob Ullrich, Sr., et ux, to Lynwood Ullrich et ux, dated April 12, 1966 and recorded in Volume 265, Page 157, Deed Records of Washington County, Texas.

(B) 2.92 acres, more or less, described in a Deed from Jacob Ullrich, Sr., et ux to Albert Ryberski, dated June 13, 1969, recorded in Volume 293, Page 23, Deed Records of Washington County, Texas.

(C) 2.00 acres, more or less, described in a Deed from Jacob Ullrich, Sr., et ux to Carl Schlottmann et ux dated May 6, 1970, recorded in Volume 299, Page 226, Deed Records, Washington County, Texas.

(D) 1.00 acres, more or less, described in a Deed from Jacob Ullrich, Sr., et ux to Alfred Addicks et ux, dated April 14, 1972, recorded in Volume 311, Page 531, Deed Records, Washington County, Texas.

TRACT TWO: 94.039 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in that certain Deed from Bruno Nowak to Jacob Ullrich, Sr., et ux, dated February 10, 1964 and recorded in Volume 251, Page 271, Deed Records of Washington County, Texas, SAVE AND EXCEPT: 55.649 acres, more or less, described as follows:

(A) 20.939 acres, more or less, described in a Deed from Jacob Ullrich, Sr., et ux to Jacob Ullrich, Jr., et ux dated April 30, 1968, recorded in Volume 276, Page 118, Deed Records of Washington County, Texas.

(B) 33.424 acres, more or less, described in a Deed from Jacob Ullrich Sr., et ux to Herbert Grabarschick, Jr., dated August 27, 1970, recorded in Volume 301, Page 73, Deed Records of Washington County, Texas.

(C) 1.286 acres, more or less, described in a Deed from Jacob Ullrich, Sr., et ux to Herbert Grabarschick, Jr., dated August 27, 1970, recorded in Volume 301, Page 73, Deed Records of Washington County, Texas.

TRACT THREE: 1.221 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas, and being more particularly described in that certain Deed from Victoria Mursky et al to Jacob Ullrich, Sr., et ux, dated August 27, 1960, recorded in Volume 230, Page 59, Deed Records of Washington County, Texas.

TRACT FOUR: 1.00 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas, and being more particularly described in that certain Deed dated August 4, 1970 to Jacob Ullrich Sr., et ux recorded in Volume 300, Page 709, Deed Records of Washington County, Texas.

7300-01

# MEMORANDUM OF OIL, GAS AND MINERAL LEASE

9340

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

THAT, for and in consideration of TEN AND NO/100 DOLLARS ($10.00) and other valuable consideration paid by **JOHN H. YOUNG, INC.**, hereinafter called "Lessee", whose address is 815 Walker, Suite 940, Houston, Texas 77002, to **TONIE ULLRICH, A WIDOW,** hereinafter called "Lessor", whose address is Route 3, Box 20, Brenham, Texas 77833, Lessor has and does hereby GRANT, LEASE and LET unto Lessee for the purposes and with the exclusive right of exploring, drilling and operating for, producing and owning oil and gas, and their respective constituent products, including sulphur produced therewith, the following described land located in Washington County, Texas, to wit:

76.25 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described as follows:

TRACT ONE: Being 52.5 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in two (2) tracts in that certain Deed dated September 24, 1958 from E.F. Weiss et ux to Jacob Ullrich, Sr., et ux, recorded in Volume 219, Page 225, Deed Records of Washington County, Texas, SAVE AND EXCEPT: 16.86 acres, more or less, described in (4) tracts as follows:

(A) 10.94 acres, more or less described in a Deed from Jacob Ullrich, Sr., et ux, to Lynwood Ullrich et ux, dated April 12, 1966 and recorded in Volume 265, Page 157, Deed Records of Washington County, Texas.

(B) 2.92 acres, more or less, described in a Deed from Jacob Ullrich, Sr., et ux to Albert Ryberski, dated June 13, 1969, recorded in Volume 293, Page 23, Deed Records of Washington County, Texas.

(C) 2.00 acres, more or less, described in a Deed from Jacob Ullrich, Sr., et ux to Carl Schlottmann et ux dated May 6, 1970, recorded in Volume 299, Page 226, Deed Records, Washington County, Texas.

(D) 1.00 acres, more or less, described in a Deed from Jacob Ullrich, Sr., et ux to Alfred Addicks et ux, dated April 14, 1972, recorded in Volume 311, Page 531, Deed Records, Washington County, Texas.

TRACT TWO: 94.039 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in that certain Deed from Bruno Nowak to Jacob Ullrich, Sr., et ux, dated February 10, 1964 and recorded in Volume 251, Page 271, Deed Records of Washington County, Texas, SAVE AND EXCEPT: 55.649 acres, more or less, described as follows:

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(B) 33.424 acres, more or less, described in a Deed from Jacob Ullrich Sr., et ux to Herbert Grabarschick, Jr., dated August 27, 1970, recorded in Volume 301, Page 73, Deed Records of Washington County, Texas.

(C) 1.286 acres, more or less, described in a Deed from Jacob Ullrich, Sr., et ux to Herbert Grabarschick, Jr., dated August 27, 1970, recorded in Volume 301, Page 73, Deed Records of Washington County, Texas.

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TRACT FOUR: 1.00 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas, and being more particularly described in that certain Deed dated August 4, 1970 to Jacob Ullrich Sr., et ux recorded in Volume 300, Page 709, Deed Records of Washington County, Texas.

upon and subject to all of the terms and provisions set forth in that certain Oil, Gas and Mineral Lease dated October 6, 1994, covering said land, and providing for a primary term of three (3) years, and as long thereafter as operations, as defined in said lease, are conducted upon the leased premises with no cessation for more than sixty (60) consecutive days or oil, gas or other related hydrocarbons produced with oil or gas is produced from the leased premises or the lease is otherwise maintained in force as therein provided. A copy of said lease is in the possession of each of the parties Lessor and Lessee and which is incorporated herein by reference and made a part hereof as if set forth at length herein, and to which reference is made for all purposes.

IN WITNESS WHEREOF, this instrument is executed on this the 6th day of October, 1994.

Tonie Ullrich
TONIE ULLRICH
SS# [redacted]

THE STATE OF TEXAS §
COUNTY OF Washington §

This instrument was acknowledged before me this 6th day of October, 1994, by Tonie Ullrich, a widow.

Darlene Walker
NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

DARLENE WALKER
MY COMMISSION EXPIRES
April 1, 1995

FILED
AT 1:30 P M
DEC 15 1994
Gertrude Lehrmann
GERTRUDE LEHRMANN
COUNTY CLERK, WASHINGTON COUNTY, TEXAS

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

DEC 21 1994
Gertrude Lehrmann
Gertrude Lehrmann, County Clerk
Washington County, Texas

Producers 88 (4/76) Revised
With 640 Acres Pooling Provision

©POUND PRINTING & STATIONERY COMPANY
4703-C RICHMOND, HOUSTON, TEXAS 77027 (713) 552-9797

# OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 6th day of October 19 94, between Tonie Ulrich, a widow

Lessor (whether one or more), whose address is: Rt. 3 Box 20, Brenham, Texas 77833

and JOHN H. YOUNG, INC., 815 Walker, Suite 940, Houston, Texas 77002, Lessee, WITNESSETH:

1. Lessor in consideration of Ten Dollars and Other Valuable Consideration Dollars ($ 10.00 & OVC) in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, conducting exploration, geologic and geophysical surveys by seismograph, core test, gravity and magnetic methods, injecting gas, water and other fluids, and air into subsurface strata, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in Washington County, Texas, to-wit:

76.25 acres of land, more or less, situated in the Phillip Coe Survey A-31, Washington County, Texas and being more particularly described on Exhibit "A" attached hereto and made a part hereof.

This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above. For the purpose of calculating the rental payments hereinafter provided for, said land is estimated to comprise 76.25 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall be for a term of 3 years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land or land with which said land is pooled hereunder.

3. The royalties to be paid by Lessee are: (a) on oil, one-eighth of that produced and saved from said land, the same to be delivered at the wells or to the credit of Lessor into the pipelines to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase; (b) to pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, one-eighth of the amount realized from the sale of gasoline or other products extracted therefrom and one-eighth of the amount realized from the sale of residue gas after deducting the amount used for plant fuel and/or compression; while there is a gas well on this lease or on acreage pooled therewith but gas is not being sold or used, Lessee may pay as royalty, on or before ninety (90) days after the date on which (1) said well is shut in, or (2) the land covered hereby or any portion thereof is included in a pooled unit on which a well is located, or (3) this lease ceases to be otherwise maintained as provided herein, whichever is the later date, and thereafter at annual intervals on or before the anniversary of the date the first payment is made, a sum equal to the amount of the annual rental payable in lieu of drilling operations during the primary term on the number of acres subject to this lease at the time such payment is made, and if such payment is made or tendered, this lease shall not terminate, and it will be considered that gas is being produced from this lease in paying quantities; and (c) on all other minerals mined and marketed, one-tenth either in kind or value at the well or mine, at Lessee's election, except that on sulphur mined and marketed the royalty shall be fifty cents (50¢) per long ton. Lessee shall have free use of oil, gas, coal, and water from said land, except water from Lessor's wells, for all operations hereunder, and the royalty on oil, gas and coal shall be computed after deducting any so used.

4. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof as to oil and gas, or either of them, with any other land covered by this lease, and/or with any other land, lease or leases in the immediate vicinity thereof to the extent hereinafter stipulated, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore, or to develop and operate said leased premises in compliance with the spacing rules of the Railroad Commission of Texas, or other lawful authority, or when to do so would, in the judgment of Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not substantially exceed 40 acres each in area, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each plus a tolerance of ten percent (10%) thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well to be drilled, drilling or already drilled, units thereafter created may conform substantially in size with those prescribed or permitted by governmental regulations. Lessee under the provisions hereof may pool or combine acreage covered by this lease or any portion thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall file for record in the appropriate records of the county in which the leased premises are situated an instrument describing and designating the pooled acreage as a pooled unit; and upon such recordation the unit shall be effective as to all parties hereto, their heirs, successors, and assigns, irrespective of whether or not the unit is likewise effective as to all other owners of surface, mineral, royalty, or other rights in land included in such unit. Lessee may at its election exercise its pooling option before or after commencing operations for or completing an oil or gas well on the leased premises, and the pooled unit may include, but it is not required to include, land or leases upon which a well capable of producing oil or gas in paying quantities has theretofore been completed or upon which operations for the drilling of a well for oil or gas have theretofore been commenced. In the event of operations for drilling on or production of oil or gas from any part of a pooled unit which includes all or a portion of the land covered by this lease, regardless of whetner such operations for drilling were commenced or such production was secured before or after the execution of this instrument or the instrument designating the pooled unit such operations shall be considered as operations for drilling on or production of oil and gas from land covered by this lease whether or not the well or wells be located on the premises covered by this lease and in such event operations for drilling shall be deemed to have been commenced on said land within the meaning of paragraph 5 of this lease; and the entire acreage constituting such unit or units, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease. For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them shall be entitled on production of oil and gas, or either of them, from the pooled unit, there shall be allocated to the land covered by this lease and included in said unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled unit. Such allocation shall be on an acreage basis—that is to say, there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land. The production from an oil well will be considered as production from the lease or oil pooled unit which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit. The formation of any unit hereunder shall not have the effect of changing the ownership of any delay rental or shut-in production royalty which may become payable under this lease. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool as provided above with consequent allocation of production as above provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. If operations for drilling are not commenced on said land or on acreage pooled therewith as above provided on or before one year from this date, the lease shall then terminate as to both parties, unless on or before such anniversary date Lessee shall pay or tender (or shall make a bona fide attempt to pay or tender, as hereinafter stated) to Lessor or to the credit of Lessor in Brenham National Bank at Brenham, Texas

Texas, (which bank and its successors are Lessor's agent and shall continue as the depository for all rentals payable hereunder regardless of changes in ownership of said land or the rentals) the sum of Three Hundred Eighty One and 25/100 ---------- Dollars ($ 381.25), (herein called rentals), which shall cover the privilege of deferring commencement of drilling operations for a period of twelve (12) months. In like manner and upon like payments or tenders annually, the commencement of drilling operations may be further deferred for successive periods of twelve (12) months each during the primary term. The payment or tender of rental under this paragraph and of royalty under paragraph 3 on any gas well from which gas is not being sold or used may be made by the check or draft of Lessee mailed or delivered to the parties entitled thereto or to said bank on or before the date of payment. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payment or tender or rental until thirty (30) days after Lessor shall deliver to Lessee a proper recordable instrument naming another bank as agent to receive such payments or tenders. If Lessee shall, on or before any anniversary date, make a bona fide attempt to pay or deposit rental to a Lessor entitled thereto according to Lessee's records or to a Lessor, who, prior to such attempted payment or deposit, has given Lessee notice, in accordance with subsequent provisions of this lease, of his right to receive rental, and if such payment or deposit shall be ineffective or erroneous in any regard, Lessee shall be unconditionally obligated to pay to such Lessor the rental properly payable for the rental period involved, and this lease shall not terminate but shall be maintained in the same manner as if such erroneous or ineffective rental payment or deposit had been properly made, provided that the erroneous or ineffective rental payment or deposit be corrected within 30 days after receipt by Lessee of written notice from such Lessor of such error accompanied by such instruments as are necessary to enable Lessee to make proper payment. The down cash payment is consideration for this lease according to its terms and shall not be allocated as a mere rental for a period. Lessee may at any time or times execute and deliver to lessor or to the depository above named or place of record a release or releases of this lease as to all or any part of the above-described premises, or of any mineral or horizon under all or any part thereof, and thereby be relieved of all obligations as to the released land or interest. If this lease is released as to all minerals and horizon under a portion of the land covered by this lease, the rentals and other payments computed in accordance therewith shall thereupon be reduced in the proportion that the number of surface acres within such released portion bears to the total number of surface acres which was covered by this lease immediately prior to such release.

6. If prior to discovery and production of oil, gas or other mineral on said land or on acreage pooled therewith, Lessee should drill a dry hole or holes thereon, or if after discovery and production of oil, gas or other mineral, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within sixty (60) days thereafter or if it be within the primary term, commences or resumes the payment or tender of rentals or commences operations for drilling or reworking on or before the rental paying date next ensuing after the expiration of sixty days from date of completion of dry hole or cessation of production. If at any time subsequent to sixty (60) days prior to the beginning of the last year of the primary term and prior to the discovery of oil, gas or other mineral on said land, or on acreage pooled therewith, Lessee should drill a dry hole thereon, no rental payment or operations are necessary in order to keep the lease in force during the remainder of the primary term. If at the expiration of the primary term, oil, gas or other mineral is not being produced on said land, or on acreage pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon or shall have completed a dry hole thereon within sixty (60) days prior to the end of the primary term, the lease shall remain in force so long as operation on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than sixty (60) consecutive days, and if they result in the production of oil, gas or other mineral, so long thereafter as oil, gas or other mineral is produced from said land or acreage pooled therewith. Any pooled unit designated by Lessee in accordance with the terms hereof may be dissolved by Lessee by instrument filed for record in the appropriate records of the county in which the leased premises are situated at any time after the completion of a dry hole or the cessation of production on said unit. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within three hundred thirty (330) feet of and draining the leased premises, or acreage pooled therewith, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances.

7. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's consent.

8. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns; but no change or division in ownership of the land, rentals or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U.S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part, liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. In the event of the death of any person entitled to rentals hereunder, Lessee may pay or tender such rentals to the credit of the deceased or the estate of the deceased until such time as Lessee is furnished with proper evidence of the appointment and qualification of an executor or administrator of the estate, or if there be none, then until Lessee is furnished with evidence satisfactory to it as to the heirs or devisees of the deceased and that all debts of the estate have been paid. If at any time two or more persons be entitled to participate in the rental payable hereunder, Lessee may pay or tender said rental jointly to such persons or to their joint credit in the depository named herein; or, at Lessee's election, the proportionate part of said rentals to which each participant is entitled may be paid or tendered to him separately or to his separate credit in said depository; and payment or tender to any participant of his portion of the rentals hereunder shall maintain this lease as to such participant. In event of assignment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be apportionable as between the several leasehold owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

9. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument. After the discovery of oil, gas or other mineral in paying quantities on said premises, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator, but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder and capable of producing gas or other mineral in paying quantities.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortage or other lien upon said land, either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in event of failure of title, it is agreed that if this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties, delay rental, and other monies accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same. Failure of Lessee to reduce rental paid hereunder shall not impair the right of Lessee to reduce royalties.

11. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing oil or gas therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force majeure, any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the lease premises; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding. SEE ADDENDUM ATTACHED HERETO FOR ADDITIONAL PROVISIONS AND SIGNATURES.

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

| | |
|---|---|
| LESSOR | SOCIAL SECURITY NUMBER |
| LESSOR | SOCIAL SECURITY NUMBER |

THE STATE OF TEXAS

COUNTY OF _____

This instrument was acknowledged before me on _____, 19_____, by _____

(NOTARY SEAL)

Notary Public in and for the State of Texas

Notary's typed or printed name: _____

My commission expires: _____

# Oil, Gas and Mineral Lease

No._____

FROM

TO

Dated _____, 19__

No. Acres _____

Term _____ County, Texas

This instrument was filed for record on the _____, 19____, at _____ o'clock _____ M., and duly recorded in Book _____, Page _____ of the _____ records of this office.

County Clerk

By _____, Deputy

When recorded return to

Producers 88 (4-76) Revised
with 640 Acres Pooling Provision

©POUND PRINTING & STATIONERY COMPANY
4703-C RICHMOND, HOUSTON, TEXAS 77027 (713) 552-9797

EXHIBIT "A"

Attached to and by reference made a part of that certain Oil, Gas and Mineral Lease between Tonie Ullrich, as Lessor, and John H. Young, Inc., as Lessee, dated October 6, 1994.

76.25 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described as follows:

TRACT ONE: Being 52.5 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in two (2) tracts in that certain Deed dated September 24, 1958 from E.F. Weiss et ux to Jacob Ullrich, Sr., et ux, recorded in Volume 219, Page 225, Deed Records of Washington County, Texas, SAVE AND EXCEPT: 16.86 acres, more or less, described in (4) tracts as follows:

(A) 10.94 acres, more or less described in a Deed from Jacob Ullrich, Sr., et ux, to Lynwood Ullrich et ux, dated April 12, 1966 and recorded in Volume 265, Page 157, Deed Records of Washington County, Texas.

(B) 2.92 acres, more or less, described in a Deed from Jacob Ullrich, Sr., et ux to Albert Ryberski, dated June 13, 1969, recorded in Volume 293, Page 23, Deed Records of Washington County, Texas.

(C) 2.00 acres, more or less, described in a Deed from Jacob Ullrich, Sr., et ux to Carl Schlottmann et ux dated May 6, 1970, recorded in Volume 299, Page 226, Deed Records, Washington County, Texas.

(D) 1.00 acres, more or less, described in a Deed from Jacob Ullrich, Sr., et ux to Alfred Addicks et ux, dated April 14, 1972, recorded in Volume 311, Page 531, Deed Records, Washington County, Texas.

TRACT TWO: 94.039 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in that certain Deed from Bruno Nowak to Jacob Ullrich, Sr., et ux, dated February 10, 1964 and recorded in Volume 251, Page 271, Deed Records of Washington County, Texas, SAVE AND EXCEPT: 55.649 acres, more or less, described as follows:

(A) 20.939 acres, more or less, described in a Deed from Jacob Ullrich, Sr., et ux to Jacob Ullrich, Jr., et ux dated April 30, 1968, recorded in Volume 276, Page 118, Deed Records of Washington County, Texas.

(B) 33.424 acres, more or less, described in a Deed from Jacob Ullrich Sr., et ux to Herbert Grabarschick, Jr., dated August 27, 1970, recorded in Volume 301, Page 73, Deed Records of Washington County, Texas.

(C) 1.286 acres, more or less, described in a Deed from Jacob Ullrich, Sr., et ux to Herbert Grabarschick, Jr., dated August 27, 1970, recorded in Volume 301, Page 73, Deed Records of Washington County, Texas.

TRACT THREE: 1.221 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas, and being more particularly described in that certain Deed from Victoria Mursky et al to Jacob Ullrich, Sr., et ux, dated August 27, 1960, recorded in Volume 230, Page 59, Deed Records of Washington County, Texas.

TRACT FOUR: 1.00 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas, and being more particularly described in that certain Deed dated August 4, 1970 to Jacob Ullrich Sr., et ux recorded in Volume 300, Page 709, Deed Records of Washington County, Texas.

SIGNED FOR IDENTIFICATION

Tonie Ullrich

Tonie Ullrich

**ADDENDUM**

Attached to and by reference made a part of that certain Oil, Gas and Mineral Lease dated October 6, 1994, between **TONIE ULLRICH, a widow,** Lessor, and **JOHN H. YOUNG, INC.**, Lessee, covering 76.25 acres, more or less, out of and a part of the Phillip Coe Survey, A-31, Washington County, Texas.

12. All royalties payable hereunder shall be based upon one-one-sixth (1/6) of production and wherever the fraction "one-eighth" (1/8) occurs in Paragraph 3 of this lease form, the fraction "one-sixth" (1/6) is hereby substituted therefor.

13. This lease covers only oil and gas and for the purposes of this lease, references to "oil and gas" shall include oil, gas, casinghead gas and by-products thereof, and such other hydrocarbon substances and sulphur as are produced with, incidental to, and as a part of its production of oil or gas; and all minerals of every kind and character found at any depth, except oil and gas, as herein defined, are expressly reserved to Lessor and Lessor's personal representatives, heirs and assigns.

14. Lessee shall pay for all damages to roads, fences, improvements, trees and growing crops caused by its operations hereunder, and will fill and level all pits and mounds, remove all board roads and board road materials, level and fill all ruts, and restore the surface of the ground to as near its original condition as is reasonably practical within a reasonable period of time after cessation of operations at each well location on the leased premises.

15. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit or units formed by such pooling for: (a) an oil well which is not a horizontal completion shall not exceed eighty (80) acres plus a maximum acreage tolerance of 10%, (b) an oil well which is a horizontal completion shall not exceed three hundred twenty (320) acres plus a maximum acreage tolerance of 10%, (c) a gas well completed at a depth of 8,000 feet or less below the surface shall not exceed three hundred twenty (320) acres plus a maximum acreage tolerance of 10% and (d) a gas well completed at a depth of more than 8,000 feet below the surface shall not exceed six hundred forty (640) acres plus a maximum acreage tolerance of 10%; provided that a larger unit or units may be formed for an oil well or a gas well, whether or not horizontally completed, to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of this paragraph 15, the terms "oil well" and gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with a gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with a gas-oil ratio of 100,000 cubic feet or more per barrel, based on

a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means a well in which the horizontal component of the gross completion interval exceeds one hundred (100) feet in length. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit or units and stating the effective date of pooling. Production, drilling, or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the surface acreage covered by this lease and included in the unit or units bears to the total gross acreage in the unit or units. As to any well drilled and completed by means of a horizontal completion, if within sixty (60) days from initial completion Lessee shall file of record a written designation of unit, then Lessee shall be authorized to calculate and pay all royalties on a unit basis from the date drilling commenced on the well. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall, without the joinder of Lessor, have the recurring right but not obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority, or to prudently develop and operate the leased premises or protect correlative rights. In making such a revision, Lessee shall file of record a written declaration describing the revised unit or units and stating the effective date of the revision. To the extent any portion of the leased premises is included or excluded from the unit by virtue of such revision, the proportion of the unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly as of the effective date of the revision. In the absence of production in paying quantities from a unit or units, or upon permanent cessation thereof, Lessee may terminate the unit or units by filing of record a written declaration describing the unit and stating the date of termination. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. As used in this paragraph, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

16. In the event a portion of the herein leased premises is pooled or unitized with other land so as to form a pooled unit or units, operations on or production from such unit or units will maintain this lease in force only as to the land included in such unit or units. This lease may be maintained in force as to any of the land covered hereby and not included in such unit or units in any manner provided herein, including proportionate delay rental payments computed in the proportion that the leased area outside of the unit or units bears to the total acreage contained in this lease. If at or after the end of the primary term, this lease is being maintained as to a part of the lands by operations on or production from a pooled unit or units embracing lands covered hereby and other land and if at such time there be land covered hereby which is not situated in such unit or units and as to which the lease is not being maintained by operations or production, Lessee shall have the right to maintain the lease as to such land

by delay rental payments exactly as if it were during the primary term, provided that the lease may not be so maintained in force by such rental payments for a period in excess of two (2) years beyond the end of the primary term.

17. It is expressly agreed and provided that this lease cannot be held, maintained nor extended under and by virtue of the shut-in gas well provision of this lease for a longer term beyond the primary term than ~~three~~ two (2) consecutive calendar years immediately after the primary term, or for shorter terms at various intervals not to exceed in the aggregate three (3) years in all. TU

18. After the expiration of this lease and within ninety (90) days of receipt of Lessor's written request, Lessee agrees to deliver to Lessor an executed and recordable release of lease.

19. Lessee is hereby given the option to extend the primary term of this lease for an additional two (2) years from the expiration of the original primary term. This option may be exercised by Lessee at any time during the last year of the original primary term by paying the same sum of Fifty and No/100 dollars ($50.00) per net mineral acre to the parties entitled to delay rentals according to Lessee's records. This payment shall be based upon the number of net mineral acres then covered by this lease and not at such time being maintined by other provisions hereof, and all of the provisions of this lease relating to the payment of delay rentals shall apply equally to this payment, including, but not limited to, the provisions regarding change in ownership. If, at the time this payment is made, various parties are entitled to specific amounts of delay rental according to Lessee's records, this payment may be divided between said parties and paid in the same proportion. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a primary term of five (5) years, except that no delay rental payment shall be required to maintain this lease for the first twelve (12) months of the extended term. In the event this lease is being maintained by any provision hereof at the expiration of the primary term, Lessee shall have a period of thirty (30) days from the date this lease ceases to be so maintained within which to exercise this option.

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

Tonie Ullrich

Tonie Ullrich
SS# [redacted]

THE STATE OF TEXAS §
COUNTY OF Washington §

This instrument was acknowledged before me this 6th day of October, 1994, by Tonie Ullrich, a widow.

DARLENE WALKER
MY COMMISSION EXPIRES
April 1, 1995

Darlene Walker
Notary Public in and for the
State of Texas

Tract 8

COPY

# MEMORANDUM OF OIL, GAS AND MINERAL LEASE

**STATE OF TEXAS** )

**COUNTY OF WASHINGTON** )

**KNOW ALL MEN BY THESE PRESENTS**, that **BLUEBONNET ELECTRIC COOPERATIVE, INC.,** whose address is 2401 Hwy 290 W., Brenham, Texas 77833 (referred to herein as "Lessor" have entered into an Oil, Gas and Mineral Lease), with **UNION PACIFIC RESOURCES COMPANY** whose address is 801 Cherry Street, Fort Worth, Texas 76102 (referred to herein as "Lessee"), with an effective date of April 14, 1998, covering and affecting mineral interest owned by Lessor in and under the following described lands in Washington County, Texas:

**2.0000** acres of land, more or less, out of the **PHILLIP COE SURVEY, A-31,** Washington County, Texas and being the same land described in two tracts as follows, to-wit:

**Tract One:** 1.0000 acre of land, more or less, being the same tract of land more particularly described in that certain Deed dated June 19, 1976 from Henrietta Borman to Bluebonnet Electric Cooperative, Inc. and recorded in Volume 346, Page 456 of the Deed Records of Washington County, Texas.

**Tract Two:** 1.0000 acre of land, more or less, being the same tract of land more particularly described in that certain Deed dated April 10, 1969 from Ben Borman and wife, Henrietta Borman to Bluebonnet Electric Cooperative, Inc.

The lease provides for a primary term of three (3) years from and after the effective date thereof and as long thereafter as a mineral or minerals (as defined in the Lease) is produced in paying quantities from the leased premises or lands pooled therewith or said Lease is maintained in any manner provided for therein, subject to other terms and provisions set forth in said Lease, reference to the original Lease is herein made for all purposes.

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

David Peterson

**DAVID PETERSON, GENERAL MANAGER OF BLUEBONNET ELECTRIC COOPERATIVE, INC.**

**STATE OF TEXAS** )

**COUNTY OF** )

This instrument was acknowledged before me on the 7th day of ~~April~~ May, 1998 by **DAVID PETERSON, GENERAL MANAGER OF BLUEBONNET ELECTRIC COOPERATIVE, INC. a Texas Corporation.**

NOTARY PUBLIC STATE OF TEXAS
TINA MEDACK
Notary Public, State of Texas
My Commission Expires
MAR. 29, 2000

Tina Medack

**NOTARY PUBLIC, STATE OF TEXAS**
Tina Medack

OIL, GAS & MINERAL LEASE

COPY

PROD 88 (REV 8/93)
PAID UP

THIS LEASE AGREEMENT is made effective the 14 th day of April, 19 98,

between BLUEBONNET ELECTRIC COOPERATIVE, INC.

as Lessor (whether one or more), whose address is 2401 Hwy. 290 W., Brenham, TX 77833

and UNION PACIFIC RESOURCES COMPANY, as Lessee,

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

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

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

WASHINGTON County, Texas, to-wit:

2.0000 acres of land, more or less, out of the PHILLIP COE SURVEY, A-31, Washington County, Texas and being the same land described in two following tracts as follows, to-wit:

Tract One: 1.0000 acre of land, more or less, being the same tract of land more particularly described in that certain Deed dated June 19, 1976 from Henrietta Borman to Bluebonnet Electric Cooperative, Inc. and recorded in Volume 346, Page 456 of the Deed Records of Washington County, Texas.

Tract Two: 1.0000 acre of land, more or less, being the same tract of land more particularly described in that certain Deed dated April 10, 1969 from Ben Borman and wife, Henrietta Borman to Blubonnet Electric Cooperative, Inc.

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 2.0000 acres, whether it actually comprises more or less.

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

3. **Royalty.** Royalties on covered minerals produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's held separator facilities, the royalty shall be 3/16 of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead posted price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity less a proportionate part of ad valorem taxes and production, severance, or other excise taxes, (b) for gas (including casinghead gas) and all other covered minerals, the royalty shall be 3/16 of the net proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and (c) if during or after the primary term one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut-in or production therefrom is not being sold by Lessee for a period of 90 consecutive days, then Lessee may pay shut-in royalty of one dollar per acre of land then covered by this lease, such payment to be made to Lessor on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in and it shall be considered that such well is producing in paying quantities for all purposes hereof during any period for which such shut-in royalty is tendered; provided that if this lease is otherwise being maintained by the payment of rentals or by operations, or if a well or wells on the leased premises is producing in paying quantities, no shut-in royalty shall be due until the end of the 90-day period next following the end of the rental period or the cessation of such operations or production, as the case may be. Lessee shall have free use of oil, gas, water, and other substances produced from said land, except water from Lessor's wells or ponds, for all operations hereunder, and Lessor's royalty shall be computed after deducting any so used.

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

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

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

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

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

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

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

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

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

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

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

[redacted]

**LESSOR:**

DAVID PETERSON, GENERAL MANAGER OF
BLUEBONNET ELECTRIC COOPERATIVE, INC.

STATE OF TEXAS )
) ss.
COUNTY OF Lee )

This instrument was acknowledged before me this 7th day of May, 1998, by DAVID PETERSON, GENERAL MANAGER OF BLUEBONNET ELECTRIC COOPERATIVE, INC. a Texas Corporation, on behalf of said corporation.

Tina Medack
Notary Public

My Commission Expires:
March 29, 2000

NOTARY PUBLIC STATE OF TEXAS
TINA MEDACK
Notary Public, State of Texas
My Commission Expires
MAR. 29, 2000

Tina Medack

Attached hereto and made a part hereof that certain Oil and Gas Lease dated April 14, 1998 by and between BLUEBONNET ELECTRIC COOPERATIVE, INC., as Lessor, and UNION PACIFIC RESOURCES COMPANY as Lessee.

# Exhibit A

**12. MEMORANDUM OF LEASE**

It is agreed and understood that a Memorandum of Oil and Gas Lease will be filed of record for the purpose of providing record notice of the existence of this Lease in lieu of recording the executed original. Said Memorandum of Oil and Gas Lease shall be recorded in the Records of Washington County, Texas, within a reasonable period of time by Lessee and upon request by Lessor, a copy thereof will be furnished to Lessor.

**13. NO DRILLING OPERATIONS/ ACCESS TO SURFACE**

It is agreed and understood that no drilling operations may be conducted on the herein leased premises. It is agreed that Lessee shall have no rights of ingress, to enter upon, or access to surface of the herein leased premises for any purpose whatsoever without Lessor's prior written consent. It is further understood and agreed that Lessee shall have the right to drill and operate directional wells through and under said land irrespective of the bottom hole locations of said wells. To this end, Lessor hereby grants to Lessee a subsurface easement for all purposes associated with such directional wells.

**14. OIL & GAS ONLY/EXCLUDED MINERALS**

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

LESSOR INITIALS

Tract 9



MEMORANDUM OF EXTENSION
OF OIL, GAS AND MINERAL LEASE

0225

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

Reference is made to Oil, Gas and Mineral Lease ("Draehn Lease") dated October 15, 1994, from DONALD K. DRAEHN and wife, GLORIA JEAN DRAEHN (therein and herein called "Lessors") to JOHN H. YOUNG, INC. Covering the following land:

> 11.487 acres, more or less, in the Phillip Coe Survey, (A-31), Washington County, Texas and being the same land described in Deed dated December 14, 1978, and recorded in Volume 373, Page 128 of the Deed Records of Washington County, Texas, from Henrietta Bromann to Donald K. Draehn and wife, Gloria Jean Draehn,

and to recording memorandum of the Draehn Lease dated October 26, 1994, and recorded in Volume 759, Page 823 of the official Records of Washington County, Texas, executed by Lessors.

NOW, THEREFORE, for a sufficient consideration received, Lessors, acting for themselves and their heirs and assigns, declare and agree that the primary term of the Draehn Lease as set out therein, in accordance with the provisions thereof, has been and is extended to five (5) years from its date.

EXECUTED this 25 day of Nov., 1997.

Donald K. Draehn

DONALD K. DRAEHN

Gloria Jean Draehn

GLORIA JEAN DRAEHN

THE STATE OF TEXAS §
§
COUNTY OF WASHINGTON §

This instrument was acknowledged before me on this 25 day of November, 1997 by DONALD K. DRAEHN.

DEBORAH J. GOSS
Notary Public, State of Texas
My Commission Expires 04-13-1998

Deborah J. Goss

NOTARY PUBLIC IN AND FOR
THE STATE OF T E X A S

Deborah J. Goss

Notary's Printed Name

My Commission Expires:

4-13-98

THE STATE OF TEXAS §
§
COUNTY OF WASHINGTON §

This instrument was acknowledged before me on this 25 day of November, 1997 by GLORIA JEAN DRAEHN.

DEBORAH J. GOSS
Notary Public, State of Texas
My Commission Expires 04-13-1998

Deborah J. Goss
NOTARY PUBLIC IN AND FOR
THE STATE OF T E X A S
Deborah J. Goss
Notary's Printed Name

My Commission Expires:
4-13-98

C:\Corel\Office7\WPWin7\ASSIGNME\OTHER\MEMofEXTDdraehn

FILED FOR RECORD
WASHINGTON COUNTY, TX
'98 JAN 16 AM 10 18
WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on JAN 20 1998

Beth Rothermel, County Clerk
Washington County, Texas

VOL 759 PAGE 823

7330-01

9371

# MEMORANDUM OF OIL, GAS AND MINERAL LEASE

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

THAT, for and in consideration of TEN AND NO/100 DOLLARS ($10.00) and other valuable consideration paid by **JOHN H. YOUNG, INC.**, hereinafter called "Lessee", whose address is 815 Walker, Suite 940, Houston, Texas 77002, to **DONALD K. DRAEHN AND WIFE, GLORIA JEAN DRAEHN,** hereinafter called "Lessor", whose address is Sandy Creek Estates, # 7, Brenham, Texas 77833, Lessor has and does hereby GRANT, LEASE and LET unto Lessee for the purposes and with the exclusive right of exploring, drilling and operating for, producing and owning oil and gas, and their respective constituent products, including sulphur produced therewith, the following described land located in Washington County, Texas, to wit:

11.487 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in a Deed dated December 14, 1978 from Henrietta Bromann to Donald K. Draehn and wife, Glora Jean Draehn, recorded in Volume 373, Page 128 of the Deed Records of Washington County, Texas.

upon and subject to all of the terms and provisions set forth in that certain Oil, Gas and Mineral Lease dated October 15, 1994, covering said land, and providing for a primary term of three (3) years, and as long thereafter as operations, as defined in said lease, are conducted upon the leased premises with no cessation for more than sixty (60) consecutive days or oil, gas or other related hydrocarbons produced with oil or gas is produced from the leased premises or the lease is otherwise maintained in force as therein provided. A copy of said lease is in the possession of each of the parties Lessor and Lessee and which is incorporated herein by reference and made a part hereof as if set forth at length herein, and to which reference is made for all purposes.

IN WITNESS WHEREOF, this instrument is executed on this the 26th day of OCTOBER, 1994.

Donald K. Draehn
SS# [redacted]

Gloria Jean Draehn
SS# [redacted]

THE STATE OF TEXAS §
COUNTY OF WASHINGTON §

This instrument was acknowledged before me this 26th day of OCTOBER 1994, by Donald K. Draehn and wife, Gloria Jean Draehn.

VERLYNE ASCHENBECK
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp. 2-8-96

Verlyne Aschenbeck
NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

FILED
AT 1:30 P M
DEC 15 1994
Gertrude Lehrmann
GERTRUDE LEHRMANN
COUNTY CLERK, WASHINGTON COUNTY, TEXAS

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

DEC 21 1994
Gertrude Lehrmann
Gertrude Lehrmann, County Clerk
Washington County, Texas

Producers 88 (4/76) Revised Paid Up
With 640 Acres Pooling Provision

OUND PRINTING & STATIONERY COMPANY
25 FANNIN, HOUSTON, TEXAS 77002, (713) 659-3159

# OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 15th day of October 1994, between Donald K. Draehn and wife, Gloria Jean Draehn

Lessor (whether one or more), whose address is: Sandy Creek Estates, # 7, Brenham, Texas 77833,

and John H. Young, Inc., 815 Walker, Suite 940, Houston, Texas 77002, Lessee, WITNESSETH:

1. Lessor in consideration of Ten Dollars and Other Valuable Consideration Dollars ($ 10.00 & OVC ), in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, conducting exploration, geologic and geophysical surveys by seismograph, core test, gravity and magnetic methods, injecting gas, water and other fluids, and air into subsurface strata, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in Washington County, Texas, to-wit:

11.487 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in a Deed dated December 14, 1978 from Henrietta Bromann to Donald K. Draehn and wife, Gloria Jean Draehn, recorded in Volume 373, Page 128 of the Deed Records of Washington County, Texas.

This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above.

2. This is a paid up lease and subject to the other provisions herein contained, this lease shall be for a term of 3 years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land or land with which said land is pooled hereunder.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipelines to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil; (b) to pay lessor for gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, one-eighth of the amount realized from the sale of gasoline or other products extracted therefrom and one-eighth of the amount realized from the sale of residue gas after deducting the amount used for plant fuel and/or compression; (c) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar ($1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to one dollar ($1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the Brenham National Bank at 2211 S. Day, Brenham, Texas 77833 or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owners of this lease, severally as to acreage owned by each.

4. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof as to oil and gas, or either of them, with any other land covered by this lease, and/or with any other land, lease or leases in the immediate vicinity thereof to the extent hereinafter stipulated, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore, or to develop and operate said leased premises in compliance with the spacing rules of the Railroad Commission of Texas, or other lawful authority, or when to do so would, in the judgment of Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not substantially exceed 40 acres each in area, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each plus a tolerance of ten percent (10%) thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well to be drilled, drilling or already drilled, units thereafter created may conform substantially in size with those prescribed or permitted by governmental regulations. Lessee under the provisions hereof may pool or combine acreage covered by this lease or any portion thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall file for record in the appropriate records of the county in which the leased premises are situated an instrument describing and designating the pooled acreage as a pooled unit; and upon such recordation the unit shall be effective as to all parties hereto, their heirs, successors, and assigns, irrespective of whether or not the unit is likewise effective as to all other owners of surface, mineral, royalty, or other rights in land included in such unit. Lessee may at its election exercise its pooling option before or after commencing operations for or completing an oil or gas well on the leased premises, and the pooled unit may include, but it is not required to include, land or leases upon which a well capable of producing oil or gas in paying quantities has theretofore been completed or upon which operations for the drilling of a well for oil or gas have theretofore been commenced. In the event of operations for drilling on or production of oil or gas from any part of a pooled unit which includes all or a portion of the land covered by this lease, regardless of whether such operations for drilling were commenced or such production was secured before or after the execution of this instrument or the instrument designating the pooled unit, such operations shall be considered as operations for drilling on or production of oil or gas from land covered by this lease whether or not the well or wells be located on the premises covered by this lease and in such event operations for drilling shall be deemed to have been commenced on said land within the meaning of paragraph 5 of this lease; and the entire acreage constituting such unit or units, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease. For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them shall be entitled on production of oil and gas, or either of them, from the pooled unit, there shall be allocated to the land covered by this lease and included in said unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled unit. Such allocation shall be on an acreage basis – that is to say, there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land. The production from an oil well will be considered as production from the lease or oil pooled unit from which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit. The formation of any unit hereunder shall not have the effect of changing the ownership of any shut-in production royalty which may become payable under this lease. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool as provided above with consequent allocation of production as above provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. If at the expiration of the primary term, oil, gas, or other mineral is not being produced on said land, or from the land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 60 days prior to the end of the primary term, the lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil, gas or other mineral, so long thereafter as oil, gas, or other mineral is produced from said land, or from land pooled therewith. If, after the expiration of the primary term of this lease and after oil, gas, or other mineral is produced from said land, or from land pooled therewith, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within 60 days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil, gas, or other mineral, so long thereafter as oil, gas, or other mineral is produced from said land, or from land pooled therewith. Any pooled unit designated by Lessee in accordance with the terms hereof, may be dissolved by Lessee by instrument filed for record in the appropriate records of the county in which the leased premises are situated at any time after the completion of a dry hole or the cessation of production on said unit. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within 330 feet of and draining the leased premises, or land pooled therewith, Lessee agrees to drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances. Lessee may at any time execute and deliver to Lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

6. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's consent.

7. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns; but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U.S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part, liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

8. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part. No obligation reasonably to develop the leased premises shall arise during the primary term. Should oil, gas or other mineral in paying quantities be discovered on said premises, then after the expiration of the primary term, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator, but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder and capable of producing gas or other mineral in paying quantities. If after the expiration of the primary term, Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument.

9. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with right to enforce same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in event of failure of title, it is agreed that if this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties, and other monies accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

10. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing any oil, gas or other minerals therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force majeure, and Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the lease premises; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding. See Addendum attached hereto for additional provisions and signatures.

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

STATE OF TEXAS }
COUNTY OF }

ACKNOWLEDGMENT

This instrument was acknowledged before me on the day of , 19 ,
by

Notary Public, State of Texas
Notary's name (printed):
Notary's commission expires:

STATE OF TEXAS }
COUNTY OF }

ACKNOWLEDGMENT

This instrument was acknowledged before me on the day of , 19 ,
by

Notary Public, State of Texas
Notary's name (printed):
Notary's commission expires:

STATE OF TEXAS }
COUNTY OF }

CORPORATE ACKNOWLEDGMENT

This instrument was acknowledged before me on the day of , 19 ,
by
of
a corporation, on behalf of said corporation.

Notary Public, State of Texas
Notary's name (printed):
Notary's commission expires:

# Oil, Gas and Mineral Lease

FROM

To

Dated , 19

No. Acres

County, Texas

Term

This instrument was filed for record on the , 19 , at
day of o'clock M., and duly recorded in
Book , Page
of the records of this office.

County Clerk
By , Deputy

When recorded return to

No.

Producers 88 (4/76) Revised Paid Up
With 640 Acres Pooling Provision

POUND PRINTING & STATIONERY COMPANY
2325 Fannin, Houston, Texas 77002 (713) 659-3159

**ADDENDUM**

Attached to and by reference made a part of that certain Oil, Gas and Mineral Lease dated October 15, 1994, between **DONALD K. DRAEHN AND WIFE, GLORIA JEAN DRAEHN,** Lessor, and **JOHN H. YOUNG, INC.,** Lessee, covering 11.487 acres, more or less, out of and a part of the Phillip Coe Survey, A-31, Washington County, Texas.

11. All royalties payable hereunder shall be based upon one-one-sixth (1/6) of production and wherever the fraction "one-eighth" (1/8) occurs in Paragraph 3 of this lease form, the fraction "one-sixth" (1/6) is hereby substituted therefor.

12. This lease covers only oil and gas and for the purposes of this lease, references to "oil and gas" shall include oil, gas, casinghead gas and by-products thereof, and such other hydrocarbon substances and sulphur as are produced with, incidental to, and as a part of its production of oil or gas; and all minerals of every kind and character found at any depth, except oil and gas, as herein defined, are expressly reserved to Lessor and Lessor's personal representatives, heirs and assigns.

13. Lessee shall pay for all damages to roads, fences, improvements, trees and growing crops caused by its operations hereunder, and will fill and level all pits and mounds, remove all board roads and board road materials, level and fill all ruts, and restore the surface of the ground to as near its original condition as is reasonably practical within a reasonable period of time after cessation of operations at each well location on the leased premises.

14. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit or units formed by such pooling for: (a) an oil well which is not a horizontal completion shall not exceed eighty (80) acres plus a maximum acreage tolerance of 10%, (b) an oil well which is a horizontal completion shall not exceed three hundred twenty (320) acres plus a maximum acreage tolerance of 10%, (c) a gas well completed at a depth of 8,000 feet or less below the surface shall not exceed three hundred twenty (320) acres plus a maximum acreage tolerance of 10% and (d) a gas well completed at a depth of more than 8,000 feet below the surface shall not exceed six hundred forty (640) acres plus a maximum acreage tolerance of 10%; provided that a larger unit or units may be formed for an oil well or a gas well, whether or not horizontally completed, to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of this paragraph 14, the terms "oil well" and gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so

prescribed, "oil well" means a well with a gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with a gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means a well in which the horizontal component of the gross completion interval exceeds one hundred (100) feet in length. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit or units and stating the effective date of pooling. Production, drilling, or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the surface acreage covered by this lease and included in the unit or units bears to the total gross acreage in the unit or units. As to any well drilled and completed by means of a horizontal completion, if within sixty (60) days from initial completion Lessee shall file of record a written designation of unit, then Lessee shall be authorized to calculate and pay all royalties on a unit basis from the date drilling commenced on the well. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall, without the joinder of Lessor, have the recurring right but not obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority, or to prudently develop and operate the leased premises or protect correlative rights. In making such a revision, Lessee shall file of record a written declaration describing the revised unit or units and stating the effective date of the revision. To the extent any portion of the leased premises is included or excluded from the unit by virtue of such revision, the proportion of the unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly as of the effective date of the revision. In the absence of production in paying quantities from a unit or units, or upon permanent cessation thereof, Lessee may terminate the unit or units by filing of record a written declaration describing the unit and stating the date of termination. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. As used in this paragraph, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

15. In the event a portion of the herein leased premises is pooled or unitized with other land so as to form a pooled unit or units, operations on, completion of a well upon, or production from such unit or units will not maintain this lease in force as to that portion of the leased premises not included in such unit or units. The lease may be maintained in force as to any portion of the leased premises covered hereby and not included in such unit or units in any manner provided for herein; provided, however, if at the end of the primary term or after the expiration of the primary term, Lessee is then engaged in drilling or reworking operations on the leased premises or on acreage pooled therewith, or if Lessee has completed a well as a producer or dry hole within sixty (60) days prior to the expiration of the primary term, this lease shall

remain in full force and effect as to all non-unitized acreage so long as Lessee conducts continuous operations thereon with no cessation of longer than sixty (60) days between the completion of drilling or reworking operations on a well and the commencement of such operations for the next succeeding well.

16. It is expressly agreed and provided that this lease cannot be held, maintained nor extended under and by virtue of the shut-in gas well provision of this lease for a longer term beyond the primary term than two (2) consecutive calendar years immediately after the primary term, or for shorter terms at various intervals not to exceed in the aggregate three (3) years in all.

17. Lessee is hereby given the option to extend the primary term of this lease for an additional two (2) years from the expiration of the original primary term. This option may be exercised by Lessee at any time during the last year of the original primary term by paying the same sum of Fifty and No/100 dollars ($50.00) per net mineral acre to Lessor to to the credit of Lessor in the Brenham National Bank, at 2211 S. Day, Brenham, Texas 77833, (which bank and its successors are Lessor's agents and shall continue as the depository regardless of changes in ownership of said land). This payment shall be based upon the number of net mineral acres then covered by this lease and not at such time being maintined by other provisions hereof. This payment may be made by check or draft of Lessee mailed or delivered to Lessor or said bank at any time during the original primary term. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept payment, Lessee shall not be held in default for failure to make such payment until thirty (30) days after Lessor's delivery to Lessee of a proper recordable instrument naming another bank as agent to receive such payment. If, at the time this payment is made, various parties are entitled to specific amounts according to Lessee's records, this payment may be divided between said parties and paid in the same proportion. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a primary term of five (5) years. In the event this lease is being maintained by any provision hereof at the expiration of the primary term, Lessee shall have a period of thirty (30) days from the date this lease ceases to be so maintained within which to exercise this option.

18. Prior to conducting operations of the herein leased premises, Lessee shall obtain Lessor's written consent, which consent shall not unreasonably be withheld, as to the location of any such operations including roads or drill sites.

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

Donald K. Draehn
SS# [redacted]

Gloria Jean Draehn
[redacted]

THE STATE OF TEXAS §
COUNTY OF TEXAS §

This instrument was acknowledged before me this 26th day of OCTOBER, 1994, by Donald K. Draehn and wife, Gloria Jean Draehn.

VERLYNE ASCHENBECK
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp. 2-8-96

Verlyne Aschenbeck
Notary Public in and for the
State of Texas

Tract 10

VOL 0884 PAGE 030

MEMORANDUM OF EXTENSION
OF OIL, GAS AND MINERAL LEASE

0977

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

Reference is made to Oil, Gas and Mineral Lease ("Draehn Lease") dated October 15, 1994, from MICHAEL KEITH DRAEHN (therein and herein called "Lessor") to JOHN H. YOUNG, INC. Covering the following land:

> 2.248 acres, more or less, in the Phillip Coe Survey, (A-31), Washington County, Texas and being the same land described in Deed dated April 13, 1994, and recorded in Volume 732, Page 447 of the Deed Records of Washington County, Texas, from Norman Draehn and wife, Doris Faye Draehn to Michael Keith Draehn,

and to recording memorandum of the Draehn Lease dated October 28, 1994, and recorded in Volume 759, Page 833 of the official Records of Washington County, Texas, executed by Lessors.

NOW, THEREFORE, for a sufficient consideration received, Lessor, acting for himself and his heirs and assigns, declares and agrees that the primary term of the Draehn Lease as set out therein, in accordance with the provisions thereof, has been and is extended to five (5) years from its date.

EXECUTED this 6 day of January, 1998.

Michael Keith Draehn
MICHAEL KEITH DRAEHN

THE STATE OF TEXAS §
§
COUNTY OF WASHINGTON §

This instrument was acknowledged before me on this 6 day of January, 1998 by MICHAEL KEITH DRAEHN.

DEE GLAESMANN
Notary Public, State of Texas
My Commission Expires March 29, 1998

Dee Glaesmann
NOTARY PUBLIC IN AND FOR
THE STATE OF T E X A S

Dee Glaesmann
Notary's Printed Name

My Commission Expires:
3/29/98

C:\Corel\Office7\WPWin7\ASSIGNME\OTHER\MEMofEXTMdraehn

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on FEB 19 1998

Beth Rothermel, County Clerk
Washington County, Texas

FILED FOR RECORD
WASHINGTON COUNTY, TX
'98 FEB 18 PM 2 44

Beth A. Rothermel
WASHINGTON CO. CLERK

# MEMORANDUM OF OIL, GAS AND MINERAL LEASE

9378

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

THAT, for and in consideration of TEN AND NO/100 DOLLARS ($10.00) and other valuable consideration paid by **JOHN H. YOUNG, INC.**, hereinafter called "Lessee", whose address is 815 Walker, Suite 940, Houston, Texas 77002, to **MICHAEL KEITH DRAEHN,** hereinafter called "Lessor", whose address is Rt. 3 Box 11B, Brenham, Texas 77833, Lessor has and does hereby GRANT, LEASE and LET unto Lessee for the purposes and with the exclusive right of exploring, drilling and operating for, producing and owning oil and gas, and their respective constituent products, including sulphur produced therewith, the following described land located in Washington County, Texas, to wit:

2.248 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in a Deed dated April 13, 1994 from Norman Draehn and wife, Doris Faye Draehn to Michael Keith Draehn and found of record in Volume 732, Page 447 of the Official Records of Washington County, Texas.

upon and subject to all of the terms and provisions set forth in that certain Oil, Gas and Mineral Lease dated October 15, 1994, covering said land, and providing for a primary term of three (3) years, and as long thereafter as operations, as defined in said lease, are conducted upon the leased premises with no cessation for more than sixty (60) consecutive days or oil, gas or other related hydrocarbons produced with oil or gas is produced from the leased premises or the lease is otherwise maintained in force as therein provided. A copy of said lease is in the possession of each of the parties Lessor and Lessee and which is incorporated herein by reference and made a part hereof as if set forth at length herein, and to which reference is made for all purposes.

IN WITNESS WHEREOF, this instrument is executed on this the 28th day of October, 1994.

Michael Keith Draehn

Michael Keith Draehn
SS# [redacted]

THE STATE OF TEXAS §
COUNTY OF Washington §

This instrument was acknowledged before me this 28th day of October 1994, by Michael Keith Draehn.

FILED
AT 1:30 P M.
DEC 15 1994 BY
Gertrude Lehrmann
GERTRUDE LEHRMANN
COUNTY CLERK, WASHINGTON COUNTY, TEXAS

Jill Morris
NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

JILL MORRIS
MY COMMISSION EXPIRES
December 6, 1997

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this Instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

DEC 21 1994
Gertrude Lehrmann
Gertrude Lehrmann, County Clerk
Washington County, Texas

Producers 88 (4/76) Revised Paid Up
With 640 Acres Pooling Provision

)UND PRINTING & STATIONERY COMPANY
, FANNIN, HOUSTON, TEXAS 77002, (713) 659-3159

# OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 15th day of October 19 94, between Michael Keith Draehn

Lessor (whether one or more), whose address is: Rt. 3 Box 11B, Brenham, Texas 77833

and John H. Young, Inc., 815 Walker, Suite 940, Houston, Texas 77002, Lessee, WITNESSETH:

1. Lessor in consideration of Ten Dollars and Other Valuable Consideration Dollars ($ 10.00 & OVC ), in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, conducting exploration, geologic and geophysical surveys by seismograph, core test, gravity and magnetic methods, injecting gas, water and other fluids, and air into subsurface strata, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in Washington County, Texas, to-wit:

2.248 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in a Deed dated April 13, 1994 from Norman Draehn and wife, Doris Faye Draehn to Michael Keith Draehn and found of record in Volume 732, Page 447 of the Official Records of Washington County, Texas.

This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above.

2. This is a paid up lease and subject to the other provisions herein contained, this lease shall be for a term of 3 years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land or land with which said land is pooled hereunder.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipelines to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil; (b) to pay lessor for gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, one-eighth of the amount realized from the sale of gasoline or other products extracted therefrom and one-eighth of the amount realized from the sale of residue gas after deducting the amount used for plant fuel and/or compression; (c) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar ($1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to one dollar ($1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the TEXAS NATIONAL BANK Bank at 2450 BELKER DRIVE, BRENHAM, TEXAS 77833 or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owners of this lease, severally as to acreage owned by each.

4. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof as to oil and gas, or either of them, with any other land covered by this lease, and/or with any other land, lease or leases in the immediate vicinity thereof to the extent hereinafter stipulated, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore, or to develop and operate said leased premises in compliance with the spacing rules of the Railroad Commission of Texas, or other lawful authority, or when to do so would, in the judgment of Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not substantially exceed 40 acres each in area, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each plus a tolerance of ten percent (10%) thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well to be drilled, drilling or already drilled, units thereafter created may conform substantially in size with those prescribed or permitted by governmental regulations. Lessee under the provisions hereof may pool or combine acreage covered by this lease or any portion thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall file for record in the appropriate records of the county in which the leased premises are situated an instrument describing and designating the pooled acreage as a pooled unit; and upon such recordation the unit shall be effective as to all parties hereto, their heirs, successors, and assigns, irrespective of whether or not the unit is likewise effective as to all other owners of surface, mineral, royalty, or other rights in land included in such unit. Lessee may at its election exercise its pooling option before or after commencing operations for or completing an oil or gas well on the leased premises, and the pooled unit may include, but it is not required to include, land or leases upon which a well capable of producing oil or gas in paying quantities has theretofore been completed or upon which operations for the drilling of a well for oil or gas have theretofore been commenced. In the event of operations for drilling on or production of oil or gas from any part of a pooled unit which includes all or a portion of the land covered by this lease, regardless of whether such operations for drilling were commenced or such production was secured before or after the execution of this instrument or the instrument designating the pooled unit, such operations shall be considered as operations for drilling on or production of oil or gas from land covered by this lease whether or not the well or wells be located on the premises covered by this lease and in such event operations for drilling shall be deemed to have been commenced on said land within the meaning of paragraph 5 of this lease; and the entire acreage constituting such unit or units, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease. For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them shall be entitled on production of oil and gas, or either of them, from the pooled unit, there shall be allocated to the land covered by this lease and included in said unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled unit. Such allocation shall be on an acreage basis – that is to say, there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land. The production from an oil well will be considered as production from the lease or oil pooled unit from which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit. The formation of any unit hereunder shall not have the effect of changing the ownership of any shut-in production royalty which may become payable under this lease. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool as provided above with consequent allocation of production as above provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. If at the expiration of the primary term, oil, gas, or other mineral is not being produced on said land, or from the land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 60 days prior to the end of the primary term, the lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil, gas or other mineral, so long thereafter as oil, gas, or other mineral is produced from said land, or from land pooled therewith. If, after the expiration of the primary term of this lease and after oil, gas, or other mineral is produced from said land, or from land pooled therewith, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within 60 days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil, gas, or other mineral, so long thereafter as oil, gas, or other mineral is produced from said land, or from land pooled therewith. Any pooled unit designated by Lessee in accordance with the terms hereof, may be dissolved by Lessee by instrument filed for record in the appropriate records of the county in which the leased premises are situated at any time after the completion of a dry hole or the cessation of production on said unit. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within 330 feet of and draining the leased premises, or land pooled therewith, Lessee agrees to drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances. Lessee may at any time execute and deliver to Lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

6. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's consent.

7. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns; but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U.S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part, liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

8. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part. No obligation reasonably to develop the leased premises shall arise during the primary term. Should oil, gas or other mineral in paying quantities be discovered on said premises, then after the expiration of the primary term, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator, but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder and capable of producing gas or other mineral in paying quantities. If after the expiration of the primary term, Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument.

9. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with right to enforce same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in event of failure of title, it is agreed that if this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties, and other monies accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

10. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing any oil, gas or other minerals therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force majeure, and Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the lease premises; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding. See Addendum attached hereto for additional provisions and signatures.

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

STATE OF TEXAS }
COUNTY OF }

ACKNOWLEDGMENT

This instrument was acknowledged before me on the day of , 19 ,
by

Notary Public, State of Texas
Notary's name (printed):
Notary's commission expires:

STATE OF TEXAS }
COUNTY OF }

ACKNOWLEDGMENT

This instrument was acknowledged before me on the day of , 19 ,
by

Notary Public, State of Texas
Notary's name (printed):
Notary's commission expires:

STATE OF TEXAS }
COUNTY OF }

CORPORATE ACKNOWLEDGMENT

This instrument was acknowledged before me on the day of , 19 ,
by
of
a corporation, on behalf of said corporation.

Notary Public, State of Texas
Notary's name (printed):
Notary's commission expires:

Producers 88 (4/76) Revised Paid Up
With 640 Acres Pooling Provision

No.

# Oil, Gas and Mineral Lease

FROM

To

Dated , 19

No. Acres

County, Texas

Term

This instrument was filed for record on the day of , 19 , at o'clock M., and duly recorded in Book , Page of the records of this office.

County Clerk

By , Deputy

When recorded return to

POUND PRINTING & STATIONERY COMPANY
2325 Fannin, Houston, Texas 77002 (713) 659-3159

**ADDENDUM**

Attached to and by reference made a part of that certain Oil, Gas and Mineral Lease dated October 15, 1994, between **MICHAEL KEITH DRAEHN,** Lessor, and **JOHN H. YOUNG, INC.,** Lessee, covering 2.248 acres, more or less, out of and a part of the Phillip Coe Survey, A-31, Washington County, Texas.

11. All royalties payable hereunder shall be based upon one-one-sixth (1/6) of production and wherever the fraction "one-eighth" (1/8) occurs in Paragraph 3 of this lease form, the fraction "one-sixth" (1/6) is hereby substituted therefor.

12. This lease covers only oil and gas and for the purposes of this lease, references to "oil and gas" shall include oil, gas, casinghead gas and by-products thereof, and such other hydrocarbon substances and sulphur as are produced with, incidental to, and as a part of its production of oil or gas; and all minerals of every kind and character found at any depth, except oil and gas, as herein defined, are expressly reserved to Lessor and Lessor's personal representatives, heirs and assigns.

13. Lessee shall pay for all damages to roads, fences, improvements, trees and growing crops caused by its operations hereunder, and will fill and level all pits and mounds, remove all board roads and board road materials, level and fill all ruts, and restore the surface of the ground to as near its original condition as is reasonably practical within a reasonable period of time after cessation of operations at each well location on the leased premises.

14. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit or units formed by such pooling for: (a) an oil well which is not a horizontal completion shall not exceed eighty (80) acres plus a maximum acreage tolerance of 10%, (b) an oil well which is a horizontal completion shall not exceed three hundred twenty (320) acres plus a maximum acreage tolerance of 10%, (c) a gas well completed at a depth of 8,000 feet or less below the surface shall not exceed three hundred twenty (320) acres plus a maximum acreage tolerance of 10% and (d) a gas well completed at a depth of more than 8,000 feet below the surface shall not exceed six hundred forty (640) acres plus a maximum acreage tolerance of 10%; provided that a larger unit or units may be formed for an oil well or a gas well, whether or not horizontally completed, to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of this paragraph 14, the terms "oil well" and gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so

prescribed, "oil well" means a well with a gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with a gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means a well in which the horizontal component of the gross completion interval exceeds one hundred (100) feet in length. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit or units and stating the effective date of pooling. Production, drilling, or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the surface acreage covered by this lease and included in the unit or units bears to the total gross acreage in the unit or units. As to any well drilled and completed by means of a horizontal completion, if within sixty (60) days from initial completion Lessee shall file of record a written designation of unit, then Lessee shall be authorized to calculate and pay all royalties on a unit basis from the date drilling commenced on the well. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall, without the joinder of Lessor, have the recurring right but not obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority, or to prudently develop and operate the leased premises or protect correlative rights. In making such a revision, Lessee shall file of record a written declaration describing the revised unit or units and stating the effective date of the revision. To the extent any portion of the leased premises is included or excluded from the unit by virtue of such revision, the proportion of the unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly as of the effective date of the revision. In the absence of production in paying quantities from a unit or units, or upon permanent cessation thereof, Lessee may terminate the unit or units by filing of record a written declaration describing the unit and stating the date of termination. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. As used in this paragraph, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

15. In the event a portion of the herein leased premises is pooled or unitized with other land so as to form a pooled unit or units, operations on, completion of a well upon, or production from such unit or units will not maintain this lease in force as to that portion of the leased premises not included in such unit or units. The lease may be maintained in force as to any portion of the leased premises covered hereby and not included in such unit or units in any manner provided for herein; provided, however, if at the end of the primary term or after the expiration of the primary term, Lessee is then engaged in drilling or reworking operations on the leased premises or on acreage pooled therewith, or if Lessee has completed a well as a producer or dry hole within sixty (60) days prior to the expiration of the primary term, this lease shall

remain in full force and effect as to all non-unitized acreage so long as Lessee conducts continuous operations thereon with no cessation of longer than sixty (60) days between the completion of drilling or reworking operations on a well and the commencement of such operations for the next succeeding well.

16. It is expressly agreed and provided that this lease cannot be held, maintained nor extended under and by virtue of the shut-in gas well provision of this lease for a longer term beyond the primary term than two (2) consecutive calendar years immediately after the primary term, or for shorter terms at various intervals not to exceed in the aggregate three (3) years in all.

17. Lessee is hereby given the option to extend the primary term of this lease for an additional two (2) years from the expiration of the original primary term. This option may be exercised by Lessee at any time during the last year of the original primary term by paying the same sum of Fifty and No/100 dollars ($50.00) per net mineral acre to Lessor to to the credit of Lessor in the TEXAS NATIONAL, at 2450 BECKER DR., Brenham, Texas 77833, (which bank and its successors are Lessor's agents and shall continue as the depository regardless of changes in ownership of said land). This payment shall be based upon the number of net mineral acres then covered by this lease and not at such time being maintined by other provisions hereof. This payment may be made by check or draft of Lessee mailed or delivered to Lessor or said bank at any time during the original primary term. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept payment, Lessee shall not be held in default for failure to make such payment until thirty (30) days after Lessor's delivery to Lessee of a proper recordable instrument naming another bank as agent to receive such payment. If, at the time this payment is made, various parties are entitled to specific amounts according to Lessee's records, this payment may be divided between said parties and paid in the same proportion. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a primary term of five (5) years. In the event this lease is being maintained by any provision hereof at the expiration of the primary term, Lessee shall have a period of thirty (30) days from the date this lease ceases to be so maintained within which to exercise this option.

18. Prior to conducting operations of the herein leased premises, Lessee shall obtain Lessor's written consent, which consent shall not unreasonably be withheld, as to the location of any such operations including roads or drill sites.

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

Michael Keith Draehn

Michael Keith Draehn
SS# [redacted]

THE STATE OF TEXAS §
COUNTY OF Washington §

This instrument was acknowledged before me this 28th day of October, 1994, by Michael Keith Draehn.

JILL MORRIS
MY COMMISSION EXPIRES
December 6, 1997

Jill Morris
Notary Public in and for the
State of Texas

VOL 0880 PAGE 358

Tract II

7317

MEMORANDUM OF EXTENSION
OF OIL, GAS AND MINERAL LEASE

0227

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

Reference is made to Oil, Gas and Mineral Lease ("Draehn Lease") dated October 17, 1994, from NORMAN W. DRAEHN and wife, DORIS DRAEHN (therein and herein called "Lessors") to JOHN H. YOUNG, INC. Covering the following land:

> 4.334 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas, described in 2 tracts as follows:
>
> First Tract: 2.0 acres of land, more or less, being the same land described in a Deed dated April 10, 1969 from Robert Draehn et ux to Norman W. Draehn, recorded in Volume 289, Page 118 of the Deed Records of Washington County, Texas.
>
> Second Tract: 2.334 acres of land, more or less, being the same land described in a Deed dated May 19, 1993 from Florence Draehn to Norman W. Draehn, recorded in Volume 698, Page 253 of the Official Records of Washington County, Texas,

and to recording memorandum of the Draehn Lease dated October 24, 1994, and recorded in Volume 759, Page 808 of the official Records of Washington County, Texas, executed by Lessors.

NOW, THEREFORE, for a sufficient consideration received, Lessors, acting for themselves and their heirs and assigns, declare and agree that the primary term of the Draehn Lease as set out therein, in accordance with the provisions thereof, has been and is extended to five (5) years from its date.

EXECUTED this 3rd day of December, 1997.

Norman W Draehn
NORMAN W. DRAEHN

Doris Draehn
DORIS DRAEHN

THE STATE OF TEXAS §
§
COUNTY OF WASHINGTON §

This instrument was acknowledged before me on this 3rd day of December, 1997 by NORMAN W. DRAEHN.

Suzette Blakey
NOTARY PUBLIC IN AND FOR
THE STATE OF T E X A S

Suzette Blakey
Notary's Printed Name

SUZETTE BLAKEY
Notary Public State of Texas
My Commission Expires
JUNE 29 1999

My Commission Expires:
6-29-99

THE STATE OF TEXAS §
§
COUNTY OF WASHINGTON §

This instrument was acknowledged before me on this 3rd day of December, 1997 by DORIS DRAEHN.

SUZETTE BLAKEY
Notary Public State of Texas
My Commission Expires
JUNE 29 1999

Suzette Blakey
NOTARY PUBLIC IN AND FOR
THE STATE OF T E X A S
Suzette Blakey
Notary's Printed Name

My Commission Expires:
6-29-99

C:\Corel\Office7\WPWin7\ASSIGNME\OTHER\MEMofEXTNdraehn

FILED FOR RECORD
WASHINGTON COUNTY, TX
'98 JAN 16 AM 10 18
WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

JAN 20 1998

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

1317-01

## MEMORANDUM OF OIL, GAS AND MINERAL LEASE

9359

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

THAT, for and in consideration of TEN AND NO/100 DOLLARS ($10.00) and other valuable consideration paid by **JOHN H. YOUNG, INC.**, hereinafter called "Lessee", whose address is 815 Walker, Suite 940, Houston, Texas 77002, to **NORMAN W. DRAEHN AND WIFE, DORIS F. DRAEHN,** hereinafter called "Lessor", whose address is Rt. 3 Box 12, Brenham, Texas 77833, Lessor has and does hereby GRANT, LEASE and LET unto Lessee for the purposes and with the exclusive right of exploring, drilling and operating for, producing and owning oil and gas, and their respective constituent products, including sulphur produced therewith, the following described land located in Washington County, Texas, to wit:

4.334 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas, described in 2 tracts as follows:

First Tract: 2.0 acres of land, more or less, being the same land described in a Deed dated April 10, 1969 from Robert Draehn et ux to Norman W. Draehn, recorded in Volume 289, page 118 of the Deed Records of Washington County, Texas.

Second Tract: 2.334 acres of land, more or less, being the same land described in a Deed dated May 19, 1993 from Florence Draehn to Norman W. Draehn, recorded in Volume 698, Page 253 of the Official Records of Washington County, Texas.

upon and subject to all of the terms and provisions set forth in that certain Oil, Gas and Mineral Lease dated October 17, 1994, covering said land, and providing for a primary term of three (3) years, and as long thereafter as operations, as defined in said lease, are conducted upon the leased premises with no cessation for more than sixty (60) consecutive days or oil, gas or other related hydrocarbons produced with oil or gas is produced from the leased premises or the lease is otherwise maintained in force as therein provided. A copy of said lease is in the possession of each of the parties Lessor and Lessee and which is incorporated herein by reference and made a part hereof as if set forth at length herein, and to which reference is made for all purposes.

~~IN~~ WITNESS WHEREOF, this instrument is executed on this the 24 day of October, 1994.

Norman W. Draehn
SS# [redacted]

Doris F. Draehn
SS# [redacted]

THE STATE OF TEXAS §
COUNTY OF Washington §

This instrument was acknowledged before me this 24th day of October 1994, by Norman W. Draehn and wife, Doris F. Draehn.

Alice Hanshaw
NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

My Seal Expires
April 17, 1995

FILED
AT 1:30 P M
DEC 15 1994
Gertrude Lehrmann
GERTRUDE LEHRMANN
COUNTY CLERK, WASHINGTON COUNTY, TEXAS

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

DEC 21 1994
Gertrude Lehrmann
Gertrude Lehrmann, County Clerk
Washington County, Texas

Producers 88 (4/76) Revised Paid Up
With 640 Acres Pooling Provision

)UND PRINTING & STATIONERY COMPANY
. .3 FANNIN, HOUSTON, TEXAS 77002, (713) 659-3159

# OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 17th day of October 19 94, between Norman W. Draehn and wife, Doris F. Draehn

Lessor (whether one or more), whose address is: Rt. 3 Box 12, Brenham, Texas 77833

and John H. Young, Inc., 815 Walker, Suite 940, Houston, Texas 77002, Lessee, WITNESSETH:

1. Lessor in consideration of Ten Dollars and other Valuable Consideration Dollars ($ 10.00 & OVC), in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, conducting exploration, geologic and geophysical surveys by seismograph, core test, gravity and magnetic methods, injecting gas, water and other fluids, and air into subsurface strata, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in Washington County, Texas, to-wit:

4.334 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas, described in 2 tracts as follows:

FIRST TRACT: 2.0 acres of land, more or less, being the same land described ina Deed dated April 10, 1969 from Robert Draehn et ux to Norman W. Draehn, recorded in Volume 289, Page 118 of the Deed Records of Washington County, Texas.

SECOND TRACT: 2.334 acres of land, more or less, being the same land described in a Deed dated May 19, 1993 from Florence Draehn to Norman W. Draehn, recorded in Volume 698, Page 253 of the Official Records of Washington County, Texas.

This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above.

2. This is a paid up lease and subject to the other provisions herein contained, this lease shall be for a term of 3 years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land or land with which said land is pooled hereunder.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipelines to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil; (b) to pay lessor for gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, one-eighth of the amount realized from the sale of gasoline or other products extracted therefrom and one-eighth of the amount realized from the sale of residue gas after deducting the amount used for plant fuel and/or compression; (c) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar ($1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to one dollar ($1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the Brenham National Bank at 2211 S. Day, Brenham, Texas 77833 or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owners of this lease, severally as to acreage owned by each.

4. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof as to oil and gas, or either of them, with any other land covered by this lease, and/or with any other land, lease or leases in the immediate vicinity thereof to the extent hereinafter stipulated, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore, or to develop and operate said leased premises in compliance with the spacing rules of the Railroad Commission of Texas, or other lawful authority, or when to do so would, in the judgment of Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not substantially exceed 40 acres each in area, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each plus a tolerance of ten percent (10%) thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well to be drilled, drilling or already drilled, units thereafter created may conform substantially in size with those prescribed or permitted by governmental regulations. Lessee under the provisions hereof may pool or combine acreage covered by this lease or any portion thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall file for record in the appropriate records of the county in which the leased premises are situated an instrument describing and designating the pooled acreage as a pooled unit; and upon such recordation the unit shall be effective as to all parties hereto, their heirs, successors, and assigns, irrespective of whether or not the unit is likewise effective as to all other owners of surface, mineral, royalty, or other rights in land included in such unit. Lessee may at its election exercise its pooling option before or after commencing operations for or completing an oil or gas well on the leased premises, and the pooled unit may include, but it is not required to include, land or leases upon which a well capable of producing oil or gas in paying quantities has theretofore been completed or upon which operations for the drilling of a well for oil or gas have theretofore been commenced. In the event of operations for drilling on or production of oil or gas from any part of a pooled unit which includes all or a portion of the land covered by this lease, regardless of whether such operations for drilling were commenced or such production was secured before or after the execution of this instrument or the instrument designating the pooled unit, such operations shall be considered as operations for drilling on or production of oil or gas from land covered by this lease whether or not the well or wells be located on the premises covered by this lease and in such event operations for drilling shall be deemed to have been commenced on said land within the meaning of paragraph 5 of this lease; and the entire acreage constituting such unit or units, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease. For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them shall be entitled on production of oil and gas, or either of them, from the pooled unit, there shall be allocated to the land covered by this lease and included in said unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled unit. Such allocation shall be on an acreage basis—that is to say, there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land. The production from an oil well will be considered as production from the lease or oil pooled unit from which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit. The formation of any unit hereunder shall not have the effect of changing the ownership of any shut-in production royalty which may become payable under this lease. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool as provided above with consequent allocation of production as above provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

**ADDENDUM**

Attached to and by reference made a part of that certain Oil, Gas and Mineral Lease dated October 15, 1994, between **NORMAN W. DRAEHN AND WIFE, DORIS F. DRAEHN,** Lessor, and **JOHN H. YOUNG, INC.**, Lessee, covering 4.334 acres, more or less, out of and a part of the Phillip Coe Survey, A-31, Washington County, Texas.

11. All royalties payable hereunder shall be based upon one-one-sixth (1/6) of production and wherever the fraction "one-eighth" (1/8) occurs in Paragraph 3 of this lease form, the fraction "one-sixth" (1/6) is hereby substituted therefor.

12. This lease covers only oil and gas and for the purposes of this lease, references to "oil and gas" shall include oil, gas, casinghead gas and by-products thereof, and such other hydrocarbon substances and sulphur as are produced with, incidental to, and as a part of its production of oil or gas; and all minerals of every kind and character found at any depth, except oil and gas, as herein defined, are expressly reserved to Lessor and Lessor's personal representatives, heirs and assigns.

13. Lessee shall pay for all damages to roads, fences, improvements, trees and growing crops caused by its operations hereunder, and will fill and level all pits and mounds, remove all board roads and board road materials, level and fill all ruts, and restore the surface of the ground to as near its original condition as is reasonably practical within a reasonable period of time after cessation of operations at each well location on the leased premises.

14. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit or units formed by such pooling for: (a) an oil well which is not a horizontal completion shall not exceed eighty (80) acres plus a maximum acreage tolerance of 10%, (b) an oil well which is a horizontal completion shall not exceed three hundred twenty (320) acres plus a maximum acreage tolerance of 10%, (c) a gas well completed at a depth of 8,000 feet or less below the surface shall not exceed three hundred twenty (320) acres plus a maximum acreage tolerance of 10% and (d) a gas well completed at a depth of more than 8,000 feet below the surface shall not exceed six hundred forty (640) acres plus a maximum acreage tolerance of 10%; provided that a larger unit or units may be formed for an oil well or a gas well, whether or not horizontally completed, to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of this paragraph 14, the terms "oil well" and gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so

prescribed, "oil well" means a well with a gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with a gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means a well in which the horizontal component of the gross completion interval exceeds one hundred (100) feet in length. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit or units and stating the effective date of pooling. Production, drilling, or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the surface acreage covered by this lease and included in the unit or units bears to the total gross acreage in the unit or units. As to any well drilled and completed by means of a horizontal completion, if within sixty (60) days from initial completion Lessee shall file of record a written designation of unit, then Lessee shall be authorized to calculate and pay all royalties on a unit basis from the date drilling commenced on the well. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall, without the joinder of Lessor, have the recurring right but not obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority, or to prudently develop and operate the leased premises or protect correlative rights. In making such a revision, Lessee shall file of record a written declaration describing the revised unit or units and stating the effective date of the revision. To the extent any portion of the leased premises is included or excluded from the unit by virtue of such revision, the proportion of the unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly as of the effective date of the revision. In the absence of production in paying quantities from a unit or units, or upon permanent cessation thereof, Lessee may terminate the unit or units by filing of record a written declaration describing the unit and stating the date of termination. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. As used in this paragraph, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

15. In the event a portion of the herein leased premises is pooled or unitized with other land so as to form a pooled unit or units, operations on, completion of a well upon, or production from such unit or units will not maintain this lease in force as to that portion of the leased premises not included in such unit or units. The lease may be maintained in force as to any portion of the leased premises covered hereby and not included in such unit or units in any manner provided for herein; provided, however, if at the end of the primary term or after the expiration of the primary term, Lessee is then engaged in drilling or reworking operations on the leased premises or on acreage pooled therewith, or if Lessee has completed a well as a producer or dry hole within sixty (60) days prior to the expiration of the primary term, this lease shall

remain in full force and effect as to all non-unitized acreage so long as Lessee conducts continuous operations thereon with no cessation of longer than sixty (60) days between the completion of drilling or reworking operations on a well and the commencement of such operations for the next succeeding well.

16. It is expressly agreed and provided that this lease cannot be held, maintained nor extended under and by virtue of the shut-in gas well provision of this lease for a longer term beyond the primary term than two (2) consecutive calendar years immediately after the primary term, or for shorter terms at various intervals not to exceed in the aggregate three (3) years in all.

17. Lessee is hereby given the option to extend the primary term of this lease for an additional two (2) years from the expiration of the original primary term. This option may be exercised by Lessee at any time during the last year of the original primary term by paying the same sum of Fifty and No/100 dollars ($50.00) per net mineral acre to Lessor to to the credit of Lessor in the Brenham National Bank, at 2211 S. Day, Brenham, Texas 77833, (which bank and its successors are Lessor's agents and shall continue as the depository regardless of changes in ownership of said land). This payment shall be based upon the number of net mineral acres then covered by this lease and not at such time being maintined by other provisions hereof. This payment may be made by check or draft of Lessee mailed or delivered to Lessor or said bank at any time during the original primary term. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept payment, Lessee shall not be held in default for failure to make such payment until thirty (30) days after Lessor's delivery to Lessee of a proper recordable instrument naming another bank as agent to receive such payment. If, at the time this payment is made, various parties are entitled to specific amounts according to Lessee's records, this payment may be divided between said parties and paid in the same proportion. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a primary term of five (5) years. In the event this lease is being maintained by any provision hereof at the expiration of the primary term, Lessee shall have a period of thirty (30) days from the date this lease ceases to be so maintained within which to exercise this option.

18. Prior to conducting operations of the herein leased premises, Lessee shall obtain Lessor's written consent, which consent shall not unreasonably be withheld, as to the location of any such operations including roads or drill sites.

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

Norman W. Draehn
SS# [redacted]

Doris F. Draehn
[redacted]

THE STATE OF TEXAS §
COUNTY OF Washington §

This instrument was acknowledged before me this 24th day of October, 1994, by Norman W. Draehn and wife, Doris F. Draehn.

My Seal Expires
April 17, 1995

Alice Dankans
Notary Public in and for the
State of Texas

VOL 0884 PAGE 022

Tract 12

MEMORANDUM OF EXTENSION
OF OIL, GAS AND MINERAL LEASE

7316-01 0972

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

Reference is made to Oil, Gas and Mineral Lease ("Draehn Lease") dated October 17, 1994, from FLORENCE DRAEHN, (therein and herein called "Lessor") to JOHN H. YOUNG, INC. Covering the following land:

> 5.666 acres of land, more or less, being 10.0 acres of land, more or less, situated in the Phillip Coe Survey, a-31, Washington County, Texas and more particularly described in a Deed dated March 1, 1961 from Ben Borman, et ux to Robert Draehn, et ux recorded in Volume 233, Page 299 of the Deed Records of Washington County, Texas; SAVE AND EXCEPT: 2.0 acres of land, more or less, described in a Deed dated April 10, 1969 from Robert Draehn, et ux, to Norman Draehn, recorded in Volume 289, Page 118 of the Deed Records of Washington County, Texas; ALSO SAVE AND EXCEPT: 2.334 acres of land, more or less, described in a Deed dated May 19, 1993, from Florence Draehn to Norman Draehn, recorded in Volume 698, Page 253 of the Official Records of Washington County, Texas,

and to recording memorandum of the Draehn Lease dated October 24, 1994, and recorded in Volume 759, Page 807 of the Official Records of Washington County, Texas, executed by Lessor.

NOW, THEREFORE, for a sufficient consideration received, Lessor, acting for herself and her heirs and assigns, declares and agrees that the primary term of the Draehn Lease as set out therein, in accordance with the provisions thereof, has been and is extended to five (5) years from its date.

EXECUTED this 13th day of November, 1997.

Florence Draehn
FLORENCE DRAEHN

THE STATE OF TEXAS §
§
COUNTY OF WASHINGTON §

This instrument was acknowledged before me on this 13th day of November, 1997 by FLORENCE DRAEHN.

SUZETTE BLAKEY
Notary Public State of Texas
My Commission Expires
JUNE 29 1999

Suzette Blakey
NOTARY PUBLIC IN AND FOR
THE STATE OF T E X A S

Suzette Blakey
Notary's Printed Name

My Commission Expires:
6-29-99

FILED FOR RECORD
WASHINGTON COUNTY, TX
'98 FEB 18 PM 2 43
Beth A. Rothermel
WASHINGTON C. CLERK

C:\CorelOffice7\WPWin7\ASSIGNME\OTHER\MEMofEXTFdraehn

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

FEB 19 1998

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

7316-01

VOL 759 PAGE 807

# MEMORANDUM OF OIL, GAS AND MINERAL LEASE

9358

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

THAT, for and in consideration of TEN AND NO/100 DOLLARS ($10.00) and other valuable consideration paid by **JOHN H. YOUNG, INC.**, hereinafter called "Lessee", whose address is 815 Walker, Suite 940, Houston, Texas 77002, to **FLORENCE DRAEHN,** hereinafter called "Lessor", whose address is Rt. 3 Box 14, Brenham, Texas 77833, Lessor has and does hereby GRANT, LEASE and LET unto Lessee for the purposes and with the exclusive right of exploring, drilling and operating for, producing and owning oil and gas, and their respective constituent products, including sulphur produced therewith, the following described land located in Washington County, Texas, to wit:

5.666 acres of land, more or less, being 10.0 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and more particularly described in a Deed dated March 1, 1961 from Ben borman, et ux, to Robert Draehn, et ux recorded in Volume 233, Page 299 of the Deed Records of Washington County, Texas; SAVE AND EXCEPT: 2.0 acres of land, more or less, described in a Deed dated April 10, 1969 from Robert Draehn, et ux, to Norman Draehn, recorded in Volume 289, Page 118 of the Deed Records of Washington County, Texas; ALSO SAVE AND EXCEPT: 2.334 acres of land, more or less, described in a Deed dated May 19, 1993, from Florence Draehn to Norman Draehn, recorded in Volume 698, Page 253 of the Official Records of Washington County, Texas.

upon and subject to all of the terms and provisions set forth in that certain Oil, Gas and Mineral Lease dated October 17, 1994, covering said land, and providing for a primary term of three (3) years, and as long thereafter as operations, as defined in said lease, are conducted upon the leased premises with no cessation for more than sixty (60) consecutive days or oil, gas or other related hydrocarbons produced with oil or gas is produced from the leased premises or the lease is otherwise maintained in force as therein provided. A copy of said lease is in the possession of each of the parties Lessor and Lessee and which is incorporated herein by reference and made a part hereof as if set forth at length herein, and to which reference is made for all purposes.

IN WITNESS WHEREOF, this instrument is executed on this the 24th day of October, 1994.

Florence Draehn

Florence Draehn
SS# [redacted]

THE STATE OF TEXAS §
COUNTY OF WASHINGTON §

This instrument was acknowledged before me this 24th day of October 1994, by Florence Draehn.

GALE T. HORLEN
NOTARY PUBLIC
State of Texas
Comm. Exp. 06-08-97

Gale T. Horlen

NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

FILED
AT 1:30 P M
DEC 15 1994
Gertrude Lehrmann
GERTRUDE LEHRMANN
COUNTY CLERK, WASHINGTON COUNTY, TEXAS

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

DEC 21 1994

Gertrude Lehrmann
Gertrude Lehrmann, County Clerk
Washington County, Texas

Producers 88 (4/76) Revised Paid Up
With 640 Acres Pooling Provision

OUND PRINTING & STATIONERY COMPANY
...25 FANNIN, HOUSTON, TEXAS 77002, (713) 659-3159

# OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 17th day of October 19 94, between Florence Draehn,

Lessor (whether one or more), whose address is: Rt. 3 Box 14, Brenham, Texas 77833,

and John H. Young, Inc., 815 Walker, Suite 940, Houston, Texas 77002, Lessee, WITNESSETH:

1. Lessor in consideration of Ten Dollars and Other Valuable Consideration Dollars ($ 10.00 & OVC), in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, conducting exploration, geologic and geophysical surveys by seismograph, core test, gravity and magnetic methods, injecting gas, water and other fluids, and air into subsurface strata, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in Washington County, Texas, to-wit:

5.666 acres of land, more or less, being 10.0 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and more particularly described in a Deed dated March 1, 1961 from Ben Borman, et ux, to Robert Draehn, et ux recorded in Volume 233, Page 299 of the Deed Records of Washington County, Texas SAVE AND EXCEPT: 2.0 acres of land, more or less, described in a Deed dated April 10, 1969 from Robert Draehn et ux, to Norman Draehn, recorded in Volume 289, Page 118 of the Deed Records of Washington County, Texas, ALSO SAVE AND EXCEPT: 2.334 acres of land, more or less described in a Deed dated May 19, 1993, from Florence Draehn to Norman Draehn, recorded in Volume 698, Page 253 of the Official Records of Washington County, Texas.

This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above.

2. This is a paid up lease and subject to the other provisions herein contained, this lease shall be for a term of 3 years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land or land with which said land is pooled hereunder.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipelines to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil; (b) to pay lessor for gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, one-eighth of the amount realized from the sale of gasoline or other products extracted therefrom and one-eighth of the amount realized from the sale of residue gas after deducting the amount used for plant fuel and/or compression; (c) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar ($1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to one dollar ($1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the Brenham National Bank at 2211 S. Day, Brenham, Texas 77833 or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owners of this lease, severally as to acreage owned by each.

4. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof as to oil and gas, or either of them, with any other land covered by this lease, and/or with any other land, lease or leases in the immediate vicinity thereof to the extent hereinafter stipulated, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore, or to develop and operate said leased premises in compliance with the spacing rules of the Railroad Commission of Texas, or other lawful authority, or when to do so would, in the judgment of Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not substantially exceed 40 acres each in area, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each plus a tolerance of ten percent (10%) thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well to be drilled, drilling or already drilled, units thereafter created may conform substantially in size with those prescribed or permitted by governmental regulations. Lessee under the provisions hereof may pool or combine acreage covered by this lease or any portion thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall file for record in the appropriate records of the county in which the leased premises are situated an instrument describing and designating the pooled acreage as a pooled unit; and upon such recordation the unit shall be effective as to all parties hereto, their heirs, successors, and assigns, irrespective of whether or not the unit is likewise effective as to all other owners of surface, mineral, royalty, or other rights in land included in such unit. Lessee may at its election exercise its pooling option before or after commencing operations for or completing an oil or gas well on the leased premises, and the pooled unit may include, but it is not required to include, land or leases upon which a well capable of producing oil or gas in paying quantities has theretofore been completed or upon which operations for the drilling of a well for oil or gas have theretofore been commenced. In the event of operations for drilling on or production of oil or gas from any part of a pooled unit which includes all or a portion of the land covered by this lease, regardless of whether such operations for drilling were commenced or such production was secured before or after the execution of this instrument or the instrument designating the pooled unit, such operations shall be considered as operations for drilling on or production of oil or gas from land covered by this lease whether or not the well or wells be located on the premises covered by this lease and in such event operations for drilling shall be deemed to have been commenced on said land within the meaning of paragraph 5 of this lease; and the entire acreage constituting such unit or units, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease. For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them shall be entitled on production of oil and gas, or either of them, from the pooled unit, there shall be allocated to the land covered by this lease and included in said unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled unit. Such allocation shall be on an acreage basis – that is to say, there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land. The production from an oil well will be considered as production from the lease or oil pooled unit from which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit. The formation of any unit hereunder shall not have the effect of changing the ownership of any shut-in production royalty which may become payable under this lease. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool as provided above with consequent allocation of production as above provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

**ADDENDUM**

Attached to and by reference made a part of that certain Oil, Gas and Mineral Lease dated October 17, 1994, between **FLORENCE DRAEHN,** Lessor, and **JOHN H. YOUNG, INC.**, Lessee, covering 5.666 acres, more or less, out of and a part of the Phillip Coe Survey, A-31, Washington County, Texas.

11. All royalties payable hereunder shall be based upon one-one-sixth (1/6) of production and wherever the fraction "one-eighth" (1/8) occurs in Paragraph 3 of this lease form, the fraction "one-sixth" (1/6) is hereby substituted therefor.

12. This lease covers only oil and gas and for the purposes of this lease, references to "oil and gas" shall include oil, gas, casinghead gas and by-products thereof, and such other hydrocarbon substances and sulphur as are produced with, incidental to, and as a part of its production of oil or gas; and all minerals of every kind and character found at any depth, except oil and gas, as herein defined, are expressly reserved to Lessor and Lessor's personal representatives, heirs and assigns.

13. Lessee shall pay for all damages to roads, fences, improvements, trees and growing crops caused by its operations hereunder, and will fill and level all pits and mounds, remove all board roads and board road materials, level and fill all ruts, and restore the surface of the ground to as near its original condition as is reasonably practical within a reasonable period of time after cessation of operations at each well location on the leased premises.

14. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit or units formed by such pooling for: (a) an oil well which is not a horizontal completion shall not exceed eighty (80) acres plus a maximum acreage tolerance of 10%, (b) an oil well which is a horizontal completion shall not exceed three hundred twenty (320) acres plus a maximum acreage tolerance of 10%, (c) a gas well completed at a depth of 8,000 feet or less below the surface shall not exceed three hundred twenty (320) acres plus a maximum acreage tolerance of 10% and (d) a gas well completed at a depth of more than 8,000 feet below the surface shall not exceed six hundred forty (640) acres plus a maximum acreage tolerance of 10%; provided that a larger unit or units may be formed for an oil well or a gas well, whether or not horizontally completed, to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of this paragraph 14, the terms "oil well" and gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so

prescribed, "oil well" means a well with a gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with a gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means a well in which the horizontal component of the gross completion interval exceeds one hundred (100) feet in length. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit or units and stating the effective date of pooling. Production, drilling, or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the surface acreage covered by this lease and included in the unit or units bears to the total gross acreage in the unit or units. As to any well drilled and completed by means of a horizontal completion, if within sixty (60) days from initial completion Lessee shall file of record a written designation of unit, then Lessee shall be authorized to calculate and pay all royalties on a unit basis from the date drilling commenced on the well. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall, without the joinder of Lessor, have the recurring right but not obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority, or to prudently develop and operate the leased premises or protect correlative rights. In making such a revision, Lessee shall file of record a written declaration describing the revised unit or units and stating the effective date of the revision. To the extent any portion of the leased premises is included or excluded from the unit by virtue of such revision, the proportion of the unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly as of the effective date of the revision. In the absence of production in paying quantities from a unit or units, or upon permanent cessation thereof, Lessee may terminate the unit or units by filing of record a written declaration describing the unit and stating the date of termination. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. As used in this paragraph, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

15. In the event a portion of the herein leased premises is pooled or unitized with other land so as to form a pooled unit or units, operations on, completion of a well upon, or production from such unit or units will not maintain this lease in force as to that portion of the leased premises not included in such unit or units. The lease may be maintained in force as to any portion of the leased premises covered hereby and not included in such unit or units in any manner provided for herein; provided, however, if at the end of the primary term or after the expiration of the primary term, Lessee is then engaged in drilling or reworking operations on the leased premises or on acreage pooled therewith, or if Lessee has completed a well as a producer or dry hole within sixty (60) days prior to the expiration of the primary term, this lease shall

remain in full force and effect as to all non-unitized acreage so long as Lessee conducts continuous operations thereon with no cessation of longer than sixty (60) days between the completion of drilling or reworking operations on a well and the commencement of such operations for the next succeeding well.

16. It is expressly agreed and provided that this lease cannot be held, maintained nor extended under and by virtue of the shut-in gas well provision of this lease for a longer term beyond the primary term than two (2) consecutive calendar years immediately after the primary term, or for shorter terms at various intervals not to exceed in the aggregate three (3) years in all.

17. Lessee is hereby given the option to extend the primary term of this lease for an additional two (2) years from the expiration of the original primary term. This option may be exercised by Lessee at any time during the last year of the original primary term by paying the same sum of Fifty and No/100 dollars ($50.00) per net mineral acre to Lessor to to the credit of Lessor in the Brenham National Bank, at 2211 S. Day, Brenham, Texas 77833, (which bank and its successors are Lessor's agents and shall continue as the depository regardless of changes in ownership of said land). This payment shall be based upon the number of net mineral acres then covered by this lease and not at such time being maintined by other provisions hereof. This payment may be made by check or draft of Lessee mailed or delivered to Lessor or said bank at any time during the original primary term. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept payment, Lessee shall not be held in default for failure to make such payment until thirty (30) days after Lessor's delivery to Lessee of a proper recordable instrument naming another bank as agent to receive such payment. If, at the time this payment is made, various parties are entitled to specific amounts according to Lessee's records, this payment may be divided between said parties and paid in the same proportion. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a primary term of five (5) years. In the event this lease is being maintained by any provision hereof at the expiration of the primary term, Lessee shall have a period of thirty (30) days from the date this lease ceases to be so maintained within which to exercise this option.

18. Prior to conducting operations of the herein leased premises, Lessee shall obtain Lessor's written consent, which consent shall not unreasonably be withheld, as to the location of any such operations including roads or drill sites.

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

Florence Draehn

Florence Draehn
SS# [redacted]

THE STATE OF TEXAS §
COUNTY OF WASHINGTON §

This instrument was acknowledged before me this 24th day of October, 1994, by Florence Draehn.




Gale T. Horlen
Notary Public in and for the
State of Texas

Tract 13



# MEMORANDUM OF OIL AND GAS LEASE

2228

THIS AGREEMENT, made and entered into this 27th day of February, 1998 by and between MIKE HOPKINS DISTRIBUTING COMPANY, INC., a Texas corporation, hereinafter called "LESSOR", whose address is P. O. Box 1919, Brenham, Texas 77834 and UNION PACIFIC RESOURCES COMPANY, hereinafter called "LESSEE", whose address is 801 Cherry Street, Fort Worth, Texas 76102;

WITNESSETH:

That Lessor, for a valuable consideration and in consideration of the covenants of the Lessee set forth in that certain Oil and Gas Lease made and entered into this day by and between the parties hereto covering the land hereinafter described, does hereby grant, lease and let exclusively unto said Lessee for the purposes of exploring, drilling, operating for and producing oil, gas and associated hydrocarbon substances from all that certain land (Leased Premises) situated in the County of Washington, State of Texas, and more particularly described as follows:

41.4275 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas, described in three (3) tracts as follows:

TRACT 1: 29.738 acres, more or less, more fully described in a Special Warranty Deed dated December 16, 1991 from Federal Deposit Insurance Corporation as Receiver of Washington County State Bank, Brenham, Texas to Mike Hopkins Distributing Company, Inc., recorded in Volume 662, Page 125, Official Records, Washington County, Texas.

TRACT 2: 6.535 acres, more or less, more fully described in a Special Warranty Deed dated December 13, 1991 from Resolution Trust Corporation as Receiver of First Federal Savings and Loan Association of Brenham, Texas to Mike Hopkins Distributing Company, Inc., recorded in Volume 662, Page 132, Official Records, Washington County, Texas.

TRACT 3: 5.1545 acres, more or less, more fully described in a Warranty Deed dated August 24, 1993 from Dix R. Turnbow to Mike Hopkins Distributing Company, Inc., recorded in Volume 707, Page 788, Official Records, Washington County, Texas.

The lease is for a term of three (3) years and so long thereafter as oil or gas is being produced in paying quantities from the Leased Premises, or land pooled therewith, or so long thereafter as drilling, deepening or reworking operations for the production of oil or gas are being conducted thereon, as therein provided.

Reference is hereby made to executed copies of said Oil and Gas Lease in possession of Lessor and Lessee, respectively, for all provisions thereof, and by this reference same are incorporated herein and made a part hereof in all respects as though fully set forth herein.

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

MIKE HOPKINS DISTRIBUTING COMPANY, INC., a Texas corporation

By: Mike Hopkins
MIKE HOPKINS, PRESIDENT

ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF WASHINGTON

This instrument was acknowledged before me this 7 day of April, 1998, by MIKE HOPKINS, President, MIKE HOPKINS DISTRIBUTING COMPANY, INC., a Texas corporation, in the capacity stated herein.

Dee Glaesmann
Notary Public, State of Texas

My commission expires:

DEE GLAESMANN
Notary Public, State of Texas
My Commission Expires March 29, 2002

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

APR 08 1998

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

FILED FOR RECORD
WASHINGTON COUNTY, TX
'98 APR 7 PM 1 45
Beth A. Rothermel
WASHINGTON CO. CLERK

OIL, GAS & MINERAL LEASE

PROD 88 (REV 8/93)
PAID UP

THIS LEASE AGREEMENT is made effective the 27 th day of February, 19 98,

between MIKE HOPKINS DISTRIBUTING COMPANY, INC., a Texas Corporation by MIKE HOPKINS, PRESIDENT

as Lessor (whether one or more), whose address is P. O. BOX 1919, BRENHAM, TX 77834

and UNION PACIFIC RESOURCES COMPANY, as Lessee,

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

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

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

WASHINGTON County, Texas, to-wit:

SEE EXHIBIT 'A' FOR LEGAL DESCRIPTION OF LANDS.

SEE EXHIBIT 'B' FOR ADDITIONAL ADDENDUMS MADE A PART HEREOF.

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 41.4275 acres, whether it actually comprises more or less.

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

3. **Royalty.** Royalties on covered minerals produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's held separator facilities, the royalty shall be 1/5 of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead posted price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity less a proportionate part of ad valorem taxes and production, severance, or other excise taxes, (b) for gas (including casinghead gas) and all other covered minerals, the royalty shall be 1/5 of the net proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and (c) if during or after the primary term one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut-in or production therefrom is not being sold by Lessee for a period of 90 consecutive days, then Lessee may pay shut-in royalty of one dollar per acre of land then covered by this lease, such payment to be made to Lessor on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in and it shall be considered that such well is producing in paying quantities for all purposes hereof during any period for which such shut-in royalty is tendered; provided that if this lease is otherwise being maintained by the payment of rentals or by operations, or if a well or wells on the leased premises is producing in paying quantities, no shut-in royalty shall be due until the end of the 90-day period next following the end of the rental period or the cessation of such operations or production, as the case may be. ~~Lessee shall have free use of oil, gas, water, and other substances produced from said land, except water from Lessor's wells or ponds, for all operations hereunder, and Lessor's royalty shall be computed after deducting any so used.~~

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

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

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

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

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

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

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

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

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

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

SS# AND/OR TAX ID #

[redacted]

LESSOR:

Mike Hopkins

MIKE HOPKINS, PRESIDENT

DEE GLAESMANN
Notary Public, State of Texas
My Commission Expires March 29, 2002

STATE OF TEXAS )
) ss.
COUNTY OF WASHINGTON )

This instrument was acknowledged before me this 2 day of ~~March~~ April, 1998, by MIKE HOPKINS, President, MIKE HOPKINS DISTRIBUTING COMPANY, INC., a Texas corporation, in the capacity stated herein.

Dee Glaesmann
Notary Public

My Commission Expires:

3/29/02

STATE OF _____ )
) ss.
COUNTY _____ )

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

_____
Notary Public

My Commission Expires:

_____

Attached hereto and made a part hereof that certain Oil and Gas Lease dated February 27, 1998 by and between MIKE HOPKINS DISTRIBUTING COMPANY, INC., a Texas Corporation by MIKE HOPKINS, PRESIDENT, as Lessor, and UNION PACIFIC RESOURCES COMPANY as Lessee.

# Exhibit A

LEGAL DESCRIPTION

41.4275 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas, described in three (3) tracts as follows:

TR. 1) 29.738 acres, more or less, more fully described in a Special Warranty Deed dated December 16, 1991 from Federal Deposit Insurance Corporation as Receiver of Washington County State Bank, Brenham, Texas to Mike Hopkins Distributing Company, Inc., recorded in Volume 662, Page 125, Official Records, Washington County, Texas.

Tr. 2: 6.535 acres, more or less, more fully described in a Special Warranty Deed dated December 13, 1991 from Resolution Trust Corporation as Receiver of First Federal Savings and Loan Association of Brenham, Texas to Mike Hopkins Distributing Company, Inc., recorded in Volume 662, Page 132, Official Records, Washington County, Texas.

Tr. 3: 5.1545 acres, more or less, more fully described in a Warranty Deed dated August 24, 1993 from Dix R. Turnbow to Mike Hopkins Distributing Company, Inc., recorded in Volume 707, Page 788, Official Records, Washington County, Texas.

MHH

LESSOR INITIALS

Attached hereto and made a part hereof that certain Oil and Gas Lease dated February 27, 1998 by and between MIKE HOPKINS DISTRIBUTING COMPANY, INC., a Texas Corporation by MIKE HOPKINS, PRESIDENT, as Lessor, and UNION PACIFIC RESOURCES COMPANY as Lessee.

# Exhibit B

OIL & GAS ONLY/EXCLUDED MINERALS

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

ROYALTY PAYMENT

13. If a well is drilled on the land described in this lease or on land pooled herewith, then the first payment of royalty shall be made on or before ninety (90) days after the end of the month of first purchase by a payor. In the event any royalty payment is not correctly or timely made, such royalty payment or unpaid portion thereof shall bear interest at the rate or 18% per annum beginning as of the date by which payment should have been made and running until paid.

SHUT-IN

14. Lessee's rights to maintain this Lease in force after the expiration of the primary term hereof, by payment of shut-in gas royalty as provided for herein, shall be limited to recurring periods after the primary term not to exceed three (3) years in the aggregate.

SURFACE RESTRICTION

15. Notwithstanding anything contained herein to the contrary, it is agreed and understood that Lessee shall have no right to conduct operations of any kind whatsoever on the surface of the leased premises described herein. A drillsite may however be located on the herein described leased premises only after and by mutual agreement between Lessor and Lessee and any such drillsite shall be allowed in accordance with the terms as mutually agreed to between Lessor and Lessee. However, nothing herein shall preclude Lessee from directional or horizontal drilling beneath the leased premises from land or lands pooled therewith.

UNITIZATION

16. Nothwithstanding anything contained herein to the contrary, it is expressly understood and agreed that in the event that Lessee elects to pool or unitize and unitizes any of the leased premises, then all of the leased premises will be included in such pool or unit.

MHH

LESSOR INITIALS

Tract 15



MEMORANDUM OF EXTENSION
OF OIL, GAS AND MINERAL LEASE

0979

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

7369

Reference is made to Oil, Gas and Mineral Lease ("Flat Prairie Lease") dated December 8, 1994, from FLAT PRAIRIE CHURCH OF GOD (therein and herein called "Lessor") to JOHN H. YOUNG, INC. Covering the following land:

> 6.040 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in that certain deed dated September 25, 1992 from Brenham National Bank, a National Banking Corporation to Flat Prairie Church of God, recorded in Volume 680, Page 742, Official Records, Washington County, Texas

and to recording memorandum of the Flat Prairie Lease dated December 22, 1994, and recorded in Volume 777, Page 113 of the Official Records of Washington County, Texas, executed by Lessors.

NOW, THEREFORE, for a sufficient consideration received, Lessor, acting for themselves and their heirs and assigns, declare and agree that the primary term of the Flat Prairie Lease as set out therein, in accordance with the provisions thereof, has been and is extended to five (5) years from its date.

EXECUTED this 29 day of December, 1997.

FLAT PRAIRIE CHURCH OF GOD

By: Irving Lewis
IRVING LEWIS, TRUSTEE

By: Morris Coldin
MORRIS COLDIN, TRUSTEE

THE STATE OF TEXAS §
§
COUNTY OF WASHINGTON §

This instrument was acknowledged before me on this 29 day of December, 1997 by IRVING LEWIS and MORRIS COLDIN, Trustees of Flat Prairie Church of God, in the capacities therein stated and as the act and deed of said Church.

ELIZABETH ANN SMIDOVEC
Notary Public, State of Texas
My Commission Expires
December 04, 2001

Elizabeth Ann Smidovec
NOTARY PUBLIC IN AND FOR
THE STATE OF T E X A S

Elizabeth Ann Smidovec
Notary's Printed Name

My Commission Expires:

12-04-2001

C:\Corel\Office7\WPWin7\ASSIGNME\OTHER\MEMofEXTFlatPraire

2559

## MEMORANDUM OF OIL, GAS AND MINERAL LEASE

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

THAT, for and in consideration of TEN AND NO/100 DOLLARS ($10.00) and other valuable consideration paid by **JOHN H. YOUNG, INC.**, hereinafter called "Lessee", whose address is 815 Walker, Suite 940, Houston, Texas 77002, to **FLAT PRAIRIE CHURCH OF GOD,** hereinafter called "Lessor", whose address is Rt. 1 Box 185AA, Burton, Texas 77835, Lessor has and does hereby GRANT, LEASE and LET unto Lessee for the purposes and with the exclusive right of exploring, drilling and operating for, producing and owning oil and gas, and their respective constituent products, including sulphur produced therewith, the following described land located in Washington County, Texas, to wit:

6.040 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in that certain deed dated September 25, 1992 from Brenham National Bank, a National Banking Corporation to Flat Prairie Church of God, recorded in Volume 680, Page 742, Official Records, Washington County, Texas.

upon and subject to all of the terms and provisions set forth in that certain Oil, Gas and Mineral Lease dated December 8, 1994, covering said land, and providing for a primary term of three (3) years, and as long thereafter as operations, as defined in said lease, are conducted upon the leased premises with no cessation for more than sixty (60) consecutive days or oil, gas or other related hydrocarbons produced with oil or gas is produced from the leased premises or the lease is otherwise maintained in force as therein provided. A copy of said lease is in the possession of each of the parties Lessor and Lessee and which is incorporated herein by reference and made a part hereof as if set forth at length herein, and to which reference is made for all purposes.

IN WITNESS WHEREOF, this instrument is executed on this the 22 day of December, 1994.

FLAT PRAIRIE CHURCH OF GOD

BY:

Irving Lewis, Trustee

Morris Coldin, Trustee

THE STATE OF TEXAS §
COUNTY OF Washington §

This instrument was acknowledged before me this 22 day of December 1994, by Irving Lewis and Morris Coldin, Trustees of Flat Prairie Church of God, in the capacities therein stated and as the act and deed of said Church.

DAVID M. SIMPSON
MY COMMISSION EXPIRES
March 31, 1997

NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

Producers 88 (4/76) Revised Paid Up
With 640 Acres Pooling Provision

©POUND PRINTING & STATIONERY COMPANY
470? CHMOND, HOUSTON, TEXAS 77027 (713) 552-9797

# OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 8th day of December 19 94, between

Flat Prairie Church of God

Lessor (whether one or more), whose address is: Rt. 1 Box 185AA, Burton, Texas 77835,

and John H. Young, Inc., 815 Walker, Suite 940, Houston, Texas 77002, Lessee, WITNESSETH:

1. Lessor in consideration of Ten Dollars and Other Valuable Consideration Dollars

($ ), in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, conducting exploration, geologic and geophysical surveys by seismograph, core test, gravity and magnetic methods, injecting gas, water and other fluids, and air into subsurface strata, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in Washington County, Texas, to-wit:

6.040 acres, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in that certain Deed dated September 25, 1992 from Brenham National Bank, a National Banking Corporation, to Flat Prairie Church of God, recorded in Volume 680, Page 742, Official Records, Washington County, Texas.

This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above.

2. This is a paid up lease and subject to the other provisions herein contained, this lease shall be for a term of 3 years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land or land with which said land is pooled hereunder.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipelines to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil; (b) to pay lessor for gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, one-eighth of the amount realized from the sale of gasoline or other products extracted therefrom and one-eighth of the amount realized from the sale of residue gas after deducting the amount used for plant fuel and/or compression; (c) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar ($1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to one dollar ($1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the BANK ONE Bank at 303 N. Market, Brenham, Tx 77833 or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owners of this lease, severally as to acreage owned by each.

4. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof as to oil and gas, or either of them, with any other land covered by this lease, and/or with any other land, lease or leases in the immediate vicinity thereof to the extent hereinafter stipulated, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore, or to develop and operate said leased premises in compliance with the spacing rules of the Railroad Commission of Texas, or other lawful authority, or when to do so would, in the judgment of Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not substantially exceed 40 acres each in area, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each plus a tolerance of ten percent (10%) thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well to be drilled, drilling or already drilled, units thereafter created may conform substantially in size with those prescribed or permitted by governmental regulations. Lessee under the provisions hereof may pool or combine acreage covered by this lease or any portion thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall file for record in the appropriate records of the county in which the leased premises are situated an instrument describing and designating the pooled acreage as a pooled unit; and upon such recordation the unit shall be effective as to all parties hereto, their heirs, successors, and assigns, irrespective of whether or not the unit is likewise effective as to all other owners of surface, mineral, royalty, or other rights in land included in such unit. Lessee may at its election exercise its pooling option before or after commencing operations for or completing an oil or gas well on the leased premises, and the pooled unit may include, but it is not required to include, land or leases upon which a well capable of producing oil or gas in paying quantities has theretofore been completed or upon which operations for the drilling of a well for oil or gas have theretofore been commenced. In the event of operations for drilling on or production of oil or gas from any part of a pooled unit which includes all or a portion of the land covered by this lease, regardless of whether such operations for drilling were commenced or such production was secured before or after the execution of this instrument or the instrument designating the pooled unit, such operations shall be considered as operations for drilling on or production of oil or gas from land covered by this lease whether or not the well or wells be located on the premises covered by this lease and in such event operations for drilling shall be deemed to have been commenced on said land within the meaning of paragraph 5 of this lease; and the entire acreage constituting such unit or units, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease. For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them shall be entitled on production of oil and gas, or either of them, from the pooled unit, there shall be allocated to the land covered by this lease and included in said unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled unit. Such allocation shall be on an acreage basis—that is to say, there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land. The production from an oil well will be considered as production from the lease or oil pooled unit from which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit. The formation of any unit hereunder shall not have the effect of changing the ownership of any shut-in production royalty which may become payable under this lease. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool as provided above with consequent allocation of production as above provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

**ADDENDUM**

Attached to and by reference made a part of that certain Oil, Gas and Mineral Lease dated December 8, 1994, between **FLAT PRAIRIE CHURCH OF GOD,** Lessor, and **JOHN H. YOUNG, INC.,** Lessee, covering 6.040 acres, more or less, out of and a part of the Phillip Coe Survey, A-31, Washington County, Texas.

11. All royalties payable hereunder shall be based upon one-one-sixth (1/6) of production and wherever the fraction "one-eighth" (1/8) occurs in Paragraph 3 of this lease form, the fraction "one-sixth" (1/6) is hereby substituted therefor.

12. This lease covers only oil and gas and for the purposes of this lease, references to "oil and gas" shall include oil, gas, casinghead gas and by-products thereof, and such other hydrocarbon substances and sulphur as are produced with, incidental to, and as a part of its production of oil or gas; and all minerals of every kind and character found at any depth, except oil and gas, as herein defined, are expressly reserved to Lessor and Lessor's personal representatives, heirs and assigns.

13. Lessee shall pay for all damages to roads, fences, improvements, trees and growing crops caused by its operations hereunder, and will fill and level all pits and mounds, remove all board roads and board road materials, level and fill all ruts, and restore the surface of the ground to as near its original condition as is reasonably practical within a reasonable period of time after cessation of operations at each well location on the leased premises.

14. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit or units formed by such pooling for: (a) an oil well which is not a horizontal completion shall not exceed eighty (80) acres plus a maximum acreage tolerance of 10%, (b) an oil well which is a horizontal completion shall not exceed three hundred twenty (320) acres plus a maximum acreage tolerance of 10%, (c) a gas well shall not exceed six hundred forty (640) acres plus a maximum acreage tolerance of 10%; provided that a larger unit or units may be formed for an oil well or a gas well, whether or not horizontally completed, to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of this paragraph 14, the terms "oil well" and gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with a gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with a gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing

equipment; and the term "horizontal completion" means a well in which the horizontal component of the gross completion interval exceeds one hundred (100) feet in length. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit or units and stating the effective date of pooling. Production, drilling, or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the surface acreage covered by this lease and included in the unit or units bears to the total gross acreage in the unit or units. As to any well drilled and completed by means of a horizontal completion, if within sixty (60) days from initial completion Lessee shall file of record a written designation of unit, then Lessee shall be authorized to calculate and pay all royalties on a unit basis from the date drilling commenced on the well. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall, without the joinder of Lessor, have the recurring right but not obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority, or to prudently develop and operate the leased premises or protect correlative rights. In making such a revision, Lessee shall file of record a written declaration describing the revised unit or units and stating the effective date of the revision. To the extent any portion of the leased premises is included or excluded from the unit by virtue of such revision, the proportion of the unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly as of the effective date of the revision. In the absence of production in paying quantities from a unit or units, or upon permanent cessation thereof, Lessee may terminate the unit or units by filing of record a written declaration describing the unit and stating the date of termination. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. As used in this paragraph, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

15. In the event a portion of the herein leased premises is pooled or unitized with other land so as to form a pooled unit or units, operations on, completion of a well upon, or production from such unit or units will not maintain this lease in force as to that portion of the leased premises not included in such unit or units. The lease may be maintained in force as to any portion of the leased premises covered hereby and not included in such unit or units in any manner provided for herein; provided, however, if at the end of the primary term or after the expiration of the primary term, Lessee is then engaged in drilling or reworking operations on the leased premises or on acreage pooled therewith, or if Lessee has completed a well as a producer or dry hole within sixty (60) days prior to the expiration of the primary term, this lease shall remain in full force and effect as to all non-unitized acreage so long as Lessee conducts continuous operations thereon with no cessation of longer than sixty (60) days between the completion of drilling or reworking operations on a well and the commencement of such operations for the next succeeding well.

16. It is expressly agreed and provided that this lease cannot be held, maintained nor extended under and by virtue of the shut-in gas well provision of this lease for a longer term beyond the primary term than two (2) consecutive calendar years immediately after the primary term, or for shorter terms at various intervals not to exceed in the aggregate three (3) years in all.

17. Lessee is hereby given the option to extend the primary term of this lease for an additional two (2) years from the expiration of the original primary term. This option may be exercised by Lessee at any time during the last year of the original primary term by paying the same sum of Fifty and No/100 dollars ($50.00) per net mineral acre to Lessor to to the credit of Lessor in the Bank One Bank, at 303 N. Market, Brenham, Texas, 77833, (which bank and its successors are Lessor's agents and shall continue as the depository regardless of changes in ownership of said land). This payment shall be based upon the number of net mineral acres then covered by this lease and not at such time being maintined by other provisions hereof. This payment may be made by check or draft of Lessee mailed or delivered to Lessor or said bank at any time during the original primary term. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept payment, Lessee shall not be held in default for failure to make such payment until thirty (30) days after Lessor's delivery to Lessee of a proper recordable instrument naming another bank as agent to receive such payment. If, at the time this payment is made, various parties are entitled to specific amounts according to Lessee's records, this payment may be divided between said parties and paid in the same proportion. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a primary term of five (5) years. In the event this lease is being maintained by any provision hereof at the expiration of the primary term, Lessee shall have a period of thirty (30) days from the date this lease ceases to be so maintained within which to exercise this option.

18. Prior to conducting operations of the herein leased premises, Lessee shall obtain Lessor's written consent, which consent shall not unreasonably be withheld, as to the location of any such operations including roads or drill sites.

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

FLAT PRAIRIE CHURCH OF GOD

BY: Irving Lewis
Irving Lewis, Trustee

Morris Coldin
Morris Coldin, Trustee

THE STATE OF TEXAS §
COUNTY OF Washington §

This instrument was acknowledged before me this 22 day of December, 1994, by Irving Lewis and Morris Coldin, Trustees of Flat Prairie Church of God, in the capacities therein stated and as the act and deed of said Church.

DAVID M. SIMPSON
MY COMMISSION EXPIRES
March 31, 1997

David M. Simpson
Notary Public in and for the
State of Texas

VOL 0884 PAGE 014

Tract 16

MEMORANDUM OF EXTENSION
OF OIL, GAS AND MINERAL LEASE

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0968

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

Reference is made to Oil, Gas and Mineral Lease ("Oevermann Lease") dated November 21, 1994, from TROY OEVERMANN and wife, CONNIE OEVERMANN (therein and herein called "Lessors") to JOHN H. YOUNG, INC. Covering the following land:

> 0.4025 acres of land, more or less, situated in the Phillip coe Survey, A-31, Washington County, Texas and being more particularly described in that certain deed dated November 12, 1993 from Darrell Plagens and wife, Rebecca Merten Plagens to Troy Oevermann, recorded in volume 716, Page 73, Official Records, Washington County, Texas,

and to recording memorandum of the Oevermann Lease dated December 3, 1994, and recorded in Volume 777, Page 88 of the Official Records of Washington County, Texas, executed by Lessors.

NOW, THEREFORE, for a sufficient consideration received, Lessors, acting for themselves and their heirs and assigns, declare and agree that the primary term of the Oevermann Lease as set out therein, in accordance with the provisions thereof, has been and is extended to five (5) years from its date.

EXECUTED this 17 day of NOVEMBER, 1997.

Troy Oevermann
TROY OEVERMANN

Connie Oevermann
CONNIE OEVERMANN

THE STATE OF TEXAS §
§
COUNTY OF WASHINGTON §

This instrument was acknowledged before me on this 17 day of November, 1997 by TROY OEVERMANN.

DONALD RAY AHRENS
MY COMMISSION EXPIRES
June 30, 2000

Donald Ray Ahrens
NOTARY PUBLIC IN AND FOR
THE STATE OF T E X A S

DONALD RAY AHRENS
Notary's Printed Name

My Commission Expires:

June 30, 2000

THE STATE OF TEXAS §
§
COUNTY OF WASHINGTON §

This instrument was acknowledged before me on this 17 day of November, 1997 by CONNIE OEVERMANN.

DONALD RAY AHRENS
MY COMMISSION EXPIRES
June 30, 2000

Donald Ray Ahrens
NOTARY PUBLIC IN AND FOR
THE STATE OF T E X A S

DONALD RAY AHRENS
Notary's Printed Name

My Commission Expires:

June 30, 2000

C:\Corel\Office7\WPWin7\ASSIGNME\OTHER\MEMofEXTToevermann

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

FEB 19 1998

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

FILED FOR RECORD
WASHINGTON COUNTY, TX
'98 FEB 18 PM 2 43
Beth A. Rothermel
WASHINGTON CO. CLERK

VOL 777 PAGE 88

# MEMORANDUM OF OIL, GAS AND MINERAL LEASE

2542

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

THAT, for and in consideration of TEN AND NO/100 DOLLARS ($10.00) and other valuable consideration paid by **JOHN H. YOUNG, INC.**, hereinafter called "Lessee", whose address is 815 Walker, Suite 940, Houston, Texas 77002, to **TROY OEVERMANN AND WIFE, CONNIE OEVERMANN,** hereinafter called "Lessor", whose address is Rt. 3 Box 10, Brenham, Texas 77833, Lessor has and does hereby GRANT, LEASE and LET unto Lessee for the purposes and with the exclusive right of exploring, drilling and operating for, producing and owning oil and gas, and their respective constituent products, including sulphur produced therewith, the following described land located in Washington County, Texas, to wit:

0.4025 acre of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in that certain Deed dated November 12, 1993 from Darrell Plagens and wife, Rebecca Merten Plagens to Troy Oevermann, recorded in Volume 716, Page 73, Official Records of Washington County, Texas.

upon and subject to all of the terms and provisions set forth in that certain Oil, Gas and Mineral Lease dated November 30, 1994, covering said land, and providing for a primary term of three (3) years, and as long thereafter as operations, as defined in said lease, are conducted upon the leased premises with no cessation for more than sixty (60) consecutive days or oil, gas or other related hydrocarbons produced with oil or gas is produced from the leased premises or the lease is otherwise maintained in force as therein provided. A copy of said lease is in the possession of each of the parties Lessor and Lessee and which is incorporated herein by reference and made a part hereof as if set forth at length herein, and to which reference is made for all purposes.

IN WITNESS WHEREOF, this instrument is executed on this the 3rd day of December, 1994.

Troy Oevermann
Troy Oevermann
SS# [redacted]

Connie Oevermann
Connie Oevermann
SS# [redacted]

THE STATE OF TEXAS §
COUNTY OF Washington §

This instrument was acknowledged before me this 3rd day of December 1994, by Troy Oevermann and wife, Connie Oevermann.

JIM S. WALKER
MY COMMISSION EXPIRES
July 20, 1998

J. S. Walker
NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

FILED

AT 9:30 a M.
APR 0 3 1995

Beth A. Rothermel
BETH ROTHERMEL
COUNTY CLERK, WASHINGTON COUNTY, TX

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

APR 0 4 1995

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

©POUND PRINTING & STATIONERY COMPANY
RICHMOND, HOUSTON, TEXAS 77027 (713) 552-9797

# OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 30th day of November 19 94, between Troy Oevermann and wife, Connie Oevermann

Lessor (whether one or more), whose address is: Rt. 3 Box 10, Brenham, Texas 77833, and John H. Young, Inc., 815 Walker, Suite 940, Houston, Texas 77002, Lessee, WITNESSETH:

1. Lessor in consideration of Ten Dollars and Other Valuable Consideration Dollars ($ 10.00 & OVC), in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, conducting exploration, geologic and geophysical surveys by seismograph, core test, gravity and magnetic methods, injecting gas, water and other fluids, and air into subsurface strata, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in Washington County, Texas, to-wit:

0.4025 acre, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in that certain Deed dated November 12, 1993 from Darrell Plagens and wife, Rebecca Merten Plagens to Troy Oevermann, recorded in Volume 716, Page 73, Official Records of Washington County, Texas.

This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above.

2. This is a paid up lease and subject to the other provisions herein contained, this lease shall be for a term of 3 years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land or land with which said land is pooled hereunder.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipelines to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil; (b) to pay lessor for gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, one-eighth of the amount realized from the sale of gasoline or other products extracted therefrom and one-eighth of the amount realized from the sale of residue gas after deducting the amount used for plant fuel and/or compression; (c) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar ($1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to one dollar ($1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the Texas National Bank at 2450 Becker Dr., Brenham, Texas 77833 or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owners of this lease, severally as to acreage owned by each.

4. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof as to oil and gas, or either of them, with any other land covered by this lease, and/or with any other land, lease or leases in the immediate vicinity thereof to the extent hereinafter stipulated, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore, or to develop and operate said leased premises in compliance with the spacing rules of the Railroad Commission of Texas, or other lawful authority, or when to do so would, in the judgment of Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not substantially exceed 40 acres each in area, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each plus a tolerance of ten percent (10%) thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well to be drilled, drilling or already drilled, units thereafter created may conform substantially in size with those prescribed or permitted by governmental regulations. Lessee under the provisions hereof may pool or combine acreage covered by this lease or any portion thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall file for record in the appropriate records of the county in which the leased premises are situated an instrument describing and designating the pooled acreage as a pooled unit; and upon such recordation the unit shall be effective as to all parties hereto, their heirs, successors, and assigns, irrespective of whether or not the unit is likewise effective as to all other owners of surface, mineral, royalty, or other rights in land included in such unit. Lessee may at its election exercise its pooling option before or after commencing operations for or completing an oil or gas well on the leased premises, and the pooled unit may include, but it is not required to include, land or leases upon which a well capable of producing oil or gas in paying quantities has theretofore been completed or upon which operations for the drilling of a well for oil or gas have theretofore been commenced. In the event of operations for drilling on or production of oil or gas from any part of a pooled unit which includes all or a portion of the land covered by this lease, regardless of whether such operations for drilling were commenced or such production was secured before or after the execution of this instrument or the instrument designating the pooled unit, such operations shall be considered as operations for drilling on or production of oil or gas from land covered by this lease whether or not the well or wells be located on the premises covered by this lease and in such event operations for drilling shall be deemed to have been commenced on said land within the meaning of paragraph 5 of this lease; and the entire acreage constituting such unit or units, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease. For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them shall be entitled on production of oil and gas, or either of them, from the pooled unit, there shall be allocated to the land covered by this lease and included in said unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled unit. Such allocation shall be on an acreage basis—that is to say, there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land. The production from an oil well will be considered as production from the lease or oil pooled unit from which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit. The formation of any unit hereunder shall not have the effect of changing the ownership of any shut-in production royalty which may become payable under this lease. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool as provided above with consequent allocation of production as above provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

**ADDENDUM**

Attached to and by reference made a part of that certain Oil, Gas and Mineral Lease dated November 30, 1994, between **TROY OEVERMANN AND WIFE, CONNIE OEVERMANN,** Lessor, and **JOHN H. YOUNG, INC.,** Lessee, covering 0.4025 acres, more or less, out of and a part of the Phillip Coe Survey, A-31, Washington County, Texas.

11. All royalties payable hereunder shall be based upon one-one-sixth (1/6) of production and wherever the fraction "one-eighth" (1/8) occurs in Paragraph 3 of this lease form, the fraction "one-sixth" (1/6) is hereby substituted therefor.

12. This lease covers only oil and gas and for the purposes of this lease, references to "oil and gas" shall include oil, gas, casinghead gas and by-products thereof, and such other hydrocarbon substances and sulphur as are produced with, incidental to, and as a part of its production of oil or gas; and all minerals of every kind and character found at any depth, except oil and gas, as herein defined, are expressly reserved to Lessor and Lessor's personal representatives, heirs and assigns.

13. Lessee shall pay for all damages to roads, fences, improvements, trees and growing crops caused by its operations hereunder, and will fill and level all pits and mounds, remove all board roads and board road materials, level and fill all ruts, and restore the surface of the ground to as near its original condition as is reasonably practical within a reasonable period of time after cessation of operations at each well location on the leased premises.

14. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit or units formed by such pooling for: (a) an oil well which is not a horizontal completion shall not exceed eighty (80) acres plus a maximum acreage tolerance of 10%, (b) an oil well which is a horizontal completion shall not exceed three hundred twenty (320) acres plus a maximum acreage tolerance of 10%, (c) a gas well shall not exceed six hundred forty (640) acres plus a maximum acreage tolerance of 10%; provided that a larger unit or units may be formed for an oil well or a gas well, whether or not horizontally completed, to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of this paragraph 14, the terms "oil well" and gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with a gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with a gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing

equipment; and the term "horizontal completion" means a well in which the horizontal component of the gross completion interval exceeds one hundred (100) feet in length. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit or units and stating the effective date of pooling. Production, drilling, or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the surface acreage covered by this lease and included in the unit or units bears to the total gross acreage in the unit or units. As to any well drilled and completed by means of a horizontal completion, if within sixty (60) days from initial completion Lessee shall file of record a written designation of unit, then Lessee shall be authorized to calculate and pay all royalties on a unit basis from the date drilling commenced on the well. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall, without the joinder of Lessor, have the recurring right but not obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority, or to prudently develop and operate the leased premises or protect correlative rights. In making such a revision, Lessee shall file of record a written declaration describing the revised unit or units and stating the effective date of the revision. To the extent any portion of the leased premises is included or excluded from the unit by virtue of such revision, the proportion of the unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly as of the effective date of the revision. In the absence of production in paying quantities from a unit or units, or upon permanent cessation thereof, Lessee may terminate the unit or units by filing of record a written declaration describing the unit and stating the date of termination. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. As used in this paragraph, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

15. In the event a portion of the herein leased premises is pooled or unitized with other land so as to form a pooled unit or units, operations on, completion of a well upon, or production from such unit or units will not maintain this lease in force as to that portion of the leased premises not included in such unit or units. The lease may be maintained in force as to any portion of the leased premises covered hereby and not included in such unit or units in any manner provided for herein; provided, however, if at the end of the primary term or after the expiration of the primary term, Lessee is then engaged in drilling or reworking operations on the leased premises or on acreage pooled therewith, or if Lessee has completed a well as a producer or dry hole within sixty (60) days prior to the expiration of the primary term, this lease shall remain in full force and effect as to all non-unitized acreage so long as Lessee conducts continuous operations thereon with no cessation of longer than sixty (60) days between the completion of drilling or reworking operations on a well and the commencement of such operations for the next succeeding well.

16. It is expressly agreed and provided that this lease cannot be held, maintained nor extended under and by virtue of the shut-in gas well provision of this lease for a longer term beyond the primary term than two (2) consecutive calendar years immediately after the primary term, or for shorter terms at various intervals not to exceed in the aggregate three (3) years in all.

17. Lessee is hereby given the option to extend the primary term of this lease for an additional two (2) years from the expiration of the original primary term. This option may be exercised by Lessee at any time during the last year of the original primary term by paying the same sum of Fifty and No/100 dollars ($50.00) per net mineral acre to Lessor to to the credit of Lessor in the Texas National Bank, at 2450 Becker Dr., Brenham, Texas, 77833, (which bank and its successors are Lessor's agents and shall continue as the depository regardless of changes in ownership of said land). This payment shall be based upon the number of net mineral acres then covered by this lease and not at such time being maintined by other provisions hereof. This payment may be made by check or draft of Lessee mailed or delivered to Lessor or said bank at any time during the original primary term. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept payment, Lessee shall not be held in default for failure to make such payment until thirty (30) days after Lessor's delivery to Lessee of a proper recordable instrument naming another bank as agent to receive such payment. If, at the time this payment is made, various parties are entitled to specific amounts according to Lessee's records, this payment may be divided between said parties and paid in the same proportion. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a primary term of five (5) years. In the event this lease is being maintained by any provision hereof at the expiration of the primary term, Lessee shall have a period of thirty (30) days from the date this lease ceases to be so maintained within which to exercise this option.

18. Prior to conducting operations of the herein leased premises, Lessee shall obtain Lessor's written consent, which consent shall not unreasonably be withheld, as to the location of any such operations including roads or drill sites.

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

Troy Oevermann
Troy Oevermann
SS# [redacted]

Connie Oevermann
Connie Oevermann
SS# [redacted]

THE STATE OF TEXAS §
COUNTY OF WASHINGTON §

This instrument was acknowledged before me this 3rd day of DECEMBER, 1994, by Troy Oevermann and wife, Connie Oevermann.

JIM S. WALKER
MY COMMISSION EXPIRES
July 20, 1998

J. S. Walker
Notary Public in and for the
State of Texas

Tract 17



1313

MEMORANDUM OF EXTENSION
OF OIL, GAS AND MINERAL LEASE

WA-73670-01

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

Reference is made to Oil, Gas and Mineral Lease ("Rueter Lease") dated December 19, 1994, from ROY W. REUTER AND WIFE, ANNETA RUETER (therein and herein called "Lessors") to JOHN H. YOUNG, INC. Covering the following land:

> 2.686 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas, and being more particularly described in that certain Deed dated May 17, 1989 from Texas National Bank to Roy W. Rueter and wife, Anneta Rueter recorded in Volume 606, Page 396, Official Records of Washington County, Texas,

and to recording memorandum of the Rueter Lease dated December 20 1994, and recorded in Volume 777, Page 110 of the Official Records of Washington County, Texas, executed by Lessors.

NOW, THEREFORE, for a sufficient consideration received, Lessors, acting for themselves and their heirs and assigns, declare and agree that the primary term of the Rueter Lease as set out therein, in accordance with the provisions thereof, has been and is extended to five (5) years from its date.

EXECUTED this 11th day of December, 1997.

Roy W Rueter
ROY W. RUETER

Anneta Rueter
ANNETA RUETER

THE STATE OF TEXAS §
§
COUNTY OF WASHINGTON §

This instrument was acknowledged before me on this 11th day of December, 1997 by ROY W. RUETER.

JACK GOTT
MY COMMISSION EXPIRES
April 9, 1999

NOTARY PUBLIC IN AND FOR
THE STATE OF T E X A S

Jack Gott
Notary's Printed Name

My Commission Expires:
4-9-99

THE STATE OF TEXAS §
§
COUNTY OF WASHINGTON §

This instrument was acknowledged before me on this 4th day of December, 1997 by ANNETA RUETER.

JACK GOTT
MY COMMISSION EXPIRES
April 9, 1999

NOTARY PUBLIC IN AND FOR
THE STATE OF T E X A S

Jack Gott
Notary's Printed Name

My Commission Expires:
4-9-99

JACK GOTT
MY COMMISSION EXPIRES
April 9, 1999

C:\Corel\Office7\WPWin7\ASSIGNME\OTHER\MEMofEXTRrueter

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

MAR 05 1998

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

FILED FOR RECORD
WASHINGTON COUNTY, TX
'98 MAR 4 PM 2 11
WASHINGTON CO. CLERK

VOL 777 PAGE 110

# MEMORANDUM OF OIL, GAS AND MINERAL LEASE

2557

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

THAT, for and in consideration of TEN AND NO/100 DOLLARS ($10.00) and other valuable consideration paid by **JOHN H. YOUNG, INC.**, hereinafter called "Lessee", whose address is 815 Walker, Suite 940, Houston, Texas 77002, to **ROY W. RUETER AND WIFE, ANNETA RUETER,** hereinafter called "Lessor", whose address is 1504 Gun & Rod Rd., Brenham, Texas 77833, Lessor has and does hereby GRANT, LEASE and LET unto Lessee for the purposes and with the exclusive right of exploring, drilling and operating for, producing and owning oil and gas, and their respective constituent products, including sulphur produced therewith, the following described land located in Washington County, Texas, to wit:

2.686 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in that certain deed dated May 17, 1989 from Texas National Bank to Roy W. Rueter and wife, Anneta Rueter recorded in Volume 606, Page 396, Official Records, Washington County, Texas.

upon and subject to all of the terms and provisions set forth in that certain Oil, Gas and Mineral Lease dated December 19, 1994, covering said land, and providing for a primary term of three (3) years, and as long thereafter as operations, as defined in said lease, are conducted upon the leased premises with no cessation for more than sixty (60) consecutive days or oil, gas or other related hydrocarbons produced with oil or gas is produced from the leased premises or the lease is otherwise maintained in force as therein provided. A copy of said lease is in the possession of each of the parties Lessor and Lessee and which is incorporated herein by reference and made a part hereof as if set forth at length herein, and to which reference is made for all purposes.

IN WITNESS WHEREOF, this instrument is executed on this the 20th day of December, 1994.

Roy W. Rueter
Roy W. Rueter
SS# [redacted]

Anneta Rueter
Anneta Rueter
SS# [redacted]

THE STATE OF TEXAS §
COUNTY OF Washington §

This instrument was acknowledged before me this 20th day of December 1994, by Roy W. Rueter and wife, Anneta Rueter.

Darlene Walker
NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

DARLENE WALKER
MY COMMISSION EXPIRES
April 1, 1995

FILED
AT 9:30 A M.
APR 0 3 1995
Beth A. Rothermel
BETH ROTHERMEL
COUNTY CLERK, WASHINGTON COUNTY, TX

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on APR 0 4 1995

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

Producers 88 (4/76) Revised Paid Up
With 640 Acres Pooling Provision

©POUND PRINTING & STATIONERY COMPANY
RICHMOND, HOUSTON, TEXAS 77027 (713) 552-9797

# OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 19th day of December 19 94, between Roy W. Rueter and wife, Anneta Rueter

Lessor (whether one or more), whose address is: 1504 Gun & Rod Rd., Brenham, Texas 77833
and John H. Young, Inc., 815 Walker, Suite 940, Houston, Texas 77002, Lessee, WITNESSETH:

1. Lessor in consideration of Ten Dollars and Other Valuable Consideration Dollars ($ 10.00 &OVC ), in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, conducting exploration, geologic and geophysical surveys by seismograph, core test, gravity and magnetic methods, injecting gas, water and other fluids, and air into subsurface strata, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in Washington County, Texas, to-wit:

2.686 acres, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in that certain Deed dated May 17, 1989 from Texas National Bank to Roy W. Rueter and wife, Anneta Rueter, recorded in Volume 606, Page 396, Official Records, Washington County, Texas.

This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above.

2. This is a paid up lease and subject to the other provisions herein contained, this lease shall be for a term of 3 years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land or land with which said land is pooled hereunder.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipelines to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil; (b) to pay lessor for gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, one-eighth of the amount realized from the sale of gasoline or other products extracted therefrom and one-eighth of the amount realized from the sale of residue gas after deducting the amount used for plant fuel and/or compression; (c) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar ($1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to one dollar ($1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the Bank One Bank at 303 N. Market, Brenham, Texas 77833 or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owners of this lease, severally as to acreage owned by each.

4. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof as to oil and gas, or either of them, with any other land covered by this lease, and/or with any other land, lease or leases in the immediate vicinity thereof to the extent hereinafter stipulated, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore, or to develop and operate said leased premises in compliance with the spacing rules of the Railroad Commission of Texas, or other lawful authority, or when to do so would, in the judgment of Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not substantially exceed 40 acres each in area, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each plus a tolerance of ten percent (10%) thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well to be drilled, drilling or already drilled, units thereafter created may conform substantially in size with those prescribed or permitted by governmental regulations. Lessee under the provisions hereof may pool or combine acreage covered by this lease or any portion thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall file for record in the appropriate records of the county in which the leased premises are situated an instrument describing and designating the pooled acreage as a pooled unit; and upon such recordation the unit shall be effective as to all parties hereto, their heirs, successors, and assigns, irrespective of whether or not the unit is likewise effective as to all other owners of surface, mineral, royalty, or other rights in land included in such unit. Lessee may at its election exercise its pooling option before or after commencing operations for or completing an oil or gas well on the leased premises, and the pooled unit may include, but it is not required to include, land or leases upon which a well capable of producing oil or gas in paying quantities has theretofore been completed or upon which operations for the drilling of a well for oil or gas have theretofore been commenced. In the event of operations for drilling on or production of oil or gas from any part of a pooled unit which includes all or a portion of the land covered by this lease, regardless of whether such operations for drilling were commenced or such production was secured before or after the execution of this instrument or the instrument designating the pooled unit, such operations shall be considered as operations for drilling on or production of oil or gas from land covered by this lease whether or not the well or wells be located on the premises covered by this lease and in such event operations for drilling shall be deemed to have been commenced on said land within the meaning of paragraph 5 of this lease; and the entire acreage constituting such unit or units, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease. For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them shall be entitled on production of oil and gas, or either of them, from the pooled unit, there shall be allocated to the land covered by this lease and included in said unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled unit. Such allocation shall be on an acreage basis—that is to say, there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land. The production from an oil well will be considered as production from the lease or oil pooled unit from which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit. The formation of any unit hereunder shall not have the effect of changing the ownership of any shut-in production royalty which may become payable under this lease. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool as provided above with consequent allocation of production as above provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

**ADDENDUM**

Attached to and by reference made a part of that certain Oil, Gas and Mineral Lease dated December 19, 1994, between **ROY W. RUETER AND WIFE, ANNETA RUETER,** Lessor, and **JOHN H. YOUNG, INC.**, Lessee, covering 2.686 acres, more or less, out of and a part of the Phillip Coe Survey, A-31, Washington County, Texas.

11. All royalties payable hereunder shall be based upon one-one-sixth (1/6) of production and wherever the fraction "one-eighth" (1/8) occurs in Paragraph 3 of this lease form, the fraction "one-sixth" (1/6) is hereby substituted therefor.

12. This lease covers only oil and gas and for the purposes of this lease, references to "oil and gas" shall include oil, gas, casinghead gas and by-products thereof, and such other hydrocarbon substances and sulphur as are produced with, incidental to, and as a part of its production of oil or gas; and all minerals of every kind and character found at any depth, except oil and gas, as herein defined, are expressly reserved to Lessor and Lessor's personal representatives, heirs and assigns.

13. Lessee shall pay for all damages to roads, fences, improvements, trees and growing crops caused by its operations hereunder, and will fill and level all pits and mounds, remove all board roads and board road materials, level and fill all ruts, and restore the surface of the ground to as near its original condition as is reasonably practical within a reasonable period of time after cessation of operations at each well location on the leased premises.

14. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit or units formed by such pooling for: (a) an oil well which is not a horizontal completion shall not exceed eighty (80) acres plus a maximum acreage tolerance of 10%, (b) an oil well which is a horizontal completion shall not exceed three hundred twenty (320) acres plus a maximum acreage tolerance of 10%, (c) a gas well shall not exceed six hundred forty (640) acres plus a maximum acreage tolerance of 10%; provided that a larger unit or units may be formed for an oil well or a gas well, whether or not horizontally completed, to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of this paragraph 14, the terms "oil well" and gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with a gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with a gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing

equipment; and the term "horizontal completion" means a well in which the horizontal component of the gross completion interval exceeds one hundred (100) feet in length. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit or units and stating the effective date of pooling. Production, drilling, or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the surface acreage covered by this lease and included in the unit or units bears to the total gross acreage in the unit or units. As to any well drilled and completed by means of a horizontal completion, if within sixty (60) days from initial completion Lessee shall file of record a written designation of unit, then Lessee shall be authorized to calculate and pay all royalties on a unit basis from the date drilling commenced on the well. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall, without the joinder of Lessor, have the recurring right but not obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority, or to prudently develop and operate the leased premises or protect correlative rights. In making such a revision, Lessee shall file of record a written declaration describing the revised unit or units and stating the effective date of the revision. To the extent any portion of the leased premises is included or excluded from the unit by virtue of such revision, the proportion of the unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly as of the effective date of the revision. In the absence of production in paying quantities from a unit or units, or upon permanent cessation thereof, Lessee may terminate the unit or units by filing of record a written declaration describing the unit and stating the date of termination. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. As used in this paragraph, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

15. In the event a portion of the herein leased premises is pooled or unitized with other land so as to form a pooled unit or units, operations on, completion of a well upon, or production from such unit or units will not maintain this lease in force as to that portion of the leased premises not included in such unit or units. The lease may be maintained in force as to any portion of the leased premises covered hereby and not included in such unit or units in any manner provided for herein; provided, however, if at the end of the primary term or after the expiration of the primary term, Lessee is then engaged in drilling or reworking operations on the leased premises or on acreage pooled therewith, or if Lessee has completed a well as a producer or dry hole within sixty (60) days prior to the expiration of the primary term, this lease shall remain in full force and effect as to all non-unitized acreage so long as Lessee conducts continuous operations thereon with no cessation of longer than sixty (60) days between the completion of drilling or reworking operations on a well and the commencement of such operations for the next succeeding well.

16. It is expressly agreed and provided that this lease cannot be held, maintained nor extended under and by virtue of the shut-in gas well provision of this lease for a longer term beyond the primary term than two (2) consecutive calendar years immediately after the primary term, or for shorter terms at various intervals not to exceed in the aggregate three (3) years in all.

17. Lessee is hereby given the option to extend the primary term of this lease for an additional two (2) years from the expiration of the original primary term. This option may be exercised by Lessee at any time during the last year of the original primary term by paying the same sum of Fifty and No/100 dollars ($50.00) per net mineral acre to Lessor to to the credit of Lessor in the Bank One Bank, at 303 N. Market, Brenham, Texas, 77833, (which bank and its successors are Lessor's agents and shall continue as the depository regardless of changes in ownership of said land). This payment shall be based upon the number of net mineral acres then covered by this lease and not at such time being maintined by other provisions hereof. This payment may be made by check or draft of Lessee mailed or delivered to Lessor or said bank at any time during the original primary term. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept payment, Lessee shall not be held in default for failure to make such payment until thirty (30) days after Lessor's delivery to Lessee of a proper recordable instrument naming another bank as agent to receive such payment. If, at the time this payment is made, various parties are entitled to specific amounts according to Lessee's records, this payment may be divided between said parties and paid in the same proportion. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a primary term of five (5) years. In the event this lease is being maintained by any provision hereof at the expiration of the primary term, Lessee shall have a period of thirty (30) days from the date this lease ceases to be so maintained within which to exercise this option.

18. Prior to conducting operations of the herein leased premises, Lessee shall obtain Lessor's written consent, which consent shall not unreasonably be withheld, as to the location of any such operations including roads or drill sites.

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

Roy W. Rueter
Roy W. Rueter
SS# [redacted]

Anneta Rueter
Anneta Rueter
SS# [redacted]

THE STATE OF TEXAS §
COUNTY OF Washington §

This instrument was acknowledged before me this 20th day of December, 1994, by Roy W. Rueter and wife, Anneta Rueter.

DARLENE WALKER
MY COMMISSION EXPIRES
April 1, 1995

Darlene Walker
Notary Public in and for the
State of Texas

Tract 18

VOL 759 PAGE 825

## MEMORANDUM OF OIL, GAS AND MINERAL LEASE

9373

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

THAT, for and in consideration of TEN AND NO/100 DOLLARS ($10.00) and other valuable consideration paid by **JOHN H. YOUNG, INC.**, hereinafter called "Lessee", whose address is 815 Walker, Suite 940, Houston, Texas 77002, to **JAMES WEHMEYER AND WIFE, SHARON ELAINE WEHMEYER**, hereinafter called "Lessor", whose address is Rt. 3 Box 763, Brenham, Texas 77833, Lessor has and does hereby GRANT, LEASE and LET unto Lessee for the purposes and with the exclusive right of exploring, drilling and operating for, producing and owning oil and gas, and their respective constituent products, including sulphur produced therewith, the following described land located in Washington County, Texas, to wit:

4.00 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in that certain deed dated March 9, 1976 from R.W. Grimm and wife, Nelda Grimm to James Wehmeyer recorded in Volume 343, Page 542, Deed Records, Washington County, Texas.

upon and subject to all of the terms and provisions set forth in that certain Oil, Gas and Mineral Lease dated November 3, 1994, covering said land, and providing for a primary term of three (3) years, and as long thereafter as operations, as defined in said lease, are conducted upon the leased premises with no cessation for more than sixty (60) consecutive days or oil, gas or other related hydrocarbons produced with oil or gas is produced from the leased premises or the lease is otherwise maintained in force as therein provided. A copy of said lease is in the possession of each of the parties Lessor and Lessee and which is incorporated herein by reference and made a part hereof as if set forth at length herein, and to which reference is made for all purposes.

IN WITNESS WHEREOF, this instrument is executed on this the 3rd day of November, 1994.

James Wehmeyer
SS# [redacted]

Sharon Elaine Wehmeyer
SS# [redacted]

THE STATE OF TEXAS §
COUNTY OF Washington §

This instrument was acknowledged before me this 3rd day of November 1994, by James Wehmeyer and wife, Sharon Elaine Wehmeyer.

NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

JIM S. WALKER
MY COMMISSION EXPIRES
July 20, 1998

FILED
AT 1:30 P M.
DEC 15 1994
Gertrude Lehrmann
GERTRUDE LEHRMANN
COUNTY CLERK, WASHINGTON COUNTY, TEXAS

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time stamped hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

DEC 21 1994
Gertrude Lehrmann
Gertrude Lehrmann, County Clerk
Washington County, Texas

VOL 0880 PAGE 970
Tract 19

MEMORANDUM OF EXTENSION
OF OIL, GAS AND MINERAL LEASE

7362

0233

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

Reference is made to Oil, Gas and Mineral Lease ("Teufel Lease") dated December 14, 1994, from ODIS TEUFEL and wife, SANDRA TEUFEL (therein and herein called "Lessors") to JOHN H. YOUNG, INC. Covering the following land:

> 3.00 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas, and being more particularly described in that certain Deed dated March 2, 1978 from Edgar Teufel and wife, Ella Mae Teufel to Odis J. Teufel and wife, Sandra B. Teufel, recorded in Volume 362, Page 448, Deed Records of Washington County, Texas,

and to recording memorandum of the Teufel Lease dated December 15 1994, and recorded in Volume 777, Page 104 of the official Records of Washington County, Texas, executed by Lessors.

NOW, THEREFORE, for a sufficient consideration received, Lessors, acting for themselves and their heirs and assigns, declare and agree that the primary term of the Teufel Lease as set out therein, in accordance with the provisions thereof, has been and is extended to five (5) years from its date.

EXECUTED this 22nd day of December, 1997.

Odis J. Teufel
ODIS TEUFEL

Sandra Teufel
SANDRA TEUFEL

THE STATE OF TEXAS §
§
COUNTY OF WASHINGTON §

This instrument was acknowledged before me on this 22nd day of December, 1997 by ODIS TEUFEL.

Terri L. Abernathy
NOTARY PUBLIC IN AND FOR
THE STATE OF T E X A S

TERRI L. ABERNATHY
Notary Public, State of Texas
My Commission Expires 04-15-1998

Terri L. Abernathy
Notary's Printed Name

My Commission Expires:
4-15-98

THE STATE OF TEXAS §
§
COUNTY OF WASHINGTON §

This instrument was acknowledged before me on this 22nd day of December, 1997 by SANDRA TEUFEL.

TERRI L. ABERNATHY
Notary Public, State of Texas
Commission Expires 04-15-1998

NOTARY PUBLIC IN AND FOR
THE STATE OF T E X A S

Terri L. Abernathy
Notary's Printed Name

My Commission Expires:
4-15-98

C:\Corel\Office7\WPWin7\ASSIGNME\OTHER\MEMofEXTOteufel

FILED FOR RECORD
'98 JAN 16 AM 10 19
WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

JAN 20 1998

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

VOL 777 PAGE 104

# MEMORANDUM OF OIL, GAS AND MINERAL LEASE

2552

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

THAT, for and in consideration of TEN AND NO/100 DOLLARS ($10.00) and other valuable consideration paid by **JOHN H. YOUNG, INC.**, hereinafter called "Lessee", whose address is 815 Walker, Suite 940, Houston, Texas 77002, to **ODIS J. TEUFEL AND WIFE, SANDRA B. TEUFEL,** hereinafter called "Lessor", whose address is Rt. 3 Box 176, Brenham, Texas 77833, Lessor has and does hereby GRANT, LEASE and LET unto Lessee for the purposes and with the exclusive right of exploring, drilling and operating for, producing and owning oil and gas, and their respective constituent products, including sulphur produced therewith, the following described land located in Washington County, Texas, to wit:

3.00 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in that certain deed dated March 2, 1978 from Edgar Teufel and wife, Ella Mae Teufel to Odis J. Teufel and wife, Sandra B. Teufel recorded in Volume 362, Page 448, Deed Records, Washington County, Texas.

upon and subject to all of the terms and provisions set forth in that certain Oil, Gas and Mineral Lease dated December 14, 1994, covering said land, and providing for a primary term of three (3) years, and as long thereafter as operations, as defined in said lease, are conducted upon the leased premises with no cessation for more than sixty (60) consecutive days or oil, gas or other related hydrocarbons produced with oil or gas is produced from the leased premises or the lease is otherwise maintained in force as therein provided. A copy of said lease is in the possession of each of the parties Lessor and Lessee and which is incorporated herein by reference and made a part hereof as if set forth at length herein, and to which reference is made for all purposes.

IN WITNESS WHEREOF, this instrument is executed on this the 15th day of December, 1994.

Odis J. Teufel
Odis J. Teufel
SS# [redacted]

Sandra B. Teufel
Sandra B. Teufel
SS# [redacted]

THE STATE OF TEXAS §
COUNTY OF Washington §

This instrument was acknowledged before me this 15th day of December 1994, by Odis J. Teufel and wife, Sandra B. Teufel.

J. L. Walker
NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

JIM S. WALKER
MY COMMISSION EXPIRES
July 20, 1998

FILED
AT 9:30 A.M.
APR 03 1995
Beth A. Rothermel
BETH ROTHERMEL
COUNTY CLERK, WASHINGTON COUNTY, TX

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on APR 04 1995

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

Producers 88 (4/76) Revised Paid Up
With 640 Acres Pooling Provision

©POUND PRINTING & STATIONERY COMPANY
RICHMOND, HOUSTON, TEXAS 77027 (713) 552-9797

# OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 14th day of December 19 94, between
Odis J. Teufel and wife, Sandra B. Teufel

Lessor (whether one or more), whose address is: Rt. 3 Box 176, Brenham, Texas 77833,
and John H. Young, Inc., 815 Walker, Suite 940, Houston, Texas 77002, Lessee, WITNESSETH:

1. Lessor in consideration of Ten Dollars and Other Valuable Consideration Dollars
($ 10.00 & OVC), in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, conducting exploration, geologic and geophysical surveys by seismograph, core test, gravity and magnetic methods, injecting gas, water and other fluids, and air into subsurface strata, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in Washington County, Texas, to-wit:

3.00 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in that certain Deed dated March 2, 1978 from Edgar Teufel and wife, Ella Mae Teufel to Odis J. Teufel and wife, Sandra B. Teufel, recorded in Volume 362, Page 448, Deed Records, Washington County, Texas.

This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above.

2. This is a paid up lease and subject to the other provisions herein contained, this lease shall be for a term of 3 years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land or land with which said land is pooled hereunder.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipelines to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil; (b) to pay lessor for gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, one-eighth of the amount realized from the sale of gasoline or other products extracted therefrom and one-eighth of the amount realized from the sale of residue gas after deducting the amount used for plant fuel and/or compression; (c) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar ($1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to one dollar ($1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the BRENHAM NATIONAL Bank at 2211 S. DAY, BRENHAM, TEXAS 77833 or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owners of this lease, severally as to acreage owned by each.

4. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof as to oil and gas, or either of them, with any other land covered by this lease, and/or with any other land, lease or leases in the immediate vicinity thereof to the extent hereinafter stipulated, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore, or to develop and operate said leased premises in compliance with the spacing rules of the Railroad Commission of Texas, or other lawful authority, or when to do so would, in the judgment of Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not substantially exceed 40 acres each in area, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each plus a tolerance of ten percent (10%) thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well to be drilled, drilling or already drilled, units thereafter created may conform substantially in size with those prescribed or permitted by governmental regulations. Lessee under the provisions hereof may pool or combine acreage covered by this lease or any portion thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall file for record in the appropriate records of the county in which the leased premises are situated an instrument describing and designating the pooled acreage as a pooled unit; and upon such recordation the unit shall be effective as to all parties hereto, their heirs, successors, and assigns, irrespective of whether or not the unit is likewise effective as to all other owners of surface, mineral, royalty, or other rights in land included in such unit. Lessee may at its election exercise its pooling option before or after commencing operations for or completing an oil or gas well on the leased premises, and the pooled unit may include, but it is not required to include, land or leases upon which a well capable of producing oil or gas in paying quantities has theretofore been completed or upon which operations for the drilling of a well for oil or gas have theretofore been commenced. In the event of operations for drilling on or production of oil or gas from any part of a pooled unit which includes all or a portion of the land covered by this lease, regardless of whether such operations for drilling were commenced or such production was secured before or after the execution of this instrument or the instrument designating the pooled unit, such operations shall be considered as operations for drilling on or production of oil or gas from land covered by this lease whether or not the well or wells be located on the premises covered by this lease and in such event operations for drilling shall be deemed to have been commenced on said land within the meaning of paragraph 5 of this lease; and the entire acreage constituting such unit or units, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease. For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them shall be entitled on production of oil and gas, or either of them, from the pooled unit, there shall be allocated to the land covered by this lease and included in said unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled unit. Such allocation shall be on an acreage basis – that is to say, there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land. The production from an oil well will be considered as production from the lease or oil pooled unit from which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit. The formation of any unit hereunder shall not have the effect of changing the ownership of any shut-in production royalty which may become payable under this lease. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool as provided above with consequent allocation of production as above provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

**ADDENDUM**

Attached to and by reference made a part of that certain Oil, Gas and Mineral Lease dated December 14, 1994, between **ODIS J. TEUFEL AND WIFE, SANDRA B. TEUFEL,** Lessor, and **JOHN H. YOUNG, INC.,** Lessee, covering 3.00 acres, more or less, out of and a part of the Phillip Coe Survey, A-31, Washington County, Texas.

11. All royalties payable hereunder shall be based upon one-one-sixth (1/6) of production and wherever the fraction "one-eighth" (1/8) occurs in Paragraph 3 of this lease form, the fraction "one-sixth" (1/6) is hereby substituted therefor.

12. This lease covers only oil and gas and for the purposes of this lease, references to "oil and gas" shall include oil, gas, casinghead gas and by-products thereof, and such other hydrocarbon substances and sulphur as are produced with, incidental to, and as a part of its production of oil or gas; and all minerals of every kind and character found at any depth, except oil and gas, as herein defined, are expressly reserved to Lessor and Lessor's personal representatives, heirs and assigns.

13. Lessee shall pay for all damages to roads, fences, improvements, trees and growing crops caused by its operations hereunder, and will fill and level all pits and mounds, remove all board roads and board road materials, level and fill all ruts, and restore the surface of the ground to as near its original condition as is reasonably practical within a reasonable period of time after cessation of operations at each well location on the leased premises.

14. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit or units formed by such pooling for: (a) an oil well which is not a horizontal completion shall not exceed eighty (80) acres plus a maximum acreage tolerance of 10%, (b) an oil well which is a horizontal completion shall not exceed three hundred twenty (320) acres plus a maximum acreage tolerance of 10%, (c) a gas well shall not exceed six hundred forty (640) acres plus a maximum acreage tolerance of 10%; provided that a larger unit or units may be formed for an oil well or a gas well, whether or not horizontally completed, to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of this paragraph 14, the terms "oil well" and gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with a gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with a gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing

equipment; and the term "horizontal completion" means a well in which the horizontal component of the gross completion interval exceeds one hundred (100) feet in length. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit or units and stating the effective date of pooling. Production, drilling, or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the surface acreage covered by this lease and included in the unit or units bears to the total gross acreage in the unit or units. As to any well drilled and completed by means of a horizontal completion, if within sixty (60) days from initial completion Lessee shall file of record a written designation of unit, then Lessee shall be authorized to calculate and pay all royalties on a unit basis from the date drilling commenced on the well. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall, without the joinder of Lessor, have the recurring right but not obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority, or to prudently develop and operate the leased premises or protect correlative rights. In making such a revision, Lessee shall file of record a written declaration describing the revised unit or units and stating the effective date of the revision. To the extent any portion of the leased premises is included or excluded from the unit by virtue of such revision, the proportion of the unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly as of the effective date of the revision. In the absence of production in paying quantities from a unit or units, or upon permanent cessation thereof, Lessee may terminate the unit or units by filing of record a written declaration describing the unit and stating the date of termination. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. As used in this paragraph, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

15. In the event a portion of the herein leased premises is pooled or unitized with other land so as to form a pooled unit or units, operations on, completion of a well upon, or production from such unit or units will not maintain this lease in force as to that portion of the leased premises not included in such unit or units. The lease may be maintained in force as to any portion of the leased premises covered hereby and not included in such unit or units in any manner provided for herein; provided, however, if at the end of the primary term or after the expiration of the primary term, Lessee is then engaged in drilling or reworking operations on the leased premises or on acreage pooled therewith, or if Lessee has completed a well as a producer or dry hole within sixty (60) days prior to the expiration of the primary term, this lease shall remain in full force and effect as to all non-unitized acreage so long as Lessee conducts continuous operations thereon with no cessation of longer than sixty (60) days between the completion of drilling or reworking operations on a well and the commencement of such operations for the next succeeding well.

Tract 20

VOL 759 PAGE 826

7333-01

9374

# MEMORANDUM OF OIL, GAS AND MINERAL LEASE

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

THAT, for and in consideration of TEN AND NO/100 DOLLARS ($10.00) and other valuable consideration paid by **JOHN H. YOUNG, INC.**, hereinafter called "Lessee", whose address is 815 Walker, Suite 940, Houston, Texas 77002, to **ADOLPH CHARLES WEHMEYER, INDIVIDUALLY AND AS CUSTODIAN FOR DEBBIE LYNN WEHMEYER, A MINOR,** hereinafter called "Lessor", whose address is Rt. 3 Box 14, Brenham, Texas 77833, Lessor has and does hereby GRANT, LEASE and LET unto Lessee for the purposes and with the exclusive right of exploring, drilling and operating for, producing and owning oil and gas, and their respective constituent products, including sulphur produced therewith, the following described land located in Washington County, Texas, to wit:

Being 43.485 acres of land, more or less, out of and a part of the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described as follows:

Tract 1: 29.485 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described as Tract One: being 25.9 acres, save and except 1/4 of an acre and Tract Two: being 12.0 acres in that certain deed dated December 10, 1945 from Mary Murski et al to A.G. Neinast and Hester Grimm Neinast, recorded in Volume 145, Page 133, Deed Records, Washington County, Texas.

SAVE AND EXCEPT THE FOLLOWING TRACTS:

(A) 6.389 acres of land, more or less, more particlarly described in that certain deed dated April 12, 1962, from A.G. Neinast et ux to John I. Hill, recorded in Volume 240, Page 47, Deed Records of Washington County, Texas.

(B) 0.776 of an acre of land, more or less, more particularly described in that certain deed dated July 17, 1979 from A.G. Neinast et ux to Dix R. Turnbow, recorded in Volume 386, Page 691, Deed Records of Washington County, Texas.

(C) 1.000 acre of land, more or less, more particularly described in that certain deed dated July 15, 1981 from A.G. Neinast et ux to Eldo Grimm et ux, recorded in Volume 419, Page 798, Deed Records of Washington County, Texas.

Tract 2: 14.00 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in that certain deed dated April 14, 1962 from John I. Hill et ux to A.G. Neinast and wife, Hester Grimm Neinast, recorded in Volume 240, Page 49, Deed Records of Washington County, Texas.

upon and subject to all of the terms and provisions set forth in that certain Oil, Gas and Mineral Lease dated November 8, 1994, covering said land, and providing for a primary term of three (3) years, and as long thereafter as operations, as defined in said lease, are conducted upon the leased premises with no cessation for more than sixty (60) consecutive days or oil, gas or other related hydrocarbons produced with oil or gas is produced from the leased premises or the lease is otherwise maintained in force as therein provided. A copy of said lease is in the possession of each of the parties Lessor and Lessee and which is incorporated herein by reference and made a part hereof as if set forth at length herein, and to which reference is made for all purposes.

IN WITNESS WHEREOF, this instrument is executed on this the 9th day of November, 1994.

Adolph Charles Wehmeyer
Adolph Charles Wehmeyer, Individually,
and as Custodian for Debbie Lynn Wehmeyer,
a minor
SS# [redacted]

THE STATE OF TEXAS §
COUNTY OF Washington §

This instrument was acknowledged before me this 9th day of November 1994, by Adolph Charles Wehmeyer, Individually, and as Custodian for Debbie Lynn Wehmeyer, a minor.

Darlene Walker
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

DARLENE WALKER
MY COMMISSION EXPIRES
April 1, 1995

FILED
AT 1:30 P M.
DEC 15 1994
Gertrude Lehrmann
GERTRUDE LEHRMANN
COUNTY CLERK, WASHINGTON COUNTY, TEXAS

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this Instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

DEC 21 1994

Gertrude Lehrmann
Gertrude Lehrmann, County Clerk
Washington County, Texas

MEMORANDUM OF EXTENSION
OF OIL, GAS AND MINERAL LEASE

0971

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

Reference is made to Oil, Gas and Mineral Lease ("Wehmeyer") dated November 8, 1994, from ADOLPH CHARLES WEHMEYER, INDIVIDUALLY AND AS CUSTODIAN FOR DEBBIE LYNN WEHMEYER, A MINOR, (therein and herein called "Lessor") to JOHN H. YOUNG, INC. Covering the following land:

> Being 43.485 acres of land, more or less, out of and a part of the Phillips Coe Survey, A-31, Washington County, Texas and being more particularly described as follows:
>
> Tract 1: 29.485 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described as Tract One: being 25.9 acres, save and except 1/4 of an acre and Tract Two: being 12.0 acres in that certain Deed dated December 10, 1945 from Mary Murski et al to A.G. Neinast and Hester Grimm Neinast, recorded in Volume 145, Page 133, Deed Records, Washington County, Texas.
>
> SAVE AND EXCEPT THE FOLLOWING TRACTS:
>
> (A) 6.389 acres of land, more or less, more particularly described in that certain deed dated April 12, 1962, from A. G. Neinast et ux to John I. Hill, recorded in Volume 240, Page 47, Deed Records of Washington County, Texas.
>
> (B) 0.776 of an acre, more or less, more particularly described in that certain deed dated July 17, 1979 from A. G. Neinast et ux to Dix R. Turnbow, recorded in Volume 386, Page 691, Deed Records of Washington County, Texas.
>
> (C) 1.000 acre of land, more or less, more particularly described in that certain deed dated July 15, 1981 from A. G. Neinast et ux to Eldo Grimm et ux, recorded in Volume 419, Page 798, Deed Records of Washington County, Texas.
>
> Tract Two: 14.0 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in that ceratin deed dated April 14, 1962 from John I. Hill et ux to A. G. Neinast and wife, Hester Grimm Neinast, recorded in Volume 240, Page 49, Deed Records of Washington County, Texas,

and to recording memorandum of the Wehmeyer Lease dated November 9, 1994, and recorded in Volume 759, Page 826 of the Official Records of Washington County, Texas, executed by Lessor.

NOW, THEREFORE, for a sufficient consideration received, Lessor, acting for himself and Debbie Lynn Wehmeyer, a Minor and their heirs and assigns, declare and agree that the primary term of the Wehmeyer Lease as set out therein, in accordance with the provisions thereof, has been and is extended to five (5) years from its date.

EXECUTED this 19th day of November, 1997.

Adolph Charles Wehmeyer
ADOLPH CHARLES WEHMEYER,
INDIVIDUALLY AND AS CUSTODIAN
FOR DEBBIE LYNN WEHMEYER, A MINOR

THE STATE OF TEXAS §
§
COUNTY OF WASHINGTON §

This instrument was acknowledged before me on this 19th day of November, 1997 by ADOLPH CHARLES WEHMEYER, INDIVIDUALLY AND AS CUSTODIAN FOR DEBBIE LYNN WEHMEYER, A MINOR.

REBECCA L. COOK
Notary Public, State of Texas
My Commission Expires
AUGUST 7, 2001

Rebecca L. Cook
NOTARY PUBLIC IN AND FOR
THE STATE OF T E X A S

Rebecca L. Cook
Notary's Printed Name

My Commission Expires:

08-07-01

C:\Corel\Office7\WPWin7\ASSIGNME\OTHER\MEMofEXTAwehmeyer

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

FEB 19 1998

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

FILED FOR RECORD
WASHINGTON COUNTY, TX

'98 FEB 18 PM 2 43

WASHINGTON CO. CLERK

Producers 88 (4/76) Revised Paid Up
With 640 Acres Pooling Provision

OUND PRINTING & STATIONERY COMPANY
5 FANNIN, HOUSTON, TEXAS 77002 (713) 659-3159

# OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 8th day of November 19 94, between Adolph Charles Wehmeyer, Individually, and as Custodian for Debbie Lynn Wehmeyer, a minor

Lessor (whether one or more), whose address is: Rt. 3 Box 14, Brenham, Texas 77833 and John H. Young, Inc., 815 Walker, Suite 940, Houston, Texas 77002, Lessee WITNESSETH:

1. Lessor in consideration of Ten Dollars and Other Valuable Consideration Dollars ($ 10.00 & OVC), in hand paid, of the royalties herein provided and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, conducting exploration, geologic and geophysical surveys by seismograph, core test, gravity and magnetic methods, injecting gas, water and other fluids, and air into subsurface strata, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in Washington County, Texas, to-wit:

SEE EXHIBIT "A", ATTACHED HERETO FOR DESCRIPTION

This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above.

2. This is a paid up lease and subject to the other provisions herein contained, this lease shall be for a term of 3 years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land or land with which said land is pooled hereunder.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipelines to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil; (b) to pay lessor for gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, one-eighth of the amount realized from the sale of gasoline or other products extracted therefrom and one-eighth of the amount realized from the sale of residue gas after deducting the amount used for plant fuel and/or compression; (c) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar ($1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to one dollar ($1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the Prime Bank Bank at 200 W. Vulcan, Brenham, Texas 77833, or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owners of this lease, severally as to acreage owned by each.

4. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof as to oil and gas, or either of them, with any other land covered by this lease, and/or with any other land, lease or leases in the immediate vicinity thereof to the extent hereinafter stipulated, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore, or to develop and operate said leased premises in compliance with the spacing rules of the Railroad Commission of Texas, or other lawful authority, or when to do so would, in the judgment of Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not substantially exceed 40 acres each in area, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each plus a tolerance of ten percent (10%) thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well to be drilled, drilling or already drilled, units thereafter created may conform substantially in size with those prescribed or permitted by governmental regulations. Lessee under the provisions hereof may pool or combine acreage covered by this lease or any portion thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall file for record in the appropriate records of the county in which the leased premises are situated an instrument describing and designating the pooled acreage as a pooled unit; and upon such recordation the unit shall be effective as to all parties hereto, their heirs, successors, and assigns, irrespective of whether or not the unit is likewise effective as to all other owners of surface, mineral, royalty, or other rights in land included in such unit. Lessee may at its election exercise its pooling option before or after commencing operations for or completing an oil or gas well on the leased premises, and the pooled unit may include, but it is not required to include, land or leases upon which a well capable of producing oil or gas in paying quantities has theretofore been completed or upon which operations for the drilling of a well for oil or gas have theretofore been commenced. In the event of operations for drilling on or production of oil or gas from any part of a pooled unit which includes all or a portion of the land covered by this lease, regardless of whether such operations for drilling were commenced or such production was secured before or after the execution of this instrument or the instrument designating the pooled unit, such operations shall be considered as operations for drilling on or production of oil or gas from land covered by this lease whether or not the well or wells be located on the premises covered by this lease and in such event operations for drilling shall be deemed to have been commenced on said land within the meaning of paragraph 5 of this lease; and the entire acreage constituting such unit or units, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease. For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them shall be entitled on production of oil and gas, or either of them, from the pooled unit, there shall be allocated to the land covered by this lease and included in said unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled unit. Such allocation shall be on an acreage basis – that is to say, there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land. The production from an oil well will be considered as production from the lease or oil pooled unit from which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit. The formation of any unit hereunder shall not have the effect of changing the ownership of any shut-in production royalty which may become payable under this lease. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool as provided above with consequent allocation of production as above provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. If at the expiration of the primary term, oil, gas, or other mineral is not being produced on said land, or from the land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 60 days prior to the end of the primary term, the lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil, gas or other mineral, so long thereafter as oil, gas, or other mineral is produced from said land, or from land pooled therewith. If, after the expiration of the primary term of this lease and after oil, gas, or other mineral is produced from said land, or from land pooled therewith, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within 60 days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil, gas, or other mineral, so long thereafter as oil, gas, or other mineral is produced from said land, or from land pooled therewith. Any pooled unit designated by Lessee in accordance with the terms hereof, may be dissolved by Lessee by instrument filed for record in the appropriate records of the county in which the leased premises are situated at any time after the completion of a dry hole or the cessation of production on said unit. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within 330 feet of and draining the leased premises, or land pooled therewith, Lessee agrees to drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances. Lessee may at any time execute and deliver to Lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

6. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's consent.

7. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns; but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U.S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part, liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

8. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part. No obligation reasonably to develop the leased premises shall arise during the primary term. Should oil, gas or other mineral in paying quantities be discovered on said premises, then after the expiration of the primary term, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator, but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder and capable of producing gas or other mineral in paying quantities. If after the expiration of the primary term, Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument.

9. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with right to enforce same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in event of failure of title, it is agreed that if this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties, and other monies accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

10. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing any oil, gas or other minerals therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force majeure, and Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the lease premises; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding. See Addendum attached hereto for additional provisions and signatures.

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

STATE OF TEXAS
COUNTY OF

ACKNOWLEDGMENT

This instrument was acknowledged before me on the day of , 19 ,
by

Notary Public, State of Texas
Notary's name (printed):
Notary's commission expires:

STATE OF TEXAS
COUNTY OF

ACKNOWLEDGMENT

This instrument was acknowledged before me on the day of , 19 ,
by

2nd Page of Adolph Wehmeyer lease

Notary Public, State of Texas
Notary's name (printed):
Notary's commission expires:

STATE OF TEXAS
COUNTY OF

CORPORATE ACKNOWLEDGMENT

This instrument was acknowledged before me on the day of , 19 ,
by
of
a corporation, on behalf of said corporation.

Notary Public, State of Texas
Notary's name (printed):
Notary's commission expires:

Producers 88 (4-78) Revised Paid Up
With 640 Acres Pooling Provision

No. _____

# Oil, Gas and Mineral Lease

FROM

TO

Dated _____, 19__

No. Acres _____

_____ County, Texas

Term _____

This instrument was filed for record on the _____ day of _____, 19__, at _____ o'clock _____ M., and duly recorded in Book _____, Page _____ of the _____ records of this office.

_____ County Clerk
By _____, Deputy

When recorded return to

POUND PRINTING & STATIONERY COMPANY
2325 Fannin, Houston, Texas 77002 (713) 659-3159

EXHIBIT "A"

Attached to and made a part of that certain Oil, Gas and Mineral Lease dated November 8, 1994, by and between Adolph Charles Wehmeyer, Individually and as Custodian for Debbie Lynn Wehmeyer, a minor, and John H. Young, Inc.

Being 43.485 acres of land, more or less, out of and a part of the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described as follows:

Tract 1: 29.485 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described as Tract One: being 25.9 acres, save and except 1/4 of an acre and Tract Two: being 12.0 acres in that certain deed dated December 10, 1945 from Mary Murski et al to A.G. Neinast and Hester Grimm Neinast, recorded in Volume 145, Page 133, Deed Records, Washington County, Texas.

SAVE AND EXCEPT THE FOLLOWING TRACTS:

(A) 6.389 acres of land, more or less, more particlarly described in that certain deed dated April 12, 1962, from A.G. Neinast et ux to John I. Hill, recorded in Volume 240, Page 47, Deed Records of Washington County, Texas.

(B) 0.776 of an acre of land, more or less, more particularly described in that certain deed dated July 17, 1979 from A.G. Neinast et ux to Dix R. Turnbow, recorded in Volume 386, Page 691, Deed Records of Washington County, Texas.

(C) 1.000 acre of land, more or less, more particularly described in that certain deed dated July 15, 1981 from A.G. Neinast et ux to Eldo Grimm et ux, recorded in Volume 419, Page 798, Deed Records of Washington County, Texas.

Tract 2: 14.00 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in that certain deed dated April 14, 1962 from John I. Hill et ux to A.G. Neinast and wife, Hester Grimm Neinast, recorded in Volume 240, Page 49, Deed Records of Washington County, Texas.

Signed for Identification

Adolph Charles Wehmeyer

Adolph Charles Wehmeyer, Individually,
and as Custodian for Debbie Lynn Wehmeyer,
a minor

**ADDENDUM**

Attached to and by reference made a part of that certain Oil, Gas and Mineral Lease dated November 8, 1994, between **ADOLPH CHARLES WEHMEYER, INDIVIDUALLY AND AS CUSTODIAN FOR DEBBIE LYNN WEHMEYER, A MINOR,** Lessor, and **JOHN H. YOUNG, INC.**, Lessee, covering 43.485 acres, more or less, out of and a part of the Phillip Coe Survey, A-31, Washington County, Texas.

11. All royalties payable hereunder shall be based upon one-one-sixth (1/6) of production and wherever the fraction "one-eighth" (1/8) occurs in Paragraph 3 of this lease form, the fraction "one-sixth" (1/6) is hereby substituted therefor.

12. This lease covers only oil and gas and for the purposes of this lease, references to "oil and gas" shall include oil, gas, casinghead gas and by-products thereof, and such other hydrocarbon substances and sulphur as are produced with, incidental to, and as a part of its production of oil or gas; and all minerals of every kind and character found at any depth, except oil and gas, as herein defined, are expressly reserved to Lessor and Lessor's personal representatives, heirs and assigns.

13. Lessee shall pay for all damages to roads, fences, improvements, trees and growing crops caused by its operations hereunder, and will fill and level all pits and mounds, remove all board roads and board road materials, level and fill all ruts, and restore the surface of the ground to as near its original condition as is reasonably practical within a reasonable period of time after cessation of operations at each well location on the leased premises.

14. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit or units formed by such pooling for: (a) an oil well which is not a horizontal completion shall not exceed eighty (80) acres plus a maximum acreage tolerance of 10%, (b) an oil well which is a horizontal completion shall not exceed three hundred twenty (320) acres plus a maximum acreage tolerance of 10%, (c) a gas well shall not exceed six hundred forty (640) acres plus a maximum acreage tolerance of 10%; provided that a larger unit or units may be formed for an oil well or a gas well, whether or not horizontally completed, to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of this paragraph 14, the terms "oil well" and gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with a gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with a gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing

equipment; and the term "horizontal completion" means a well in which the horizontal component of the gross completion interval exceeds one hundred (100) feet in length. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit or units and stating the effective date of pooling. Production, drilling, or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the surface acreage covered by this lease and included in the unit or units bears to the total gross acreage in the unit or units. As to any well drilled and completed by means of a horizontal completion, if within sixty (60) days from initial completion Lessee shall file of record a written designation of unit, then Lessee shall be authorized to calculate and pay all royalties on a unit basis from the date drilling commenced on the well. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall, without the joinder of Lessor, have the recurring right but not obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority, or to prudently develop and operate the leased premises or protect correlative rights. In making such a revision, Lessee shall file of record a written declaration describing the revised unit or units and stating the effective date of the revision. To the extent any portion of the leased premises is included or excluded from the unit by virtue of such revision, the proportion of the unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly as of the effective date of the revision. In the absence of production in paying quantities from a unit or units, or upon permanent cessation thereof, Lessee may terminate the unit or units by filing of record a written declaration describing the unit and stating the date of termination. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. As used in this paragraph, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

15. In the event a portion of the herein leased premises is pooled or unitized with other land so as to form a pooled unit or units, operations on, completion of a well upon, or production from such unit or units will not maintain this lease in force as to that portion of the leased premises not included in such unit or units. The lease may be maintained in force as to any portion of the leased premises covered hereby and not included in such unit or units in any manner provided for herein; provided, however, if at the end of the primary term or after the expiration of the primary term, Lessee is then engaged in drilling or reworking operations on the leased premises or on acreage pooled therewith, or if Lessee has completed a well as a producer or dry hole within sixty (60) days prior to the expiration of the primary term, this lease shall remain in full force and effect as to all non-unitized acreage so long as Lessee conducts continuous operations thereon with no cessation of longer than sixty (60) days between the completion of drilling or reworking operations on a well and the commencement of such operations for the next succeeding well.

16. It is expressly agreed and provided that this lease cannot be held, maintained nor extended under and by virtue of the shut-in gas well provision of this lease for a longer term beyond the primary term than two (2) consecutive calendar years immediately after the primary term, or for shorter terms at various intervals not to exceed in the aggregate three (3) years in all.

17. Lessee is hereby given the option to extend the primary term of this lease for an additional two (2) years from the expiration of the original primary term. This option may be exercised by Lessee at any time during the last year of the original primary term by paying the same sum of Fifty and No/100 dollars ($50.00) per net mineral acre to Lessor to to the credit of Lessor in the Prime Bank, at 200 W. Vulcan, Brenham, Texas, 77833, (which bank and its successors are Lessor's agents and shall continue as the depository regardless of changes in ownership of said land). This payment shall be based upon the number of net mineral acres then covered by this lease and not at such time being maintined by other provisions hereof. This payment may be made by check or draft of Lessee mailed or delivered to Lessor or said bank at any time during the original primary term. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept payment, Lessee shall not be held in default for failure to make such payment until thirty (30) days after Lessor's delivery to Lessee of a proper recordable instrument naming another bank as agent to receive such payment. If, at the time this payment is made, various parties are entitled to specific amounts according to Lessee's records, this payment may be divided between said parties and paid in the same proportion. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a primary term of five (5) years. In the event this lease is being maintained by any provision hereof at the expiration of the primary term, Lessee shall have a period of thirty (30) days from the date this lease ceases to be so maintained within which to exercise this option.

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

Adolph Charles Wehmeyer

Adolph Charles Wehmeyer, Individually,
and as Custodian for Debbie Lynn Wehmeyer,
a minor
SS# [redacted]

THE STATE OF TEXAS §
COUNTY OF Washington §

This instrument was acknowledged before me this 9th day of November, 1994, by Adolph Charles Wehmeyer, Individually and as Custodian for Debbie Lynn Wehmeyer, a minor.

DARLENE WALKER
MY COMMISSION EXPIRES
April 1, 1995

Darlene Walker
Notary Public in and for the
State of Texas

MEMORANDUM OF EXTENSION
OF OIL, GAS AND MINERAL LEASE

6788

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

Reference is made to Oil, Gas and Mineral Lease ("Ahrens Lease") dated November 8, 1994, from GUERNELL AHRENS, (therein and herein called "Lessor") to JOHN H. YOUNG, INC. Covering the following land:

> Being 43.485 acres of land, more or less, out of and a part of the Phillips Coe Survey, A-31, Washington County, Texas and being more particularly described as follows:
>
> Tract 1: 29.485 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described as Tract One: being 25.9 acres, save and except 1/4 of an acre and Tract Two: being 12.0 acres in that certain Deed dated December 10, 1945 from Mary Murski et al to A.G. Neinast and Hester Grimm Neinast, recorded in Volume 145, Page 133, Deed Records, Washington County, Texas.
>
> SAVE AND EXCEPT THE FOLLOWING TRACTS:
>
> (A) 6.389 acres of land, more or less, more particularly described in that certain deed dated April 12, 1962, from A. G. Neinast et ux to John I. Hill, recorded in Volume 240, Page 47, Deed Records of Washington County, Texas.
>
> (B) 0.776 of an acre, more or less, more particularly described in that certain deed dated July 17, 1979 from A. G. Neinast et ux to Dix R. Turnbow, recorded in Volume 386, Page 691, Deed Records of Washington County, Texas.
>
> (C) 1.000 acre of land, more or less, more particularly described in that certain deed dated July 15, 1981 from A. G. Neinast et ux to Eldo Grimm et ux, recorded in Volume 419, Page 798, Deed Records of Washington County, Texas.
>
> Tract Two: 14.0 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in that ceratin deed dated April 14, 1962 from John I. Hill et ux to A. G. Neinast and wife, Hester Grimm Neinast, recorded in Volume 240, Page 49, Deed Records of Washington County, Texas,

and to recording memorandum of the Ahrens Lease dated November 11, 1994, and recorded in Volume 759, Page 828 of the Official Records of Washington County, Texas, executed by Lessor.

NOW, THEREFORE, for a sufficient consideration received, Lessor, acting for herself and her heirs and assigns, declares and agrees that the primary term of the Ahrens Lease as set out therein, in accordance with the provisions thereof, has been and is extended to five (5) years from its date.

EXECUTED this 6th day of November, 1997.

Guernell Ahrens
GUERNELL AHRENS

THE STATE OF TEXAS §
§
COUNTY OF WASHINGTON §

This instrument was acknowledged before me on this 6th day of November, 1997 by GUERNELL AHRENS.

Brenda Beckendorf
NOTARY PUBLIC IN AND FOR
THE STATE OF T E X A S

BRENDA BECKENDORF
Notary's Printed Name

My Commission Expires:

09/13/99

BRENDA BECKENDORF
Notary Public
STATE OF TEXAS
My Commission Expires09-13-99

C:\Corel\Office7\WPWin7\ASSIGNME\OTHER\MEMofEXTGahrens

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on NOV 19 1997

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

FILED FOR RECORD
'97 NOV 18 AM 11 03

MEMORANDUM OF OIL, GAS AND MINERAL LEASE 9375

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

THAT, for and in consideration of TEN AND NO/100 DOLLARS ($10.00) and other valuable consideration paid by **JOHN H. YOUNG, INC.**, hereinafter called "Lessee", whose address is 815 Walker, Suite 940, Houston, Texas 77002, to **GUERNELL AHRENS, A WIDOW,** hereinafter called "Lessor", whose address is 2000 S. Horton, Brenham, Texas 77833, Lessor has and does hereby GRANT, LEASE and LET unto Lessee for the purposes and with the exclusive right of exploring, drilling and operating for, producing and owning oil and gas, and their respective constituent products, including sulphur produced therewith, the following described land located in Washington County, Texas, to wit:

Being 43.485 acres of land, more or less, out of and a part of the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described as follows:

Tract 1: 29.485 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described as Tract One: being 25.9 acres, save and except 1/4 of an acre and Tract Two: being 12.0 acres in that certain deed dated December 10, 1945 from Mary Murski et al to A.G. Neinast and Hester Grimm Neinast, recorded in Volume 145, Page 133, Deed Records, Washington County, Texas.

SAVE AND EXCEPT THE FOLLOWING TRACTS:

(A) 6.389 acres of land, more or less, more particlarly described in that certain deed dated April 12, 1962, from A.G. Neinast et ux to John I. Hill, recorded in Volume 240, Page 47, Deed Records of Washington County, Texas.

(B) 0.776 of an acre of land, more or less, more particularly described in that certain deed dated July 17, 1979 from A.G. Neinast et ux to Dix R. Turnbow, recorded in Volume 386, Page 691, Deed Records of Washington County, Texas.

(C) 1.000 acre of land, more or less, more particularly described in that certain deed dated July 15, 1981 from A.G. Neinast et ux to Eldo Grimm et ux, recorded in Volume 419, Page 798, Deed Records of Washington County, Texas.

Tract 2: 14.00 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in that certain deed dated April 14, 1962 from John I. Hill et ux to A.G. Neinast and wife, Hester Grimm Neinast, recorded in Volume 240, Page 49, Deed Records of Washington County, Texas.

upon and subject to all of the terms and provisions set forth in that certain Oil, Gas and Mineral Lease dated November 8, 1994, covering said land, and providing for a primary term of three (3) years, and as long thereafter as operations, as defined in said lease, are conducted upon the leased premises with no cessation for more than sixty (60) consecutive days or oil, gas or other related hydrocarbons produced with oil or gas is produced from the leased premises or the lease is otherwise maintained in force as therein provided. A copy of said lease is in the possession of each of the parties Lessor and Lessee and which is incorporated herein by reference and made a part hereof as if set forth at length herein, and to which reference is made for all purposes.

IN WITNESS WHEREOF, this instrument is executed on this the 11th day of November, 1994.

Guernell Ahrens
Guernell Ahrens
SS# 454-18-4800

THE STATE OF TEXAS §
COUNTY OF WASHINGTON §

This instrument was acknowledged before me this 11th day of November 1994, by Guernell Ahrens, a widow.

JIM S. WALKER
MY COMMISSION EXPIRES
July 20, 1998

J. S. Walker
NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

FILED
AT 1:30 P.M.
DEC 15 1994 BY
Gertrude Lehrmann
GERTRUDE LEHRMANN
COUNTY CLERK, WASHINGTON COUNTY, TEXAS

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

DEC 21 1994

Gertrude Lehrmann
Gertrude Lehrmann, County Clerk
Washington County, Texas

Producers 88 (4/76) Revised Paid Up
With 640 Acres Pooling Provision

...UND PRINTING & STATIONERY COMPANY
...BANNIN, HOUSTON, TEXAS 77002, (713) 659-3159

# OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 8th day of November 19 94, between Guernell Ahrens, a widow

Lessor (whether one or more), whose address is: 2000 S. Horton, Brenham, Texas 77833
and John H. Young, Inc., 815 Walker, Suite 940, Houston, Texas 77002 Lessee. WITNESSETH:

1. Lessor in consideration of Ten Dollars and Other Valuable Consideration Dollars ($ 10.00 & OVC ), in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, conducting exploration, geologic and geophysical surveys by seismograph, core test, gravity and magnetic methods, injecting gas, water and other fluids, and air into subsurface strata, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in Washington County, Texas, to-wit:

SEE EXHIBIT "A" ATTACHED HERETO FOR DESCRIPTION

This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above.

2. This is a paid up lease and subject to the other provisions herein contained, this lease shall be for a term of 3 years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land or land with which said land is pooled hereunder.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipelines to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil; (b) to pay lessor for gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, one-eighth of the amount realized from the sale of gasoline or other products extracted therefrom and one-eighth of the amount realized from the sale of residue gas after deducting the amount used for plant fuel and/or compression; (c) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar ($1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to one dollar ($1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the Bank One
Bank at 303 N. Market, Brenham, Texas 77833 or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owners of this lease, severally as to acreage owned by each.

4. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof as to oil and gas, or either of them, with any other land covered by this lease, and/or with any other land, lease or leases in the immediate vicinity thereof to the extent hereinafter stipulated, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore, or to develop and operate said leased premises in compliance with the spacing rules of the Railroad Commission of Texas, or other lawful authority, or when to do so would, in the judgment of Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not substantially exceed 40 acres each in area, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each plus a tolerance of ten percent (10%) thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well to be drilled, drilling or already drilled, units thereafter created may conform substantially in size with those prescribed or permitted by governmental regulations. Lessee under the provisions hereof may pool or combine acreage covered by this lease or any portion thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall file for record in the appropriate records of the county in which the leased premises are situated an instrument describing and designating the pooled acreage as a pooled unit; and upon such recordation the unit shall be effective as to all parties hereto, their heirs, successors, and assigns, irrespective of whether or not the unit is likewise effective as to all other owners of surface, mineral, royalty, or other rights in land included in such unit. Lessee may at its election exercise its pooling option before or after commencing operations for or completing an oil or gas well on the leased premises, and the pooled unit may include, but it is not required to include, land or leases upon which a well capable of producing oil or gas in paying quantities has theretofore been completed or upon which operations for the drilling of a well for oil or gas have theretofore been commenced. In the event of operations for drilling on or production of oil or gas from any part of a pooled unit which includes all or a portion of the land covered by this lease, regardless of whether such operations for drilling were commenced or such production was secured before or after the execution of this instrument or the instrument designating the pooled unit, such operations shall be considered as operations for drilling on or production of oil or gas from land covered by this lease whether or not the well or wells be located on the premises covered by this lease and in such event operations for drilling shall be deemed to have been commenced on said land within the meaning of paragraph 5 of this lease; and the entire acreage constituting such unit or units, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease. For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them shall be entitled on production of oil and gas, or either of them, from the pooled unit, there shall be allocated to the land covered by this lease and included in said unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled unit. Such allocation shall be on an acreage basis—that is to say, there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land. The production from an oil well will be considered as production from the lease or oil pooled unit from which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit. The formation of any unit hereunder shall not have the effect of changing the ownership of any shut-in production royalty which may become payable under this lease. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool as provided above with consequent allocation of production as above provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. If at the expiration of the primary term, oil, gas, or other mineral is not being produced on said land, or from the land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 60 days prior to the end of the primary term, the lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil, gas or other mineral, so long thereafter as oil, gas, or other mineral is produced from said land, or from land pooled therewith. If, after the expiration of the primary term of this lease and after oil, gas, or other mineral is produced from said land, or from land pooled therewith, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within 60 days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil, gas, or other mineral, so long thereafter as oil, gas, or other mineral is produced from said land, or from land pooled therewith. Any pooled unit designated by Lessee in accordance with the terms hereof, may be dissolved by Lessee by instrument filed for record in the appropriate records of the county in which the leased premises are situated at any time after the completion of a dry hole or the cessation of production on said unit. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within 330 feet of and draining the leased premises, or land pooled therewith, Lessee agrees to drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances. Lessee may at any time execute and deliver to Lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

6. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's consent.

7. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns; but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U.S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part, liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

8. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part. No obligation reasonably to develop the leased premises shall arise during the primary term. Should oil, gas or other mineral in paying quantities be discovered on said premises, then after the expiration of the primary term, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator, but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder and capable of producing gas or other mineral in paying quantities. If after the expiration of the primary term, Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument.

9. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with right to enforce same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in event of failure of title, it is agreed that if this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties, and other monies accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

10. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing any oil, gas or other minerals therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force majeure, and Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the lease premises; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding. See Addendum attached hereto for additional provisions and signatures.

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

STATE OF TEXAS
COUNTY OF

ACKNOWLEDGMENT

This instrument was acknowledged before me on the day of , 19 ,
by

Notary Public, State of Texas
Notary's name (printed):
Notary's commission expires:

STATE OF TEXAS
COUNTY OF

ACKNOWLEDGMENT

This instrument was acknowledged before me on the day of , 19 ,
by

Notary Public, State of Texas
Notary's name (printed):
Notary's commission expires:

STATE OF TEXAS
COUNTY OF

CORPORATE ACKNOWLEDGMENT

This instrument was acknowledged before me on the day of , 19 ,
by
of
a corporation, on behalf of said corporation.

Notary Public, State of Texas
Notary's name (printed):
Notary's commission expires:

No. _____

# Oil, Gas and Mineral Lease

FROM _____

TO _____

Dated _____, 19 ____

No. Acres _____

Term _____

This instrument was filed for record on the _____ day of _____, 19 ____, at _____ o'clock ____ M., and duly recorded in Book _____, Page _____ of the _____ records of this office.

_____ County Clerk
By _____, Deputy

When recorded return to

Producers 88 (4478) Revised Paid Up
With 640 Acres Pooling Provision

POUND PRINTING & STATIONERY COMPANY
2323 Fannin, Houston, Texas 77002 (713) 659-3159

EXHIBIT "A"

Attached to and made a part of that certain Oil, Gas and Mineral Lease dated November 8, 1994, by and between Guernell Ahrens, a widow, and John H. Young, Inc.

Being 43.485 acres of land, more or less, out of and a part of the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described as follows:

Tract 1: 29.485 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described as Tract One: being 25.9 acres, save and except 1/4 of an acre and Tract Two: being 12.0 acres in that certain deed dated December 10, 1945 from Mary Murski et al to A.G. Neinast and Hester Grimm Neinast, recorded in Volume 145, Page 133, Deed Records, Washington County, Texas.

SAVE AND EXCEPT THE FOLLOWING TRACTS:

(A) 6.389 acres of land, more or less, more particlarly described in that certain deed dated April 12, 1962, from A.G. Neinast et ux to John I. Hill, recorded in Volume 240, Page 47, Deed Records of Washington County, Texas.

(B) 0.776 of an acre of land, more or less, more particularly described in that certain deed dated July 17, 1979 from A.G. Neinast et ux to Dix R. Turnbow, recorded in Volume 386, Page 691, Deed Records of Washington County, Texas.

(C) 1.000 acre of land, more or less, more particularly described in that certain deed dated July 15, 1981 from A.G. Neinast et ux to Eldo Grimm et ux, recorded in Volume 419, Page 798, Deed Records of Washington County, Texas.

Tract 2: 14.00 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in that certain deed dated April 14, 1962 from John I. Hill et ux to A.G. Neinast and wife, Hester Grimm Neinast, recorded in Volume 240, Page 49, Deed Records of Washington County, Texas.

Signed for Identification

Guernell Ahrens

Guernell Ahrens

**ADDENDUM**

Attached to and by reference made a part of that certain Oil, Gas and Mineral Lease dated November 8, 1994, between **GUERNELL AHRENS, A WIDOW,** Lessor, and **JOHN H. YOUNG, INC.,** Lessee, covering 43.485 acres, more or less, out of and a part of the Phillip Coe Survey, A-31, Washington County, Texas.

11. All royalties payable hereunder shall be based upon one-one-sixth (1/6) of production and wherever the fraction "one-eighth" (1/8) occurs in Paragraph 3 of this lease form, the fraction "one-sixth" (1/6) is hereby substituted therefor.

12. This lease covers only oil and gas and for the purposes of this lease, references to "oil and gas" shall include oil, gas, casinghead gas and by-products thereof, and such other hydrocarbon substances and sulphur as are produced with, incidental to, and as a part of its production of oil or gas; and all minerals of every kind and character found at any depth, except oil and gas, as herein defined, are expressly reserved to Lessor and Lessor's personal representatives, heirs and assigns.

13. Lessee shall pay for all damages to roads, fences, improvements, trees and growing crops caused by its operations hereunder, and will fill and level all pits and mounds, remove all board roads and board road materials, level and fill all ruts, and restore the surface of the ground to as near its original condition as is reasonably practical within a reasonable period of time after cessation of operations at each well location on the leased premises.

14. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit or units formed by such pooling for: (a) an oil well which is not a horizontal completion shall not exceed eighty (80) acres plus a maximum acreage tolerance of 10%, (b) an oil well which is a horizontal completion shall not exceed three hundred twenty (320) acres plus a maximum acreage tolerance of 10%, (c) a gas well shall not exceed six hundred forty (640) acres plus a maximum acreage tolerance of 10%; provided that a larger unit or units may be formed for an oil well or a gas well, whether or not horizontally completed, to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of this paragraph 14, the terms "oil well" and gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with a gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with a gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means a well in

which the horizontal component of the gross completion interval exceeds one hundred (100) feet in length. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit or units and stating the effective date of pooling. Production, drilling, or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the surface acreage covered by this lease and included in the unit or units bears to the total gross acreage in the unit or units. As to any well drilled and completed by means of a horizontal completion, if within sixty (60) days from initial completion Lessee shall file of record a written designation of unit, then Lessee shall be authorized to calculate and pay all royalties on a unit basis from the date drilling commenced on the well. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall, without the joinder of Lessor, have the recurring right but not obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority, or to prudently develop and operate the leased premises or protect correlative rights. In making such a revision, Lessee shall file of record a written declaration describing the revised unit or units and stating the effective date of the revision. To the extent any portion of the leased premises is included or excluded from the unit by virtue of such revision, the proportion of the unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly as of the effective date of the revision. In the absence of production in paying quantities from a unit or units, or upon permanent cessation thereof, Lessee may terminate the unit or units by filing of record a written declaration describing the unit and stating the date of termination. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. As used in this paragraph, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

15. In the event a portion of the herein leased premises is pooled or unitized with other land so as to form a pooled unit or units, operations on, completion of a well upon, or production from such unit or units will not maintain this lease in force as to that portion of the leased premises not included in such unit or units. The lease may be maintained in force as to any portion of the leased premises covered hereby and not included in such unit or units in any manner provided for herein; provided, however, if at the end of the primary term or after the expiration of the primary term, Lessee is then engaged in drilling or reworking operations on the leased premises or on acreage pooled therewith, or if Lessee has completed a well as a producer or dry hole within sixty (60) days prior to the expiration of the primary term, this lease shall remain in full force and effect as to all non-unitized acreage so long as Lessee conducts continuous operations thereon with no cessation of longer than sixty (60) days between the completion of drilling or reworking operations on a well and the commencement of such operations for the next succeeding well.

16. It is expressly agreed and provided that this lease cannot be held, maintained nor extended under and by virtue of the shut-in gas well provision of this lease for a longer term beyond the primary term than two (2) consecutive calendar years immediately after the primary term, or for shorter terms at various intervals not to exceed in the aggregate three (3) years in all.

17. Lessee is hereby given the option to extend the primary term of this lease for an additional two (2) years from the expiration of the original primary term. This option may be exercised by Lessee at any time during the last year of the original primary term by paying the same sum of Fifty and No/100 dollars ($50.00) per net mineral acre to Lessor to to the credit of Lessor in the Bank One, at 303 N. Market, Brenham, Texas, 77833, (which bank and its successors are Lessor's agents and shall continue as the depository regardless of changes in ownership of said land). This payment shall be based upon the number of net mineral acres then covered by this lease and not at such time being maintined by other provisions hereof. This payment may be made by check or draft of Lessee mailed or delivered to Lessor or said bank at any time during the original primary term. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept payment, Lessee shall not be held in default for failure to make such payment until thirty (30) days after Lessor's delivery to Lessee of a proper recordable instrument naming another bank as agent to receive such payment. If, at the time this payment is made, various parties are entitled to specific amounts according to Lessee's records, this payment may be divided between said parties and paid in the same proportion. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a primary term of five (5) years. In the event this lease is being maintained by any provision hereof at the expiration of the primary term, Lessee shall have a period of thirty (30) days from the date this lease ceases to be so maintained within which to exercise this option.

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

Guernell Ahrens

Guernell Ahrens
SS# [redacted]

THE STATE OF TEXAS §
COUNTY OF Washington §

This instrument was acknowledged before me this 11th day of November, 1994, by Guernell Ahrens, a widow.

JIM S. WALKER
MY COMMISSION EXPIRES
July 20, 1998

J. S. Walker

Notary Public in and for the
State of Texas

MEMORANDUM OF EXTENSION
OF OIL, GAS AND MINERAL LEASE

6787

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

Reference is made to Oil, Gas and Mineral Lease ("Landua Lease") dated November 8, 1994, from LAVERNA LANDUA, (therein and herein called "Lessor") to JOHN H. YOUNG, INC. Covering the following land:

Being 43.485 acres of land, more or less, out of and a part of the Phillips Coe Survey, A-31, Washington County, Texas and being more particularly described as follows:

Tract 1: 29.485 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described as Tract One: being 25.9 acres, save and except 1/4 of an acre and Tract Two: being 12.0 acres in that certain Deed dated December 10, 1945 from Mary Murski et al to A.G. Neinast and Hester Grimm Neinast, recorded in Volume 145, Page 133, Deed Records, Washington County, Texas.

SAVE AND EXCEPT THE FOLLOWING TRACTS:

(A) 6.389 acres of land, more or less, more particularly described in that certain deed dated April 12, 1962, from A. G. Neinast et ux to John I. Hill, recorded in Volume 240, Page 47, Deed Records of Washington County, Texas.

(B) 0.776 of an acre, more or less, more particularly described in that certain deed dated July 17, 1979 from A. G. Neinast et ux to Dix R. Turnbow, recorded in Volume 386, Page 691, Deed Records of Washington County, Texas.

(C) 1.000 acre of land, more or less, more particularly described in that certain deed dated July 15, 1981 from A. G. Neinast et ux to Eldo Grimm et ux, recorded in Volume 419, Page 798, Deed Records of Washington County, Texas.

Tract Two: 14.0 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in that ceratin deed dated April 14, 1962 from John I. Hill et ux to A. G. Neinast and wife, Hester Grimm Neinast, recorded in Volume 240, Page 49, Deed Records of Washington County, Texas,

and to recording memorandum of the Landua Lease dated November 11, 1994, and recorded in Volume 759, Page 830 of the Official Records of Washington County, Texas, executed by Lessor.

NOW, THEREFORE, for a sufficient consideration received, Lessor, acting for herself and her heirs and assigns, declares and agrees that the primary term of the Landua Lease as set out therein, in accordance with the provisions thereof, has been and is extended to five (5) years from its date.

EXECUTED this 6th day of November, 1997.

La Verna Landua
LAVERNA LANDUA

THE STATE OF TEXAS §
§
COUNTY OF WASHINGTON §

This instrument was acknowledged before me on this 6th day of November, 1997 by LAVERNA LANDUA.

Brenda Beckendorf
NOTARY PUBLIC IN AND FOR
THE STATE OF T E X A S

BRENDA BECKENDORF
Notary's Printed Name

My Commission Expires:

09/13/99

BRENDA BECKENDORF
Notary Public
STATE OF TEXAS
My Commission Expires09-13-99

C:\Corel\Office7\WPWin7\ASSIGNME\OTHER\MEMofEXTLlandua

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

NOV 19 1997

Beth Rothermel, County Clerk
Washington County, Texas

FILED FOR RECORD
WASHINGTON CO., TEXAS
'97 NOV 18 AM 11 02
WASHINGTON CO. CLERK

7333

MEMORANDUM OF OIL, GAS AND MINERAL LEASE 9376

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON §

THAT, for and in consideration of TEN AND NO/100 DOLLARS ($10.00) and other valuable consideration paid by **JOHN H. YOUNG, INC.**, hereinafter called "Lessee", whose address is 815 Walker, Suite 940, Houston, Texas 77002, to **LAVERNA LANDUA, A FEME SOLE,** hereinafter called "Lessor", whose address is 212 Landua Dr., Brenham, Texas 77833, Lessor has and does hereby GRANT, LEASE and LET unto Lessee for the purposes and with the exclusive right of exploring, drilling and operating for, producing and owning oil and gas, and their respective constituent products, including sulphur produced therewith, the following described land located in Washington County, Texas, to wit:

Being 43.485 acres of land, more or less, out of and a part of the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described as follows:

Tract 1: 29.485 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described as Tract One: being 25.9 acres, save and except 1/4 of an acre and Tract Two: being 12.0 acres in that certain deed dated December 10, 1945 from Mary Murski et al to A.G. Neinast and Hester Grimm Neinast, recorded in Volume 145, Page 133, Deed Records, Washington County, Texas.

SAVE AND EXCEPT THE FOLLOWING TRACTS:

(A) 6.389 acres of land, more or less, more particlarly described in that certain deed dated April 12, 1962, from A.G. Neinast et ux to John I. Hill, recorded in Volume 240, Page 47, Deed Records of Washington County, Texas.

(B) 0.776 of an acre of land, more or less, more particularly described in that certain deed dated July 17, 1979 from A.G. Neinast et ux to Dix R. Turnbow, recorded in Volume 386, Page 691, Deed Records of Washington County, Texas.

(C) 1.000 acre of land, more or less, more particularly described in that certain deed dated July 15, 1981 from A.G. Neinast et ux to Eldo Grimm et ux, recorded in Volume 419, Page 798, Deed Records of Washington County, Texas.

Tract 2: 14.00 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in that certain deed dated April 14, 1962 from John I. Hill et ux to A.G. Neinast and wife, Hester Grimm Neinast, recorded in Volume 240, Page 49, Deed Records of Washington County, Texas.

upon and subject to all of the terms and provisions set forth in that certain Oil, Gas and Mineral Lease dated November 8, 1994, covering said land, and providing for a primary term of three (3) years, and as long thereafter as operations, as defined in said lease, are conducted upon the leased premises with no cessation for more than sixty (60) consecutive days or oil, gas or other related hydrocarbons produced with oil or gas is produced from the leased premises or the lease is otherwise maintained in force as therein provided. A copy of said lease is in the possession of each of the parties Lessor and Lessee and which is incorporated herein by reference and made a part hereof as if set forth at length herein, and to which reference is made for all purposes.

IN WITNESS WHEREOF, this instrument is executed on this the 11TH day of NOVEMBER, 1994.

LaVerna Landua
LaVerna Landua
SS# [redacted]

THE STATE OF TEXAS §
COUNTY OF WASHINGTON §

This instrument was acknowledged before me this 11TH day of NOVEMBER 1994, by LaVerna Landua, a feme sole.

J. S. Walker
NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

JIM S. WALKER
MY COMMISSION EXPIRES
July 20, 1998

FILED
AT 1:30 P M.
DEC 15 1994 BY
Gertrude Lehrmann
GERTRUDE LEHRMANN
COUNTY CLERK, WASHINGTON COUNTY, TEXAS

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

DEC 21 1994

Gertrude Lehrmann
Gertrude Lehrmann, County Clerk
Washington County, Texas

Producers 88 (4/76) Revised Paid Up
With 640 Acres Pooling Provision

)UND PRINTING & STATIONERY COMPANY
.. ; BANNIN, HOUSTON, TEXAS 77002, (713) 659-3159

# OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 8th day of November 19 94, between LaVerna Landua, a feme sole

Lessor (whether one or more), whose address is: 212 Landua Drive, Brenham, Texas 77833, and John H. Young, Inc., 815 Walker, Suite 940, Houston, Texas 77002, Lessee, WITNESSETH:

1. Lessor in consideration of Ten Dollars and Other Valuable Consideration Dollars ($ 10.00 & OVC), in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, conducting exploration, geologic and geophysical surveys by seismograph, core test, gravity and magnetic methods, injecting gas, water and other fluids, and air into subsurface strata, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport and own said products, and housing its employees the following described land in Washington County, Texas, to-wit:

SEE EXHIBIT "A" ATTACHED HERETO FOR DESCRIPTION

This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above.

2. This is a paid up lease and subject to the other provisions herein contained, this lease shall be for a term of 3 years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land or land with which said land is pooled hereunder.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipelines to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil; (b) to pay lessor for gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, one-eighth of the amount realized from the sale of gasoline or other products extracted therefrom and one-eighth of the amount realized from the sale of residue gas after deducting the amount used for plant fuel and/or compression; (c) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar ($1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to one dollar ($1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the Prime Bank Bank at 200 W. Vulcan, Brenham, Texas 77833 or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owners of this lease, severally as to acreage owned by each.

4. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof as to oil and gas, or either of them, with any other land covered by this lease, and/or with any other land, lease or leases in the immediate vicinity thereof to the extent hereinafter stipulated, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore, or to develop and operate said leased premises in compliance with the spacing rules of the Railroad Commission of Texas, or other lawful authority, or when to do so would, in the judgment of Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not substantially exceed 40 acres each in area, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each plus a tolerance of ten percent (10%) thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well to be drilled, drilling or already drilled, units thereafter created may conform substantially in size with those prescribed or permitted by governmental regulations. Lessee under the provisions hereof may pool or combine acreage covered by this lease or any portion thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall file for record in the appropriate records of the county in which the leased premises are situated an instrument describing and designating the pooled acreage as a pooled unit; and upon such recordation the unit shall be effective as to all parties hereto, their heirs, successors, and assigns, irrespective of whether or not the unit is likewise effective as to all other owners of surface, mineral, royalty, or other rights in land included in such unit. Lessee may at its election exercise its pooling option before or after commencing operations for or completing an oil or gas well on the leased premises, and the pooled unit may include, but it is not required to include, land or leases upon which a well capable of producing oil or gas in paying quantities has theretofore been completed or upon which operations for the drilling of a well for oil or gas have theretofore been commenced. In the event of operations for drilling on or production of oil or gas from any part of a pooled unit which includes all or a portion of the land covered by this lease, regardless of whether such operations for drilling were commenced or such production was secured before or after the execution of this instrument or the instrument designating the pooled unit, such operations shall be considered as operations for drilling on or production of oil or gas from land covered by this lease whether or not the well or wells be located on the premises covered by this lease and in such event operations for drilling shall be deemed to have been commenced on said land within the meaning of paragraph 5 of this lease; and the entire acreage constituting such unit or units, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease. For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them shall be entitled on production of oil and gas, or either of them, from the pooled unit, there shall be allocated to the land covered by this lease and included in said unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled unit. Such allocation shall be on an acreage basis—that is to say, there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land. The production from an oil well will be considered as production from the lease or oil pooled unit from which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit. The formation of any unit hereunder shall not have the effect of changing the ownership of any shut-in production royalty which may become payable under this lease. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool as provided above with consequent allocation of production as above provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. If at the expiration of the primary term, oil, gas, or other mineral is not being produced on said land, or from the land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 60 days prior to the end of the primary term, the lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil, gas or other mineral, so long thereafter as oil, gas, or other mineral is produced from said land, or from land pooled therewith. If, after the expiration of the primary term of this lease and after oil, gas, or other mineral is produced from said land, or from land pooled therewith, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within 60 days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil, gas, or other mineral, so long thereafter as oil, gas, or other mineral is produced from said land, or from land pooled therewith. Any pooled unit designated by Lessee in accordance with the terms hereof, may be dissolved by Lessee by instrument filed for record in the appropriate records of the county in which the leased premises are situated at any time after the completion of a dry hole or the cessation of production on said unit. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within 330 feet of and draining the leased premises, or land pooled therewith, Lessee agrees to drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances. Lessee may at any time execute and deliver to Lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

6. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's consent.

7. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns; but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U.S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part, liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

8. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part. No obligation reasonably to develop the leased premises shall arise during the primary term. Should oil, gas or other mineral in paying quantities be discovered on said premises, then after the expiration of the primary term, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator, but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder and capable of producing gas or other mineral in paying quantities. If after the expiration of the primary term, Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument.

9. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with right to enforce same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in event of failure of title, it is agreed that if this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties, and other monies accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

10. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing any oil, gas or other minerals therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force majeure, and Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the lease premises; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding. See Addendum attached hereto for additional provisions and signatures.

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

STATE OF TEXAS }
COUNTY OF }

ACKNOWLEDGMENT

This instrument was acknowledged before me on the day of , 19 ,
by

Notary Public, State of Texas
Notary's name (printed):
Notary's commission expires:

STATE OF TEXAS }
COUNTY OF }

ACKNOWLEDGMENT

This instrument was acknowledged before me on the day of , 19 ,
by

Notary Public, State of Texas
Notary's name (printed):
Notary's commission expires:

STATE OF TEXAS }
COUNTY OF }

CORPORATE ACKNOWLEDGMENT

This instrument was acknowledged before me on the day of , 19 ,
by
of
a corporation, on behalf of said corporation.

Notary Public, State of Texas
Notary's name (printed):
Notary's commission expires:

Producers 88 (4-76) Revised Paid Up
With 640 Acres Pooling Provision

No. _____

# Oil, Gas and Mineral Lease

FROM _____

_____

TO _____

_____

Dated _____, 19__

No. Acres _____

Term _____ County, Texas

This instrument was filed for record on the _____ day of _____, 19__, at _____ o'clock _____ M., and duly recorded in Book _____, Page _____ of the _____ records of this office.

_____ County Clerk
By _____, Deputy

When recorded return to

_____

POUND PRINTING & STATIONERY COMPANY
2725 Fannin, Houston, Texas 77002 (713) 659-3159

EXHIBIT "A"

Attached to and made a part of that certain Oil, Gas and Mineral Lease dated November 8, 1994, by and between LaVerna Landua, a feme sole, and John H. Young, Inc.

Being 43.485 acres of land, more or less, out of and a part of the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described as follows:

Tract 1: 29.485 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described as Tract One: being 25.9 acres, save and except 1/4 of an acre and Tract Two: being 12.0 acres in that certain deed dated December 10, 1945 from Mary Murski et al to A.G. Neinast and Hester Grimm Neinast, recorded in Volume 145, Page 133, Deed Records, Washington County, Texas.

SAVE AND EXCEPT THE FOLLOWING TRACTS:

(A) 6.389 acres of land, more or less, more particlarly described in that certain deed dated April 12, 1962, from A.G. Neinast et ux to John I. Hill, recorded in Volume 240, Page 47, Deed Records of Washington County, Texas.

(B) 0.776 of an acre of land, more or less, more particularly described in that certain deed dated July 17, 1979 from A.G. Neinast et ux to Dix R. Turnbow, recorded in Volume 386, Page 691, Deed Records of Washington County, Texas.

(C) 1.000 acre of land, more or less, more particularly described in that certain deed dated July 15, 1981 from A.G. Neinast et ux to Eldo Grimm et ux, recorded in Volume 419, Page 798, Deed Records of Washington County, Texas.

Tract 2: 14.00 acres of land, more or less, situated in the Phillip Coe Survey, A-31, Washington County, Texas and being more particularly described in that certain deed dated April 14, 1962 from John I. Hill et ux to A.G. Neinast and wife, Hester Grimm Neinast, recorded in Volume 240, Page 49, Deed Records of Washington County, Texas.

Signed for Identification

LaVerna Landua

LaVerna Landua

**ADDENDUM**

Attached to and by reference made a part of that certain Oil, Gas and Mineral Lease dated November 8, 1994, between **LAVERNA LANDUA, A FEME SOLE,** Lessor, and **JOHN H. YOUNG, INC.**, Lessee, covering 43.485 acres, more or less, out of and a part of the Phillip Coe Survey, A-31, Washington County, Texas.

11. All royalties payable hereunder shall be based upon one-one-sixth (1/6) of production and wherever the fraction "one-eighth" (1/8) occurs in Paragraph 3 of this lease form, the fraction "one-sixth" (1/6) is hereby substituted therefor.

12. This lease covers only oil and gas and for the purposes of this lease, references to "oil and gas" shall include oil, gas, casinghead gas and by-products thereof, and such other hydrocarbon substances and sulphur as are produced with, incidental to, and as a part of its production of oil or gas; and all minerals of every kind and character found at any depth, except oil and gas, as herein defined, are expressly reserved to Lessor and Lessor's personal representatives, heirs and assigns.

13. Lessee shall pay for all damages to roads, fences, improvements, trees and growing crops caused by its operations hereunder, and will fill and level all pits and mounds, remove all board roads and board road materials, level and fill all ruts, and restore the surface of the ground to as near its original condition as is reasonably practical within a reasonable period of time after cessation of operations at each well location on the leased premises.

14. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit or units formed by such pooling for: (a) an oil well which is not a horizontal completion shall not exceed eighty (80) acres plus a maximum acreage tolerance of 10%, (b) an oil well which is a horizontal completion shall not exceed three hundred twenty (320) acres plus a maximum acreage tolerance of 10%, (c) a gas well shall not exceed six hundred forty (640) acres plus a maximum acreage tolerance of 10%; provided that a larger unit or units may be formed for an oil well or a gas well, whether or not horizontally completed, to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of this paragraph 14, the terms "oil well" and gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with a gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with a gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means a well in

which the horizontal component of the gross completion interval exceeds one hundred (100) feet in length. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit or units and stating the effective date of pooling. Production, drilling, or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the surface acreage covered by this lease and included in the unit or units bears to the total gross acreage in the unit or units. As to any well drilled and completed by means of a horizontal completion, if within sixty (60) days from initial completion Lessee shall file of record a written designation of unit, then Lessee shall be authorized to calculate and pay all royalties on a unit basis from the date drilling commenced on the well. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall, without the joinder of Lessor, have the recurring right but not obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority, or to prudently develop and operate the leased premises or protect correlative rights. In making such a revision, Lessee shall file of record a written declaration describing the revised unit or units and stating the effective date of the revision. To the extent any portion of the leased premises is included or excluded from the unit by virtue of such revision, the proportion of the unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly as of the effective date of the revision. In the absence of production in paying quantities from a unit or units, or upon permanent cessation thereof, Lessee may terminate the unit or units by filing of record a written declaration describing the unit and stating the date of termination. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. As used in this paragraph, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

15. In the event a portion of the herein leased premises is pooled or unitized with other land so as to form a pooled unit or units, operations on, completion of a well upon, or production from such unit or units will not maintain this lease in force as to that portion of the leased premises not included in such unit or units. The lease may be maintained in force as to any portion of the leased premises covered hereby and not included in such unit or units in any manner provided for herein; provided, however, if at the end of the primary term or after the expiration of the primary term, Lessee is then engaged in drilling or reworking operations on the leased premises or on acreage pooled therewith, or if Lessee has completed a well as a producer or dry hole within sixty (60) days prior to the expiration of the primary term, this lease shall remain in full force and effect as to all non-unitized acreage so long as Lessee conducts continuous operations thereon with no cessation of longer than sixty (60) days between the completion of drilling or reworking operations on a well and the commencement of such operations for the next succeeding well.

16. It is expressly agreed and provided that this lease cannot be held, maintained nor extended under and by virtue of the shut-in gas well provision of this lease for a longer term beyond the primary term than two (2) consecutive calendar years immediately after the primary term, or for shorter terms at various intervals not to exceed in the aggregate three (3) years in all.

17. Lessee is hereby given the option to extend the primary term of this lease for an additional two (2) years from the expiration of the original primary term. This option may be exercised by Lessee at any time during the last year of the original primary term by paying the same sum of Fifty and No/100 dollars ($50.00) per net mineral acre to Lessor to to the credit of Lessor in the Prime Bank, at 200 W. Vulcan, Brenham, Texas, 77833, (which bank and its successors are Lessor's agents and shall continue as the depository regardless of changes in ownership of said land). This payment shall be based upon the number of net mineral acres then covered by this lease and not at such time being maintined by other provisions hereof. This payment may be made by check or draft of Lessee mailed or delivered to Lessor or said bank at any time during the original primary term. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept payment, Lessee shall not be held in default for failure to make such payment until thirty (30) days after Lessor's delivery to Lessee of a proper recordable instrument naming another bank as agent to receive such payment. If, at the time this payment is made, various parties are entitled to specific amounts according to Lessee's records, this payment may be divided between said parties and paid in the same proportion. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a primary term of five (5) years. In the event this lease is being maintained by any provision hereof at the expiration of the primary term, Lessee shall have a period of thirty (30) days from the date this lease ceases to be so maintained within which to exercise this option.

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

LaVerna Landua

LaVerna Landua
SS# [redacted]

THE STATE OF TEXAS §
COUNTY OF WASHINGTON §

This instrument was acknowledged before me this 11th day of November, 1994, by LaVerna Landua, a feme sole.

JIM S. WALKER
MY COMMISSION EXPIRES
July 20, 1998

J. S. Walker

Notary Public in and for the
State of Texas

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Tract 22

OIL, GAS & MINERAL LEASE

3614 AAPG 88 (REV 8-93)
PAID UP

THIS LEASE AGREEMENT is made effective the 19 th day of June, 19 97,

between Jud's Food Stores, Inc., by Jud G. Alexander, President

as Lessor (whether one or more), whose address is P.O. Box 769, Brenham, TX 77834-0769

and UNION PACIFIC RESOURCES COMPANY, as Lessee,

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

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

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

WASHINGTON County, Texas, to-wit:

1.00 acre of land, more or less, out of the PHILLIP COE SURVEY, A-31, more fully described in Warranty Deed dated December 26, 1991 from Jud G. Alexander et ux, Bobbie S. Alexander to Jud's Food Stores, Inc., recorded in Volume 722, Page 691, Official Records, Washington County, Texas.

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 1.0000 acres, whether it actually comprises more or less.

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

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

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

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



TX 90144

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

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

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

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

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

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

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

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

SS# AND/OR TAX ID #

[redacted]

LESSOR:

Jud's Food Stores, Inc., by Jud G. Alexander, President

STATE OF TEXAS )
) ss.
COUNTY OF WASHINGTON )

This instrument was acknowledged before me this 20th day of June, 1997, by Jud G. Alexander, President, Jud's Food Stores, Inc., in his capacity herein.

Notary Public

BETTY A. HOHLT
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp. 2-27-2001

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

JUN 23 1997

Beth Rothermel, County Clerk
Washington County, Texas

FILED FOR RECORD
WASHINGTON COUNTY, TX
'97 JUN 20 PM 2 19
WASHINGTON CO. CLERK

Tract 4T

VOL 0891 PAGE 376 WB

OIL, GAS & MINERAL LEASE

PAID UP

THIS LEASE AGREEMENT is made effective the 17 th day of June 2883, 19 98

between ALAN D. SIEMSGLUSZ, NATHAN C. WINKELMANN, D/B/A BUCCANEER DRIVE INN

as Lessor (whether one or more), whose address is 1309 Prairie Lee, Brenham, TX 77833

and UNION PACIFIC RESOURCES COMPANY, as Lessee,

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

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

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

WASHINGTON County, Texas, to-wit:

1.130 acres of land, more or less, out of the PHILLIP COE SURVEY, A-31, Washington County, Texas, being the same land described as Tract One in that certain Deed dated February 12, 1988, from Milton R. Pieper to Alan D. Siemsglusz and Nathan C. Winkelmann, d/b/a Buccaneer Drive Inn, recorded in Volume 578, Page 623 of the Official Records of Washington County, Texas.

FOR CONTINUATION OF LEASE, SEE EXHIBIT "A" WITH PARAGRAPHS NO. 12-16.

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 1.1300 acres, whether it actually comprises more or less.

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

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

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

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

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

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

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

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

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

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

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

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

SS# AND/OR TAX ID #

[redacted]

[redacted]

LESSOR:

Alan Siemsglusz

ALAN D. SIEMSGLUSZ, D/B/A BUCCANEER DRIVE INN

Nathan C. Winkelmann

NATHAN C. WINKELMANN, D/B/A BUCCANEER DRIVE

STATE OF TEXAS )
) ss.
COUNTY OF WASHINGTON )

This instrument was acknowledged before me this 4th day of ~~February,~~ March 1998, by ALAN D. SIEMSGLUSZ, D/B/A BUCCANEER DRIVE INN.

Sherry Davis

Notary Public, State of Texas

My Commission Expires:

SHERRY DAVIS
NOTARY PUBLIC
State of Texas
Comm. Exp. 09-03-2000

STATE OF TEXAS )
) ss.
COUNTY OF WASHINGTON )

This instrument was acknowledged before me this 4th day of ~~February,~~ March 1998, by NATHAN C. WINKELMANN, D/B/A BUCCANEER DRIVE INN.

Sherry Davis

Notary Public, State of Texas

My Commission Expires:

SHERRY DAVIS
NOTARY PUBLIC
State of Texas
Comm. Exp. 09-03-2000

Attached hereto and made a part hereof that certain Oil and Gas Lease dated June 17, 1998 by and between ALAN D. SIEMSGLUSZ, et. al., as Lessor, and UNION PACIFIC RESOURCES COMPANY as Lessee.

## Exhibit A

**12. MOTHER HUBBARD CLAUSE**

This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above. This lease is intended to cover and Lessor does hereby lease to Lessee all of its right, title and interest, if any, in all roads, streets and alleys located adjacent to the lease premises described above. For the purposes of calculating any royalty or shut-in royalty payments, including royalties attributable to production from a pooled unit, the above described land (including all roads, streets and alleys) shall be deemed to contain the acreage shown in Paragraph 1 of this lease, whether it actually contains more or less.

**13. OIL & GAS ONLY/EXCLUDED MINERALS**

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

**14. SHUT-IN ROYALTY PAYABLE BY U.S. MAIL**

The payment or tender of any shut-in royalty may be made in currency, or by check or by draft, deposited in the U.S. Mail addressed to Lessor or delivered to same on or before the due date.

**15. NO SURFACE OPERATIONS**

It is agreed and understood that no surface operations may be conducted, and no new roads, pipelines or sites may be built on the surface of the leased premises herein without the express prior written consent of Lessor, which consent can be withheld. It is agreed that Lessee shall have no rights of ingress or access to surface of the herein leased premises for any purpose whatsoever. It is further understood and agreed that Lessee shall have the right to drill and operate directional wells through and under said land, irrespective of the bottom hole locations of said wells. To this end, Lessor hereby grants to Lessee a subsurface easement for all purposes associated with such directional wells.

**16. TOP LEASE**

Lessor and Lessee understand that the lands covered hereby are also covered by a prior oil and gas lease (the ~"Prior Lease~") dated June 17, 1995 (recorded in Volume 795, Page 30, of the Official Records of Washington County, Texas) whose primary term has not yet expired. The parties agree that the term of this Lease shall commence and the estate created hereby shall vest when said Prior Lease terminates, but in no event shall the term commence nor the estate vest after the expiration of twenty (20) years from the date of this Lease. In regard to any obligations, covenants or conditions contained in this Lease which may relate to the date of this Lease, for the purposes of any such provisions, that date shall be the date this Lease commences and the estates created hereby vests. Lessor represents and warrants that Lessor has not entered into any extension, modification, ratification, renewal, amendment or agreement to renew or amend, so as to extend the primary term set forth therein and Lessor covenants and agrees not to extend, modify, ratify, renew, amend or agree to renew or amend said Prior Lease so as to extend the primary term set forth therein. Further, Lessor will require the Lessee under the Prior Lease to meet all obligations and requirements.

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

MAY 05 1998

Beth Rothermel, County Clerk
Washington County, Texas

FILED FOR RECORD
'98 MAY 4 PM 3 22
WASHINGTON CO. CLERK

LESSOR INITIALS

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Tract 25

OIL, GAS & MINERAL LEASE

PROD 88 (REV 8/93) PAID UP

3615

THIS LEASE AGREEMENT is made effective the 19 th day of June, 19 97,

between Alexander Oil Company, by Jud G. Alexander, President

as Lessor (whether one or more), whose address is P.O. Box 769, Brenham, TX 77834

and UNION PACIFIC RESOURCES COMPANY, as Lessee,

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

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

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

WASHINGTON County, Texas, to-wit:

SEE EXHIBIT 'A' ATTACHED HERETO AND MADE A PART OF THIS LEASE FOR ADDED CLAUSES 12 THROUGH 14.

SEE EXHBIT 'B' ATTACHED HERETO AND MADE A PART OF THIS LEASE FOR DESCRIPTION OF LANDS.

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 11.3060 acres, whether it actually comprises more or less.

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

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

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

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



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

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

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

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

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

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

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

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

SS# AND/OR TAX ID #

[redacted]

LESSOR:

Jud G Alexander

Alexander Oil Company, by Jud G. Alexander, President

STATE OF TEXAS )
) ss.
COUNTY OF WASHINGTON )

This instrument was acknowledged before me this 20th day of June, 1997, by Jud G. Alexander, President, Alexander Oil Company, in his capacity herein.

Betty A. Hohlt
Notary Public

BETTY A. HOHLT
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp. 2-27-2001

Attached hereto and made a part hereof that certain Oil and Gas Lease dated June 19, 1997 by and between Alexander Oil Company, by Jud G. Alexander, President, as Lessor, and UNION PACIFIC RESOURCES COMPANY as Lessee.

## Exhibit A

**MISCELLANEOUS**

12. It is understood that no surface operations may be conducted on the leased premises herein. However, nothing herein contained shall diminish Lessee's right to extend wells under herein said lands by directional or horizontal drilling.

**OIL & GAS ONLY/EXCLUDED MINERALS**

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

**PUGH HORIZONTAL**

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

LESSOR INITIALS

Attached hereto and made a part hereof that certain Oil and Gas Lease dated June 19, 1997 by and between Alexander Oil Company, by Jud G. Alexander, President, as Lessor, and UNION PACIFIC RESOURCES COMPANY as Lessee.

## Exhibit B

**DESCRIPTION OF LANDS**

11.306 acres of land, more or less, out of the PHILLIP COE SURVEY, A-31, Washington County, Texas, and being the same land described in three tracts as follows:

TRACT 1: 8.631 acres of land, more or less, more fully described in Exhibits A and B in Warranty Deed dated December 26, 1991 from Jud G. Alexander et ux, Bobbie S. Alexander to Alexander Oil Company, recorded in Volume 662, Page 303, Official Records, Washington County, Texas, LESS AND EXCEPT: 0.113 acres, more or less, as conveyed and described in Warranty Deed dated November 1, 1990 from Jud G. Alexander to The Brenham Industrial Foundation, Inc., recorded in Volume 649, Page 620, Official Records, Washington County, Texas.

TRACT 2: 1.00 acre of land, more or less, more fully described in Warranty Deed dated December 26, 1991 from Jud G. Alexander et ux, Bobbie S. Alexander to Alexander Oil Company, recorded in Volume 662, Page 308, Official Records, Washington County, Texas.

Tract 3: 1.788 acres, more or less, more fully described in Warranty Deed dated December 26, 1991 from Jud G. Alexander et ux, Bobbie S. Alexander to Alexander Oil Company, recorded in Volume 662, Page 315, Official Records, Washington County, Texas.

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

JUN 23 1997

Beth Rothermel, County Clerk
Washington County, Texas

FILED FOR RECORD
WASHINGTON COUNTY, TX
'97 JUN 20 PM 2 19
WASHINGTON CO. CLERK

LESSOR INITIALS

Tract 26



# EXTENSION OF OIL, GAS AND MINERAL LEASE

6027

STATE OF TEXAS }
} KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF WASHINGTON }

**WHEREAS,** UNION PACIFIC RESOURCES COMPANY, whose address is 801 Cherry Street, Fort Worth, Texas 76102, hereinafter referred to as "Lessee", is the present owner of all right, title and interest under that certain Oil, Gas and Mineral Lease, dated December 19, 1994, executed by EDWIN F. WEHMEYER, JR., married dealing in his own separate property, as Lessor, recorded in Volume 766, Page 254, Official Records, Washington County, Texas, hereinafter referred to as "Lease", covering the following described tract:

> 27.46 acres of land, more or less, out of the PHILLIP COE SURVEY, A-31, Washington County, Texas, more fully described in Warranty Deed dated August 14, 1984 from Edwin F. Wehmeyer, Jr., et al to Tommy J. Head, recorded in Volume 483, Page 121, Official Records, Washington County, Texas.

**WHEREAS,** the owner of the rights of the Lessor under said lease, hereinafter referred to as "Lessor", and Lessee desire to amend said Lease and extend the term thereof in the manner set out below:

**NOW, THEREFORE,** in consideration of Ten Dollars and No Cents, ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned as Lessor, hereby agrees with Lessee that said Lease shall be and the same is hereby amended and extended as follows:

> The primary term set out in Paragraph 2 of said lease is hereby changed from three (3) years from the date of said lease to six (6) years from the date of said lease.

Lessor hereby in all things adopts, ratifies and confirms said Lease as the same is hereby amended and extended, and hereby grants, leases and lets all of the acreage above-described and referred to unto Union Pacific Resources Company, subject to and under all the terms and provisions of said Lease; and such Lease is expressly affirmed, ratified and declared to be effective and binding for all purposes as of the date hereof.

In the event of conflict between the terms of the original Lease and the terms of this Extension, the terms of this extension shall control.

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

OCT 15 1997

Beth A. Rothermel

Beth Rothermel, County Clerk
Washington County, Texas

**EXECUTED** this the 13th day of October, 1997.

LESSOR:

Edwin F. Wehmeyer

EDWIN F. WEHMEYER, JR.

[redacted]

FILED FOR RECORD
WASHINGTON COUNTY, TEXAS
97 OCT 14 AM 11 39
WASHINGTON CO. CLERK

STATE OF TEXAS }
}
COUNTY OF WASHINGTON }

This instrument was acknowledged before me this 13th day of October, 1997 by EDWIN F. WEHMEYER, JR., married dealing in his own separate property.

MICHAEL E NICE
NOTARY PUBLIC
State of Texas
Comm. Exp. 05-15-2001

NOTARY PUBLIC, STATE OF TEXAS

GAS & MINERAL LEASE VOL 766 PAGE 254 718

ROD 88 (REV 6/93) PAID UP

THIS LEASE AGREEMENT is made effective the 19th day of December, 19 94,

between EDWIN F. WEHMEYER JR., married dealing in his own separate propery

as Lessor (whether one or more), whose address is 405 Atlow, Brenham, Texas 77833,

and UNION PACIFIC RESOURCES COMPANY, as Lessee,

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

1. Description. Lessor, in consideration of TEN AND NO/100 AND OTHER GOOD AND VALUABLE CONSIDERATION Dollars ($ 10.00 & OGVC), in hand paid, of the royalties herein provided and the covenants herein contained, hereby grants, leases and lets exclusively to Lessee, for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith including helium, carbon dioxide and other commercial gases as well as hydrocarbon gases (referred to herein as "covered minerals"), the following described land (the "leased premises") in

WASHINGTON County, Texas, to-wit:

27.460 acres more or less out of the Phillip Coe Survey A-31, Washington County, Texas and being more fully described in a deed from Edwin F. Wehmeyer Jr. et al to Tommy J. Head dated August 18, 1984, and recorded in Volume 483 at Page 121 of the Deed Records of Washington County, Texas.

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 27.460 acres, whether it actually comprises more or less.

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

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

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

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

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

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

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

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

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

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

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

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

SS # AND/OR TAX ID #

[redacted]

LESSOR:

Edwin F Wehmeyer Jr

EDWIN F. WEHMEYER JR.

STATE OF TEXAS )
) ss.
COUNTY OF WASHINGTON )

This instrument was acknowledged before me this 21st day of December, 19 94 by EDWIN F. WEHMEYER JR.

J. B. SMITH, JR.
MY COMMISSION EXPIRES
January 12, 1998

Notary Public

FILED
AT 3:00 P M.
JAN 23 1995
Beth A. Rothermel
BETH ROTHERMEL
COUNTY CLERK, WASHINGTON COUNTY, TX

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the Official RECORDS of Washington County, Texas, as stamped hereon by me on

JAN 25 1995

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

6343

# EXTENSION OF OIL, GAS AND MINERAL LEASE

STATE OF TEXAS }
}
COUNTY OF WASHINGTON }

KNOW ALL PERSONS BY THESE PRESENTS:

**WHEREAS,** UNION PACIFIC RESOURCES COMPANY, whose address is 801 Cherry Street, Fort Worth, Texas 76102, hereinafter referred to as "Lessee", is the present owner of all right, title and interest under that certain Oil, Gas and Mineral Lease, dated December 19, 1994, executed by LULA W. GALIPP, a widow, as Lessor, recorded in Volume 766, Page 258, Official Records, Washington County, Texas, hereinafter referred to as "Lease", covering the following described tract:

> 27.46 acres of land, more or less, out of the PHILLIP COE SURVEY, A-31, Washington County, Texas, more fully described in Warranty Deed dated August 14, 1984 from Edwin F. Wehmeyer, Jr., et al to Tommy J. Head, recorded in Volume 483, Page 121, Official Records, Washington County, Texas.

**WHEREAS,** the owner of the rights of the Lessor under said lease, hereinafter referred to as "Lessor", and Lessee desire to amend said Lease and extend the term thereof in the manner set out below:

**NOW, THEREFORE,** in consideration of Ten Dollars and No Cents, ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned as Lessor, hereby agrees with Lessee that said Lease shall be and the same is hereby amended and extended as follows:

> The primary term set out in Paragraph 2 of said lease is hereby changed from three (3) years from the date of said lease to six (6) years from the date of said lease.

Lessor hereby in all things adopts, ratifies and confirms said Lease as the same is hereby amended and extended, and hereby grants, leases and lets all of the acreage above-described and referred to unto Union Pacific Resources Company, subject to and under all the terms and provisions of said Lease; and such Lease is expressly affirmed, ratified and declared to be effective and binding for all purposes as of the date hereof.

In the event of conflict between the terms of the original Lease and the terms of this Extension, the terms of this extension shall control.

**EXECUTED** this the 23 day of October, 1997.

**LESSOR:**

Lula W. Galipp

LULA W. GALIPP 465-12-5821

STATE OF TEXAS }
}
COUNTY OF Fayette }

This instrument was acknowledged before me this 23 day of October, 1997 by LULA W. GALIPP, a widow.

Laura J. Machac

NOTARY PUBLIC, STATE OF TEXAS

LAURA J. MACHAC
Notary Public
STATE OF TEXAS
My Comm. Exp. Sept. 3, 2001

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

OCT 27 1997

Beth Rothermel, County Clerk
Washington County, Texas

'97 OCT 24 PM 1 12

maykay

VOL 766 PAGE 258

720

# GAS & MINERAL LEASE

PROD 88 (REV 6/93)
PAID UP

THIS LEASE AGREEMENT is made effective the 19th day of December, 19 94,

between LULA W. GALIPP, a widow

as Lessor (whether one or more), whose address is 507 Paulus, Schulenburg, Texas 78956,

and UNION PACIFIC RESOURCES COMPANY, as Lessee,

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

1. **Description.** Lessor, in consideration of TEN AND NO/100 AND OTHER GOOD AND VALUABLE CONSIDERATION Dollars ($ 10.00 & OGVC), in hand paid, of the royalties herein provided and the covenants herein contained, hereby grants, leases and lets exclusively to Lessee, for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith including helium, carbon dioxide and other commercial gases as well as hydrocarbon gases (referred to herein as "covered minerals"), the following described land (the "leased premises") in

WASHINGTON County, Texas, to-wit:

27.460 acres more or less out of the Phillip Coe Survey A-31, Washington County, Texas and being more fully described in a deed from Edwin F. Wehmeyer Jr. et al to Tommy J. Head dated August 18, 1984, and recorded in Volume 483 at Page 121 of the Deed Records of Washington County, Texas.

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 27.460 acres, whether it actually comprises more or less.

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

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

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

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

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

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

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

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

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

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

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

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

SS # AND/OR TAX ID #

[redacted]

LESSOR:

Lula W. Galipp

LULA W. GALIPP

STATE OF TEXAS )
COUNTY OF Fayette ) ss.

This instrument was acknowledged before me this 27th day of December 19 94 by LULA W. GALIPP.

Notary Public

J. B. SMITH, JR.
MY COMMISSION EXPIRES
January 12, 1998

My Commission Expires:

FILED
AT 3:00 P.M.
JAN 23 1995
Beth Rothermel
BETH ROTHERMEL
COUNTY CLERK, WASHINGTON COUNTY, TX

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL PUBLIC RECORDS of Washington County, Texas, as stamped hereon by me.

JAN 25 1995.

Beth Rothermel, County Clerk
Washington County, Texas

6120

# EXTENSION OF OIL, GAS AND MINERAL LEASE

STATE OF TEXAS }
}
COUNTY OF WASHINGTON }

KNOW ALL PERSONS BY THESE PRESENTS:

**WHEREAS,** UNION PACIFIC RESOURCES COMPANY, whose address is 801 Cherry Street, Fort Worth, Texas 76102, hereinafter referred to as "Lessee", is the present owner of all right, title and interest under that certain Oil, Gas and Mineral Lease, dated December 19, 1994, executed by DORIS W. STATEN, a widow, as Lessor, recorded in Volume 766, Page 250, Official Records, Washington County, Texas, hereinafter referred to as "Lease", covering the following described tract:

> 27.46 acres of land, more or less, out of the PHILLIP COE SURVEY, A-31, Washington County, Texas, more fully described in Warranty Deed dated August 14, 1984 from Edwin F. Wehmeyer, Jr., et al to Tommy J. Head, recorded in Volume 483, Page 121, Official Records, Washington County, Texas.

**WHEREAS,** the owner of the rights of the Lessor under said lease, hereinafter referred to as "Lessor", and Lessee desire to amend said Lease and extend the term thereof in the manner set out below:

**NOW, THEREFORE,** in consideration of Ten Dollars and No Cents, ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned as Lessor, hereby agrees with Lessee that said Lease shall be and the same is hereby amended and extended as follows:

> The primary term set out in Paragraph 2 of said lease is hereby changed from three (3) years from the date of said lease to six (6) years from the date of said lease.

Lessor hereby in all things adopts, ratifies and confirms said Lease as the same is hereby amended and extended, and hereby grants, leases and lets all of the acreage above-described and referred to unto Union Pacific Resources Company, subject to and under all the terms and provisions of said Lease; and such Lease is expressly affirmed, ratified and declared to be effective and binding for all purposes as of the date hereof.

In the event of conflict between the terms of the original Lease and the terms of this Extension, the terms of this extension shall control.

FILED FOR RECORD
Washington County, TX
'97 OCT 16 AM 9 10
Washington Co. Clerk

**EXECUTED** this the 15 day of October, 1997.

LESSOR:

Doris W. Staten
DORIS W. STATEN [redacted]

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

OCT 17 1997

Beth Rothermel
Beth Rothermel, County Clerk
Washington County, Texas

STATE OF TEXAS }
}
COUNTY OF HARRIS }

This instrument was acknowledged before me this 15th day of October, 1997 by DORIS W. STATEN, a widow.

Michael E. Nice
NOTARY PUBLIC, STATE OF TEXAS

MICHAEL E NICE
NOTARY PUBLIC
State of Texas
Comm. Exp. 05-15-2001

TX-73345(6)

# GAS & MINERAL LEASE

VOL 766 PAGE 250

716

PROD 88 (REV 6/93) PAID UP

THIS LEASE AGREEMENT is made effective the 19th day of December, 19 94,

between DORIS W. STATEN, a widow

as Lessor (whether one or more), whose address is 7410 Lakehurst, Houston, Texas 77087,

and UNION PACIFIC RESOURCES COMPANY, as Lessee,

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

1. **Description.** Lessor, in consideration of TEN AND NO/100 AND OTHER GOOD AND VALUABLE CONSIDERATION Dollars ($ 10.00 & OGVC), in hand paid, of the royalties herein provided and the covenants herein contained, hereby grants, leases and lets exclusively to Lessee, for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith including helium, carbon dioxide and other commercial gases as well as hydrocarbon gases (referred to herein as "covered minerals"), the following described land (the "leased premises") in WASHINGTON County, Texas, to-wit:

27.460 acres more or less out of the Phillip Coe Survey A-31, Washington County, Texas and being more fully described in a deed from Edwin F. Wehmeyer Jr. et al to Tommy J. Head dated August 18, 1984, and recorded in Volume 483 at Page 121 of the Deed Records of Washington County, Texas.

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 27.460 acres, whether it actually comprises more or less.

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

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

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

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

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

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

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

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

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

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

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

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

SS # AND/OR TAX ID #

[redacted]

LESSOR:

Doris W. Staten

DORIS W. STATEN

STATE OF TEXAS )
) ss.
COUNTY OF HARRIS )

This instrument was acknowledged before me this 26th day of December, 1994, by DORIS W. STATEN.

J. B. SMITH, JR.
MY COMMISSION EXPIRES
January 12, 1998

Notary Public

My Commission Expires:

FILED
AT 3:00 P M.
JAN 23 1995
Beth A. Rothermel
BETH ROTHERMEL
COUNTY CLERK, WASHINGTON COUNTY, TX

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on JAN 25 1995

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

# EXTENSION OF OIL, GAS AND MINERAL LEASE

6191

STATE OF TEXAS }
} KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF WASHINGTON }

**WHEREAS,** UNION PACIFIC RESOURCES COMPANY, whose address is 801 Cherry Street, Fort Worth, Texas 76102, hereinafter referred to as "Lessee", is the present owner of all right, title and interest under that certain Oil, Gas and Mineral Lease, dated December 19, 1994, executed by ELDO G. WEHMEYER, married dealing in his own separate property, as Lessor, recorded in Volume 766, Page 246, Official Records, Washington County, Texas, hereinafter referred to as "Lease", covering the following described tract:

> 27.46 acres of land, more or less, out of the PHILLIP COE SURVEY, A-31, Washington County, Texas, more fully described in Warranty Deed dated August 14, 1984 from Edwin F. Wehmeyer, Jr., et al to Tommy J. Head, recorded in Volume 483, Page 121, Official Records, Washington County, Texas.

**WHEREAS,** the owner of the rights of the Lessor under said lease, hereinafter referred to as "Lessor", and Lessee desire to amend said Lease and extend the term thereof in the manner set out below:

**NOW, THEREFORE,** in consideration of Ten Dollars and No Cents, ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned as Lessor, hereby agrees with Lessee that said Lease shall be and the same is hereby amended and extended as follows:

> The primary term set out in Paragraph 2 of said lease is hereby changed from three (3) years from the date of said lease to six (6) years from the date of said lease.

Lessor hereby in all things adopts, ratifies and confirms said Lease as the same is hereby amended and extended, and hereby grants, leases and lets all of the acreage above-described and referred to unto Union Pacific Resources Company, subject to and under all the terms and provisions of said Lease; and such Lease is expressly affirmed, ratified and declared to be effective and binding for all purposes as of the date hereof.

In the event of conflict between the terms of the original Lease and the terms of this Extension, the terms of this extension shall control.

**EXECUTED** this the 16th day of October, 1997.

**LESSOR:**

Eldo G. Wehmeyer [redacted]
ELDO G. WEHMEYER

STATE OF TEXAS }
}
COUNTY OF WASHINGTON }

This instrument was acknowledged before me this 16th day of October, 1997 by ELDO G. WEHMEYER, married dealing in his own separate property.

MICHAEL E NICE
NOTARY PUBLIC
State of Texas
Comm. Exp. 05-15-2001

Michael E. Nice
NOTARY PUBLIC, STATE OF TEXAS

TX-73345(7)

'97 OCT 20 AM 11 18

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

OCT 21 1997

Beth Rothermel, County Clerk
Washington County, Texas

89 Mary Kay

GAS & MINERAL LEASE VOL 766 PAGE 247 ROD 88 (REV A/93) PAID UP

THIS LEASE AGREEMENT is made effective the 19th day of December 714, 19 94.

between ELDO G. WEHMEYER, married dealing in his own separate property.

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

and UNION PACIFIC RESOURCES COMPANY, as Lessee,

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

1. Description. Lessor, in consideration of TEN AND NO/100 AND OTHER GOOD AND VALUABLE CONSIDERATION Dollars ($ 10.00 & OGVC), in hand paid, of the royalties herein provided and the covenants herein contained, hereby grants, leases and lets exclusively to Lessee, for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith including helium, carbon dioxide and other commercial gases as well as hydrocarbon gases (referred to herein as "covered minerals"), the following described land (the "leased premises") in WASHINGTON County, Texas, to-wit:

27.460 acres more or less out of the Phillip Coe Survey A-31, Washington County, Texas and being more fully described in a deed from Edwin F. Wehmeyer Jr. et al to Tommy J. Head dated August 18, 1984, and recorded in Volume 483 at Page 121 of the Deed Records of Washington County, Texas.

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 27.460 acres, whether it actually comprises more or less.

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

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

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

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



TX-73345 (7)

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

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

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

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

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

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

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

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

SS # AND/OR TAX ID #

[redacted]

LESSOR:

Eldo G. Wehmeyer

ELDO G. EHMEYER

STATE OF TEXAS )
COUNTY OF WASHINGTON ) ss.

This instrument was acknowledged before me this 23rd day of December 19 94, by ELDO G. WEHMEYER.

J. B. SMITH, JR.
MY COMMISSION EXPIRES
January 12, 1998

Notary Public

My Commission Expires:

FILED

AT 3:00 P M.

JAN 23 1995

Beth A. Rothermel

BETH ROTHERMEL
COUNTY CLERK WASHINGTON COUNTY, TX

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on JAN 25 1995

Beth A. Rothermel

Beth Rothermel, County Clerk
Washington County, Texas

Tract 27

390 PAGE 904

MEMORANDUM OF OIL AND GAS LEASE

2764

THIS AGREEMENT, made and entered into this 23rd day of March, 1998 by and between ECONOMIC DEVELOPMENT FOUNDATION OF BRENHAM, INC. hereinafter called "LESSOR" whose address is 314 South Austin, Brenham, Texas 77833 and UNION PACIFIC RESOURCES COMPANY, hereinafter called "LESSEE" whose address is 801 Cherry Street, Fort Worth, Texas 76102;

WITNESSETH:

That Lessor, for a valuable consideration and in consideration of the covenants of the Lessee set forth in that certain oil and gas lease covering 65.2447 acres, more or less, out of the Phillip Coe Survey, A-31, Washington County, Texas, SEE EXHIBIT 'A' ATTACHED HERETO AND MADE A PART HEREOF FOR DESCRIPTION OF LANDS, ("Leased Premises"), made and entered into this day by and between the parties hereto does hereby grant, lease and let exclusively unto said Lessee for the purposes of exploring, drilling, operating for and producing oil, gas and associated hydrocarbon substances from the Leased Premises ("Lease").

The lease is for a term of three (3) years and so long thereafter as oil or gas is being produced in paying quantities from the Leased Premises, or land pooled therewith, or so long thereafter as drilling, deepening or reworking operations for the production of oil or gas are being conducted thereon, as therein provided.

Reference is hereby made to executed copies of said Oil and Gas Lease in possession of Lessor and Lessee, respectively, for all provisions thereof, and by this reference same are incorporated herein and made a part hereof in all respects as though fully set forth herein.

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

LESSOR: Economic Development Foundation of Brenham, Inc.

BY: _____
LOIS KOLKHORST, President, Economic Development Foundation of Brenham, Inc.

ATTEST: _____
LEON TOUBIN, Secretary, Economic Development Foundation of Brenham, Inc.

ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF WASHINGTON

This instrument was acknowledged before me this 27th day of April, 1998 by LOIS KOLKHORST, President, Economic Development Foundation of Brenham, Inc., in the capacity stated herein.

DEBRA CURTIS
NOTARY PUBLIC
STATE OF TEXAS
My Commission Expires 1-12-99

Debra Curtis
Notary Public, State of Texas

STATE OF TEXAS

COUNTY OF WASHINGTON

This instrument was acknowledged before me this 27th day of April, 1998 by LEON TOUBIN, Secretary, Economic Development Foundation of Brenham, Inc., in the capacity stated herein.

DEBRA CURTIS
NOTARY PUBLIC
STATE OF TEXAS
My Commission Expires 1-12-99

Debra Curtis
Notary Public, State of Texas

Attached hereto and made a part hereof that certain Memorandum of Oil and Gas Lease dated March 23, 1998 by and between Economic Development Foundation of Brenham, Inc., as Lessor and Union Pacific Resources Company as Lessee.

**EXHIBIT A**

**65.2447** acres of land, more or less, out of the Phillip Coe Survey, A-31, Washington County, Texas, more fully described in two (2) tracts as follows:

**TRACT ONE:** 50.2316 acres of land, more or less, being the same land called and totaling 101.584 acres, more or less, more fully described in four (4) tracts as follows:

(1) 55.99 acres of land, more or less, more fully described in Warranty Deed dated April 26, 1978 from Fred J. Rodeck and wife, Clara Rodeck to The Brenham Industrial Foundation, Inc., recorded in Volume 364, Page 217, Deed Records, Washington County, Texas.

(2) 27.46 acres of land, more or less, more fully described in Warranty Deed dated September 20, 1989 from First Savings Association of Brenham to The Brenham Industrial Foundation, Inc., recorded in Volume 612, Page 445, Official Records, Washington County, Texas.

(3) 17.065 acres of land, more or less, more fully described as Tract One and Tract Two in Warranty Deed dated September 20, 1978 from Carl Galipp and wife, Lula A. Galipp, Herbert E. Staten and wife, Doris Staten, Eldo G. Wehmeyer and wife, Joyce Wehmeyer, and Edwin F. Wehmeyer, Jr. and wife, Katie Wehmeyer to The Brenham Industrial Foundation, Inc., recorded in Volume 371, Page 355, Deed Records, Washington County, Texas.

(4) 1.069 acres of land, more or less, more fully described as two tracts in Warranty Deed dated November 30, 1990 from The Gates Rubber Company to The Brenham Industrial Foundation, Inc., recorded in Volume 637, Page 540, Official Records, Washington County, Texas.

**SAVE AND EXCEPT THE FOLLOWING NINE (9) TRACTS:**

(1) 3.658 acres of land, more or less, more fully described as two tracts in Warranty Deed dated April 14, 1980 from The Brenham Industrial Foundation, Inc. to City of Brenham, Texas, recorded in Volume 392, Page 597, Deed Records, Washington County, Texas.

(2) 0.370 acres of land, more or less, more fully described in Warranty Deed dated December 5, 1979 from The Brenham Industrial Foundation, Inc. to Central Freight Lines, Inc., recorded in Volume 391, Page 545, Deed Records, Washington County, Texas.

(3) 1.999 acres of land, more or less, more fully described as Tract One in Correction Warranty Deed dated October 2, 1980 from The Brenham Industrial Foundation, Inc. to Sealy Mattress Company of Houston, recorded in Volume 401, Page 741, Deed Records, Washington County, Texas.

(4) .1175 acres of land, more or less, being that part of a .1577 acre tract, more or less, more fully described as Tract Two in Warranty Deed dated September 18, 1984 from Brenham Industrial Foundation, Inc. to Wilton Weige, Mildred Weige, Myrna Weige Loesch, Donna Weige and Lorna Weige Sommerfield, recorded in Volume 486, Page 430, Official Records, Washington County, Texas; said .1175 acres being all that portion of the said .1577 acres lying inside the boundaries of the 55.99 acre tract described above, recorded in Volume 364, Page 217, Deed Records, Washington County, Texas.

(5) 0.2168 acres of land, more or less, more fully described in Special Warranty Deed dated November 29, 1990 from The Brenham Industrial Foundation, Inc. to Gates Rubber Company, recorded in Volume 637, Page 537, Official Records, Washington County, Texas.

(6) 10.8106 acres of land, more or less, more fully described in General Warranty Deed dated June 27, 1991 from The Brenham Industrial Foundation, Inc. to Wallace Computer Services, Inc., recorded in Volume 651, Page 286, Official Records, Washington County, Texas.

(7) 2.9445 acres of land, more or less, more fully described in Warranty Deed dated January 6, 1981 from The Brenham Industrial Foundation, Inc. to E. C. Bertolet, Jr., recorded in Volume 407, Page 25, Deed Records, Washington County, Texas.

(8) 3.068 acres of land, more or less, more fully described in Warranty Deed dated December 5, 1979 from The Brenham Industrial Foundation, Inc. to Hi-Line Industries, Inc., recorded in Volume 391, Page 527, Deed Records, Washington County, Texas.

(9) 28.168 acres of land, more or less, more fully described as Parcel 1 and Parcel 2 in Warranty Deed dated April 9, 1980 from The Brenham Industrial Foundation, Inc. to The Mead Corporation, recorded in Volume 392, Page 875, Deed Records, Washington County, Texas.

**TRACT TWO:** 15.0131 acres of land, more or less, being the same land called and totaling 58.4091 acres, more or less, more fully described in eight (8) tracts as follows:

(1) 0.113 acres of land, more or less, more fully described in Warranty Deed dated November 2, 1990 from Jud G. Alexander to The Brenham Industrial Foundation, Inc., recorded in Volume 649, Page 620, Official Records, Washington County, Texas.

(2) 2.937 acres of land, more or less, more fully described in Deed dated November 20, 1963 from Fred Rodeck and wife, Clara Rodeck to Brenham Industrial Foundation, Inc., recorded in Volume 250, Page 276, Deed Records, Washington County, Texas.

(3) 15.004 acres of land, more or less, more fully described in Deed dated March 15, 1954 from Ed Wehmeyer and wife, Lena Wehmeyer to The Brenham Industrial Foundation, Inc., recorded in Volume 198, Page 56, Deed Records, Washington County, Texas.

(4) 14.504 acres of land, more or less, more fully described in Deed dated March 15, 1954 from Fred Rodeck and wife, Clara Rodeck to The Brenham Industrial Foundation, Inc., recorded in Volume 198, Page 50, Deed Records, Washington County, Texas.

(5) 15.962 acres of land, more or less, more fully described in Deed dated March 15, 1954 from Louis Kiecke and wife, Annie Kiecke to The Brenham Industrial Foundation, Inc., recorded in Volume 198, Page 43, Deed Records, Washington County, Texas.

(6) 3.870 acres of land, more or less, more fully described in Deed dated August 13, 1963 from Ed Wehmeyer and wife, Lena G. Wehmeyer to The Brenham Industrial Foundation, Inc., recorded in Volume 248, Page 498, Deed Records, Washington County, Texas.

(7) 2.519 acres of land, more or less, more fully described in Warranty Deed dated December 16, 1969 from Louis Kiecke, Deloris Burnham and husband, Herbert Burnham, Bernice Kaechele and husband, Bruno Kaechele, and Edgar Lee Kiecke and wife, Lottie Kiecke to The Brenham Industrial Foundation, Inc., recorded in Volume 296, Page 492, Deed Records, Washington County, Texas.

(8) 3.5001 acres of land, more or less, more fully described as two tracts in Quitclaim Deed dated February 9, 1981 from Washington County to Brenham Industrial Foundation, Inc., recorded in Volume 410, Page 872, Deed Records, Washington County, Texas.

**SAVE AND EXCEPT THE FOLLOWING TWELVE (12) TRACTS:**

(1) 5.557 acres of land, more or less, more fully described in Warranty Deed dated May 5, 1964 from The Brenham Industrial Foundation, Inc. to Gulf, Colorado and Santa Fe Railway Company, recorded in Volume 252, Page 546, Deed Records, Washington County, Texas.

(2) 1.095 acres of land, more or less, more fully described in Deed dated November 5, 1958 from The Brenham Industrial Foundation, Inc. to Jack Ireland, recorded in Volume 220, Page 388, Deed Records, Washington County, Texas.

(3) 5.65 acres of land, more or less, more fully described in Deed dated January 13, 1958 from The Brenham Industrial Foundation, Inc. to E. M. W. Realty Company, recorded in Volume 221, Page 115, Deed Records, Washington County, Texas.

(4) 8.00 acres of land, more or less, more fully described in Deed dated December 3, 1959 from The Brenham Industrial Foundation, Inc. to Central Freight Line, Inc., recorded in Volume 224, Page 399, Deed Records, Washington County, Texas.

(5) 0.146 acres of land, more or less, more fully described in Deed dated August 12, 1963 from The Brenham Industrial Foundation, Inc. to Ed Wehmeyer and wife, Lena G. Wehmeyer, recorded in Volume 248, Page 441, Deed Records, Washington County, Texas.

(6) 2.181 acres of land, more or less, more fully described in General Warranty Deed dated February 20, 1965 from Brenham Industrial Foundation, Inc. to Central Freight Lines, Inc., recorded in Volume 258, Page 505, Deed Records, Washington County, Texas.

(7) 5.238 acres of land, more or less, more fully described in Warranty Deed dated January 11, 1965 from Brenham Industrial Foundation, Inc. to Grover L. Mushaway, recorded in Volume 260, Page 523, Deed Records, Washington County, Texas.

(8) 4.003 acres of land, more or less, more fully described in Warranty Deed dated June 7, 1966 from The Brenham Industrial Foundation, Inc. to Elmer C. Bertolet, Jr., (D/B/A TFE Company), recorded in Volume 266, Page 106, Deed Records, Washington County, Texas.

(9) 0.287 acres of land, more or less, more fully described as Tract One and Tract Two in Warranty Deed dated July 27, 1970 from The Brenham Industrial Foundation, Inc. to John S. Garnett, recorded in Volume 300, Page 508, Deed Records, Washington County, Texas.

(10) 11.162 acres of land, more or less, more fully described in Warranty Deed dated November 9, 1972 from The Brenham Industrial Foundation, Inc. to Curtis W. Weeks, recorded in Volume 316, Page 330, Deed Records, Washington County, Texas.

(11) .0402 acres of land, more or less, being that part of a .1577 acre tract, more or less, more fully described as Tract Two in Warranty Deed dated September 18, 1984 from Brenham Industrial Foundation, Inc. to Wilton Weige, Mildred Weige, Myrna Weige Loesch, Donna Weige and Lorna Weige Sommerfield, recorded in Volume 486, Page 430, Official Records, Washington County, Texas; said .0402 acres being all that portion of the said .1577 acres lying inside the boundaries of the 3.5001 acre tract described above, recorded in Volume 410, Page 872, Deed Records, Washington County, Texas.

(12) .0368 acres of land, more or less, being that part of a .3868 acre tract, more or less, more fully described as Tract One in Warranty Deed dated September 18, 1984 from Brenham Industrial Foundation, Inc. to Wilton Weige, Mildred Weige, Myrna Weige Loesch, Donna Weige and Lorna Weige Sommerfield, recorded in Volume 486, Page 430, Official Records, Washington County, Texas; said .0368 acres being all that portion of the said .3868 acres lying inside the boundaries of the 3.5001 acre tract described above, recorded in Volume 410, Page 872, Deed Records, Washington County, Texas.

FILED FOR RECORD
WASHINGTON COUNTY, TX

'98 APR 29 AM 9 51

Beth A. Rothermel
WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

APR 30 1998

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

Tract 28

VOL 0869 PAGE 845

OIL, GAS & MINERAL LEASE

5173

PROD 88 (REV 8/93)
PAID UP

THIS LEASE AGREEMENT is made effective the 10 th day of September, 19 97,

between Adolph Charles Wehmeyer (aka Adolph C. Wehmeyer), Individually and as Attorney-in-Fact for Dorothy J. Wehmeyer

as Lessor (whether one or more), whose address is 2103 F.M. 389, Brenham, TX 77833

and UNION PACIFIC RESOURCES COMPANY, as Lessee,

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

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

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

WASHINGTON County, Texas, to-wit:

SEE EXHIBIT 'A' ATTACHED HERETO AND MADE A PART OF THIS LEASE FOR ADDED CLAUSE 12.

SEE EXHIBIT 'B' ATTACHED HERETO AND MADE A PART OF THIS LEASE FOR DESCRIPTION OF LANDS.

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 60.3000 acres, whether it actually comprises more or less.

2. **Term of Lease.** This lease shall be in force for a primary term of three years see paragraph 12 and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or this lease is otherwise maintained in effect pursuant to the provisions hereof.

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

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

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



TVI-90781

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

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

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

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

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

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

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

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

SS# AND/OR TAX ID #

[redacted]

LESSOR:

Adolph Charles Wehmeyer

Adolph Charles Wehmeyer (aka Adolph C. Wehmeyer),
Individually and as Attorney-in-Fact for
Dorothy J. Wehmeyer

STATE OF TEXAS )
) ss.
COUNTY OF WASHINGTON )

This instrument was acknowledged before me this 17th day of September, 1997, by Adolph Charles Wehmeyer (aka Adolph C. Wehmeyer), Individually and as Attorney-in-Fact for Dorothy J. Wehmeyer.

Notary Public

MICHAEL E NICE
NOTARY PUBLIC
State of Texas
Comm. Exp. 05-15-2001

Attached hereto and made a part hereof that certain Oil and Gas Lease dated September 10, 1997 by and between Adolph Charles Wehmeyer (aka Adolph C. Wehmeyer), Individually and as Attorney-in-Fact for Dorothy J, as Lessor, and UNION PACIFIC RESOURCES COMPANY as Lessee.

## Exhibit A

**TOP LEASE**

Lessor and Lessee understand that the lands covered hereby are also covered by a prior oil and gas lease (the "Prior Lease") dated November 16, 1994 (recorded in Volume 759, Page 442, Official Records, Washington County, Texas) whose primary term has not yet expired. The parties agree that the term of this Lease shall commence and the estate created hereby shall vest when said Prior Lease terminates, but in no event shall the term commence nor the estate vest after the expiration of five (5) years from the date of this Lease. In regard to any obligations, covenants or conditions contained in this Lease which may relate to the date of this Lease, for the purposes of any such provisions, that date shall be the date this Lease commences and the estates created hereby vests. Lessor represents and warrants that Lessor has not entered into any extension, modification, ratification, renewal, amendment or agreement to renew or amend, so as to extend the primary term set forth therein and Lessor covenants and agrees not to extend, modify, ratify, renew, amend or agree to renew or amend said Prior Lease so as to extend the primary term set forth therein. Further, Lessor will require the Lessee under the Prior Lease to meet all obligations and requirements.

A.C.W.

LESSOR INITIALS

Attached hereto and made a part hereof that certain Oil and Gas Lease dated September 10, 1997 by and between Adolph Charles Wehmeyer (aka Adolph C. Wehmeyer), Individually and as Attorney-in-Fact for Dorothy J, as Lessor, and UNION PACIFIC RESOURCES COMPANY as Lessee.

## Exhibit B

**DESCRIPTION OF LANDS**

60.30 acres of land, more or less, out of the PHILLIP COE SURVEY, A-31, Washington County, Texas, and being the same land described in four tracts as follows:

TRACT 1: 1.00 acre of land, more or less, more fully described in Warranty Deed dated January 28, 1971 from Adolph Wehmeyer and wife, Lillian G. Wehmeyer to Adolph C. Wehmeyer, recorded in Volume 303, Page 305, Deed Records, Washington County, Texas.

TRACT 2: 13.946 acres of land, more or less, more fully described as 16.00 acres in Deed dated June 26, 1941 from Sophie Wehmeyer to Lillian Wehmeyer, recorded in Volume 127, Page 453, Deed Records, Washington County, Texas, LESS AND EXCEPT: 2.054 acres of land, more or less, more fully described in Warranty Deed dated June 8, 1978 from Adolph Wehmeyer and wife, Lillian Wehmeyer to David Wehmeyer, recorded in Volume 365, Page 793, Deed Records, Washington County, Texas.

TRACT 3: 43.30 acres of land, more or less, more fully described as 44.30 acres in Deed dated June 26, 1941 from Sophie Wehmeyer to Adolph Wehmeyer, recorded in Volume 127, Page 454, Deed Records, Washington County, Texas, LESS AND EXCEPT: 1.00 acre of land, more or less, more fully described in Warranty Deed dated January 28, 1971 from Adolph Wehmeyer and wife, Lillian G. Wehmeyer to Adolph C. Wehmeyer, recorded in Volume 303, Page 305, Deed Records, Washington County, Texas.

TRACT 4: 2.054 acres of land, more or less, more fully described in Warranty Deed dated September 20, 1996 from David Wehmeyer and wife, Pamela Lee Wehmeyer to Adolph Wehmeyer, Jr., recorded in Volume 837, Page 409, Official Records, Washington County, Texas.

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

SEP 19 1997

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

FILED FOR RECORD
WASHINGTON COUNTY, TX
'97 SEP 18 AM 9:16
WASHINGTON CO. CLERK

A.C.W.

Tract 29

OIL, GAS & MINERAL LEASE

PROD 88 (REV 893)
PAID UP
5317

THIS LEASE AGREEMENT is made effective the 10 th day of September, 19 97,

between Ethel Witte Gurrech

as Lessor (whether one or more), whose address is 3020 Industrial Blvd., Brenham, TX 77833

and UNION PACIFIC RESOURCES COMPANY, as Lessee,

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

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

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

WASHINGTON County, Texas, to-wit:

SEE EXHIBIT 'A' ATTACHED HERETO AND MADE A PART OF THIS LEASE FOR ADDED CLAUSE 12.

SEE EXHIBIT 'B' ATTACHED HERETO AND MADE A PART OF THIS LEASE FOR DESCRIPTION OF LANDS.

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 45.2100 acres, whether it actually comprises more or less.

2. **Term of Lease.** This lease shall be in force for a primary term of three years see paragraph 12 ~~XXXXXXXXXXXXXXXX~~, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or this lease is otherwise maintained in effect pursuant to the provisions hereof.

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

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

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

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

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

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

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

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

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

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

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

SS# AND/OR TAX ID #

[redacted]

LESSOR:

Ethel Witte Gurrech

Ethel Witte Gurrech

STATE OF TEXAS )
) ss.
COUNTY OF WASHINGTON )

This instrument was acknowledged before me this 10th day of September, 1997, by Ethel Witte Gurrech.

Michael E. Nice

Notary Public

MICHAEL E NICE
NOTARY PUBLIC
State of Texas
Comm. Exp. 05-15-2001

Attached hereto and made a part hereof that cer. . . Oil and Gas Lease dated September 10, 1997 by and between Ethel Witte Gurrech, as Lessor, and UNION PACIFIC RESOURCES COMPANY as Lessee.

# Exhibit A

**TOP LEASE**

12. Lessor and Lessee understand that the lands covered hereby are also covered by a prior oil and gas lease (the "Prior Lease") dated November 14, 1994 (recorded in Volume 788, Page 266, of the Records of Washington County, Texas) whose primary term has not yet expired. The parties agree that the term of this Lease shall commence and the estate created hereby shall vest immediately when said Prior Lease terminates. In regard to any obligations, covenants or conditions contained in this Lease which may relate to the date of this Lease, for the purposes of any such provisions, that date shall be the date this Lease commences and the estates created hereby vests. Lessor represents and warrants that Lessor has not entered into any extension, modification, ratification, renewal, amendment or agreement to renew or amend, so as to extend the primary term set forth therein and Lessor covenants and agrees not to extend, modify, ratify, renew, amend or agree to renew or amend said Prior Lease so as to extend the primary term set forth therein. Further, Lessor will require the Lessee under the Prior Lease to meet all obligations and requirements.

E W H

LESSOR INITIALS

Attached hereto and made a part hereof that cer. . Oil and Gas Lease dated September 10, 1997 by and between Ethel Witte Gurrech, as Lessor, and UNION PACIFIC RESOURCES COMPANY as Lessee.

## Exhibit B

DESCRIPTION OF LANDS

45.21 acres of land, more or less, out of the PHILLIP COE SURVEY, A-31, Washington County, Texas, and being the same land described in two tracts as follows:

TRACT 1: 8.835 acres of land, more or less, more fully described in Warranty Deed dated October 13, 1976 from W. C. Beerwinkel to Ethel Witte Gurrech, recorded in Volume 349, Page 183, Deed Records, Washington County, Texas.

TRACT 2: 36.375 acres of land, more or less, more fully described as 45.21 acres in Deed dated July 30, 1980 from Harry K. Lesser and Ethel Witte Gurrech, Independent Executors of the Estate of W. C. Beerwinkel, Deceased to Ethel Witte Gurrech, recorded in Volume 398, Page 560, Deed Records, Washington County, Texas, LESS AND EXCEPT: 8.835 acres, more or less, as conveyed and described in Warranty Deed dated October 13, 1976 from W. C. Beerwinkel to Ethel Witte Gurrech, recorded in Volume 349, Page 183, Deed Records, Washington County, Texas.

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

SEP 12 1997

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

FILED FOR RECORD
WASHINGTON COUNTY, TX
'97 SEP 11 PM 12 29
WASHINGTON CO. CLERK

EWJ
LESSOR INITIALS

STATE OF TEXAS }
} KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON }

5721

CONFIRMATION OF AND AMENDMENT TO OIL, GAS AND MINERAL LEASE

**WHEREAS,** on September 10, 1997, Ethel Witte Gurrech, as Lessor, entered into an Oil, Gas and Mineral Lease with Union Pacific Resources Company, as Lessee, which lease was recorded in Volume 869, Page 207, Official Records, Washington County, Texas, (the above-described lease being herein referred to as the "Lease"); and

**WHEREAS,** the Lease covered 45.21 acres of land, more or less, out of the PHILLIP COE SURVEY, A-31, Washington County, Texas, and being the same lands described in two tracts as follows:

TRACT 1: 8.835 acres of land, more or less, more fully described in Warranty Deed dated October 13, 1976 from W. C. Beerwinkel to Ethel Witte Gurrech, recorded in Volume 349, Page 183, Deed Records, Washington County, Texas.

TRACT 2: 36.375 acres of land, more or less, more fully described as 45.21 acres in Deed dated July 30, 1980 from Harry K. Lesser and Ethel Witte Gurrech, Independent Executors of the Estate of W. C. Beerwinkel, Deceased to Ethel Witte Gurrech, recorded in Volume 398, Page 560, Deed Records, Washington County, Texas, LESS AND EXCEPT: 8.835 acres, more or less, as conveyed and described in Warranty Deed dated October 13, 1976 from W. C. Beerwinkel to Ethel Witte Gurrech, recorded in Volume 349, Page 183, Deed Records, Washington County, Texas.

**WHEREAS,** Ethel Witte Gurrech (herein "Lessor") is the present owner of a leasing right to the above-described lands and the rights of the Lessor in the above-described Lease and Union Pacific Resources Company (herein "Lessee") is the present owner of the rights of the Lessee in the above-described Lease; and

**WHEREAS,** it is the desire of both Lessor and Lessee to confirm, reform and amend the Lease in the manner provided below.

**NOW, THEREFORE,** for a good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Lessor and Lessee do hereby confirm, reform and amend the Lease, as follows:

(1) The above-described Lease is hereby amended to delete, in its entirety, Paragraph No. 12 which states: "Lessor and Lessee understand that the lands covered hereby are also covered by a prior oil and gas lease (the "Prior Lease") dated November 14, 1994 (recorded in Volume 788, Page 266, of the Records of Washington County, Texas) whose primary term has not yet expired. The parties agree that the term of this Lease shall commence and the estate created hereby shall vest immediately when said Prior Lease terminates. In regard to any obligations, covenants or conditions contained in this Lease which may relate to the date of this Lease, for the purposes of any such provisions, that date shall be the date this Lease commences and the estates created hereby vests. Lessor represents and warrants that Lessor has not entered into any extension, modification, ratification, renewal, amendment or agreement to renew or amend, so as to extend the primary term set forth therein and Lessor covenants and agrees not to extend, modify, ratify, renew, amend or agree to renew or amend said Prior Lease so as to extend the primary term set forth therein. Further, Lessor will require the Lessee under the Prior Lease to meet all obligations and requirements."



TXL-9A-75A

(2) The above-described Lease is hereby amended to add Paragraph 12 as follows: "Lessor and Lessee understand that the lands covered hereby are also covered by a prior oil and gas lease (the "Prior Lease") dated November 14, 1994 (recorded in Volume 759, Page 451, Official Records, Washington County, Texas) whose primary term has not yet expired. The parties agree that the term of this Lease shall commence and the estate created hereby shall vest when said Prior Lease terminates, but in no event shall the term commence nor the estate vest after the expiration of one (1) year from the date of this Lease. In regard to any obligations, covenants or conditions contained in this Lease which may relate to the date of this Lease, for the purposes of any such provisions, that date shall be the date this Lease commences and the estates created hereby vests. Lessor represents and warrants that Lessor has not entered into any extension, modification, ratification, renewal, amendment or agreement to renew or amend, so as to extend the primary term set forth therein and Lessor covenants and agrees not to extend, modify, ratify, renew, amend or agree to renew or amend said Prior Lease so as to extend the primary term set forth therein. Further, Lessor will require the Lessee under the Prior Lease to meet all obligations and requirements."

As specifically confirmed, reformed and amended above, the undersigned Lessor does hereby grant, lease and let the above-described lands to Lessee, Union Pacific Resources Company, subject to and under the terms and provisions of the above described Lease, as confirmed and amended herein; and Lessor hereby adopts, ratifies and confirms the Lease, as reformed and amended herein, and declares the same to be effective and binding upon Lessor for all purposes.

The provisions of this document shall extend to and be binding upon the Lessor, her heirs, successors, legal representatives and assigns.

This Amendment is hereby accepted by Lessee upon Lessee duly recording this instrument in the Official Records of Washington County, Texas.

FILED FOR RECORD
WASHINGTON COUNTY, TX
'97 SEP 26 AM 8 31
WASHINGTON CO. CLERK

**EXECUTED** this 25th day of September, 1997.

LESSOR:

Ethel Witte Gurrech
ETHEL WITTE GURRECH

THE STATE OF TEXAS }
}
COUNTY OF WASHINGTON }

This instrument was acknowledged before me this 25th day of September, 1997 by Ethel Witte Gurrech.

MICHAEL E NICE
NOTARY PUBLIC
State of Texas
Comm. Exp. 05-15-2001

Michael E. Nice
NOTARY PUBLIC
STATE OF TEXAS

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on SEP 29 1997

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

VOL 0869 PAGE 057

Tract 30

OIL, GAS & MINERAL LEASE

5273

PROD 88 (REV 893)
PAID UP

THIS LEASE AGREEMENT is made effective the 29 th day of August, 19 97.

between MILDRED R. HENDRIX and husband, C. H. HENDRIX

as Lessor (whether one or more), whose address is 3704 Ravenwood Drive, Bryan, TX 77802

and UNION PACIFIC RESOURCES COMPANY, as Lessee,

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

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

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

WASHINGTON County, Texas, to-wit:

59.33 acres of land, more or less, out of the PHILLIP COE SURVEY, A-31, Washington County, Texas, more fully described in Deed dated December 29, 1942 from Wm. Seidel, as Independent Executor of the Estate of Marie Richter, Deceased to Ben Richter, recorded in Volume 131, Page 608, Deed Records, Washington County, Texas.

SEE EXHIBIT 'A' ATTACHED HERETO AND MADE A PART OF THIS LEASE FOR ADDED CLAUSE 12.

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 59.3300 acres, whether it actually comprises more or less.

2. Term of Lease. This lease shall be in force for a primary term of three years see paragraph 12, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or this lease is otherwise maintained in effect pursuant to the provisions hereof.

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

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

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



T41-90702(3)

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

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

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

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

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

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

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

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

SS# AND/OR TAX ID #

[redacted]

[redacted]

LESSOR:

Mildred R. Hendrix
MILDRED R. HENDRIX

C. H. Hendrix
C. H. HENDRIX

STATE OF TEXAS )
) ss.
COUNTY Brazos )

This instrument was acknowledged before me this 3rd day of September, 1997, by Mildred R. Hendrix.

Michelle Teresa Jones
Notary Public

My Commission Expires:
4-25-2001

MICHELLE TERESA JONES
Notary Public
STATE OF TEXAS
My Comm. Exp. Apr. 25, 2001

STATE OF TEXAS )
) ss.
COUNTY Brazos )

This instrument was acknowledged before me this 3rd day of September, 1997, by C. H. Hendrix.

Michelle Teresa Jones
Notary Public

My Commission Expires:
4-25-2001

MICHELLE TERESA JONES
Notary Public
STATE OF TEXAS
My Comm. Exp. Apr. 25, 2001

Attached hereto and made a part hereof that certain Oil and Gas Lease dated August 29, 1997 by and between MILDRED R. HENDRIX and husband, C. H. HENDRIX, as Lessor, and UNION PACIFIC RESOURCES COMPANY as Lessee.

## Exhibit A

**TOP LEASE**

12. Lessor and Lessee understand that the lands covered hereby are also covered by a prior oil and gas lease (the ~"Prior Lease~") dated November 15, 1994 (recorded in Volume 759, Page 436, of the Records of Washington County, Texas) whose primary term has not yet expired. The parties agree that the term of this Lease shall commence and the estate created hereby shall vest immediately when said Prior Lease terminates. In regard to any obligations, covenants or conditions contained in this Lease which may relate to the date of this Lease, for the purposes of any such provisions, that date shall be the date this Lease commences and the estates created hereby vests. Lessor represents and warrants that Lessor has not entered into any extension, modification, ratification, renewal, amendment or agreement to renew or amend, so as to extend the primary term set forth therein and Lessor covenants and agrees not to extend, modify, ratify, renew, amend or agree to renew or amend said Prior Lease so as to extend the primary term set forth therein. Further, Lessor will require the Lessee under the Prior Lease to meet all obligations and requirements.

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

SEP 10 1997

Beth A. Rothermel

Beth Rothermel, County Clerk
Washington County, Texas

FILED FOR RECORD
'97 SEP 9 AM 9 58
WASHINGTON CO. CLERK

MRN C.H.H.

LESSOR INITIALS

5741

STATE OF TEXAS }
} KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF WASHINGTON }

CONFIRMATION OF AND AMENDMENT TO OIL, GAS AND MINERAL LEASE

**WHEREAS,** on August 29, 1997, Mildred R. Hendrix and husband, C. H. Hendrix, as Lessor, entered into an Oil, Gas and Mineral Lease with Union Pacific Resources Company, as Lessee, which lease was recorded in Volume 869, Page 067, Official Records, Washington County, Texas, (the above-described lease being herein referred to as the "Lease"); and

**WHEREAS,** the Lease covered 59.33 acres of land, more or less, out of the PHILLIP COE SURVEY, A-31, Washington County, Texas, more fully described in Deed dated December 29, 1942 from Wm. Seidel, as Independent Executor of the Estate of Marie Richter, Deceased to Ben Richter, recorded in Volume 131, Page 608, Deed Records, Washington County, Texas.

**WHEREAS,** Mildred R. Hendrix and husband, C. H. Hendrix (herein "Lessor") are the present owners of a leasing right to the above-described lands and the rights of the Lessor in the above-described Lease and Union Pacific Resources Company (herein "Lessee") is the present owner of the rights of the Lessee in the above-described Lease; and

**WHEREAS,** it is the desire of both Lessor and Lessee to confirm, reform and amend the Lease in the manner provided below.

**NOW, THEREFORE,** for a good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Lessor and Lessee do hereby confirm, reform and amend the Lease, as follows:

(1) The above-described Lease is hereby amended to delete, in its entirety, Paragraph No. 12 which states: "Lessor and Lessee understand that the lands covered hereby are also covered by a prior oil and gas lease (the "Prior Lease") dated November 15, 1994 (recorded in Volume 759, Page 436, of the Records of Washington County, Texas) whose primary term has not yet expired. The parties agree that the term of this Lease shall commence and the estate created hereby shall vest immediately when said Prior Lease terminates. In regard to any obligations, covenants or conditions contained in this Lease which may relate to the date of this Lease, for the purposes of any such provisions, that date shall be the date this Lease commences and the estates created hereby vests. Lessor represents and warrants that Lessor has not entered into any extension, modification, ratification, renewal, amendment or agreement to renew or amend, so as to extend the primary term set forth therein and Lessor covenants and agrees not to extend, modify, ratify, renew, amend or agree to renew or amend said Prior Lease so as to extend the primary term set forth therein. Further, Lessor will require the Lessee under the Prior Lease to meet all obligations and requirements."



T41-90702(3)

(2) The above-described Lease is hereby amended to add Paragraph 12 as follows: "Lessor and Lessee understand that the lands covered hereby are also covered by a prior oil and gas lease (the "Prior Lease") dated November 15, 1994 (recorded in Volume 759, Page 436, Official Records, Washington County, Texas) whose primary term has not yet expired. The parties agree that the term of this Lease shall commence and the estate created hereby shall vest when said Prior Lease terminates, but in no event shall the term commence nor the estate vest after the expiration of one (1) year from the date of this Lease. In regard to any obligations, covenants or conditions contained in this Lease which may relate to the date of this Lease, for the purposes of any such provisions, that date shall be the date this Lease commences and the estates created hereby vests. Lessor represents and warrants that Lessor has not entered into any extension, modification, ratification, renewal, amendment or agreement to renew or amend, so as to extend the primary term set forth therein and Lessor covenants and agrees not to extend, modify, ratify, renew, amend or agree to renew or amend said Prior Lease so as to extend the primary term set forth therein. Further, Lessor will require the Lessee under the Prior Lease to meet all obligations and requirements."

As specifically confirmed, reformed and amended above, the undersigned Lessor does hereby grant, lease and let the above-described lands to Lessee, Union Pacific Resources Company, subject to and under the terms and provisions of the above described Lease, as confirmed and amended herein; and Lessor hereby adopts, ratifies and confirms the Lease, as reformed and amended herein, and declares the same to be effective and binding upon Lessor for all purposes.

The provisions of this document shall extend to and be binding upon the Lessor, their heirs, successors, legal representatives and assigns.

This Amendment is hereby accepted by Lessee upon Lessee duly recording this instrument in the Official Records of Washington County, Texas.

**EXECUTED** this 27th day of September, 1997.

LESSOR:

Mildred R. Hendrix
MILDRED R. HENDRIX

C. H. Hendrix
C. H. HENDRIX

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on SEP 30 1997

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

FILED FOR RECORD
WASHINGTON COUNTY, TX
'97 SEP 29 AM 9 45
WASHINGTON CO. CLERK

THE STATE OF TEXAS }
}
COUNTY OF WASHINGTON }

This instrument was acknowledged before me this 27th day of September, 1997 by Mildred R. Hendrix and husband, C. H. Hendrix.

MICHAEL E NICE
NOTARY PUBLIC
State of Texas
Comm. Exp. 05-15-2001

Michael E. Nice
NOTARY PUBLIC
STATE OF TEXAS

VOL 0089 PAGE 095

OIL, GAS & MINERAL LEASE

PROD 88 (REV 893)

5133 PAID UP

THIS LEASE AGREEMENT is made effective the 29 th day of August, 19 97,

between BENNIE RICHTER, JR. and wife, DOROTHY RICHTER

as Lessor (whether one or more), whose address is 1214 Oak Creek Drive, Richmond, TX 77469

and UNION PACIFIC RESOURCES COMPANY, as Lessee,

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

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

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

WASHINGTON County, Texas, to-wit:

59.33 acres of land, more or less, out of the PHILLIP COE SURVEY, A-31, Washington County, Texas, more fully described in Deed dated December 29, 1942 from Wm. Seidel, as Independent Executor of the Estate of Marie Richter, Deceased to Ben Richter, recorded in Volume 131, Page 608, Deed Records, Washington County, Texas.

SEE EXHIBIT 'A' ATTACHED HERETO AND MADE A PART OF THIS LEASE FOR ADDED CLAUSE 12.

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 59.3300 acres, whether it actually comprises more or less.

2. **Term of Lease.** This lease shall be in force for a primary term of three years see paragraph 12, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or this lease is otherwise maintained in effect pursuant to the provisions hereof.

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

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

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



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

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

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

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

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

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

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

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

SS# AND/OR TAX ID #

[redacted]

[redacted]

LESSOR:

Bennie Richter

BENNIE RICHTER, JR.

Dorothy Richter

DOROTHY RICHTER

STATE OF TEXAS )
) ss.
COUNTY Fort Bend )

This instrument was acknowledged before me this 11 day of Sept, 1997, by Bennie Richter, Jr.

Notary Public

My Commission Expires:

CHARLES MARIETTA
Notary Public, State of Texas
Commission Expires 1/15/2001

STATE OF TEXAS )
) ss.
COUNTY Fort Bend )

This instrument was acknowledged before me this 11 day of Sept, 1997, by Dorothy Richter.

Notary Public

My Commission Expires:

CHARLES MARIETTA
Notary Public, State of Texas
Commission Expires 1/15/2001

Attached hereto and made a part hereof that cer. Oil and Gas Lease dated August 29, 1997 by and betw. BENNIE RICHTER, JR. and wife, DOROTHY RICHTER, as Lessor, and UNION PACIFIC RESOURCES COMPANY as Lessee.

## Exhibit A

**TOP LEASE**

Lessor and Lessee understand that the lands covered hereby are also covered by a prior oil and gas lease (the "Prior Lease") dated November 15, 1994 (recorded in Volume 759, Page 434, Official Records, Washington County, Texas) whose primary term has not yet expired. The parties agree that the term of this Lease shall commence and the estate created hereby shall vest when said Prior Lease terminates, but in no event shall the term commence nor the estate vest after the expiration of five (5) years from the date of this Lease. In regard to any obligations, covenants or conditions contained in this Lease which may relate to the date of this Lease, for the purposes of any such provisions, that date shall be the date this Lease commences and the estates created hereby vests. Lessor represents and warrants that Lessor has not entered into any extension, modification, ratification, renewal, amendment or agreement to renew or amend, so as to extend the primary term set forth therein and Lessor covenants and agrees not to extend, modify, ratify, renew, amend or agree to renew or amend said Prior Lease so as to extend the primary term set forth therein. Further, Lessor will require the Lessee under the Prior Lease to meet all obligations and requirements.

FILED FOR RECORD
WASHINGTON COUNTY, TX
'97 SEP 16 PM 4 11
WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

SEP 17 1997

Beth Rothermel, County Clerk
Washington County, Texas

B. R. JR  D. R.

LESSOR INITIALS

VOL 0868 PAGE 746

OIL, GAS & MINERAL LEASE

PAID 88 (REV 8/93)
5189 PAID UP

THIS LEASE AGREEMENT is made effective the 29 th day of August, 19 97,

between WALTER RICHTER, dealing in his sole and separate property

as Lessor (whether one or more), whose address is 2363 F.M. 389, Brenham, TX 77833

and UNION PACIFIC RESOURCES COMPANY, as Lessee,

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

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

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

WASHINGTON County, Texas, to-wit:

59.33 acres of land, more or less, out of the PHILLIP COE SURVEY, A-31, Washington County, Texas, more fully described in Deed dated December 29, 1942 from Wm. Seidel, as Independent Executor of the Estate of Marie Richter, Deceased to Ben Richter, recorded in Volume 131, Page 608, Deed Records, Washington County, Texas.

SEE EXHIBIT 'A' ATTACHED HERETO AND MADE A PART OF THIS LEASE FOR ADDED CLAUSE 12.

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 59.3300 acres, whether it actually comprises more or less.

2. **Term of Lease.** This lease shall be in force for a primary term of three years see paragraph 12, ~~XXXXXXXXXXXXXXX~~, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or this lease is otherwise maintained in effect pursuant to the provisions hereof.

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

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

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



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

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

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

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

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

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

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

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

SS# AND/OR TAX ID #

[redacted]

LESSOR:

Walter Richter

WALTER RICHTER

STATE OF TEXAS )
) ss.
COUNTY OF WASHINGTON )

This instrument was acknowledged before me this 30th day of August, 1997, by Walter Richter.

Michael E. Nice

Notary Public

MICHAEL E NICE
NOTARY PUBLIC
State of Texas
Comm. Exp. 05-15-2001

Attached hereto and made a part hereof that certain Oil and Gas Lease dated August 29, 1997 by and between WALTER RICHTER, dealing in his sole and separate property, as Lessor, and UNION PACIFIC RESOURCES COMPANY as Lessee.

# Exhibit A

TOP LEASE

12. Lessor and Lessee understand that the lands covered hereby are also covered by a prior oil and gas lease (the ~"Prior Lease~") dated November 11, 1994 (recorded in Volume 759, Page 431, of the Records of Washington County, Texas) whose primary term has not yet expired. The parties agree that the term of this Lease shall commence and the estate created hereby shall vest immediately when said Prior Lease terminates. In regard to any obligations, covenants or conditions contained in this Lease which may relate to the date of this Lease, for the purposes of any such provisions, that date shall be the date this Lease commences and the estates created hereby vests. Lessor represents and warrants that Lessor has not entered into any extension, modification, ratification, renewal, amendment or agreement to renew or amend, so as to extend the primary term set forth therein and Lessor covenants and agrees not to extend, modify, ratify, renew, amend or agree to renew or amend said Prior Lease so as to extend the primary term set forth therein. Further, Lessor will require the Lessee under the Prior Lease to meet all obligations and requirements.

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on SEP 04 1997

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

FILED FOR RECORD
WASHINGTON COUNTY, TX
'97 SEP 3 PM 3 55
WASHINGTON CO. CLERK

W.R.

LESSOR INITIALS

STATE OF TEXAS }
} KNOW ALL MEN BY THESE PRESENTS: 5742
COUNTY OF WASHINGTON }

CONFIRMATION OF AND AMENDMENT TO OIL, GAS AND MINERAL LEASE

WHEREAS, on August 29, 1997, Walter Richter, dealing in his sole and separate property, as Lessor, entered into an Oil, Gas and Mineral Lease with Union Pacific Resources Company, as Lessee, which lease was recorded in Volume 868, Page 746, Official Records, Washington County, Texas, (the above-described lease being herein referred to as the "Lease"); and

WHEREAS, the Lease covered 59.33 acres of land, more or less, out of the PHILLIP COE SURVEY, A-31, Washington County, Texas, more fully described in Deed dated December 29, 1942 from Wm. Seidel, as Independent Executor of the Estate of Marie Richter, Deceased to Ben Richter, recorded in Volume 131, Page 608, Deed Records, Washington County, Texas.

WHEREAS, Walter Richter (herein "Lessor") is the present owner of a leasing right to the above-described lands and the rights of the Lessor in the above-described Lease and Union Pacific Resources Company (herein "Lessee") is the present owner of the rights of the Lessee in the above-described Lease; and

WHEREAS, it is the desire of both Lessor and Lessee to confirm, reform and amend the Lease in the manner provided below.

NOW, THEREFORE, for a good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Lessor and Lessee do hereby confirm, reform and amend the Lease, as follows:

(1) The above-described Lease is hereby amended to delete, in its entirety, Paragraph No. 12 which states: "Lessor and Lessee understand that the lands covered hereby are also covered by a prior oil and gas lease (the "Prior Lease") dated November 11, 1994 (recorded in Volume 759, Page 431, of the Records of Washington County, Texas) whose primary term has not yet expired. The parties agree that the term of this Lease shall commence and the estate created hereby shall vest immediately when said Prior Lease terminates. In regard to any obligations, covenants or conditions contained in this Lease which may relate to the date of this Lease, for the purposes of any such provisions, that date shall be the date this Lease commences and the estates created hereby vests. Lessor represents and warrants that Lessor has not entered into any extension, modification, ratification, renewal, amendment or agreement to renew or amend, so as to extend the primary term set forth therein and Lessor covenants and agrees not to extend, modify, ratify, renew, amend or agree to renew or amend said Prior Lease so as to extend the primary term set forth therein. Further, Lessor will require the Lessee under the Prior Lease to meet all obligations and requirements."



41-90702

(2) The above-described Lease is hereby amended to add Paragraph 12 as follows: "Lessor and Lessee understand that the lands covered hereby are also covered by a prior oil and gas lease (the "Prior Lease") dated November 11, 1994 (recorded in Volume 759, Page 431, Official Records, Washington County, Texas) whose primary term has not yet expired. The parties agree that the term of this Lease shall commence and the estate created hereby shall vest when said Prior Lease terminates, but in no event shall the term commence nor the estate vest after the expiration of one (1) year from the date of this Lease. In regard to any obligations, covenants or conditions contained in this Lease which may relate to the date of this Lease, for the purposes of any such provisions, that date shall be the date this Lease commences and the estates created hereby vests. Lessor represents and warrants that Lessor has not entered into any extension, modification, ratification, renewal, amendment or agreement to renew or amend, so as to extend the primary term set forth therein and Lessor covenants and agrees not to extend, modify, ratify, renew, amend or agree to renew or amend said Prior Lease so as to extend the primary term set forth therein. Further, Lessor will require the Lessee under the Prior Lease to meet all obligations and requirements."

As specifically confirmed, reformed and amended above, the undersigned Lessor does hereby grant, lease and let the above-described lands to Lessee, Union Pacific Resources Company, subject to and under the terms and provisions of the above described Lease, as confirmed and amended herein; and Lessor hereby adopts, ratifies and confirms the Lease, as reformed and amended herein, and declares the same to be effective and binding upon Lessor for all purposes.

The provisions of this document shall extend to and be binding upon the Lessor, his heirs, successors, legal representatives and assigns.

This Amendment is hereby accepted by Lessee upon Lessee duly recording this instrument in the Official Records of Washington County, Texas.

EXECUTED this 27th day of September, 1997.

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

SEP 30 1997

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

LESSOR:

Walter Richter
WALTER RICHTER

FILED FOR RECORD
WASHINGTON COUNTY, TX
'97 SEP 29 AM 9 46
WASHINGTON CO. CLERK

THE STATE OF TEXAS }
}
COUNTY OF WASHINGTON }

This instrument was acknowledged before me this 27th day of September, 1997 by Walter Richter.

MICHAEL E NICE
NOTARY PUBLIC
State of Texas
Comm. Exp. 05-15-2001

Michael E. Nice
NOTARY PUBLIC
STATE OF TEXAS

(2)

MF 99395
ITEM letter + attachments
TO
FROM
DATE 5/21/98

6.16.98

65-902394

GENERAL LAND OFFICE

GARRY MAURO
COMMISSIONER

MEMORANDUM

---

Docket # 200

DATE: June 10, 1998

TO: Linda Fisher / School Land Board

From: Drew Reid / Minerals Leasing

RE: Applications To Lease Highway Right-of-Way

99292 A) Applicant - UPRC
·653.10 Description - 18.66 ac. along St. Hwy. 21, situated in the J.H. Bostick Sur., A-13
9.80 And A. Culling Sur., A-120 in Bastrop Co.
Terms - $35.00/Ac. Bonus, 1/6 Royalty, 3 Years Paid-up

99293 B) Applicant - UPRC
·621.30 Description – 4.142 Gross ac./2.313 Net ac. along Industrial Boulevard and Pickle
9.32 Circle, situated in the Philip Coe League, A-31 in Washington Co.
Terms- $150.00/Ac. Bonus, 1/5 Royalty, 3 Years Paid-up

99294 C) Applicant - UPRC
·615.90 Description – 6.159 ac. along F.M. Rd. 332, situated in the Philip Coe League.,
9.24 A-31 in Washington Co.
Terms - $100.00/Ac. Bonus, 1/6 Royalty, 3 Years Paid-up

99295 D) Applicant - UPRC
·2127.4 Description – 10.637 ac. along F.M. 389, situated in the Philip Coe League,
31.91 A-31 in Washington Co.
Terms - $200.00/Ac. Bonus, 1/5 Royalty, 3 Years Paid-up

99296 E) Applicant - UPRC
· 265.00 Description – 1.5519 ac. along F.M. 109, situated in the J. Hodge Sur., A-61
3.84 in Washington Co.
Terms - $165.00/Ac. Bonus, 1/6 Royalty, 3 Years Paid-up

79297 F) Applicant – Shaca Ventures, Inc.
$826.00 Description – 8.25 ac. along St. Hwy. 124, situated in the T.&N.O. Sur., G.J.
12.37 Mayes Sec. 98, A-438 in Chambers Co.
Terms - $100.00/Ac. Bonus, 1/4 Royalty, 18 Months Paid-up

79298 G) Applicant – Clayton Williams Energy, Inc.
6294.00 Description – 20.98 ac. along F.M. 50, situated in the G.A. Nixon League, A-31
94.41 in Robertson Co.
Terms - $300.00/Ac. Bonus, 1/4 Royalty, 3 Years Paid-up

79299 H) Applicant – Marshall & Winston, Inc.
2952.00 Description – 39.36 ac. along St. Hwy. 55, situated in Sec. 19, A-734; Sec. 24, A-
44.28 2149; Sec. 41, A-737 and Sec. 46, A-2103 in Edwards Co.
Terms - $75.00/Ac. Bonus, 1/5 Royalty, 3 Years Paid-up

79300 I) Applicant - Ceniza Pet., Inc.
293.70 Description – 2.67 ac. along F.M. 630, situated in the James McIntyre Sur. A-196
4.41 in San Patricio Co.
Terms - $110.00/Ac. Bonus, 1/4 Royalty, 2 Years Paid-up

79301 J) Applicant – J. Charles Hollimon, Inc.
2672.00 Description – 6.68 ac.along St. Hwy. 71, situated in the I.&G.N.R.R. Co. Sur.
40.08 No. 1, A-215 in Wharton Co.
Terms - $400.00/Ac. Bonus, 1/5 Royalty, 3 Years Paid-up

79302 K) Applicant – Chesapeake Operating, Inc.
927.30 Description – 5.62 ac. along Salem Rd. and Hall Rd., situated in the N. Smith Sur.
13.91 A-100 in Washington Co.
Terms - $165.00/Ac. Bonus, ~~1/16~~ 1/6 Royalty, 1 Year

99303 L) Applicant – Burk Royalty Company
1285.55 Description – 25.711 ac. along St. Hwy. 4, situated in the Sam Martin Sur., A-6 in
19.28 Cameron County.
Terms - $50.00/Ac. Bonus, 3/16 Royalty, 1 Year Paid-up

99304 M) Applicant – Indexgeo and Assoc., Inc.
900.00 Description – 7.5 ac. along US Hwy 77, situated in the OH Stapp Sur. A-397, in
13.50 Lavaca Co.
Terms- $120.00/Ac. Bonus, 1/6 Royalty, 3 years Paid-up

99305 N) Applicant – Hallwood Petroleum, Inc.
97.00 Description – 3.88 ac., along a Co. Rd. with no name situated in the T & P RR Sur.,
1.46 in Taylor Co.
Terms - $25.00/Ac. Bonus, 17% Royalty, 3 Years Paid-up

19306 O) Applicant – Brigham Oil & Gas, L.P.

724.75 Description – 5.798 gross ac. and .83 net ac. along F.M. 178, situated in the T & P
10.87 RR Sur., in Dawson Co.

Terms - $125.00/Ac. Bonus, 3/16 Royalty, 3 Years Paid-up

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

(3)

MF 99295
ITEM Memo
TO
FROM
DATE 6/10/98

**DENNIS MAHLMANN**
**Petroleum Land Services**
**208 W. Alamo**
**Brenham, Texas 77833**
**409/836-3260**

July 27, 1998

Texas General Land Office
Lease Administration
1700 N. Congress Ave.
Austin, Texas 78701

Attn.: Mr. Drew Reid

RE: Bonus Checks, Oil and Gas Leases,
Right-of-way tracts,
Washington County, Texas

Dear Mr. Reid:

Enclosed please find three checks from Union Pacific Resources Company covering the bonuses and sales fees for the following three Oil and Gas Leases recently received from your office.

| mineral file no. | acreage | check no. | amount |
|---|---|---|---|
| M-99293 | 4.142 | 10307915 | $630.62 |
| M-99294 | 6.159 | 10307914 | $625.14 |
| M-99295 | 10.637 | 10307913 | $2,159.31 |

Thank you for your assistance in acquiring these leases.

Sincerely yours,

Dennis Mahlmann
Landman
Union Pacific Resources Company

Enclosure

4.

File No. MF-99295

Letter 7/27/98

Date Filed: 1/22/99

Jerry E. Patterson, Commissioner

By

MF-99295
(4) Letter 7/27/98.
1-22-99

TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

Certified USPS 7016 2070 0000 7391 8724

September 25, 2017

Enervest Operating LLC
Attn: Land Department
1001 Fannin Street Ste. 800
Houston, Texas 77002

Re: State Lease **MF 099293** being 2.31 acres, (Highways & Public Transportation) in Washington County Texas.
Re: State Lease **MF 099295** being 6.16 acres, (Highways & Public Transportation) in Washington County Texas.
Re: State Lease **MF 099295** being 10.37 acres, (Highways & Public Transportation) in Washington County Texas.

Dear Land Department:

Our records indicate that the leases above have terminated effective October 1, 2014 due to non production. The Texas Administrative Code dealing with Shut-In Royalty is Title 31, Part 1, Chapter 9, Subchapter C, Rule §9.36.

You have thirty days from the receipt of this letter in which to present evidence to the General Land Office that this termination has not occurred. If such evidence has not been presented at the expiration of the 30 day period, the lease shall be endorsed "terminated" with no further communication from this office prior to the endorsement.

Pursuant to the Texas Administrative Code, we request that you file with this office a certified, recorded copy of a Release of State Oil and Gas Lease, effective as of the termination date and recorded in the county in which the lease tract is located. After recording the release, mail a certified copy of the release, along with the filing fee of $25.00, to my attention at the GLO.

We look forward to hearing from you.

Yours truly,

Travis Matthews

Travis Matthews
Landman, Energy Resources
512-463-5118
512-475-1543 (fax)
travis.matthews@glo.texas.gov

(5)

File No. 099293, 099294, 099295

WASHINGTON County

TERM LETTER

Date Filed: 9/25/17

By: JW George P. Bush, Commissioner

7016 2070 0000 7391 8724

**U.S. Postal Service**
**CERTIFIED MAIL® RECEIPT**
*Domestic Mail Only*

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee
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Extra Services & Fees *(check box, add fee as appropriate)*
- ☐ Return Receipt (hardcopy) $
- ☐ Return Receipt (electronic) $
- ☐ Certified Mail Restricted Delivery $
- ☐ Adult Signature Required $
- ☐ Adult Signature Restricted Delivery $

Postmark Here

Postage
$

Total Postag
$

Sent To
Enervest Operating LLC
Attn: Land Department
1001 Fannin Street Ste. 800
Houston, Texas 77002

Street and A

City, State, ZIP+4®

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

**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:

Enervest Operating LLC
Attn: Land Department
1001 Fannin Street Ste. 800
Houston, Texas 77002

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature
X
☐ Agent
☐ Addressee

B. Received by *(Printed Name)* C. Date of Delivery
RECEIVED 9-28-17
SEP 28 2017

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

2. 7016 2070 0000 7391 8724

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-154(