

~~2857~~

7.38 ACRES

-0- NON-UNIT ACRES

✓
TERMINATED

Date 5-1-00

Accounting.....

Legal... CZB

Expiration.....

Execution.....

Rentals: YMT.

Lease Admin: DR.

Mineral

Maps:

GIS TA

STATE LEASE

MF098942

CONTROL	BASEFILE	COUNTY
65-902394	000 -	WASHINGTON /239

SURVEY : WASHINGTON COUNTY ROADS
 BLOCK :
 TOWNSHIP : 00
 SECTION/TRACT:
 PART :
 ACRES : 7.38
 DEPTH LIMITS : NO

LESSEE : UNION PACIFIC RESOURCES COMPANY
 LEASE DATE : Feb 17 1998
 PRIMARY TERM : 6 mos
 BONUS (\$) : 184.50
 RENTAL (\$) : 0.00
 ROYALTY : 0.24000000
 VAR ROYALTY :



CONTENTS OF FILE NO. M-98942

- | | |
|----------------------------|----------|
| 1. App to Bid | 2-12-98 |
| 2. Lease | 2-17-98 |
| 3. Letter | 10-20-97 |
| 4. Adj. Lease + Affidavits | — |
| 5. Division Order | 8-20-98 |
| 6. Letter 3/26/98 | |
| 7. Division Order | 6-2-99 |
| 8. UNIT PLAT / BUCKSLIP | 10/23/97 |
| 9. Termination Ltr. | 3-10-04 |

Scanned lw 11.5.2015

2-17-98

GENERAL LAND OFFICE

GARRY MAURO
COMMISSIONER

MEMORANDUM

Docket # 71

DATE: February 12, 1998

TO: Linda Fisher / School Land Board

From: Drew Reid / Minerals Leasing

RE: Applications To Lease Highway Right-of-Way

- 98940
- A) Applicant - UPRC
Description - 1.614 ac. along FM 332, situated in the S.M. Williams Sur., A-110 in Washington Co.
Terms - \$200.00/Ac. Bonus, 1/5 Royalty, 3 Years Paid-up
- 98941
- B) Applicant - UPRC
Description - 12.11 ac. along County Rd. 19, situated in the Harmon Hensley Sur., A-59 and the S.M. Williams Sur., A-110 in Washington Co.
Terms- \$150.00/Ac. Bonus, 1/5 Royalty, 3 years Paid-up
- 98942
- C) Applicant - UPRC
Description - 7.38 ac. along F.M. Rd. 50, situated in the J.B. Chance Sur., A-22 in Washington Co.
Terms - \$25.00/Ac. Bonus, 24% Royalty, 6 Months Paid-up
- 98943
- D) Applicant - UPRC
Description - 5.0603 ac. along F.M. 332, situated in the James Schrier League, A-98 and the S.M. Williams Sur., A-110 in Washington Co.
Terms - \$100.00/Ac. Bonus, 1/6 Royalty, 5 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.



Texas Department of Transportation

P.O. BOX 5075 • AUSTIN, TEXAS 78763-5075 • (512) 416-2901

February 9, 1998

Mr. Garry Mauro
Commissioner
General Land Office
Petroleum and Mineral Division
1700 North Congress Avenue
Austin, Texas 78701

Contact: ROW

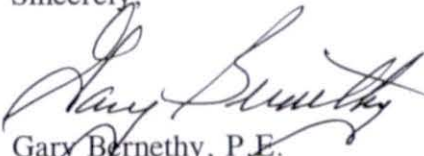
Dear Commissioner Mauro:

We have reviewed the proposed oil and gas lease applications and the following requests for preferential leases are considered sufficiently documented to be presented to the Public School Land Board for approval.

<u>County</u>	<u>Nominator</u>	<u>Bonus</u>	<u>Royalty</u>	<u>Primary Term</u>	<u>Delay Rental</u>
Washington	UPRC	\$200.00	1/5	3 years	Paid-up
Washington	UPRC	\$ 25.00	24%	6 months	None
Washington	UPRC	\$100.00	1/6	5 years	Paid-up

If additional information is needed, please contact Carlton Bernhard at 416-2879.

Sincerely,



Gary Bernethy, P.E.
Director of Right of Way

①

MF 98942
ITEM App to Bid
TO _____
FROM _____
DATE 2-12-98

The State of Texas



Austin, Texas

PAID-UP
OIL AND GAS LEASE NO. M-98942
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 76101-0007**, hereinafter called "Lessee".

1. Lessor, in consideration of **One Hundred Eighty Four and 50/100 Dollars (\$184.50)**, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease, and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, and all other hydrocarbons, produced from the land covered hereby. The land covered hereby, herein called "said land" is located in the County of **Washington**, State of Texas, and is described as follows:

7.38 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 **7.38** 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 **six months (6)** from **February 17, 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 **twenty four percent (24%)** 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 **twenty four percent (24%)** 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 **twenty four percent (24%)** 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 **twenty four percent (24%)** of such gas and casinghead gas.

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

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

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

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

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

whichever is greater. In addition to a penalty, royalties shall accrue interest at a rate of 12% per year; such interest will begin accruing when the royalty is sixty (60) days overdue. Affidavits and supporting documents which are not filed when due shall incur a penalty in an amount set by the General Land Office administrative rule which is effective on the date when the affidavits or supporting documents were due. The Lessee shall bear all responsibility for paying or causing royalties to be paid as prescribed by the due date provided herein. Payment of the delinquency penalty shall in no way operate to prohibit the State's right of forfeiture as provided by law nor act to postpone the date on which royalties were originally due. The above penalty provisions shall not apply in cases of title dispute as to the State's portion of the royalty or to that portion of the royalty in dispute as to fair market value. The State shall have first lien upon all oil and gas produced from the area covered by this lease to secure the payment of all unpaid royalty and other sums of money that may become due to the State hereunder.

4. POOLING: (a) Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons. Units pooled for oil hereunder shall not exceed 160 acres each in area, and units pooled for gas hereunder shall not exceed in area 640 acres each plus a tolerance of ten percent (10%) thereof, unless oil or gas units of a greater size are allowed under or prescribed by rules of the Railroad Commission of Texas.

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

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

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

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

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

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

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

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

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

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

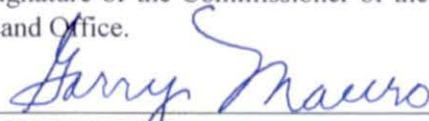
12. WELL INFORMATION: Lessee agrees to forthwith furnish Lessor, upon written request, with copies of all drilling logs, electrical logs, cores and core records and other information pertaining to all wells drilled by lessee either on the leased premises or acreage pooled therewith, when requested to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

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

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

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

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



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

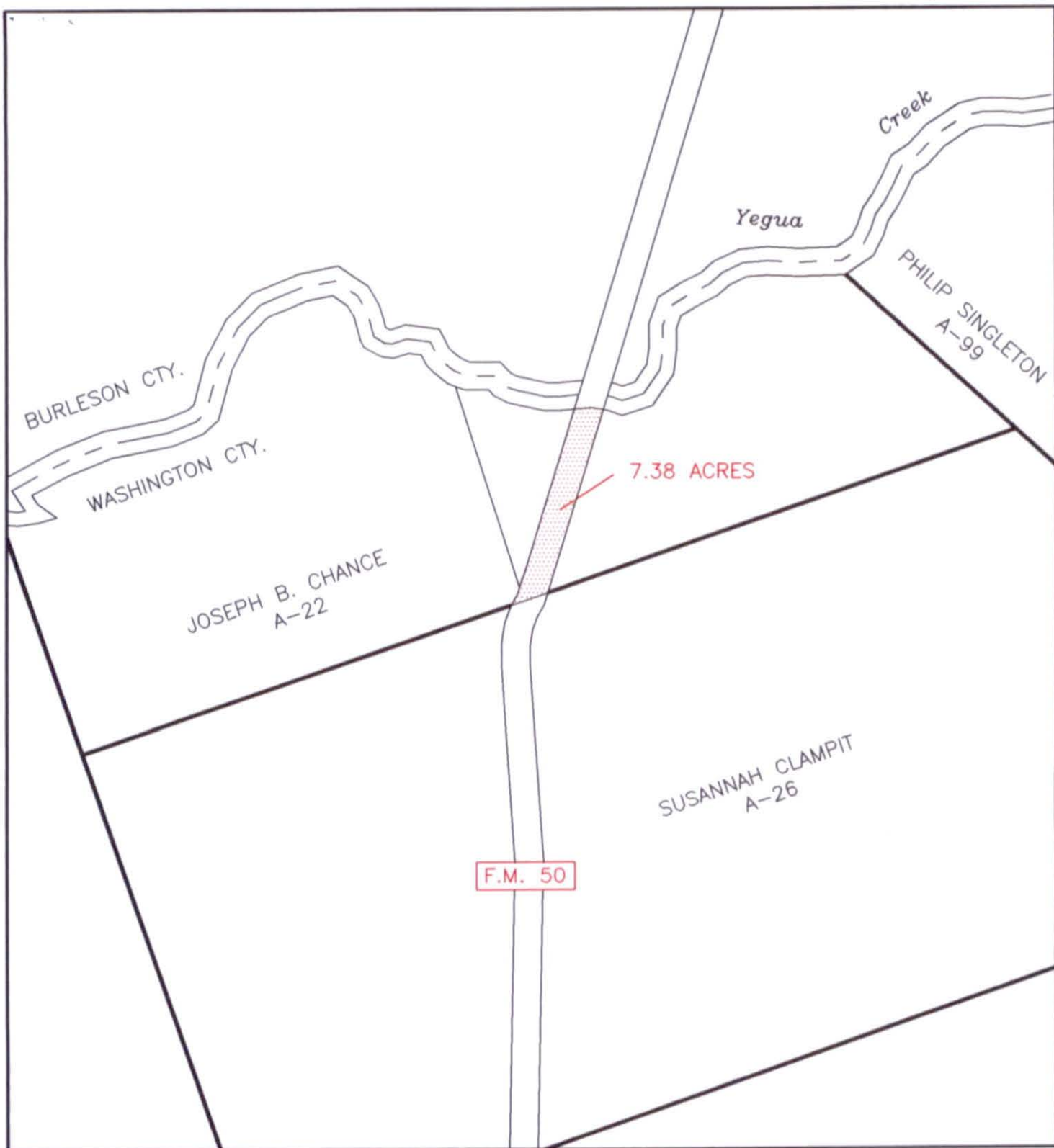
Approved:
Energy: RT
Executive: SL

Exhibit "A"

Acreage to be Leased from the State of Texas in Washington
County, Texas, being part of FM Rd. 50

7.38 acres of land, more or less, situated in the J.B. Chance Sur., A-22 in Washington County, Texas and being the same land described in the following Deeds Recorded in the Deed Records of Washington County, Texas:

1. Deed from Leroy finley et ux to Washington County, dated 6/11/23 and recorded in V.91, P.114, of the Deed Records of Washington County, Texas.
2. Deed from P.G. Graves et ux to Washington County, dated 6/11/25 and recorded in V.91, P.116, of the Deed Records of Washington County, Texas.
3. Deed from Ed Jenkins to Washington County, dated 6/11/25 and recorded in V.91, P.133, of the Deed Records of Washington County, Texas.



FM50/EM/2-98

MAP SHOWING
A PORTION OF F.M. 50
7.38 ACRES
APPROXIMATELY 3 MILES NORTH OF INDEPENDENCE
WASHINGTON COUNTY

(2) MF 98947
ITEM Lease
TO _____
FROM _____
DATE 3-17-98

JONES & ZWIENER, INC.
PROFESSIONAL LAND SERVICES
1300 MAIN STREET, SUITE 1920
HOUSTON, TEXAS 77002-6813

TEL (713) 650-0903
FAX (713) 650 3547

October 20, 1997

170

Texas General Land Office
Stephen F. Austin Building
1700 North Congress Ave.
Austin, Texas 78701-1495

ATTN: Mr. Drew Reid
Landman

38010476

Re: Application to Lease
7.38 acres F. M. Road 50
Joseph B. Chance Survey, A-22
Washington County, Texas

X100.00

Kenneth M. Reed ✓

Dear Mr. Reid:

Union Pacific Resources Company is interested in acquiring an Oil, Gas and Mineral Lease covering the above referenced tract of land in Washington County, Texas, for the purpose of drilling a horizontal well.

Enclosed are the following for your review:

1. Names and addresses of adjacent mineral owners.
2. A check for \$100.00 for processing.
3. Written Waiver of Statutory Notice.
4. Copies of adjacent leases.
5. A notarized Affidavit of consideration paid.
6. A Landman's Statement explaining the mineral ownership under the subject road.
7. A plat depicting the subject tract.
8. A copy of a farm-out agreement dated March 27, 1997 between Clayton W. Williams, Jr. and Union Pacific Resources Company regarding all rights in the Ashorn-Bentke Unit #1 which includes the subject adjacent leases.
9. A copy of the proposed UPRC Hahn Unit #1.

2500
24%
6 mos.

Should you have any questions, or require further information, please call me at (409) 830-1110 or (713) 650-0903.

Sincerely,

Manning Reed
Manning Reed

M-98942

(C)

NAMES AND ADDRESSES OF ADJACENT MINERAL OWNERS:

TRACT 1: 59.81 acres, surveyed to be 59.31
Hermann Bentke, Jr. and wife, Donna Bentke
John H. Baker III, Trustee
Edith Greenfield
Union Pacific Resources Company
P. O. Box 7
Fort Worth, Texas 76101

TRACT 2: 41.24 acres, surveyed to be 39.07
Larry Ashorn
Jane Ashorn Husfeld
Union Pacific Resources Company
P. O. Box 7
Fort Worth, Texas 76101

5
5
5
5
5
5

UNION PACIFIC RESOURCES

OCT 24 PM 4:21

RECEIVED

WAIVER OF STATUTORY NOTICE

STATE OF TEXAS

COUNTY OF WASHINGTON

WHEREAS, Union Pacific Resources Company of Fort Worth, Texas, proposes to exercise its preferential right to lease certain lands underneath FM Road 50, Washington County, Texas and hereby waives the statutory notice of the intent of the State to lease of which it is entitled.

EXECUTED, this the 20th day of OCTOBER, 1997.

UNION PACIFIC RESOURCES COMPANY

BY: Manning Reed
Manning Reed, agent



③ 98942
ITEM _____
TO _____
FROM _____
DATE 10-20-77

8-11-1977



Producers 88 (7-49)—Paid Up
With 640 Acres Pooling Provision

FOUND PRINTING & STATIONERY COMPANY
2122 FANNIN, HOUSTON, TEXAS 77002, (713) 659-3159

OIL, GAS AND MINERAL LEASE

1833

THIS AGREEMENT made this 14th day of April 19 83 between
HERMAN BENTKE, JR. and DONNA BENTKE

lessor (whether one or more), whose address is: Route 2, Box 495, Brenham, Texas 77833
and CLAYTON W. WILLIAMS, JR., 8808 Broadway, San Antonio, Tx 78217 lessee, WITNESSETH:

1. Lessor, in consideration of Ten and 00/100 Dollars, 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, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Washington State of Texas and is described as follows:

All that certain tract or parcel of land out of the J. B. Chance League, in Washington County, Texas, being the same tract of land described in a deed from Alvin Schawe to Irvin Ashorn dated April 25, 1972 and recorded in Vol. 311, Page 614, Deed Records of Washington County, Texas, calling for 56 acres of land, this is the same tract conveyed in a deed to Herman Bentke, Jr. from Irvin Ashorn and wife, Laura Kettler Ashorn, recorded in Vol. 361, Page 246, Deed Records, Washington County, Texas, containing 59.812 acres, more or less

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 59.812 acres, whether actually containing more or less, and the above recital of acreage in any tract 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. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of six months from ~~the date of execution~~ 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. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal ~~XXX~~ 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 ~~XXX~~ 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 ~~XXX~~ 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 or in the manufacture of propane or other products, the market value, at the mouth of the well, of ~~XXX~~ of such gas and casinghead gas; (c) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-fifth 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

as Brenham, Texas 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 such 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 constitute an assignment of the lease, and 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.

4. 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, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance; provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas, other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement, are required under any governmental rule or order, 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, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. 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, 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) that 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 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.

5. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

6. 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, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

7. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 100 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damage caused by its operations to growing crops and timber on said land.

AM 110 1154

8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.

9. 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 cancelled 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. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.

10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. 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 moneys 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. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

11. 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 hereof 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.

12. It is understood that this lease covers oil, gas and minerals, HOWEVER, excepted herefrom and reserved to Lessor are coal, lignite, uranium and all other hard rock minerals, together with any and all minerals that require strip or open pit mining as their means of excavation.

13. Lessee agrees and by acceptance of this lease binds and obligates himself, his heirs and assigns, to backfill all slush pits as soon as practicable after each drilling operation and to restore the land to the same conditions they were prior to operations thereof as nearly as is practicable to do so. Lessee shall pay for all damages on said land caused by the operations of Lessee conducted thereon.

14. In event a portion or portions of the land described in this lease are pooled or unitized with other land, lease or leases so as to form a pooled unit or units, operations for drilling, drilling, or reworking operation on such unit or units, or production of oil or gas from such unit or units, or payment of shut-in gas royalties on a well or wells drilled on such unit or units, shall maintain this lease in effect only as to the portion or portions of the land described in this lease which is included in such unit or units. As to any portion or portions of the land not included in a pooled unit or units, this lease may be maintained in force and effect in any manner elsewhere provided in this lease including, but not limited to, the payment of delay rentals during the primary term.

15. All payments to be made to Lessor for royalty under the terms hereof shall be made no later than 90 days following the month in which production was had. Any payments not so made shall bear interest at eighteen percent (18%) per annum from said payment date until paid, or the maximum legal limit rate of interest.

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

Social Security Number

HERMAN BENTKE, JR.

Social Security Number

DONNA BENTKE

STATE OF _____
COUNTY OF _____

INDIVIDUAL ACKNOWLEDGMENT—TEXAS OR NEW MEXICO

Before me, the undersigned authority, on this day personally appeared _____

known to me to be the person whose name is (are) subscribed to the foregoing instrument, and acknowledged to me that _____
executed the same as _____ free act and deed for the purposes and consideration therein expressed.

Given under my hand and seal of office this _____ day of _____, 19____.

My Commission Expires _____

Notary Public in and for _____ County, State of _____

STATE OF _____
COUNTY OF _____

INDIVIDUAL ACKNOWLEDGMENT—TEXAS OR NEW MEXICO

Before me, the undersigned authority, on this day personally appeared _____

known to me to be the person whose name is (are) subscribed to the foregoing instrument, and acknowledged to me that _____
executed the same as _____ free act and deed for the purposes and consideration therein expressed.

Given under my hand and seal of office this _____ day of _____, 19____.

My Commission Expires _____

Notary Public in and for _____ County, State of _____

STATE OF TEXAS
COUNTY OF WASHINGTON

HUSBAND AND WIFE ACKNOWLEDGMENT—TEXAS OR NEW MEXICO

Before me, the undersigned authority, on this day personally appeared HERMAN BENTKE, JR.

and DONNA BENTKE husband and wife, known to me to be the persons whose names are
subscribed to the foregoing instrument, and acknowledged to me that they executed the same as their free act and deed for the purposes and
consideration therein expressed.

Given under my hand and seal of office this 14th day of April, 1983.

My Commission Expires
9-10-85

Thomas W. Spilau
Notary Public in and for _____ State of TEXAS

FILED
AT 3:30 P.M.
APR 26 1983
Gertrude Lehmann C.S.
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 Deed
RECORDS of Washington County, Texas, as stamped hereon by
me on



MAY 4 - 1983
Gertrude Lehmann
Gertrude Lehmann, County Clerk
Washington County, Texas

Producers 88 (7-89)—Paid Up
With 640 Acres Pooling Provision

FOUND PRINTING & STATIONERY COMPANY
2323 FANNIN, HOUSTON, TEXAS 77002, (713) 659-3159

OIL, GAS AND MINERAL LEASE

5167

THIS AGREEMENT made this 24th day of October 1983, between

EDITH GREENFIELD, a widow

lessor (whether one or more), whose address is: 2212 GLEN HAVEN, HOUSTON, TEXAS
and CLAYTON W. WILLIAMS, JR., 8808 BROADWAY, SAN ANTONIO, TX, lessee, WITNESSETH:

I, Lessor, in consideration of _____ Dollars, 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, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of WASHINGTON, State of TEXAS, and is described as follows:

332.83 Acres, more or less, a part of the Susanna Clampit Survey, Abstract 26, and the J. B. Chance Survey, Abstract 22, and being more fully described as a part of the land conveyed in a Deed dated February 20, 1931 from P. Michael to J. B. Greenfield recorded in Volume 104, Page 99, Deed Records, Washington County, Texas to which said Deed Reference is made for all pertinent purposes. SAVE AND EXCEPT 276.83 Acres, more or less, a part of the Susanna Clampit Survey, Abstract 26, being a tract of 104.00 Acres, a tract of 27.5 Acres, a tract of 111.0 Acres, and a tract of 34.33 Acres, as described in Volume 104, Page 99, Deed Records, Washington County, Texas.

For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain

56.0 acres, whether actually containing more or less, and the above recital of acreage in any tract 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. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of Six (6) Months from the date hereof, 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. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the usual net market price 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 net market price of such oil at the well as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to less than 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, the net market value 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 such gas and casinghead gas; (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-tenth of the net market value 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

ALLIED MERCANTILE

Bank

at HOUSTON, TEXAS, 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 such 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 1 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.

4. Lessee is hereby granted the right, at its option, to pool or utilize 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, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance; provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if 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 unutilized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or utilization 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 utilize 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.

5. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

6. 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 a well in or in an endeavor to obtain production of oil, gas, sulphur or other mineral, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

7. Lessee shall have the use, free from royalty, of water, other than from lessor's water works, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 100 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.

9. 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 cancelled 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 or, which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.

10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. 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 moneys 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. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

11. 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 hereof 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.

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

Edith Greenfield
EDITH GREENFIELD
SS#

STATE OF TEXAS INDIVIDUAL ACKNOWLEDGMENT—TEXAS OR NEW MEXICO

COUNTY OF HARRIS

Before me, the undersigned authority, on this day personally appeared EDITH GREENFIELD, a widow

known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same as her free act and deed for the purposes and consideration therein expressed.

Given under my hand and seal of office this day of October, 1983.

My Commission Expires 9-30-84
Notary Public in and for _____ County, State of _____

STATE OF _____ INDIVIDUAL ACKNOWLEDGMENT—TEXAS OR NEW MEXICO

COUNTY OF _____

Before me, the undersigned authority, on this day personally appeared _____

known to me to be the person whose name is (are) subscribed to the foregoing instrument, and acknowledged to me that _____ executed the same as _____ free act and deed for the purposes and consideration therein expressed.

Given under my hand and seal of office this _____ day of _____, 19____.

My Commission Expires _____
Notary Public in and for _____ County, State of _____

STATE OF _____ HUSBAND AND WIFE ACKNOWLEDGMENT—TEXAS OR NEW MEXICO

COUNTY OF _____

Before me, the undersigned authority, on this day personally appeared _____

and _____ husband and wife, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same as their free act and deed for the purposes and consideration therein expressed.

Given under my hand and seal of office this _____ day of _____, 19____.

My Commission Expires _____
Notary Public in and for _____ County, State of _____

12. It is agreed and understood that wherever one-eighth (1/8) royalty appears in this lease it should read one-fifth (1/5) royalty.
13. Notwithstanding anything hereinabove to the contrary, and there is excepted herefrom and reserved to the Lessor herein all uranium, fissionable materials, and all bentonite, fullers earth and other clay-like substances, it is specifically understood and agreed that this lease covers only oil, gas, sulphur and associated liquid or liquefiable hydrocarbons, but this lease does not cover or include any other materials, with all such minerals being reserved to the Lessor herein. Accordingly, the words "oil, gas" when used herein, shall mean oil, gas, sulphur and associated liquid or liquefiable hydrocarbons; and the words "all other minerals" whenever used herein, shall be stricken from this lease, so that such "all other minerals", as defined herein are reserved to the Lessor.
14. In the event a portion or portions of the land described in this lease are pooled or unitized with other land, lease or leases so as to form a pooled unit or units, operations for drilling or reworking operations on such unit or units, or payment of shut-in gas royalties on a well or wells drilled on such unit or units, shall maintain this lease in effect only as to the portion or portions of the land described in this lease which are included in such unit or units; provided, however, in the event of pooling or unitization limited to a certain stratum, strata, mineral or minerals, this lease, as to all strata and minerals underlying the area within the surface boundaries of such unit, shall likewise be maintained in effect by such unit operations, production or shut-in gas royalty payments. As to any portion or portions of the land described in this lease which do not underlie the area within the surface boundaries of a pooled unit or units, this lease may be maintained in effect in any manner elsewhere provided in this lease, including, but not limited to, operations upon or production from such portion or portions of land, or by payment of shut-in gas well royalties or delay rentals payable only on the number of acres not within the surface boundaries of such unit.
15. In the event of the production of oil and/or gas from the herein leased premises, two years after the expiration of the primary term hereof, all rights in this lease below one-hundred (100) feet below the deepest geological or stratigraphic zone or horizon to which Lessee has drilled in the deepest well drilled on said lease or lands unitized with said lease shall automatically revert to Lessor, his heirs, successors and assigns and shall not be covered by this lease. Lessee further agrees to execute a proper recordable release of such acreage below the specified depth upon written request of Lessor, and within a reasonable length of time after such request.
16. It is understood that the "shut-in gas well" provisions of Paragraph 4 of this lease shall be a recurring right limited to a cumulative or aggregate total of 2 years after the primary term.
17. Lessee shall have the duty to reasonably and in good faith market all products produced from lands covered by this lease at arm's length prices and in no event shall the Lessor receive a royalty based on any price less than the price being received by the Lessee for his products. An arm's length transaction shall be defined as one being from a willing seller under no compulsion to sell to a willing buyer under no compulsion to buy.
18. Notwithstanding any provision in this lease to the contrary, it is expressly provided that Lessee or Lessee's heirs, successors and assigns shall be bound and obligated to furnish or cause to be furnished to Lessor or Lessor's heirs or assigns within one hundred eighty (180) days from the date of the first sale or removal from the premises of oil or gas, a Division Order reflecting Lessor's interest in production. In addition, Lessee shall be obligated within sixty (60) days from receipt by Lessee of Lessor's executed Division Order to

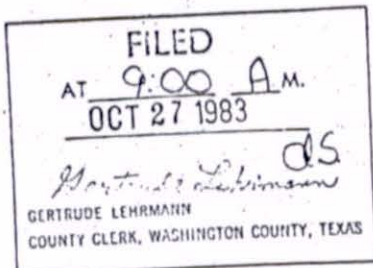
the proper person or entity to whom it is addressed, to see the payment of proceeds accruing to the royalty interest reserved from the period of the first runs to the last day of the preceeding month, and thereafter each month to see to the payment of royalty proceeds accruing to Lessor for the preceeding month, and failure of Lessee to so perform, Lessor shall have the right to declare the lease fully terminated as of the first day of the next succeeding month, after first giving Lessee sixty (60) days notice in writing of such failure to perform and with such failure remaining uncorrected during such period; the forfeiture being effective by the filing of an affidavit in the records of the County in which the land is located reflecting the facts constituting such breach and furnish a copy of same to Lessee and the oil and/or gas purchasers; all notices to be given by mailing, by Certified Mail, at the last address of such parties known to Lessor. Upon reversion of Lessee's interest to Lessor, as above, Lessors shall assume no liability for any acts, responsibilities or duties of Lessee as may be directed, required or ordered by any federal, state, municipal law, executive order, rule, regulation or request enacted or promulgated under color or authority.

19. Notwithstanding any contrary provision contained herein, Lessor shall not bear or be charged with the costs of compressing gas or of transporting, separating or treating oil or gas to make it marketable or deliverable.
20. The rights of the Lessee hereunder or any Assignee may be assigned in whole or in part; however, it is specifically understood and agreed that a copy of any assignment of the leasehold estate shall be mailed by Certified Mail, return receipt requested to Lessors at 2212 Glen Haven, Houston, Texas.
21. The foregoing typewritten agreements and provisions shall supercede and govern the provisions in the printed text of this lease whenever such printed form is in direct conflict herewith and shall inure to the benefit of, and be binding upon the parties hereto and their respective heirs, representatives, successors and assigns.
22. It is understood and agreed that this is a Paid Up lease and will not require the payment of delay rentals during the priamry term.

Signed for Identification:

Edith Greenfield

 EDITH GREENFIELD



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 *Seed* RECORDS of Washington County, Texas, as stamped hereon by me on



NOV 2 1983
Gertrude Lehmann
 Gertrude Lehmann, County Clerk
 Washington County, Texas

Producers 88 (7-59)—Paid Up
With 640 Acres Pooling Provision

FOUND PRINTING & STATIONERY COMPANY
2325 FANNIN, HOUSTON, TEXAS 77002, (713) 659-3159

OIL, GAS AND MINERAL LEASE 1832

THIS AGREEMENT made this 14th day of April 19 83, between
IRVIN ASHORN and wife, LAURA KETTLER ASHORN

lessor (whether one or more), whose address is: Route 2, Brenham, Texas 77833
and CLAYTON W. WILLIAMS, JR., 8808 Broadway, San Antonio, Tx 78217, lessee, WITNESSETH:
Ten and 00/100—

1. Lessor, in consideration of _____ Dollars, 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, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employ houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Washington, State of Texas, and is described as follows:

See Exhibit "A", which is attached hereto and made a part hereof for all purposes pertinent, for description of tracts of land.

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain

57.05 acres, whether actually containing more or less, and the above recital of acreage in any tract 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. I A

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of six months from the date 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. I A

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the amount of such 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 net proceeds of sale of such oil at the prevailing market price of such oil at the time it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear 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, 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 such gas and casinghead gas; (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

at Brenham, Texas, 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 such 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 lawfully 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 owner or owners of this lease, severally as to acreage owned by each.

4. Lessee is hereby granted the right, at its option, to pool or utilize any land covered by this lease with any other land covered by this lease, and/or with other land, lease, or leasehold, or all minerals or horizons, so as to establish units containing not more than 20 surface acres, plus 10% acreage tolerance; provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas, other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement, are required under any governmental rule or order, for the drilling or operation of a well at a regular location, or for obtaining maximum allowable from any well to be drilled, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. 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 affectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, 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) that 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 impose 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 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.

5. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

6. 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, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

7. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.

9. 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 cancelled 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 operations on the acreage so retained.

10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. 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 moneys 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. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

11. 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 hereof 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.

12. It is understood that this lease covers oil, gas and minerals, HOWEVER, excepted herefrom and reserved to Lessor are coal, lignite, uranium and all other hard rock minerals, together with any and all minerals that require strip or open pit mining as their means of excavation.

13. Lessee agrees and by acceptance of this lease binds and obligates himself, his heirs and assigns, to backfill all slush pits as soon as practicable after each drilling operation and to restore the land to the same conditions they were prior to operations thereof as nearly as is practicable to do so. Lessee shall pay for all damages on said land caused by the operations of Lessee conducted thereon.

14. In event a portion or portions of the land described in this lease are pooled or unitized with other land, lease or leases so as to form a pooled unit or units, operations for drilling, drilling, or reworking operation on such unit or units, or production of oil or gas from such unit or units, or payment of shut-in gas royalties on a well or wells drilled on such unit or units, shall maintain this lease in effect only as to the portion or portions of the land described in this lease which is included in such unit or units. As to any portion or portions of the land not included in a pooled unit or units, this lease may be maintained in force and effect in any manner elsewhere provided in this lease including, but not limited to, the payment of delay rentals during the primary term.

15. All payments to be made to Lessor for royalty under the terms hereof shall be made no later than 90 days following the month in which production was had. Any payments not so made shall bear interest at eighteen percent (18%) per annum from said payment date until paid, or the maximum legal limit rate of interest.

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

[Redacted Signature] Social Security Number

Irvin Ashorn
IRVIN ASHORN

[Redacted Signature] Social Security Number

Laura Kettler Ashorn
LAURA KETTLER ASHORN

EXHIBIT "A"

- (a) A 20.625 acre tract out of the J. B. Chance League, in Washington County, Texas; being a part of the land described in a deed from Leroy Finley, et ux to Albert Schawe, dated February 4, 1961, recorded in Volume 233, Page 110, Washington County Deed Records.
- (b) A 20.625 acre tract of land, more or less, out of the J. B. Chance League, in Washington County, Texas, described in deed from Elsie Newman, et vir to Alvin Schawe, et ux, dated January 2, 1959, as recorded in Volume 220, Page 560, Deed Records of Washington County, Texas.
- (c) A 15.8 acre tract of land, out of the J. B. Chance League, in Washington County, Texas, described in deed from Frankie Lee Neal, et vir to Alvin Schawe, et ux, dated March 28, 1959, as recorded in Volume 222, Page 58, Deed Records of Washington County, Texas.

STATE OF _____
COUNTY OF _____

INDIVIDUAL ACKNOWLEDGMENT—TEXAS OR NEW MEXICO

Before me, the undersigned authority, on this day personally appeared _____

known to me to be the person whose name is (are) subscribed to the foregoing instrument, and acknowledged to me that _____
executed the same as _____ free act and deed for the purposes and consideration therein expressed.

Given under my hand and seal of office this _____ day of _____, 19____.

My Commission Expires _____

Notary Public in and for _____ County, State of _____

STATE OF _____
COUNTY OF _____

INDIVIDUAL ACKNOWLEDGMENT—TEXAS OR NEW MEXICO

Before me, the undersigned authority, on this day personally appeared _____

known to me to be the person whose name is (are) subscribed to the foregoing instrument, and acknowledged to me that _____
executed the same as _____ free act and deed for the purposes and consideration therein expressed.

Given under my hand and seal of office this _____ day of _____, 19____.

My Commission Expires _____

Notary Public in and for _____ County, State of _____

STATE OF TEXAS
COUNTY OF WASHINGTON

HUSBAND AND WIFE ACKNOWLEDGMENT—TEXAS OR NEW MEXICO

Before me, the undersigned authority, on this day personally appeared IRVIN ASHORN

and LAURA KETTLER ASHORN husband and wife, known to me to be the persons whose names are
subscribed to the foregoing instrument, and acknowledged to me that they executed the same as their free act and deed for the purposes and
consideration therein expressed.

Given under my hand and seal of office this 14th day of April, 1983.

My Commission Expires _____

Thomas W. Soltau

Notary Public in and for XXXX County, State of TEXAS

THOMAS W. SOLTAU

My Commission Expires: 9-10-85

FILED
AT 3:30 P.M.
APR 26 1983
Gertrude Lehmann ds.
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 Deed
RECORDS of Washington County, Texas, as stamped hereon by
me on



MAY 4 - 1983
Gertrude Lehmann
Gertrude Lehmann, County Clerk
Washington County, Texas

AFFIDAVIT OF FACT

STATE OF TEXAS

COUNTY OF WASHINGTON

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared Manning Reed, to me well known to be a credible person, and who, after being by me duly sworn, on his oath did state:

I have been advised by Union Pacific Resources Company that the following mineral owners received the following consideration for their respective oil and gas leases, being:

Lessor:	Herman Bentke, Jr. and wife, Donna
Lessee:	Clayton W. Williams, Jr.
Bonus per acre:	\$25.00
Rental per acre:	Paid-up lease
Term:	Six (6) months from May 23, 1983
Royalty:	24 %
Recorded:	Volume 449, Page 240

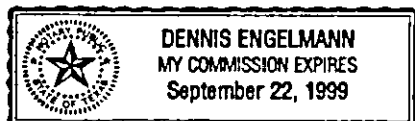
Lessor:	Edith Greenfield
Lessee:	Clayton W. Williams, Jr.
Bonus per acre:	\$25.00
Rental per acre:	Paid-up lease
Term:	Six (6) months from October 24, 1983
Royalty:	20 %
Recorded:	Volume 457, Page 844

Lessor:	Irvin Ashorn and wife, Laura Kettler Ashorn
Lessee:	Clayton W. Williams, Jr.
Bonus per acre:	\$25.00
Rental per acre:	Paid-up lease
Term:	Six (6) months from April 22, 1983
Royalty:	24 %
Recorded:	Volume 449, Page 237

END OF STATEMENT.

Manning Reed
MANNING REED, agent for Union Pacific Resources Company

SUBSCRIBED AND SWORN TO BEFORE ME, this 20th day of October, 1997.

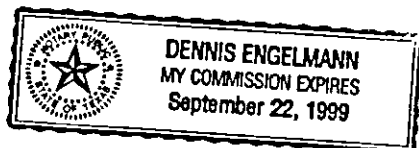


Dennis Engelmann
Notary Public, State of Texas

STATE OF TEXAS

COUNTY OF WASHINGTON

This instrument was acknowledged before me, this 20th day of October, 1997, by Manning Reed.



Dennis Engelmann
Notary Public, State of Texas

October 20, 1997

LANDMAN'S STATEMENT

In connection with the review of title of certain Oil, Gas and Mineral Leases for my client, Union Pacific Resources Company, I have reviewed the following:

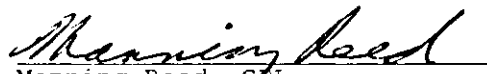
A Deed dated June 11, 1923 from Leroy Finley and wife, Bertha Finley to Washington County, Texas, recorded in Volume 91, Page 114, Deed Records, Washington County, Texas, conveying a fifty foot strip and a 60 foot strip out of the Joseph B. Chance Survey, A-22, Washington County, Texas.

A Deed dated June 11, 1925 from P. G. Graves and wife, Nettie Graves to Washington County, Texas, recorded in Volume 91, Page 116, Deed Records, Washington County, Texas, conveying a fifty foot strip and a sixty foot strip out of the Joseph B. Chance Survey, A-22, Washington County, Texas.

A Deed dated June 11, 1925 from Ed Jenkins to Washington County, Texas, recorded in Volume 91, Page 133, Deed Records, Washington County, Texas, conveying a fifty foot strip out of the Joseph B. Chance Survey, A-22 Washington County, Texas.

The Deeds listed above contain granting clauses which in my opinion unequivocally grant and convey to Washington County, Texas a fee simple interest in, on and under the above listed tracts of land in the Joseph B. Chance Survey, A-2, Washington County, Texas. Therefore, based on my review of the Deeds, it appears that fee simple title to the surface and mineral estate of said tracts is vested in Washington County, Texas, by virtue of said Deeds.

END OF STATEMENT.


Manning Reed, CPL

91/114 DR

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 4 day of Sept., A. D. 1923.

(SEAL)

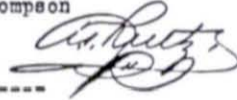
G. A. Bracher, Deputy Dist. Clerk,
Washington County.

Filed for record at 10:30 o'clock A.M. April 16, 1929. C.B. Thompson

CCOWC.

Recorded at 4:12 o'clock P. M. April 17, 1929.

By



Deputy.

INDEPENDENCE ROAD; LEROY FINLEY 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 Yegua bridge, known as the Independence 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 therefore that part of such land

now owned by us viz: A strip of land thru the Yegua River bottom on the East side of the Independence-Clay Station Road adjoining my property, of such a width that there will be 50' from the center line of the new road to my west property line from Sta. 620&40 to Sta. 630&00 and 60' from the center-line of the new road to my west property line from Sta. 630&00 to Sta. 634 & 42, as shown on the plans in the office of the County Engineer; 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 ALL MEN BY THESE PRESENTS: That Leroy Finley & 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 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 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 11th day of June, A. D. 1923.

Boston Jones - Witness.

Leroy Finley.
Bertha Finley.

THE STATE OF TEXAS)

COUNTY OF WASHINGTON) Before me, the undersigned authority, on this day personally appeared Leroy Finley, 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 17 day of June, A. D. 1923.

(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 Bertha Finley, wife of _____, 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 explained to her, she, the said _____, 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 11 day of June, A. D. 1923.

(SEAL)

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

Filed for record at 10:30 o'clock A. M. April 16, 1929. C.B.Thompson

CCCWC.

Recorded at 4:30 o'clock P. M. April 17, 1929. By

Deputy.

TOM FELDER TO WASHINGTON COUNTY.

THE STATE OF TEXAS)

COUNTY OF WASHINGTON) Whereas, Washington County, Texas, is desirous of constructing an improved road leading East and West through said county from the Western to the Eastern boundaries thereof known as the East and West Highway; 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 therefor that part of such land so owned by us viz: From the N-W corner of the Tom Felder 25Ac tract, (in the western part of Brenham), this is also the S-W corner of the McFarland tract, 432 ft. S 12° 49'E along the west line of Tom Felder tract to a point on the C L of the East & West Highway, Sta. 858 & 32 thence N 77°11' E (Declination 9°50'W) with a strip of land 30'ft.00 each side of the C L of the East & West Hyway 570 ft. thence with the same bearing but 35 ft. on each side of the C L of Hyway 300', thence with the same bearing but 40 ft. on each side of the C L of Hyway for 195 ft. to a point in the E. fence line of the Tom Felder tract. in Phillip Cos League. 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 ALL MEN BY THESE PRESENTS: That Tom Felder and Mrs. O. M. Caldwell, of the County of Washington and 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 us 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 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 5th day of August, A. D. 1921.

Thos. E. Felder.
Anna M. Felder.

The County will build a good 4 wire fence with cedar posts on each side of the road.

THE STATE OF TEXAS)

COUNTY OF WASHINGTON) Before me, the undersigned authority, on this day personally appeared Thos. E. Felder, 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 5 day of August A. D. 1921.

G. A. Bracher, Notary Public,
Washington County, Texas.

(SEAL)

THE STATE OF TEXAS)

COUNTY OF WASHINGTON) Before me, the undersigned authority, on this day personally appeared Anna M. Felder, wife of Thos. E. Felder, 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 _____, 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 5 day of August, A. D. 1921

(SEAL)

G. A. Bracher, Dep'ty Dist. Clerk.
WASHINGTON COUNTY, TEXAS.

91/116 DTR

Witnesses; 8/ 5/21. G. A. Bracher. Jake Winfield.

Filed for record at 10:30 o'clock A.M. April 16, 1929. C.B. Thompson

CCCWC.

Recorded at 4:55 o'clock P. M. April 17, 1929.

By

Deputy.

INDEPENDENCE RD: PETER GRAVES TO WASHINGTON COUNTY.

THE STATE OF TEXAS)

COUNTY OF WASHINGTON) WHEREAS Washington County, Texas, is desirous of constructing an improved road leading North and South in said county from Brenham to the Northern boundary thereof, known as Independence 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 on the West side of the Independence-Clay Station Road running thru the Yegua River Bottom, so that there will be 50' from my East line to the center line of the new highway from Sta. 606 & 50 to Sta. 630 & 00 and 60' from my East line to the center-line of the new highway from Sta. 630&00 to Sta. 634 & 42, as shown on plans on file in the office of the County Engineer at Brenham, Texas; 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 ALL MEN BY THESE PRESENTS: That Peter Graves & 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 farther 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 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 11th day of June, A. D. 1925.

P. G. Graves.
Nettie Graves.

THE STATE OF TEXAS)

COUNTY OF WASHINGTON) Before me, the undersigned authority, on this day personally appeared Peter Graves, 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 11 day of June, A. D. 1925.

(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 Nettie Graves, wife of Peter Graves, 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 Nettie Graves, 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 11 day of June, A. D. 1925.

(SEAL)

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

Filed for record at 10:30 o'clock A.M. April 16, 1929. C.B. Thompson

CCCWC.

Recorded at 10 o'clock A.M. April 20, 1929.

By

Deputy.

expressed.

Given under my hand and seal of office this the 7 day of July A. D. 1925.

(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. Fred O. Veske known to me to be the person whose name __ subscribed to the foregoing instru-
ment, and acknowledged to me that she executed the same for the purposes and consideration there-
in expressed.

(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 2:25 o'clock P. M. Apr. 22, 1929.

By *[Signature]* Deputy.

DEED: JNO. JANUHWSKI TO WASHINGTON COUNTY.

THE STATE OF TEXAS }
COUNTY OF WASHINGTON } THIS AGREEMENT made and entered into on this the 12 day of Feb. A. D.
1921, between Jno Jahihowski and ___ of Washington County, Texas, party of the first part, and
Washington County, Texas, acting herein by its duly authorized agent, G. A. Bracher, party of the
second part, Witnesseth:

That the said Jno. Jankowski, and ___, has, this day agreed, bound and obligated to give
free & to convey unto said Washington County, Texas, the following described piece or parcel of
land for the purpose of a right of way for public highway purposes, if the same is built to-wit:
A strip of land 60 ft. wide for Highway thru his land as shown by survey of road from I, Mar-
sone line to Hy Sanders line, fencing both sides of the road.

The purchase price to be paid for said land is the agreed sum of \$ free, which is to be paid
by said county upon the execution and delivery of deed therefor. The deed is to be executed and
delivered at any time during the year A. D. 1921, when requested by said county or its represent-
ative.

Witness our hands this the 12 day of Feb. A. D. 1921.

Jno. Janukowski. Part_ of First
Part.

THE STATE OF TEXAS }
COUNTY OF WASHINGTON } Before me the undersigned authority, on this day personally appeared
Jno. Januhowski, 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 ex-
pressed.

Given under my hand and seal of office, this the 12 day of February A. D. 1921.

(Seal)

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

Filed for record at 9 o'clock A. M. Apr. 22, 1929.

C. B. Thompson CCCWC

Recorded at 2:45 o'clock P. M. Apr. 22, 1929.

By *[Signature]* Deputy.

DEED: EDWARD JENKINS TO WASHINGTON COUNTY.

THE STATE OF TEXAS }
COUNTY OF WASHINGTON }

91/133 DR

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 road through and upon certain land
now owned by ___ 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 in the Yegua Bottom on the East wide of the Independence-Clay Station Road adjoining my property of such a width that there will be 50' from my West property line to the center line of the New Road as surveyed by the County Engineer; and,

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

KNOW ALL MEN BY THESE PRESENTS: That Edward Jenkins 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 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 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 11th day of June A. D. 1925.

Witness: Burton Jones.

Ed. Jenkins.

THE STATE OF TEXAS }
COUNTY OF WASHINGTON }

Before me, the undersigned authority, on this day personally appeared Ed. Jenkins, 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 June A. D. 1925.

(Seal)

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

Filed for record at 9 o'clock A. M. Apr. 22, 1929.

C. B. Thompson CCCWC.

Recorded at 2:57 o'clock P. M. Apr. 22, 1929.

By *[Signature]* Deputy.

DEED: WM. JOHLE, SR. TO WASHINGTON COUNTY.

THE STATE OF TEXAS }
COUNTY OF WASHINGTON }

Whereas, Washington County, Texas, is desirous of constructing an improved road leading East and West through said county from the Western to the Eastern boundaries thereof known as the East and West Highway; and,

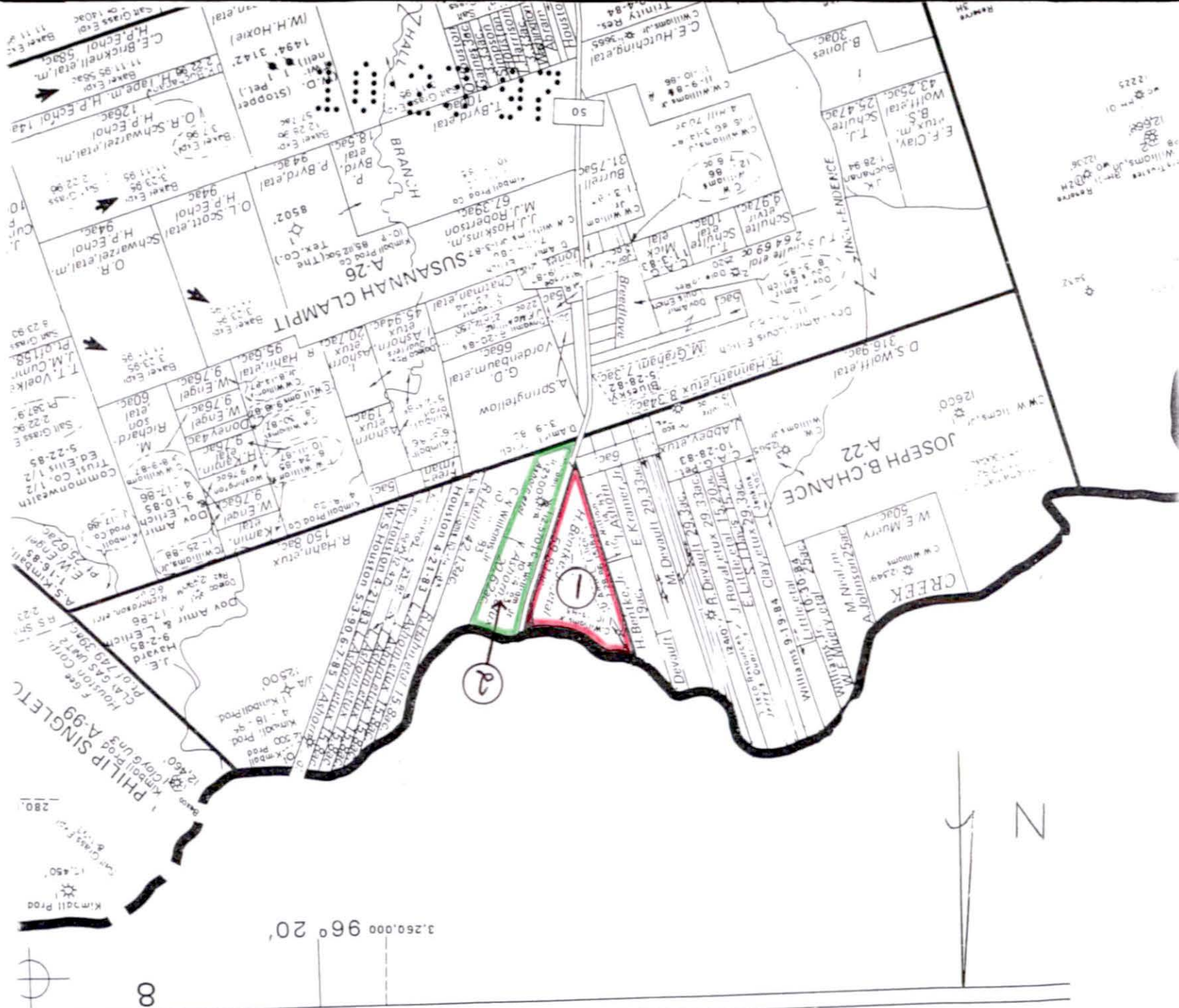
Whereas, it is desired by said county to construct said road through and upon certain land now owned by us and to include in said road or the right-of-way therefor that part of such land so owned by us viz:

A strip of land on the West end of Highway No. 20 to widen out the old road so that there will be 30 ft. on each side of the above highway and the new property lines; 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 ALL MEN BY THESE PRESENTS: That Wm. Johle Sr. 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 hereinabovedescribed.

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.



1" = 20'

8

March 27, 1997

CLAYTON W. WILLIAMS, JR.
Six Desta Drive, Suite 3000
Midland, Texas 79705

Attn: Mr. Jerry Groner

Re: Farmout Agreement, deep rights in the Jerry's Quarters #1 and #2, and all rights in the Ashorn-Bentke Unit No. 1, Washington County, Texas

Gentlemen:

Clayton W. Williams, Jr. ("Farmor") owns an interest in oil and gas leases covering the acreage within the outline set forth on Exhibit "A" hereto, and Farmor desires to provide UNION PACIFIC RESOURCES COMPANY ("Farmee") an option to earn an interest in said leases (the "Farmout Leases"). Farmee proposes to earn an interest in the Farmout Leases by conducting drilling operations thereon pursuant to the following terms and conditions:

1. The initial Test Well shall be a horizontal well in the Austin Chalk and/or Georgetown formation(s) and shall be commenced by Farmee at a legal location on the Farmout Leases on or before the expiration of 90 days from the date Farmor accepts and executes this agreement. Farmor shall have no control over drilling operations hereunder, which shall be conducted at the sole cost, risk and expense of Farmee, but Farmor shall receive the well information obtained in drilling any Test Well. If Farmee discontinues drilling the initial Test Well before reaching the objective depth due to conditions which make drilling impracticable, or if Farmee drills the initial Test Well to the objective depth and it is plugged and abandoned as a dry hole, Farmee shall have the right to drill a substitute well at a legal location on the Farmout Leases (or on acreage pooled therewith) provided the actual drilling of said substitute well is commenced not later than 90 days from abandonment of operations on the initial Test Well. The term "Test Well" shall apply to the initial Test Well and any substitute well therefor. If Farmee completes a Test Well as a producer, this agreement shall remain in effect only so long as Farmee continuously develops the Farmout Leases allowing no more than 180 days to elapse from the date the drilling rig is released from one well until the commencement of actual drilling on another well. Any such well ("Continuous Development Well") may be drilled at any legal location on the Farmout Leases or on acreage pooled therewith.
2. By drilling and completing a Test Well or a Continuous Development Well as a producer (the "Earning Well") and upon supplying Farmor with the well information as aforesaid, Farmor will assign to Farmee the following:
 - (a) All of Farmor's right, title and interest in the Earning Well and that portion of the Farmout Leases lying within the declared unit for the Earning Well or, if there is no declared unit, an area in the form of a square with the Earning Well at the center and

containing 40 acres, if an oil well, and 640 acres, if a gas well, (the "Earned Acreage") from the top of the Austin Chalk formation to the base of the Georgetown formation.

- (b) The rights earned by Farmee shall be subject to the reservation by Farmor of an overriding royalty interest ("ORRI") equal to the difference between 75% and the Farmout Leases burdens of record on the date hereof. Such reserved ORRI shall be calculated on all of the oil, gas and related hydrocarbons produced from the Earned Acreage, free of any lease burdens and free of costs and deductions for drilling, completing and operating the Earning Well. Such reserved ORRI shall be decreased proportionately to the extent that the Farmout Leases covered hereby cover less than 8/8ths of the mineral estate, or Farmor owns or conveys to Farmee less than the entire leasehold estate in said leases, or the Farmout Leases are pooled with any other land or leases for production. At Payout, as hereinafter defined, of each Earning Well, Farmor will have the following options:

- (i) To retain the ORRI; or
- (ii) To convert its ORRI to a twenty-five percent (25%) working interest in the Earning Well and the Earned Acreage. Such working interest shall be proportionately reduced to the same extent as set forth above with respect to the ORRI.

As used herein, "Payout" shall mean that time when Farmee shall have recovered from 8/8ths of the production from each Earning Well, less Lessors' royalty, any overriding royalty interest or similar burdens in effect on the date of this agreement, including the ORRI retained by Farmor, and any production, severance and windfall profits taxes payable or chargeable to Farmee, Farmee's share of the costs and expenses of drilling, testing, completing and equipping the Earning Well together with all of the operating costs and expenses incurred with respect to the Earning Well during Payout. The costs attributable to Payout and the share of production from which Payout shall be recovered shall be reduced proportionately if the Earned Acreage is pooled or unitized with any other lands and leases or if Farmor's interest in the Earned Acreage affects less than 100% of the oil and gas mineral estate. Upon reaching Payout, Farmee shall notify Farmor in writing, and Farmor shall have 30 days from receipt of such notice within which to notify Farmee in writing of its election, which shall be effective as of the date of Payout. If Farmor fails to give Farmee written notice within such 30-day period, Farmor shall be deemed to have elected to retain the ORRI. If Farmor elects to convert its ORRI, the Earning Well and Earned Acreage affected by such election will, as of Payout, be subject to the A.A.P.L. Form 610-1982 operating agreement. In such case, the participating interests of the parties in the well and acreage, determined by the provisions of this agreement, shall be set forth in Exhibit "A" to the Operating Agreement.

3. Farmee is acting as an independent contractor and not as an agent of Farmor. Each well drilled hereunder shall be timely and properly commenced and completed as a producer or shall be plugged and abandoned as a dry hole. All such drilling, completing, plugging and abandoning shall be at Farmee's sole cost, risk and expense.
4. Prior to the earning of an assignment hereunder, Farmor shall pay any rentals, minimum royalties, shut-in well payments, and other payments necessary to perpetuate a lease on the Farmout Leases. Subsequent to such assignment hereunder, Farmor may elect to continue to make such payments, provided Farmor may be relieved of such obligation if it gives Farmee notice at least 60 days prior to any such payment due date and thereafter Farmee shall be responsible for such payments. Farmee shall reimburse Farmor within 30 days after invoice for the full amount of all rentals, minimum royalty, or other payments made by Farmor subsequent to the date of this agreement, without reduction by reason of depth limitation until, if ever, Farmor acquires a working interest in the Farmout Leases. At such time, rentals, minimum royalties and shut-in payments will be borne in accordance with the Operating Agreement, without reduction due to depth limitation. Farmee shall be responsible for the payment of all royalties due for production from or attributable to the Farmout Leases. Each party responsible for making payments due under the lease shall use its best efforts to timely and effectively make such payments but shall, in no event, be liable for inadvertent error or failure to make any such payment. *Farmee shall assume the obligation of the payments referred above after earning an assignment.*
5. The rights granted to Farmee and Farmor's right to reacquire any interest under this agreement shall at all times be superior to all liens, claims, encumbrances, and all overriding royalties and other payments out of or with respect to production, debts or any other obligations created, assigned, or incurred by the other party after the date hereof, and any interest assigned to Farmee or which is reassigned to Farmor pursuant to this agreement shall be assigned or be reassigned free and clear of any such subsequent burdens.
6. This agreement is not intended to create a relationship of partnership or an association for profit between the parties. Notwithstanding the above, if for Federal income tax purposes, this agreement and the operations conducted hereunder are regarded as a partnership, each party elects to be excluded from the application of all the provisions of Subchapter K, Chapter 1, Subtitle A, of the Internal Revenue Code of 1986, as amended, as permitted and authorized by Section 761 of the Code and the Regulations promulgated thereunder.
7. This agreement may not be assigned by Farmee, in whole or in part, without the prior written consent of Farmor. Any attempted assignment by Farmee of the rights arising under this agreement without such consent shall be void and of no effect.

Clayton W. Williams, Jr.
March 27, 1997
Page 4

8. The only penalty for Farmee failing to drill and complete the Test Well as set forth in paragraph 1 above shall be that Farmee shall be precluded from earning an interest in the Farmout Leases pursuant to the terms hereof.

If the foregoing correctly reflects the understanding between us, please execute and return one copy of this agreement to Union Pacific Resources Company at the letterhead address to the attention of Bobby Ratliff, which shall also be the address for notices.

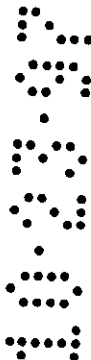
Very truly yours,

UNION PACIFIC RESOURCES COMPANY

By: J. Mulvaney
Attorney-in-Fact

Date of Execution 3-31-97

AR
BR
93

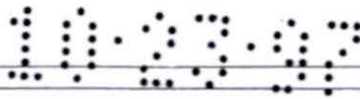


ACCEPTED AND APPROVED this 27th
day of May, 1997.

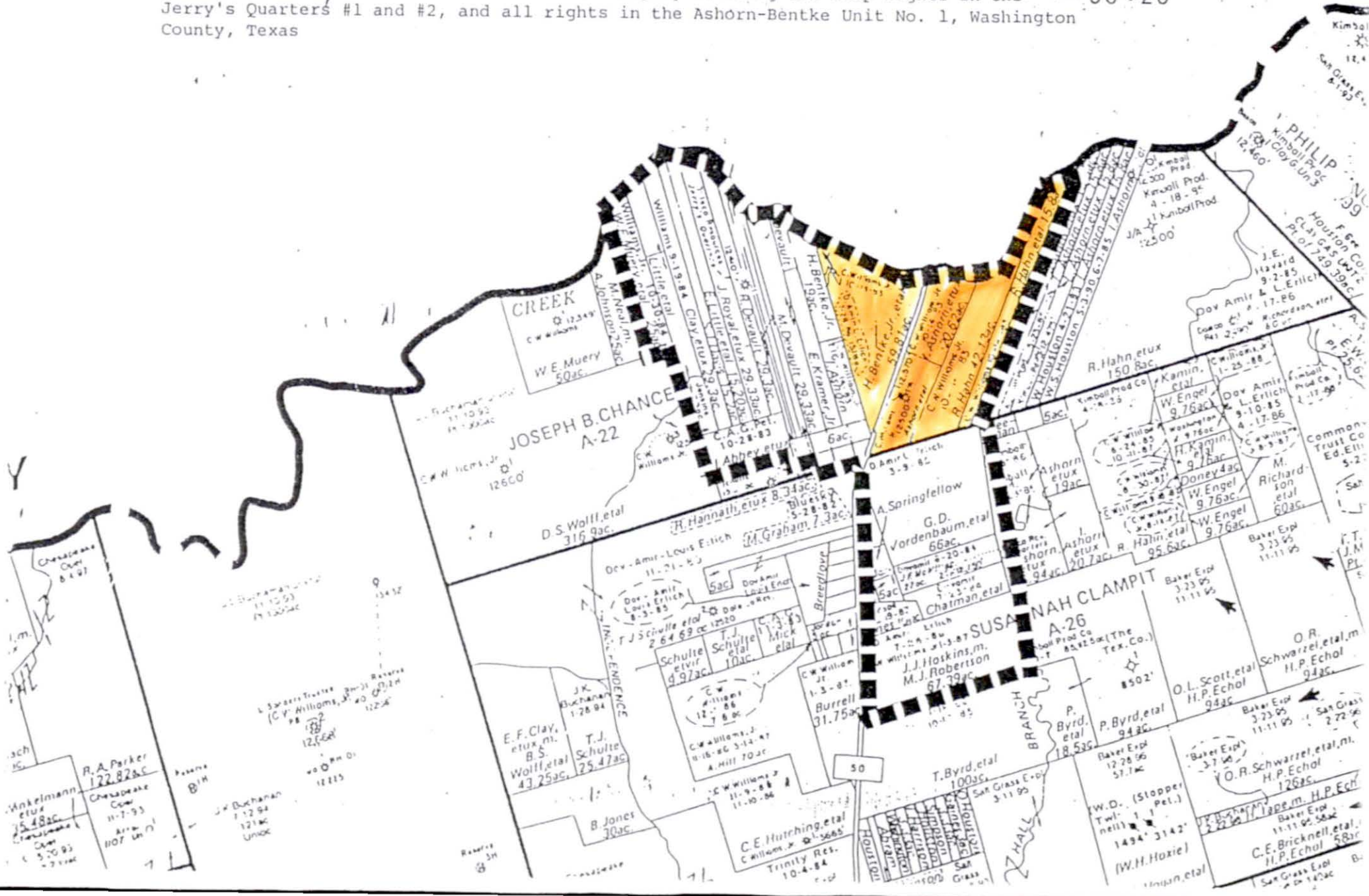
CLAYTON W. WILLIAMS, JR.

By: [Signature]
Title: V.P. L.S.H.P.

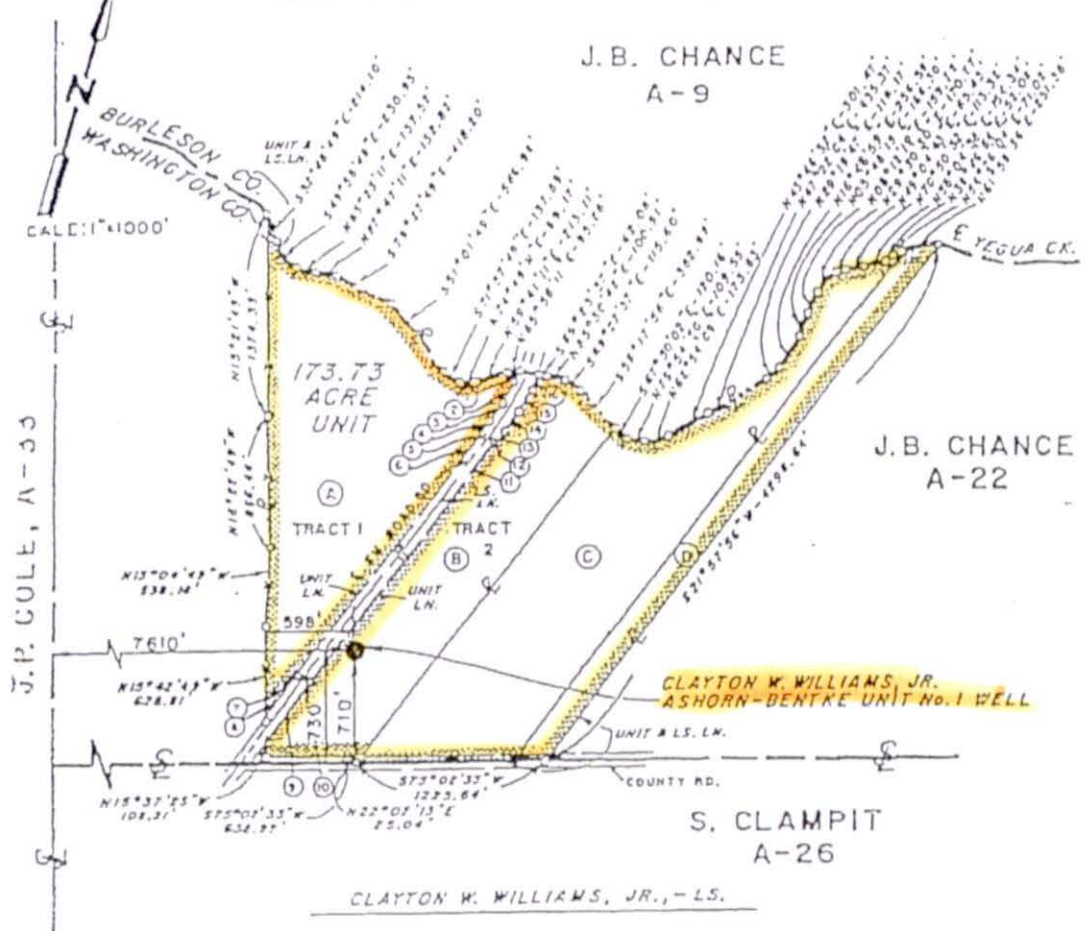
gtd
* This form - out by Clayton Williams shall only apply to its
interest ⁱⁿ any other working interest owner must be dealt with
on an individual basis.



Attached to and made a part of that certain Farmout Agreement between Clayton W. Williams, Jr. and Union Pacific Resources Company covering the deep rights in the 2,260,000 96°-20' Jerry's Quarters #1 and #2, and all rights in the Ashorn-Bentke Unit No. 1, Washington County, Texas



WASHINGTON COUNTY, TEXAS



- (A) HERMAN BENTKE, JR., et al - LESSOR
55.66 AC. IN UNIT
63.05 AC. IN LS. (ACTUAL)
LS. 2-3781
 - (B) IRVIN ASHORN, et al - LESSOR
38.15 AC. IN UNIT
42.59 AC. IN LS. (ACTUAL)
LS. 2-3780
 - (C) ROBBIE NAHM - LESSOR
59.07 AC. IN UNIT B LS. (ACTUAL)
LS. 2-3781
 - (D) IRVIN ASHORN, et al - LESSOR
15.41 AC. IN UNIT A LS. (ACTUAL)
LS. 2-3750
- | | |
|-----------------------------|------------------------------|
| (1) S 11°42'24"W - 82.89' | (9) N 21°32'01"E - 487.14' |
| (2) S 74°38'27"W - 154.92' | (10) S 68°07'39"E - 10.00' |
| (3) S 20°18'04"W - 147.44' | (11) N 21°32'01"E - 2000.00' |
| (4) E 21°32'01"W - 93.42' | (12) S 68°07'39"E - 10.00' |
| (5) S 68°07'39"E - 10.00' | (13) N 21°32'01"E - 95.09' |
| (6) S 21°32'01"W - 2000.00' | (14) N 20°18'04"E - 153.00' |
| (7) S 68°07'39"E - 10.00' | (15) N 14°36'37"E - 183.88' |
| (8) S 21°32'01"W - 383.01' | (16) N 11°42'24"E - 120.44' |

Prepared this 16th day of January, 1984.
By Byron L. Simpson and Associates, Inc.

PLAT 1-A



B. J. May
Bobby J. May
Registered Public Surveyor
No. 4217

4

MF 98942
ITEM Adjacent Lease + ARB audits
TO _____
FROM _____
DATE _____

4
2
2
2
2
2



August 17, 1998

To: All Interest Owners

RE: Hahn Unit Well No. 1 (4350801)
Burleson and Washington Counties, Texas

UPR is the operator of the referenced well and will be distributing all royalties, or a portion of the royalties for the well. Your interest has been calculated and appears on the attached Division Orders.

As directed in the enclosed instructions, please:

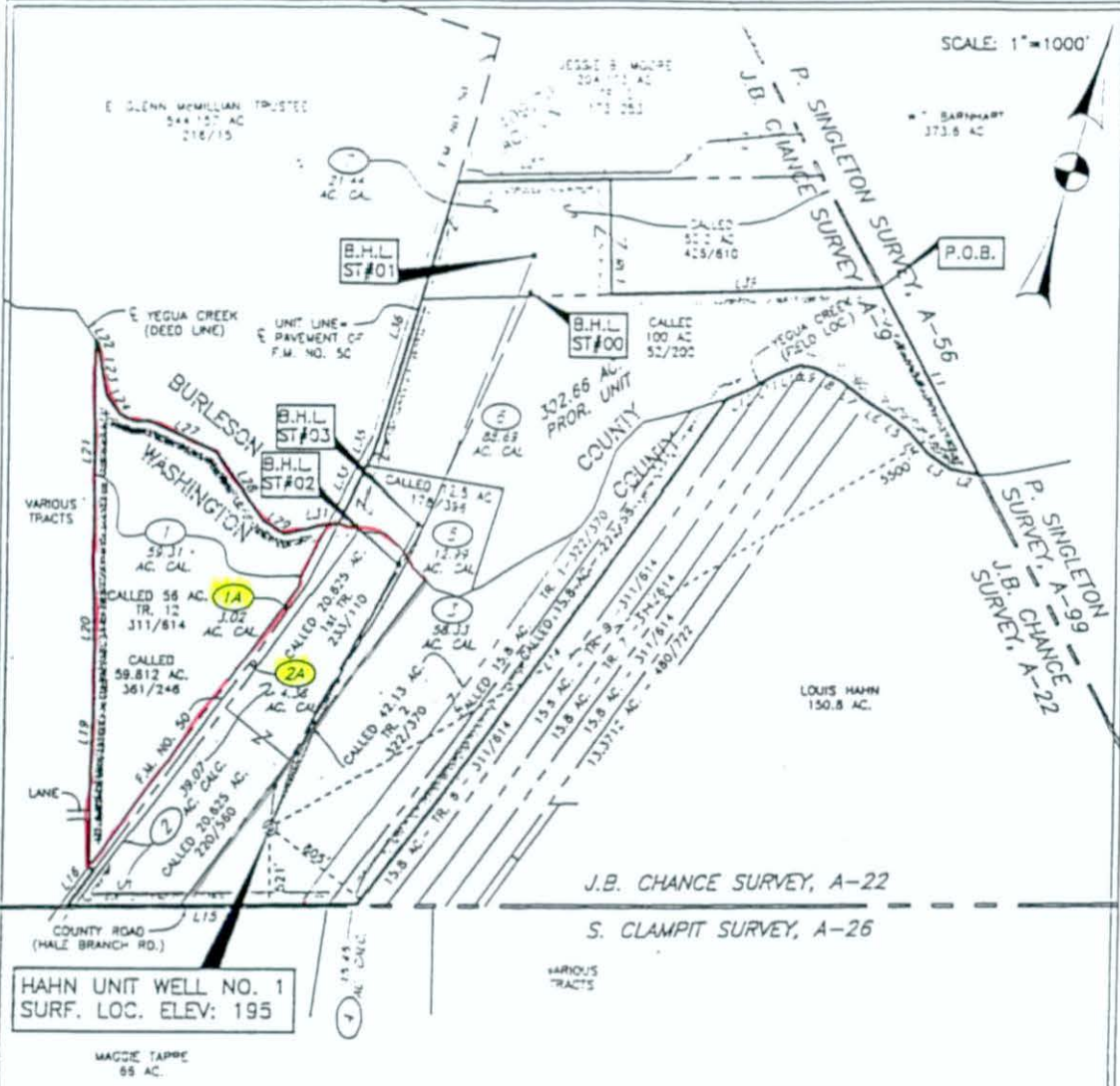
- sign the enclosed Division Orders
- correct the address & Tax ID if necessary... Add telephone number etc.
- obtain witness
- return one copy of the Division Order to UPR in the enclosed envelope
- keep the second copy of the Division Order for your own records.

If you have further questions, please contact me at the letterhead address or call UPR Royalty Owner Relations at 1-800-359-1692. Please include your UPR Owner Number and the UPR Property Name / Property Number on all correspondence.

Sincerely,

A handwritten signature in cursive script that reads "Kyle B. Farmer".

Kyle B. Farmer
Land Analyst



HAHN UNIT WELL NO. 1
SURF. LOC. ELEV: 195

UNIT PERIMETER METES:

LINE	BEARING	DIST.	LINE	BEARING	DIST.
1	S 46°09'06"E	1419.00	20	N 17°41'37"W	552.24
2	S 82°58'30"W	210.53	21	N 16°40'18"W	1483.01
3	N 73°35'22"W	163.53	22	S 51°19'18"E	32.18
4	N 59°13'30"W	220.03	23	S 26°51'18"E	338.55
5	N 69°31'38"W	181.54	24	S 53°56'16"E	156.70
6	N 75°35'32"W	186.60	25	S 8°25'18"E	120.10
7	N 69°20'18"W	218.61	26	N 67°33'44"E	86.55
8	N 81°08'40"W	177.31	27	S 82°58'54"E	511.93
9	S 83°12'11"W	127.41	28	S 52°20'18"E	568.98
10	S 54°32'49"W	181.90	29	S 78°01'26"E	171.09
11	S 46°23'42"W	219.70	30	N 60°27'53"E	255.73
12	S 52°42'08"W	171.77	31	N 67°48'18"E	130.37
13	S 57°53'46"W	2.66	32	N 10°22'13"E	146.63
14	S 20°30'05"W	4252.90	33	N 10°17'48"E	255.12
15	S 73°03'34"W	2012.06	34	N 08°28'35"E	119.78
16	N 20°24'08"E	297.85	35	N 04°25'38"E	110.21
17	N 69°35'54"W	38.23	36	N 00°21'12"E	1771.84
18	N 17°01'18"W	628.81	37	N 2°14'59"E	1090.95
19	N 14°23'18"W	538.18	38	S 17°45'03"E	753.41
			39	N 71°53'09"E	1931.08

HAHN UNIT WELL NO. 1			
TRACT	ACREAGE IN UNIT	LEASE	VOL./PG.
1	59.31	JOHN H. BAKER, III TRUSTEE HERMAN BENTKE, JR., ETUX	887/549# 887/546#
13	3.02	STATE OF TEXAS (FW 50)	886/800#
2	39.07	LARRY ASHORN JANE ASHORN HUSFELD	886/145# 886/153#
24	4.36	STATE OF TEXAS (FW 50)	886/802#
3	58.33	RAY HAHN	888/145#
4	15.45	LARRY ASHORN JANE ASHORN HUSFELD	886/145# 886/153#
5	12.99	MARY J. HANNAH *	254/849#
6	85.89	MARY J. HANNAH * PETER BYRD, JR. *	254/845# 253/666#
7	21.44	F.C. SCHULTE, etux	253/675#
302.66 ADOPE UNIT			

- NOTES:
- BEARINGS BASED ON TRUE NORTH OBTAINED BY SOLAR OBSERVATION.
 - WELL LOCATED N14°E- 13.8 MILES FROM BRENNAM, TX.
 - INDICATES LIMITS OF UNIT.
 - SURF. LOC. POSITION:
LATITUDE: 30°21'45"N
LONGITUDE: 96°20'34.5"W
SCALED FROM U.S.G.S. QUADRANGLE SHEET "INDEPENDENCE, TEXAS"
 - SEE EXHIBIT "A" FOR "AS-DRILLED" LATERALS AND TIES.



"AS-DRILLED"
PRORATION UNIT PLAT
HAHN UNIT WELL NO. 1
UNION PACIFIC RESOURCES COMPANY
J. B. CHANCE SURVEY, A-9
BURLESON COUNTY, TEXAS
J. B. CHANCE SURVEY, A-22
WASHINGTON COUNTY, TEXAS

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

PRORATION UNIT PLAT
PREPARED: 07-09-98
REVISED: 08-04-98
CORRECTED LATERALS

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

SCALE: 1"=1000' JULY, 1998 PG. 1/2



Texas General Land Office
Garry Mauro, Commissioner

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

September 29, 1998

Union Pacific Resources
ATTN: Division Order Department
P.O. Box 7, Mail Station 3110
Fort Worth, Texas 76101-0007

Re: Property Name: HAHN UNIT #1-H
Mineral File No. MF-098942
Property Number: 4350801

Dear Sir or Madam:

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

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

If you should have any questions, please feel free to call me at (512) 463-6718.

Sincerely,

Marc A. Fuentes
Accounts Examiner III
Royalty and Revenue Processing
Energy Resources

DIVISION ORDER

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

Property Number: 4350801
Property Name: HAHN UNIT #1-H
Product: (05) (ALL PRODUCTS)
Status: (N/A) (NOT APPLICABLE)
County/State: WASHINGTON TEXAS
Effective Date: 07/01/1998
Owner Number: 456782
Owner Tax ID: [REDACTED]
Interest Type: RI ROYALTY INTEREST
Interest: 0.00585211

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

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

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

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

PAYMENT: From the effective date, payment is to be made monthly by payor's check, based on this division of interest, for oil run during the preceding calendar month and for gas sold during the second preceding calendar month from the property listed above, less taxes required by law to be deducted and remitted by payor as purchaser. Payments of less than \$25.00 may be accrued before disbursement until the total amount equals \$25.00 or more, or until December 31 of each year, whichever occurs first. Payee agrees to refund to payor any amounts attributable to an interest that payee does not own.

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

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

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

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

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

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

YOUR COPY

Signature of Witness #1

Owner Signature/Corporate Title

Address if different from above

Signature of Witness #2

Owner Signature/Corporate Title

City, State, Zip Code

Owner Phone #

Tax ID Number if different from above

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

Return to: Union Pacific Resources Company
P.O. Box 7, MS 3110
1-800-359-1692
Fort Worth, Texas, 76101-0007

Date Prepared: 08/17/1998
Prepared by: Farmer, Kyle

Division Order - EXHIBIT "A"

Property Number: 4350801
Property Name: HAHN UNIT #1-H
Product: ALL PRODUCTS
Status: NOT APPLICABLE
County/State: WASHINGTON/TEXAS
Effective Date: 07/01/1998

Lands covered by this Division Order include:

Total Division Order; 302.66 ACRES

CHANCE J B ABST/ID# 22

CHANCE J B ABST/ID# 9

Tract: (1) TR 1 JOHN H BAKER III ET AL; 59.31 ACRES

••••• CHANCE J B ABST/ID# 22

••••• > *Tract: (2) TR 1A STATE OF TEXAS; 3.02 ACRES*

••••• CHANCE J B ABST/ID# 22

••••• *Tract: (3) TR 2 LARRY ASHORN ET UX; 39.07 ACRES*

••••• CHANCE J B ABST/ID# 22

> *Tract: (4) TR 2A STATE OF TEXAS; 4.36 ACRES*

CHANCE J B ABST/ID# 22

Tract: (5) TR 3 RAY HAHN; 58.33 ACRES

CHANCE J B ABST/ID# 22

Tract: (6) TR 4 LARRY ASHORN ET UX; 15.45 ACRES

CHANCE J B ABST/ID# 22

Division Order - EXHIBIT "A"

Property Number: 4350801
Property Name: HAHN UNIT #1-H
Product: ALL PRODUCTS
Status: NOT APPLICABLE
County/State: WASHINGTON/TEXAS
Effective Date: 07/01/1998

Lands covered by this Division Order include:

Tract: (7) TR 5 MARY J HANNAH; 12.99 ACRES

CHANCE J B ABST/ID# 9

Tract: (8) TR 6 MARY J HANNAH ET AL; 88.69 ACRES

CHANCE J B ABST/ID# 9

 *Tract: (9) TR 7 F C SCHULTE ET UX ; 21.44 ACRES*

CHANCE J B ABST/ID# 9



Division Order - EXHIBIT "A"

Property Number: 4350801

Property Name: HAHN UNIT #1-H

Owner Number	Owner Name	Unit Interest
NON-PARTICIPATING ROYALTY		
446172	ALVIN A SCHAWA, ESTER W SCHAWA	0.01286791
478721	HERMAN BENTKE JR, AND DONNA BENTKE	0.00321698
501295	JOHN H BAKER III FAMILY TRUST 1, JOHN H BAKER	0.00321698
	Total	<u>0.01930187</u>
ROYALTY INTEREST		
429926	ETHEL SIMON BYRD LIFE ESTATE, OTYCE BYRD RE	0.00778374
442177	PETER G BYRD JR	0.01556749
446172	ALVIN A SCHAWA, ESTER W SCHAWA	0.01801362
448663	PORTIA E. FRIEND	0.00407225
448664	JAMES C REID JR	0.00407225
456782	STATE OF TEXAS, GENERAL LAND OFFICE	0.00585211
478721	HERMAN BENTKE JR, AND DONNA BENTKE	0.00979812
483064	LAURA KETTLER ASHORN, MELVIN ASHORN A-I-F	0.00900681
499608	JANE ASHORN HUSFELD	0.00450340
499631	NETTIE BYRD JONES	0.01556749
499638	RAY HAHN	0.03854490
501295	JOHN H BAKER III FAMILY TRUST 1, JOHN H BAKER	0.00979812
501305	LARRY ASHORN	0.00450340
527707	F C SCHULTE, DORIS E SCHULTE	0.01328223
529524	MARY JANE HANNAH	0.00814451
529936	ETHEL S BYRD	0.00778374
	Total	<u>0.17629418</u>
WORKING INTEREST		
999001	001 UNION PACIFIC RESOURCES COMPANY	0.00147193
999001	UNION PACIFIC RESOURCES COMPANY	0.80293202
	Total	<u>0.80440395</u>
Total Property Interest		1.00000000

⑥ 98942

Division Order & Letter



JONES & ZWIENER, INC.

PROFESSIONAL LAND SERVICES

1010 LAMAR, SUITE 650
HOUSTON, TEXAS 77002

TEL (713) 650-0903

FAX (713) 650-3547

March 26, 1998

General Land Office
ATTN: Mr. Drew Reid
Landman
Stephen F. Austin Building
1700 North Congress
Austin, TX 78701

RE: Bonus Consideration
Oil and Gas Lease
State of Texas to Union Pacific Resources
covering 7.38 acres of land
J. B. Chance Survey, A-22
Washington County, Texas
State Lease No. **M-98942**

174

X 2.77 Dennis Engelmann

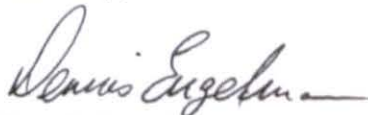
Dear Mr. Reid:

98037530

Enclosed, please find a bonus consideration check in the amount of \$184.50 for the above referenced lease. The amount is based on \$25.00 per net mineral acre. Also enclosed is a check for the processing fee in the amount of \$2.77, which is 1 1/2 % of the bonus amount.

Should you have any questions, please call me at (409) 272-1569.

Sincerely,



Dennis Engelmann
Petroleum Landman

X 184.50 Union Pacific Resources Co.

98037531

/de
enclosures

RESOURCES
JONES & ZWIENER
INC.

98032531

98032531

M-98942

Letter 3/26/98

98032531

98032531

98032531

Texas General
Land Office



David Dewhurst
Commissioner

JUNE 1, 1999

UNION PACIFIC RESOURCES COMPANY
ATTN: DIVISION ORDER DEPARTMENT.
PO BOX 7, MS 3110
FORT WORTH, TEXAS 76101-0007

Re: Property Name: HAHN UNIT #1-H
Mineral File No. MF-098942
Property Number: 4350801

Dear Sir or Madam:

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Sincerely,

Marc A. Fuentes
Accounts Examiner III
Royalty and Revenue Processing
Energy Resources

Stephen F. Austin Building

1700 North
Congress Avenue

Austin, Texas
78701-1495

512-463-5001

DIVISION ORDER

MF-098942

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

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Property Name: HAHN UNIT #1-H
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County/State: WASHINGTON TEXAS
Effective Date: 07/01/1998
Owner Number: 456782
Owner Tax ID: [REDACTED]
Interest Type: RI ROYALTY INTEREST
Interest: 0.00585211

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

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

Return to: Union Pacific Resources Company
P.O. Box 7, MS 3110
1-800-359-1692
Fort Worth, Texas, 76101-0007

Date Prepared: 08/17/1998
Prepared by: Farmer, Kyle

PLEASE RETURN THIS PAGE

File No. MF - 98942 ⑦
Division Order

Date Filed: 6-2-99

David Dewhurst, Commissioner
By _____

DO NOT DESTROY



UNIT AGREEMENT MEMO

Unit No. 2857

Operator WPRC

Unit Name Nahn Unit # 1

County Washington

Effective Date 7/98

Unitized for: Oil Gas Oil & Gas

1. M.F. No. 098942
Area _____ Tr. 1
Sec. _____ Blk. _____ Survey _____
7.38/302.66 x .24 RD 005852%
.0243837 TP Unit Int.

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

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

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

REMARKS:

Unit #2857 Inactive
effective 5-1-00

CZB

Prepared by: Metha Kester

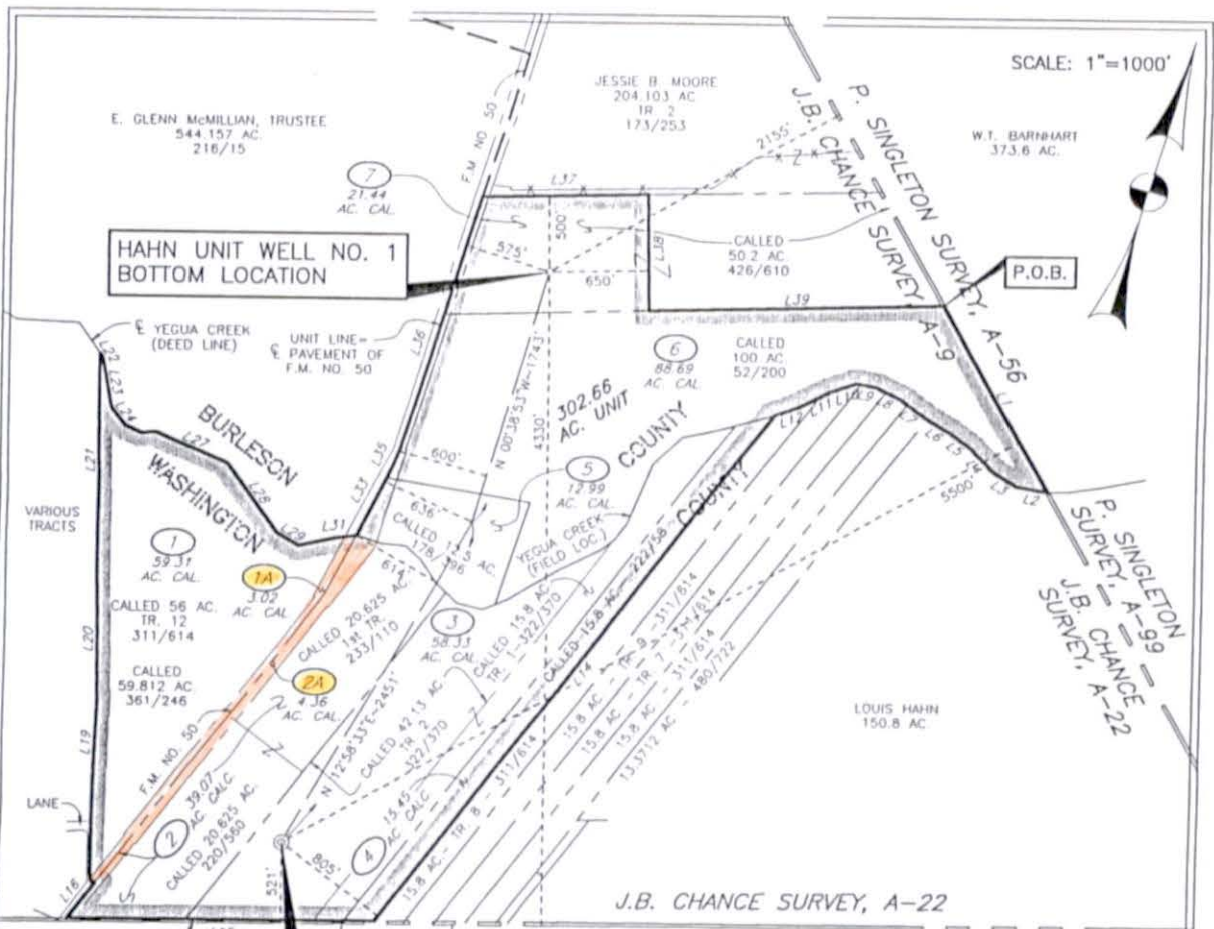
Date 4/10/00

Map & GIS updated by: AS

Date 5/9/02

Keyed into database by: M. Silva

Date 4-18-00



HAHN UNIT WELL NO. 1
SURF. LOC. ELEV: 195

MAGGIE TAPPE
66 AC.

UNIT PERIMETER METES:

LINE	BEARING	DIST.	LINE	BEARING	DIST.
1	S 46°09'06"E	1419.00	20	N 17°41'37"W	862.24
2	S 82°58'30"W	210.53	21	N 16°40'18"W	1483.01
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9	S 83°12'11"W	127.41	28	S 52°20'18"E	566.98
10	S 54°32'49"W	181.90	29	S 76°01'26"E	171.09
11	S 46°23'42"W	219.70	30	N 60°27'53"E	255.73
12	S 52°42'08"W	171.77	31	N 67°48'18"E	130.37
13	S 57°53'46"W	2.66	32	N 10°22'13"E	146.63
14	S 20°30'05"W	4252.90	33	N 10°17'46"E	255.12
15	S 73°03'34"W	2012.06	34	N 08°28'35"E	119.76
16	N 20°24'06"E	297.85	35	N 04°35'38"E	119.21
17	N 69°35'54"W	38.23	36	N 00°22'12"E	1721.84
18	N 17°01'18"W	628.81	37	N 72°14'57"E	1090.98
19	N 14°23'18"W	538.18	38	S 17°45'03"E	763.41
			39	N 71°53'09"E	1931.08

HAHN UNIT WELL NO. 1			
TRACT	ACREAGE IN UNIT	LEASE	VOL/PG
①	59.31	HERMAN BENIKE, JR. & D. BENIKE EDITH GREENFIELD, a widow	449/240# 457/844#
①A	3.02	STATE OF TEXAS (FM 50)	
②	39.07	IRVIN ASHORN, et ux	449/237#
②A	4.36	STATE OF TEXAS (FM 50)	
③	58.33	RAY A. HAHN, A.I.F. FOR ROBBIE HAHN, a widow	449/243#
④	15.45	IRVIN ASHORN, et ux	449/237#
⑤	12.99	MARY J. HANNAH *	254/849~
⑥	88.69	MARY J. HANNAH * PETER BYRD, JR. *	254/849~ 253/666~
⑦	21.44	F.C. SCHULTE, et ux	253/675~
302.66 ACRE UNIT			

* THIS TRACT COVERED BY SEVERAL LEASES NOT LISTED HERE.
DEED RECORDS OF WASHINGTON COUNTY, TEXAS.
~ OIL & GAS RECORDS OF BURLESON COUNTY, TEXAS.

- NOTES:
- BEARINGS BASED ON TRUE NORTH OBTAINED BY SOLAR OBSERVATION
 - WELL LOCATED N 14°E-13.8 MILES FROM BRENHAM, TX.
 - INDICATES LIMITS OF UNIT
 - SURF. LOC. POSITION:
LATITUDE: 30°21'45"N
LONGITUDE: 96°20'34.5"W
BOTTOM LOC. POSITION:
LATITUDE: 30°22'26"N
LONGITUDE: 96°20'28"W
SCALED FROM U.S.G.S. QUADRANGLE SHEET "INDEPENDENCE, TEXAS"



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

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

WELL LOCATION
HAHN UNIT WELL NO. 1
UNION PACIFIC RESOURCES COMPANY
J. B. CHANCE SURVEY, A-9
BURLESON COUNTY, TEXAS
J. B. CHANCE SURVEY, A-22
WASHINGTON COUNTY, TEXAS

REVISED: 08/25/97
CHANGED ACREAGE TABLE.

REVISED: 08/01/97
INCREASED TO 302.66 AC. UNIT

SCALE: 1"=1000' JULY, 1997

M-98942 (8)

UNIT PLAT / BUCK SLIP

10/23/97

10-32-97

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT

(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com®

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Postmark
Here

Sent To

Street, Apt. No.;
or PO Box No.

City, State, ZIP+4

72002 3150 0000 4755 72002

Certified Mail Provides:

- A mailing receipt
- A unique identifier for your mailpiece
- A record of delivery kept by the Postal Service for two years

Important Reminders:

- Certified Mail may **ONLY** be combined with First-Class Mail® or Priority Mail®.
- Certified Mail is *not* available for any class of international mail.
- **NO INSURANCE COVERAGE IS PROVIDED** with Certified Mail. For valuables, please consider Insured or Registered Mail.
- For an additional fee, a *Return Receipt* may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS® postmark on your Certified Mail receipt is required.
- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "*Restricted Delivery*".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

IMPORTANT: Save this receipt and present it when making an inquiry. Internet access to delivery information is not available on mail addressed to APOs and FPOs.

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:

Anadarko E&P Company LP
 Box 1330
 Houston, Texas 77251-1330

MF098942

2. Article Number

(Transfer from service label)

7002 3150 0000 4755 7200

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ATTN: CARL BONN, Energy Resources
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GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

November 24, 2003

VIA CRRR #7002 3150 0000 4755 7200

Anadarko E&P Company LP
PO Box 1330
Houston, Texas 77251-1330

RE: Termination of State Lease MF098942
Lease Name: Hauh Unit #1 (#2857)
Washington County

Gentlemen:

A review of our records has determined that the above-referenced lease terminated May 1, 2000 due to non-production. The lease has not been held by timely paid shut-in payments and there is no documentation in this office of any reworking operations. As a result, this lease has terminated under the terms and conditions of the lease and the laws of the state as further defined in Title 31 of the Texas Administrative Code ("TAC"). Pursuant to the TAC, a recorded original or certified copy of a Release of the State Oil and Gas Lease must be filed with our office.

In accordance with the provisions of the TAC, if you disagree with this assessment please provide evidence to this office at the address shown below within 30 days of receipt of this letter. Failure to reply or failure to present sufficient evidence of the continuation of the lease/unit will result in the mineral file being endorsed as terminated. Our Audit Division will notify you shortly if delinquent royalties are due. You will receive no further communication from this office prior to termination.

Sincerely,

Carl F. Bonn, CPL
Mineral Leasing
Office: (512) 463-5407
Fax: (512) 475-1543

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

#9

File No. MFO 98942
Termination Ltr.

Date Filed: 3-10-04

Jerry E. Patterson, Commissioner
By Carl Bonn