

# 3035  
# 8699

STATE LEASE

MF100655

CONTROL	BASEFILE	COUNTY
<del>65-902394</del> 56-029214	000 -	WASHINGTON /239
SURVEY	: WASHINGTON COUNTY ROADS	
BLOCK	:	
TOWNSHIP	: 00	
SECTION/TRACT:		
PART	:	
ACRES	: 10.75	
DEPTH LIMITS	: NO	

Rentals: *MS.*

Lease *D.*

Admin: *D.*

*PR* Mineral  
Maps:

*25*

LESSEE : CHESAPEAKE EXPLORATION LTD.  
LEASE DATE : Jun 21 1999  
PRIMARY TERM : 3 yrs  
BONUS (\$) : 2150.00  
RENTAL (\$) : 0.00  
ROYALTY : 0.20000000  
VAR ROYALTY :



## CAUTION

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

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

Thank you for your assistance.

*Archives and Records Staff*

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Scanned sm 4/17/15



CERTIFIED COPY CERTIFICATE  
STATE OF TEXAS  
COUNTY OF WASHINGTON

The above is a full, true, and correct photographic copy of the original record now in my lawful custody and possession as the same is recorded in the OFFICIAL RECORDS in my office with volume and page number stamped thereon. I hereby certify on

MAR 12 1955

BETH ROTHERMEL  
COUNTY CLERK  
WASHINGTON COUNTY, TEXAS

By: *Carl K. Ketchum*  
Deputy



Record & Return To:  
Chesapeake Operating, Inc.  
P.O. Box 18496  
Oklahoma City, OK 73154

**PAID UP OIL AND GAS LEASE**

5771  
8015

THIS LEASE AGREEMENT is made as of the 14th day of July, 1995, between Margaret Ladd fka Margaret Ruth Sander, a married woman dealing with her separate property

Address: 12311 Hoggard Stafford, TX 77477 as Lessor (whether one or more),  
and CHESAPEAKE OPERATING, INC., 6206 North Western, Oklahoma City, OK 73118

Record & Return To:  
Chesapeake Operating, Inc.  
P.O. Box 18496  
Oklahoma City, OK 73154

as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises: (use Exhibit "A" for long description):  
  
Being 48.199 acres of land, more or less, located in the Nelson Smith Survey, A-100 in Washington County, Texas; and more particularly described as being part of a 50.142 acre tract described as the "FIRST" tract in that certain Deed of Gift and Partition dated January 10, 1970, from Emma Engeling et al to Elsie Engeling Sander et al, recorded in Volume 303, Page 929, Deed Records of Washington County, Texas, and being all of said 50.142 acre tract LESS AND EXCEPT 1.943 acres of land described in a Deed dated November 26, 1980 from Elsie Sander to Paul M. Engeling, recorded in Volume 405, Page 255, Deed Records of Washington County, Texas.

FOR SPECIAL PROVISIONS OF THIS LEASE, SEE EXHIBIT "A" ATTACHED HERETO, AND BY REFERENCE, MADE A PART HEREOF.

in the county of Washington, State of Texas, containing 48.199 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of three (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be one-eighth of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be one-eighth of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in Texas Commerce Bank, 012509  
at 11806 Wilcrest at Highway 59, Houston, Tx 77031  
or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

Tx 1670049-000 5/4

THIS DOCUMENT IS BEING RECORDED TO REFLECT CORRECTION OF CLAUSE #34.



A CERTIFIED COPY issued MAR 12 1999  
Beth Rothermel, County Clerk  
Washington County, TX. Cl Deputy

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

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

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

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

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

WITNESSES AND/OR ATTESTATIONS:

LESSOR (WHETHER ONE OR MORE)

SS NO. OR TAX ID

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

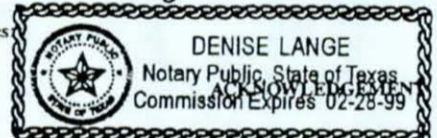
Margaret Ladd  
Margaret Ladd fka Margaret Ruth Sander, a  
married woman dealing with her separate property

ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF } AUSTIN

This instrument was acknowledged before me on the 14<sup>th</sup> day of July, 1995,  
by Margaret Ladd fka Margaret Ruth Sander, a married woman dealing with her separate property.

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



STATE OF TEXAS }  
COUNTY OF }

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

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

CORPORATE ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF }

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

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

RECORDING INFORMATION

STATE OF \_\_\_\_\_ )  
County of \_\_\_\_\_ ) S.S.

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

By \_\_\_\_\_ Clerk (or Deputy)



## EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND GAS LEASE DATED July 14, 1995, BY AND BETWEEN Margaret Ladd fka Margaret Ruth Sander, a married woman dealing with her separate property AS LESSOR, and CHESAPEAKE OPERATING, INC., AS LESSEE.

15. The following typewritten agreements and provisions are attached to and are expressly made a part of this lease and shall supersede and govern the provisions in the printed text of this lease whenever such printed form is in conflict herewith.

16. Notwithstanding anything hereinabove to the contrary, there is excepted herefrom and reserved to the Lessor herein all coal, lignite, iron, ore, thorium, uranium, fissionable materials and all bentonite, fullers earth, sand, gravel, and other claylike 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 minerals, with all other 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.

17. In the event a portion of the land herein leased is pooled or unitized so as to form a pool or unit designation, operations on or commercially reasonable production from such pool or unit will maintain this lease in force only as to the land included in such pool or unit. This lease, as to the land not included in such pool or unit, may be maintained in force and effect after the primary term of this lease by drilling or reworking operations as provided in this lease agreement. As to all other lands included within this lease as are not included within a pool or unit or which are not being held by continuing drilling or reworking operations under this lease, this lease shall terminate absolutely upon the expiration of said primary term.

Notwithstanding the provisions of the printed portions of this lease as permit the Lessee to pool the lands covered by this lease with lands belonging to persons other than Lessor, Lessee covenants and agrees that: (1) Lessee shall utilize 100% of Lessor's land prior to including lands belonging to persons other than Lessor should drilling operations be conducted on the leased premises and should Lessee elect to pool or unitize any portion of the leased premises with lands belonging to others, and (2) should Lessee elect to pool or unitize a portion of the leased premises where drilling operations are being conducted on lands other than the leased premises, Lessee shall include no less than 50% of Lessor's land in said pool or unit.

18. Notwithstanding anything herein to the contrary, Lessee shall not maintain this lease solely by the payment of shut-in royalties for more than three years. Shut-in privileges are cumulative and may be exercised from time to time, but limited to a maximum of three years cumulative time. This paragraph in no way limits Lessee from maintaining this lease in force and effect by any other provisions or terms of this lease; provided, however only that portion of the leased premises which is contained in a pool or unit having a well then shut-in shall be maintained by the payment of shut-in royalty. As to all other lands not included in such pool or unit with a well therein shut-in and which are not being held by continuing drilling or reworking operations under the provisions of this lease shall terminate absolutely upon the expiration of the primary term of this lease. Further, production from other well or wells located on the leased premises or lands pooled therewith shall not relieve Lessee of Lessee's obligation to tender shut-in royalty to maintain this lease in effect as to that portion of the leased premises contained in said pool or unit which is "shut-in". Lessee shall pay as a shut-in royalty \$10.00 for each acre of the

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leased premises then contained in said pool or unit on which a well is shut-in on or before the end of said 90 day period provided in paragraph 3. of this lease and thereafter on or before each anniversary of the end of said 90 day period while the well or wells are shut-in or production therefrom is not being sold by Lessee. The payment by Lessee to Lessor of such rentals shall in no manner relieve Lessee from the obligation of payment of all royalties as shall become due upon subsequent production of a well which has been shut-in under the terms of this lease; and in no event shall Lessee be entitled to credit against such royalties due Lessor such rental sums paid by Lessee to Lessor under the terms and provisions hereof.

19. Royalty payments as shall become due to Lessor by reason of the production of oil or gas from a well or wells located upon the leased premises or upon lands with which the leased premises or a part thereof shall have been pooled to form a pool or unit for purposes of production, shall be timely paid as required by §91.401 et seq of the Texas Natural Resource Code. Lessor shall further receive interest on late payments as therein provided when such royalties are not timely paid.

20. The failure of Lessee to timely tender shut in royalties as may be due under this lease within ten days of service of written demand therefor upon Lessee shall cause a termination of the leasehold estate which would have otherwise been held under the terms and provisions of this lease had shut in royalty been timely paid.

21. Lessee shall have the right to use, free of royalty, oil, gas and other lease substances being produced from a well located on a unit covering all or any part of the leased premises for production, recovery, or rendering marketable the oil, gas or lease substances being produced from said well only.

22. Notwithstanding the terms and conditions of paragraph 9 as may be to the contrary, Lessee's release of all or any portion of the leased premises shall not relieve Lessee of Lessee's obligations to restore the premises under the terms of this lease, including without limitation any and all cleanup costs, and costs incident to the plugging and/or abandonment of any well which had been or was being drilled prior to the release date.

23. Lessee shall pay for all damages caused by its operations hereunder to houses, building, fences, wells, roads, gates, cattle guards, terraces, culverts, bridges, and other improvements, cattle and other livestock, growing crops, trees and grasses within ninety (90) days from the date damages are sustained by Lessor. Within six (6) months after the termination of operations on the particular area requiring restoration, the Lessee shall fill in and cover up all slush pits and other excavations made in the course of its operations hereunder and shall clean up the drillsite and restore the surface to as near the original condition (prior to operations) as is practicable. Lessor shall not be responsible for violation of the Environmental Protection Act or any other governmental rules, regulations, ordinances, and statutes as may pertain to the surface and/or subsurface storage or disposal of environmental or hazardous waste of any kind or character. All operations shall be conducted to prevent contamination of any and all soils, and of any and all surface and subsurface waters in, under, or on said leased premises. Any violation by Lessee or Lessee's subcontractor are the responsibility of Lessee. LESSEE, ITS SUCCESSORS AND ASSIGNS, AGREE TO INDEMNIFY AND HOLD LESSOR AND LESSOR'S HEIRS AND ASSIGNS HARMLESS FROM ANY AND ALL CLAIMS ARISING OUT OF OR INCIDENT TO LESSEE'S, ITS SUCCESSORS OR ASSIGNS, EXPLORATION AND DEVELOPMENT OPERATIONS, INCLUDING WITHOUT LIMITATION LIABILITY AND DAMAGES FOR SOIL AND/OR WATER CONTAMINATION OR OTHER ENVIRONMENTAL HAZARDS. LESSEE SHALL BE RESPONSIBLE FOR ANY VIOLATION BY LESSEE OR LESSEE'S SUBCONTRACTORS, AGENTS, REPRESENTATIVES OR EMPLOYEES OF ANY GOVERNMENTAL RULE, REGULATION, ORDINANCE OR STATUTE; AND SHALL INDEMNIFY AND HOLD LESSOR HARMLESS FROM ALL LIABILITY ARISING THEREFROM.

*MJ*



24. Without prior written consent, Lessee shall not have the use of Lessor's existing water wells and/or stock ponds on said land. Lessee agrees, after the cessation of its use of any water well drilled by Lessee on the leased premises, and prior to the plugging thereof or the removal of casing therefrom, to tender such water well(s) to Lessor; and, if Lessor so elects, such water well or wells shall become the property of Lessor without any requirement that Lessor reimburse or pay Lessee for the cost of such well, and said well or wells shall become the property of Lessor at Lessor's sole responsibility, provided however that Lessee shall continue to have the right to use such water well or wells at any time during the continuation of this lease in connection with any of Lessee's operations on the leased premises.

25. Lessee shall construct a fence around any drill sites during drilling operations, and if production is achieved, Lessee shall construct a fence around all production facilities. At the request of Lessor, Lessee shall install cattle guards at all fence crossings used by Lessee in connection with operations on the leased premises.

26. Prior to conducting any operations on the leased premises, Lessee shall first consult with Lessor and outline the operations that Lessee proposes to conduct. Notwithstanding the terms of the printed portion of this lease as may be to the contrary, no operations of any kind shall be conducted within 400 feet of any structural improvement located upon the leased premises. Locations for roads, pipelines, equipment and facilities placed on the remainder of the leased premises shall be in consultation with Lessor and shall be placed on the land in such a manner as to cause a minimum amount of interference with the normal use of the land. At no time shall Lessee be entitled to utilize Lessor's then existing entrance and roadways for ingress and egress upon the property. To the extent permitted under this lease, pipelines shall run adjacent to and parallel with the perimeter boundary of the leased premises where practical unless otherwise directed by Lessor. Any lease roads built by Lessee, and existing roads used for Lessee's operations shall be surfaced with caliche, gravel, or other reasonable roadway materials as may be acceptable to Lessor and Lessee, and shall have culverts where necessary so as not to interfere with the natural drainage of the land. All such roads and cattleguards shall not be removed after Lessee's operations are complete unless requested by Lessor, but shall become the property of Lessor.

27. Lessee shall not permanently house any of its employees, agents or representatives on the property of Lessor at any time. The leased premises shall at no time be utilized as a place for storage or stockpiling of oil field equipment and supplies, including but not limited to drill stem and casing, except to the extent such supplies are temporarily necessary to such drilling, reworking or normal and regular operations being conducted on the leased premises. Lessee shall not erect gas or liquid processing plants, refineries, tank farms, shops, warehouses, storage yards, loading terminals, power stations or offices upon the leased premises. Lessee shall not establish and utilize facilities for surface or subsurface storage or disposal of saltwater nor shall said premises be utilized for disposal of noxious, poisonous or hazardous substances, drilling mud, chemicals, refuse or debris. Provided, however, the preceding sentence shall not preclude Lessee upon restoration of the leased premises to dispose of non-environmentally hazardous fresh water liquids and soluble muds located in the pits by angular injection. Lessee shall have the right to temporarily store salt water retained as a result of normal production operations on the premises provided the same be maintained in a manner which will not damage the surface of the property. At no time shall subsurface storage of salt water be permitted. Lessee's right to lay pipelines shall be limited to such lines as are necessary to transport oil and gas from wells located upon the leased premises or upon property with which Lessor's land has been pooled to form a pool or unit for the

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purpose of production to the nearest pipeline to which said oil and gas is to be delivered. Lessee shall have no right to lay pipelines across Lessor's property to carry production from any well or wells which are not located upon the leased premises or which are not located within a pool or unit including a portion of the leased premises as aforesaid. Lessee agrees to bury all pipelines at a depth not less than 36 inches below the surface of the ground and shall locate all pipelines as near to the boundary of said lands as reasonably possible and shall consult with Lessor prior to the laying of any such pipelines regarding the proposed locations of such pipelines.

28. Lessee, Lessee's agents, employees and representatives are prohibited from fishing, swimming, boating, hunting with dogs or firearms, from the carrying of firearms or otherwise using for recreational or leisure purpose any portion of the leased premises.

29. Notwithstanding the terms of the printed lease as may be to the contrary, the royalty provided for in this lease shall be a one-fifth (1/5) royalty; and where the fraction one-eighth (1/8) appears, the same is hereby amended to read one-fifth (1/5). 1/5

30. It is agreed and understood by and between Lessor and Lessee herein that in calculation of Lessor's royalty, in no event shall the price of oil, gas or other minerals utilized for calculation of Lessor's royalty be less than the price actually received by Lessee upon the sale of any product produced from the unit which includes all or any part of the leased premises. Lessor and/or his designated representative shall have the right, upon written request to Lessee, to require Lessee to produce for inspection and copying any and all sales and/or expense records, reports, accounts, ledgers and the like which will reflect the price received by Lessee for the sale of oil, gas or other minerals, together with any expenses of deductions for delivering, processing or marketing said minerals, which may reduce the actual sales price received by Lessee, and any production, severance or other excise taxes. Lessor's royalty shall at no time bear or be reduced by expenses incurred by Lessee for ad valorem taxes assessed against Lessee's interest in said oil, gas, and other minerals. Lessee shall act as a fiduciary of Lessor and in utmost good faith in the marketing and sale of said minerals.

31. Lessee shall notify Lessor of any assignment of this lease or of Lessee's interest herein within thirty (30) days after said assignment is executed and recorded. Any assignment of this lease, or of Lessee's interest herein shall not have the effect of relieving or discharging Lessee of any obligations of Lessee under the terms and provisions of this lease which have arisen, accrued, or which have occurred prior to said assignment.

32. Notwithstanding the terms of the printed lease to the contrary, Lessee understands and agrees that Lessor, their heirs or assigns, shall not be held liable to Lessee, its successors and assigns, upon any warranty of title contained in this lease save and except to the extent of the refund and proportionate reduction of bonuses and/ or delay rentals which may be paid to Lessor to reflect Lessor's actual interest in the properties leased hereby if less than the whole; and it shall be the responsibility of Lessee to make such title examinations and satisfy itself as to Lessor's right, title and interest in the property which is the subject of this lease and their rights to execute this lease in favor of Lessee. In the event it is determined that Lessor does not own title to the minerals as may otherwise be warranted or represented herein, Lessor shall have no obligation to reimburse Lessee for any payments heretofore received by Lessor and paid by Lessee in accordance with such representations as to fee simple title to said minerals, except for reimbursement of the proportionate part of any bonus paid by Lessee for the execution of this lease or delay rentals paid for an interest which is determined not to be owned by Lessor.



*ML*

33. Notwithstanding paragraph 5. of this lease as may be to the contrary, drilling or reworking operations shall not have the effect of reviving this lease as to any portion of the leased premises on which this lease had previously terminated. Further, if this lease is being maintained by "continuing operations" after the primary term as provided in paragraph 5., such operations, once commenced, shall be conducted and prosecuted with deliberate speed and diligence to completion.

34. For the above consideration, Lessee is granted the option to renew this lease under the same provisions for a second primary term of Two (2) years, commencing July 14, 1998 and continuing as long thereafter as oil or gas is produced from said land or land pooled therewith. Lessee may exercise this option by paying or tendering to the Lessor or Lessor's credit in the heretofore named depository bank, the sum of Fifty and No/100 Dollars (\$50.00) per net mineral acre covered by this lease before the expiration of the primary term hereof. It is agreed and understood that all delay rental payments shall be deemed "paid-up" and said delay rental payments are included in any lease bonus payments tendered by the Lessee.

SIGNED FOR IDENTIFICATION: Margaret Ladd  
Margaret Ladd fka Margaret Ruth Sander,  
a married woman dealing with her separate  
property

**FILED**  
AT 1:15 P.M.  
OCT 2 - 1995  
Beth A. Rothermel  
BETH ROTHERMEL  
COUNTY CLERK, WASHINGTON COUNTY, TX

STATE OF TEXAS  
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on OCT 03 1995



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

CERTIFIED COPY CERTIFICATE  
STATE OF TEXAS  
COUNTY OF WASHINGTON  
The above is a full, true, and correct photographic copy of the original record now in my lawful custody and possession as the same is recorded in the OFFICIAL RECORDS in my office with volume and page number stamped thereon. I hereby certify on

MAR 12 1999



BETH ROTHERMEL  
COUNTY CLERK  
WASHINGTON COUNTY, TEXAS  
By Carli Kahne  
Deputy

MEMORANDUM OF LEASE EXTENSION

4436

L 23628

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, Joy E. Mueller fka Joy Elise Sander, a married woman dealing with her separate property ("Lessor") and Chesapeake Operating, Inc. ("Lessee") entered into that certain Oil, Gas and Mineral Lease ("Lease") dated July 14, 1995, covering 48.199 gross acres, more or less, located in the Nelson Smith Survey, A-100, Washington County, Texas, recorded in Volume 800, Page 357, Official Records of Washington County, Texas; and

WHEREAS, said Lease provides Lessee the option to extend the Lease for 2 year(s) from the expiration of the original primary term by tendering an additional payment to Lessor.

NOW, THEREFORE, Chesapeake Operating Inc. ("Chesapeake"), the present owner of the lease, represents that it has exercised its option to extend the Lease by tendering the aforementioned payment to Lessor in the manner and time set forth in said Lease. Chesapeake further represents that Lessor has accepted such payment, thereby extending the option.

EXECUTED this 16th day of June, 1998.

CHESAPEAKE OPERATING INC.

*[Signature]*  
Henry Hood, Senior Vice President, Land & Legal

COUNTY OF OKLAHOMA )  
STATE OF OKLAHOMA ) ss.

BEFORE ME, the undersigned, a Notary Public for the State of Oklahoma, personally appeared Henry Hood, Senior Vice President, Land & Legal for Chesapeake Operating Inc., and he acknowledged to me that he executed the foregoing instrument in and for the purposes and consideration therein expressed on this the 16th day of June, 1998 on behalf of said corporation.

*[Signature]*



My commission expires: August 3, 1999

Record & Return To:  
Chesapeake Operating, Inc.  
P.O. Box 18496  
Oklahoma City, OK 73154

STATE OF TEXAS  
COUNTY OF WASHINGTON

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

JUL 07 1998



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

FILED FOR RECORD  
WASHINGTON COUNTY, TX  
98 JUL 6 PM 1 48  
*Beth A. Rothermel*  
WASHINGTON CO. CLERK



CERTIFIED COPY CERTIFICATE  
STATE OF TEXAS  
COUNTY OF WASHINGTON

The above is a full, true, and correct photographic copy of the original record now in my lawful custody and possession as the same is recorded in the OFFICIAL RECORDS in my office with volume and page number stamped thereon. I hereby certify on

**MAR 12 1999**

BETH ROTHERMEL  
COUNTY CLERK  
WASHINGTON COUNTY, TEXAS



By: Carl Koehn  
Deputy

Producers 88 (4-89)-Paid Up  
With 640 Acres Pooling Provision

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

Record & Return To:  
Chesapeake Operating, Inc.  
P.O. Box 18496  
Oklahoma City, OK 73154

**PAID UP OIL AND GAS LEASE**

5772 8014  
015764

THIS LEASE AGREEMENT is made as of the 14th day of July, 1995, between Joy E. Mueller fka Joy Elise Sander, a married woman dealing with her separate property

Address: 692 Bending Oaks, Bellville, TX 77418 as Lessor (whether one or more),  
and CHESAPEAKE OPERATING, INC., 6206 North Western, Oklahoma City, OK 73118  
as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises: (use Exhibit "A" for long description):

Record & Return To:  
Chesapeake Operating, Inc.  
P.O. Box 18496  
Oklahoma City, OK 73154

Being 48.199 acres of land, more or less, located in the Nelson Smith Survey, A-100 in Washington County, Texas; and more particularly described as being part of a 50.142 acre tract described as the "FIRST" tract in that certain Deed of Gift and Partition dated January 10, 1970 from Emma Engeling et al to Elsie Engeling Sander et al, recorded in Volume 303, Page 929, Deed Records of Washington County, Texas, and being all of said 50.142 acre tract LESS AND EXCEPT 1.943 acres of land described in a Deed dated November 26, 1980 from Elsie Sander to Paul M. Engeling, recorded in Volume 405, Page 255, Deed Records of Washington County, Texas.

FOR SPECIAL PROVISIONS OF THIS LEASE, SEE EXHIBIT "A" ATTACHED HERETO, AND BY REFERENCE, MADE A PART HEREOF.

shelby

in the county of Washington, State of Texas, containing 48.199 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of three (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be one-eighth of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be one-eighth of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in AUSTIN COUNTY STATE BANK 015735  
at BELLVILLE, TEXAS

or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

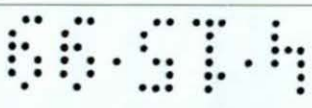
5. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%; and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

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THIS DOCUMENTS IS BEING RERECORDED TO REFLECT CORRECTION OF CLAUSE #34.



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

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

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

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

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

WITNESSES AND/OR ATTESTATIONS:

LESSOR (WHETHER ONE OR MORE)

SS NO. OR TAX ID

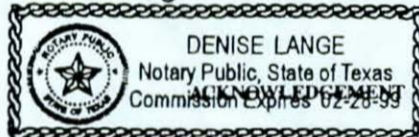
Joy E. Mueller  
Joy E. Mueller fka Joy Elise Sander,  
a married woman dealing with her separate  
property

ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF } AUSTIN

This instrument was acknowledged before me on the 14<sup>th</sup> day of July, 1995,  
by Joy E. Muller fka Joy Elise Sander, a married woman dealing  
with her separate property.

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



STATE OF TEXAS }  
COUNTY OF }

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

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

CORPORATE ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF }

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

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

RECORDING INFORMATION

STATE OF \_\_\_\_\_ }  
County of \_\_\_\_\_ } S.S.

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

By \_\_\_\_\_ Clerk (or Deputy)



A CERTIFIED COPY issued MAR 12 1999  
Beth Rothamel, County Clerk  
Washington County, TX. Deputy

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND GAS LEASE DATED July 14, 1995, BY AND BETWEEN Joy E. Mueller fka Joy Elise Sander, a married woman dealing with her separate property AS LESSOR, and CHESAPEAKE OPERATING, INC., AS LESSEE.

15. The following typewritten agreements and provisions are attached to and are expressly made a part of this lease and shall supersede and govern the provisions in the printed text of this lease whenever such printed form is in conflict herewith:

16. Notwithstanding anything hereinabove to the contrary, there is excepted herefrom and reserved to the Lessor herein all coal, lignite, iron, ore, thorium, uranium, fissionable materials and all bentonite, fullers earth, sand, gravel, and other claylike 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 minerals, with all other 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.

17. In the event a portion of the land herein leased is pooled or unitized so as to form a pool or unit designation, operations on or commercially reasonable production from such pool or unit will maintain this lease in force only as to the land included in such pool or unit. This lease, as to the land not included in such pool or unit, may be maintained in force and effect after the primary term of this lease by drilling or reworking operations as provided in this lease agreement. As to all other lands included within this lease as are not included within a pool or unit or which are not being held by continuing drilling or reworking operations under this lease, this lease shall terminate absolutely upon the expiration of said primary term.

Notwithstanding the provisions of the printed portions of this lease as permit the Lessee to pool the lands covered by this lease with lands belonging to persons other than Lessor, Lessee covenants and agrees that: (1) Lessee shall utilize 100% of Lessor's land prior to including lands belonging to persons other than Lessor should drilling operations be conducted on the leased premises and should Lessee elect to pool or unitize any portion of the leased premises with lands belonging to others, and (2) should Lessee elect to pool or unitize a portion of the leased premises where drilling operations are being conducted on lands other than the leased premises, Lessee shall include no less than 50% of Lessor's land in said pool or unit.

18. Notwithstanding anything herein to the contrary, Lessee shall not maintain this lease solely by the payment of shut-in royalties for more than three years. Shut-in privileges are cumulative and may be exercised from time to time, but limited to a maximum of three years cumulative time. This paragraph in no way limits Lessee from maintaining this lease in force and effect by any other provisions or terms of this lease; provided, however only that portion of the leased premises which is contained in a pool or unit having a well then shut-in shall be maintained by the payment of shut-in royalty. As to all other lands not included in such pool or unit with a well therein shut-in and which are not being held by continuing drilling or reworking operations under the provisions of this lease shall terminate absolutely upon the expiration of the primary term of this lease. Further, production from other well or wells located on the leased premises or lands pooled therewith shall not relieve Lessee of Lessee's obligation to tender shut-in royalty to maintain this lease in effect as to that portion of the leased premises contained in said pool or unit which is "shut-in". Lessee shall pay as a shut-in royalty \$10.00 for each acre of the

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leased premises then contained in said pool or unit on which a well is shut-in on or before the end of said 90 day period provided in paragraph 3. of this lease and thereafter on or before each anniversary of the end of said 90 day period while the well or wells are shut-in or production therefrom is not being sold by Lessee. The payment by Lessee to Lessor of such rentals shall in no manner relieve Lessee from the obligation of payment of all royalties as shall become due upon subsequent production of a well which has been shut-in under the terms of this lease; and in no event shall Lessee be entitled to credit against such royalties due Lessor such rental sums paid by Lessee to Lessor under the terms and provisions hereof.

19. Royalty payments as shall become due to Lessor by reason of the production of oil or gas from a well or wells located upon the leased premises or upon lands with which the leased premises or a part thereof shall have been pooled to form a pool or unit for purposes of production, shall be timely paid as required by §91.401 et seq of the Texas Natural Resource Code. Lessor shall further receive interest on late payments as therein provided when such royalties are not timely paid.

20. The failure of Lessee to timely tender shut in royalties as may be due under this lease within ten days of service of written demand therefor upon Lessee shall cause a termination of the leasehold estate which would have otherwise been held under the terms and provisions of this lease had shut in royalty been timely paid.

21. Lessee shall have the right to use, free of royalty, oil, gas and other lease substances being produced from a well located on a unit covering all or any part of the leased premises for production, recovery, or rendering marketable the oil, gas or lease substances being produced from said well only.

22. Notwithstanding the terms and conditions of paragraph 9 as may be to the contrary, Lessee's release of all or any portion of the leased premises shall not relieve Lessee of Lessee's obligations to restore the premises under the terms of this lease, including without limitation any and all cleanup costs, and costs incident to the plugging and/or abandonment of any well which had been or was being drilled prior to the release date.

23. Lessee shall pay for all damages caused by its operations hereunder to houses, building, fences, wells, roads, gates, cattle guards, terraces, culverts, bridges, and other improvements, cattle and other livestock, growing crops, trees and grasses within ninety (90) days from the date damages are sustained by Lessor. Within six (6) months after the termination of operations on the particular area requiring restoration, the Lessee shall fill in and cover up all slush pits and other excavations made in the course of its operations hereunder and shall clean up the drillsite and restore the surface to as near the original condition (prior to operations) as is practicable. Lessor shall not be responsible for violation of the Environmental Protection Act or any other governmental rules, regulations, ordinances, and statutes as may pertain to the surface and/or subsurface storage or disposal of environmental or hazardous waste of any kind or character. All operations shall be conducted to prevent contamination of any and all soils, and of any and all surface and subsurface waters in, under, or on said leased premises. Any violation by Lessee or Lessee's subcontractor are the responsibility of Lessee. **LESSEE, ITS SUCCESSORS AND ASSIGNS, AGREE TO INDEMNIFY AND HOLD LESSOR AND LESSOR'S HEIRS AND ASSIGNS HARMLESS FROM ANY AND ALL CLAIMS ARISING OUT OF OR INCIDENT TO LESSEE'S, ITS SUCCESSORS OR ASSIGNS, EXPLORATION AND DEVELOPMENT OPERATIONS, INCLUDING WITHOUT LIMITATION LIABILITY AND DAMAGES FOR SOIL AND/OR WATER CONTAMINATION OR OTHER ENVIRONMENTAL HAZARDS. LESSEE SHALL BE RESPONSIBLE FOR ANY VIOLATION BY LESSEE OR LESSEE'S SUBCONTRACTORS, AGENTS, REPRESENTATIVES OR EMPLOYEES OF ANY GOVERNMENTAL RULE, REGULATION, ORDINANCE OR STATUTE; AND SHALL INDEMNIFY AND HOLD LESSOR HARMLESS FROM ALL LIABILITY ARISING THEREFROM.**

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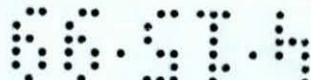
24. Without prior written consent, Lessee shall not have the use of Lessor's existing water wells and/or stock ponds on said land. Lessee agrees, after the cessation of its use of any water well drilled by Lessee on the leased premises, and prior to the plugging thereof or the removal of casing therefrom, to tender such water well(s) to Lessor; and, if Lessor so elects, such water well or wells shall become the property of Lessor without any requirement that Lessor reimburse or pay Lessee for the cost of such well, and said well or wells shall become the property of Lessor at Lessor's sole responsibility, provided however that Lessee shall continue to have the right to use such water well or wells at any time during the continuation of this lease in connection with any of Lessee's operations on the leased premises.

25. Lessee shall construct a fence around any drill sites during drilling operations, and if production is achieved, Lessee shall construct a fence around all production facilities. At the request of Lessor, Lessee shall install cattle guards at all fence crossings used by Lessee in connection with operations on the leased premises.

26. Prior to conducting any operations on the leased premises, Lessee shall first consult with Lessor and outline the operations that Lessee proposes to conduct. Notwithstanding the terms of the printed portion of this lease as may be to the contrary, no operations of any kind shall be conducted within 400 feet of any structural improvement located upon the leased premises. Locations for roads, pipelines, equipment and facilities placed on the remainder of the leased premises shall be in consultation with Lessor and shall be placed on the land in such a manner as to cause a minimum amount of interference with the normal use of the land. At no time shall Lessee be entitled to utilize Lessor's then existing entrance and roadways for ingress and egress upon the property. To the extent permitted under this lease, pipelines shall run adjacent to and parallel with the perimeter boundary of the leased premises where practical unless otherwise directed by Lessor. Any lease roads built by Lessee, and existing roads used for Lessee's operations shall be surfaced with caliche, gravel, or other reasonable roadway materials as may be acceptable to Lessor and Lessee, and shall have culverts where necessary so as not to interfere with the natural drainage of the land. All such roads and cattleguards shall not be removed after Lessee's operations are complete unless requested by Lessor, but shall become the property of Lessor.

27. Lessee shall not permanently house any of its employees, agents or representatives on the property of Lessor at any time. The leased premises shall at no time be utilized as a place for storage or stockpiling of oil field equipment and supplies, including but not limited to drill stem and casing, except to the extent such supplies are temporarily necessary to such drilling, reworking or normal and regular operations being conducted on the leased premises. Lessee shall not erect gas or liquid processing plants, refineries, tank farms, shops, warehouses, storage yards, loading terminals, power stations or offices upon the leased premises. Lessee shall not establish and utilize facilities for surface or subsurface storage or disposal of saltwater nor shall said premises be utilized for disposal of noxious, poisonous or hazardous substances, drilling mud, chemicals, refuse or debris. Provided, however, the preceding sentence shall not preclude Lessee upon restoration of the leased premises to dispose of non-environmentally hazardous fresh water liquids and soluble muds located in the pits by angular injection. Lessee shall have the right to temporarily store salt water retained as a result of normal production operations on the premises provided the same be maintained in a manner which will not damage the surface of the property. At no time shall subsurface storage of salt water be permitted. Lessee's right to lay pipelines shall be limited to such lines as are necessary to transport oil and gas from wells located upon the leased premises or upon property with which Lessor's land has been pooled to form a pool or unit for the

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purpose of production to the nearest pipeline to which said oil and gas is to be delivered. Lessee shall have no right to lay pipelines across Lessor's property to carry production from any well or wells which are not located upon the leased premises or which are not located within a pool or unit including a portion of the leased premises as aforesaid. Lessee agrees to bury all pipelines at a depth not less than 36 inches below the surface of the ground and shall locate all pipelines as near to the boundary of said lands as reasonably possible and shall consult with Lessor prior to the laying of any such pipelines regarding the proposed locations of such pipelines.

28. Lessee, Lessee's agents, employees and representatives are prohibited from fishing, swimming, boating, hunting with dogs or firearms, from the carrying of firearms or otherwise using for recreational or leisure purpose any portion of the leased premises.

29. Notwithstanding the terms of the printed lease as may be to the contrary, the royalty provided for in this lease shall be a one-fifth (1/5) royalty; and where the fraction one-eighth (1/8) appears, the same is hereby amended to read one-fifth (1/5). 1/5

30. It is agreed and understood by and between Lessor and Lessee herein that in calculation of Lessor's royalty, in no event shall the price of oil, gas or other minerals utilized for calculation of Lessor's royalty be less than the price actually received by Lessee upon the sale of any product produced from the unit which includes all or any part of the leased premises. Lessor and/or his designated representative shall have the right, upon written request to Lessee, to require Lessee to produce for inspection and copying any and all sales and/or expense records, reports, accounts, ledgers and the like which will reflect the price received by Lessee for the sale of oil, gas or other minerals, together with any expenses of deductions for delivering, processing or marketing said minerals, which may reduce the actual sales price received by Lessee, and any production, severance or other excise taxes. Lessor's royalty shall at no time bear or be reduced by expenses incurred by Lessee for ad valorem taxes assessed against Lessee's interest in said oil, gas, and other minerals. Lessee shall act as a fiduciary of Lessor and in utmost good faith in the marketing and sale of said minerals.

31. Lessee shall notify Lessor of any assignment of this lease or of Lessee's interest herein within thirty (30) days after said assignment is executed and recorded. Any assignment of this lease, or of Lessee's interest herein shall not have the effect of relieving or discharging Lessee of any obligations of Lessee under the terms and provisions of this lease which have arisen, accrued, or which have occurred prior to said assignment.

32. Notwithstanding the terms of the printed lease to the contrary, Lessee understands and agrees that Lessor, their heirs or assigns, shall not be held liable to Lessee, its successors and assigns, upon any warranty of title contained in this lease save and except to the extent of the refund and proportionate reduction of bonuses and/or delay rentals which may be paid to Lessor to reflect Lessor's actual interest in the properties leased hereby if less than the whole; and it shall be the responsibility of Lessee to make such title examinations and satisfy itself as to Lessor's right, title and interest in the property which is the subject of this lease and their rights to execute this lease in favor of Lessee. In the event it is determined that Lessor does not own title to the minerals as may otherwise be warranted or represented herein, Lessor shall have no obligation to reimburse Lessee for any payments heretofore received by Lessor and paid by Lessee in accordance with such representations as to fee simple title to said minerals, except for reimbursement of the proportionate part of any bonus paid by Lessee for the execution of this lease or delay rentals paid for an interest which is determined not to be owned by Lessor.

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33. Notwithstanding paragraph 5. of this lease as may be to the contrary, drilling or reworking operations shall not have the effect of reviving this lease as to any portion of the leased premises on which this lease had previously terminated. Further, if this lease is being maintained by "continuing operations" after the primary term as provided in paragraph 5., such operations, once commenced, shall be conducted and prosecuted with deliberate speed and diligence to completion.

34. For the above consideration, Lessee is granted the option to renew this lease under the same provisions for a second primary term of Two (2) years, commencing July 14, 1998 and continuing as long thereafter as oil or gas is produced from said land or land pooled therewith. Lessee may exercise this option by paying or tendering to the Lessor or Lessor's credit in the heretofore named depository bank, the sum of Fifty and No/100 Dollars (\$50.00) per net mineral acre covered by this lease before the expiration of the primary term hereof. It is agreed and understood that all delay rental payments shall be deemed "paid-up" and said delay rental payments are included in any lease bonus payments tendered by the Lessee.

SIGNED FOR IDENTIFICATION:

Joy E. Mueller  
Joy E Mueller fka Joy Elise Sander,  
a married woman dealing with her  
separate property

**FILED**  
AT 1:15 P.M.  
OCT 2 - 1995  
Beth A. Rothermel 80  
BETH ROTHERMEL  
COUNTY CLERK, WASHINGTON COUNTY, TX

STATE OF TEXAS  
COUNTY OF WASHINGTON

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

OCT 03 1995



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

CERTIFIED COPY CERTIFICATE  
STATE OF TEXAS  
COUNTY OF WASHINGTON

The above is a full, true, and correct photographic copy of the original record now in my lawful custody and possession as the same is recorded in the OFFICIAL RECORDS in my office with volume and page number stamped thereon. I hereby certify on

MAR 12 1999



BETH ROTHERMEL  
COUNTY CLERK  
WASHINGTON COUNTY, TEXAS

By Carli Kohne  
Deputy

MEMORANDUM OF LEASE EXTENSION

4003

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, Kathy Boyer, a single woman ("Lessor") and Chesapeake Operating, Inc. ("Lessee") entered into that certain Oil, Gas and Mineral Lease ("Lease") dated June 16, 1995, covering 50.143 gross acres, more or less, located in the Nelson Smith Survey, A-100, Washington County, Texas, recorded in Volume 791, Page 89, Official Records of Washington County, Texas; and

WHEREAS, said Lease provides Lessee the option to extend the Lease for 2 year(s) from the expiration of the original primary term by tendering an additional payment to Lessor.

NOW, THEREFORE, Chesapeake Operating Inc. ("Chesapeake"), the present owner of the lease, represents that it has exercised its option to extend the Lease by tendering the aforementioned payment to Lessor in the manner and time set forth in said Lease. Chesapeake further represents that Lessor has accepted such payment, thereby extending the option.

EXECUTED this \* 16th day of \* June, 1998.

CHESAPEAKE OPERATING INC.

[Signature]
Henry Hood, Senior Vice President, Land & Legal

COUNTY OF OKLAHOMA )
) ss.
STATE OF OKLAHOMA )

BEFORE ME, the undersigned, a Notary Public for the State of Oklahoma, personally appeared Henry Hood, Senior Vice President, Land & Legal for Chesapeake Operating Inc., and he acknowledged to me that he executed the foregoing instrument in and for the purposes and consideration therein expressed on this the \* 16th day of \* June, 1998 on behalf of said corporation.

[Signature]



My commission expires: August 3, 1999

Record & Return To:
Chesapeake Operating, Inc.
P.O. Box 18496
Oklahoma City, OK 73154

STATE OF TEXAS
COUNTY OF WASHINGTON

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

JUN 17 1998



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

[Signature]
WASHINGTON CO. CLERK

98 JUN 16 AM 11 56

FILED FOR RECORD
WASHINGTON COUNTY, TX

0896

CERTIFIED COPY CERTIFICATE  
STATE OF TEXAS  
COUNTY OF WASHINGTON

The above is a full, true, and correct photographic copy of the original record now in my lawful custody and possession as the same is recorded in the OFFICIAL RECORDS in my office with volume and page number stamped thereon. I hereby certify on

**MAR 12 1999**

BETH ROTHERMEL  
COUNTY CLERK  
WASHINGTON COUNTY, TEXAS



*Debra Kahne*  
Deputy



# PAID UP OIL AND GAS LEASE 5769

015788

THIS LEASE AGREEMENT is made as of the 16th day of June, 1995, between Kathy Boyer,  
a single woman

Address: 15809 Jersey Drive, Houston, TX 77040 as Lessor (whether one or more),  
and CHESAPEAKE OPERATING, INC., 6206 North Western, Oklahoma City, OK 73118  
as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises: (use Exhibit "A" for long description):

Record & Return To:  
Chesapeake Operating, Inc.  
P.O. Box 18496  
Oklahoma City, OK 73154

Being 50.143 acres of land, more or less, located in the Nelson Smith Survey, A-100, in Washington County, Texas; and being more particularly described as the "SECOND" tract in that certain Deed of Gift and Partition dated January 10, 1970, from Emma Engeling et al to Elsie Engeling Sander et al, recorded in Volume 303, Page 929, Deed Records of Washington County, Texas.

FOR SPECIAL PROVISIONS OF THIS LEASE, SEE EXHIBIT "A" ATTACHED HERETO, AND BY REFERENCE, MADE A PART HEREOF.

shelby

in the county of Washington, State of Texas, containing 50.143 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of three (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be one-eighth of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be one-eighth of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in Pay directly to Lessor at Lessor's above address.

at \_\_\_\_\_ or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

T1670053-001

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A CERTIFIED COPY issued MAR 12 1999  
Bath Rothamel, County Clerk  
Washington County, TX, OC Deputy

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized therewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes...

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas and other substances covered hereby.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein...

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period.

14. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

WITNESSES AND/OR ATTESTATIONS:

LESSOR (WHETHER ONE OR MORE)

SS NO. OR TAX ID

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Kathy Boyer*  
Kathy Boyer, a single woman

\_\_\_\_\_  
\_\_\_\_\_

ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF } HARRIS

This instrument was acknowledged before me on the  
by Kathy Boyer, a single woman.

18<sup>th</sup> day of July, 19 95

*Fritz R. Holmstrom*

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



ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF }

This instrument was acknowledged before me on the  
by

\_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_

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

CORPORATE ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF }

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

\_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_

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

RECORDING INFORMATION

STATE OF \_\_\_\_\_ }  
County of \_\_\_\_\_ } s.s.

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

By \_\_\_\_\_ Clerk (or Deputy)



A CERTIFIED COPY issued MAR 12 1999  
Beth Rothamel, County Clerk  
Washington County, TX. \_\_\_\_\_ Deputy

## EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND GAS LEASE DATED  
June 16, 1995, BY AND BETWEEN  
Kathy Boyer, a single woman  
 AS LESSOR, and CHESAPEAKE OPERATING, INC., AS LESSEE.

15. The following typewritten agreements and provisions are attached to and are expressly made a part of this lease and shall supersede and govern the provisions in the printed text of this lease whenever such printed form is in conflict herewith.

16. Notwithstanding anything hereinabove to the contrary, there is excepted herefrom and reserved to the Lessor herein all coal, lignite, iron, ore, thorium, uranium, fissionable materials and all bentonite, fullers earth, sand, gravel, and other claylike 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 minerals, with all other 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.

17. In the event a portion of the land herein leased is pooled or unitized so as to form a pool or unit designation, operations on or commercially reasonable production from such pool or unit will maintain this lease in force only as to the land included in such pool or unit. This lease, as to the land not included in such pool or unit, may be maintained in force and effect after the primary term of this lease by drilling or reworking operations as provided in this lease agreement. As to all other lands included within this lease as are not included within a pool or unit or which are not being held by continuing drilling or reworking operations under this lease, this lease shall terminate absolutely upon the expiration of said primary term.

Notwithstanding the provisions of the printed portions of this lease as permit the Lessee to pool the lands covered by this lease with lands belonging to persons other than Lessor, Lessee covenants and agrees that: (1) Lessee shall utilize 100% of Lessor's land

prior to including lands belonging to persons other than Lessor should drilling operations be conducted on the leased premises and should Lessee elect to pool or unitize any portion of the leased premises with lands belonging to others, and (2) should Lessee elect to pool or unitize a portion of the leased premises where drilling operations are being conducted on lands other than the leased premises, Lessee shall include no less than 50% of Lessor's land in said pool or unit.

18. Notwithstanding anything herein to the contrary, Lessee shall not maintain this lease solely by the payment of shut-in royalties for more than three years. Shut-in privileges are cumulative and may be exercised from time to time, but limited to a maximum of three years cumulative time. This paragraph in no way limits Lessee from maintaining this lease in force and effect by any other provisions or terms of this lease; provided, however only that portion of the leased premises which is contained in a pool or unit having a well then shut-in shall be maintained by the payment of shut-in royalty. As to all other lands not included in such pool or unit with a well therein shut-in and which are not being held by continuing drilling or reworking operations under the provisions of this lease shall terminate absolutely upon the expiration of the primary term of this lease. Further, production from other well or wells located on the leased premises or lands pooled therewith shall not relieve Lessee of Lessee's obligation to tender shut-in royalty to maintain this lease in effect as to that portion of the leased premises contained in said pool or unit which is "shut-in". Lessee shall pay as a shut-in royalty \$10.00 for each acre of the

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A CERTIFIED COPY issued MAR 12 1999  
 Beth Rothermel, County Clerk  
 Washington County, TX. CE Deputy

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leased premises then contained in said pool or unit on which a well is shut-in on or before the end of said 90 day period provided in paragraph 3. of this lease and thereafter on or before each anniversary of the end of said 90 day period while the well or wells are shut-in or production therefrom is not being sold by Lessee. The payment by Lessee to Lessor of such rentals shall in no manner relieve Lessee from the obligation of payment of all royalties as shall become due upon subsequent production of a well which has been shut-in under the terms of this lease; and in no event shall Lessee be entitled to credit against such royalties due Lessor such rental sums paid by Lessee to Lessor under the terms and provisions hereof.

19. Royalty payments as shall become due to Lessor by reason of the production of oil or gas from a well or wells located upon the leased premises or upon lands with which the leased premises or a part thereof shall have been pooled to form a pool or unit for purposes of production, shall be timely paid as required by §91.401 et seq of the Texas Natural Resource Code. Lessor shall further receive interest on late payments as therein provided when such royalties are not timely paid.

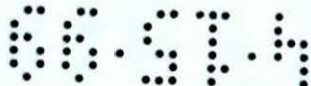
20. The failure of Lessee to timely tender shut in royalties as may be due under this lease within ten days of service of written demand therefor upon Lessee shall cause a termination of the leasehold estate which would have otherwise been held under the terms and provisions of this lease had shut in royalty been timely paid.

21. Lessee shall have the right to use, free of royalty, oil, gas and other lease substances being produced from a well located on a unit covering all or any part of the leased premises for production, recovery, or rendering marketable the oil, gas or lease substances being produced from said well only.

22. Notwithstanding the terms and conditions of paragraph 9 as may be to the contrary, Lessee's release of all or any portion of the leased premises shall not relieve Lessee of Lessee's obligations to restore the premises under the terms of this lease, including without limitation any and all cleanup costs, and costs incident to the plugging and/or abandonment of any well which had been or was being drilled prior to the release date.

23. Lessee shall pay for all damages caused by its operations hereunder to houses, building, fences, wells, roads, gates, cattle guards, terraces, culverts, bridges, and other improvements, cattle and other livestock, growing crops, trees and grasses within ninety (90) days from the date damages are sustained by Lessor. Within six (6) months after the termination of operations on the particular area requiring restoration, the Lessee shall fill in and cover up all slush pits and other excavations made in the course of its operations hereunder and shall clean up the drillsite and restore the surface to as near the original condition (prior to operations) as is practicable. Lessor shall not be responsible for violation of the Environmental Protection Act or any other governmental rules, regulations, ordinances, and statutes as may pertain to the surface and/or subsurface storage or disposal of environmental or hazardous waste of any kind or character. All operations shall be conducted to prevent contamination of any and all soils, and of any and all surface and subsurface waters in, under, or on said leased premises. Any violation by Lessee or Lessee's subcontractor are the responsibility of Lessee. LESSEE, ITS SUCCESSORS AND ASSIGNS, AGREE TO INDEMNIFY AND HOLD LESSOR AND LESSOR'S HEIRS AND ASSIGNS HARMLESS FROM ANY AND ALL CLAIMS ARISING OUT OF OR INCIDENT TO LESSEE'S, ITS SUCCESSORS OR ASSIGNS, EXPLORATION AND DEVELOPMENT OPERATIONS, INCLUDING WITHOUT LIMITATION LIABILITY AND DAMAGES FOR SOIL AND/OR WATER CONTAMINATION OR OTHER ENVIRONMENTAL HAZARDS. LESSEE SHALL BE RESPONSIBLE FOR ANY VIOLATION BY LESSEE OR LESSEE'S SUBCONTRACTORS, AGENTS, REPRESENTATIVES OR EMPLOYEES OF ANY GOVERNMENTAL RULE, REGULATION, ORDINANCE OR STATUTE; AND SHALL INDEMNIFY AND HOLD LESSOR HARMLESS FROM ALL LIABILITY ARISING THEREFROM.

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24. Without prior written consent, Lessee shall not have the use of Lessor's existing water wells and/or stock ponds on said land. Lessee agrees, after the cessation of its use of any water well drilled by Lessee on the leased premises, and prior to the plugging thereof or the removal of casing therefrom, to tender such water well(s) to Lessor; and, if Lessor so elects, such water well or wells shall become the property of Lessor without any requirement that Lessor reimburse or pay Lessee for the cost of such well, and said well or wells shall become the property of Lessor at Lessor's sole responsibility, provided however that Lessee shall continue to have the right to use such water well or wells at any time during the continuation of this lease in connection with any of Lessee's operations on the leased premises.

25. Lessee shall construct a fence around any drill sites during drilling operations, and if production is achieved, Lessee shall construct a fence around all production facilities. At the request of Lessor, Lessee shall install cattle guards at all fence crossings used by Lessee in connection with operations on the leased premises.

26. Prior to conducting any operations on the leased premises, Lessee shall first consult with Lessor and outline the operations that Lessee proposes to conduct. Notwithstanding the terms of the printed portion of this lease as may be to the contrary, no operations of any kind shall be conducted within 400 feet of any structural improvement located upon the leased premises. Locations for roads, pipelines, equipment and facilities placed on the remainder of the leased premises shall be in consultation with Lessor and shall be placed on the land in such a manner as to cause a minimum amount of interference with the normal use of the land. At no time shall Lessee be entitled to utilize Lessor's then existing entrance and roadways for ingress and egress upon the property. To the extent permitted under this lease, pipelines shall run adjacent to and parallel with the perimeter boundary of the leased premises where practical unless otherwise directed by Lessor. Any lease roads built by Lessee, and existing roads used for Lessee's operations shall be surfaced with caliche, gravel, or other reasonable roadway materials as may be acceptable to Lessor and Lessee, and shall have culverts where necessary so as not to interfere with the natural drainage of the land. All such roads and cattleguards shall not be removed after Lessee's operations are complete unless requested by Lessor, but shall become the property of Lessor.

27. Lessee shall not permanently house any of its employees, agents or representatives on the property of Lessor at any time. The leased premises shall at no time be utilized as a place for storage or stockpiling of oil field equipment and supplies, including but not limited to drill stem and casing, except to the extent such supplies are temporarily necessary to such drilling, reworking or normal and regular operations being conducted on the leased premises. Lessee shall not erect gas or liquid processing plants, refineries, tank farms, shops, warehouses, storage yards, loading terminals, power stations or offices upon the leased premises. Lessee shall not establish and utilize facilities for surface or subsurface storage or disposal of saltwater nor shall said premises be utilized for disposal of noxious, poisonous or hazardous substances, drilling mud, chemicals, refuse or debris. Provided, however, the preceding sentence shall not preclude Lessee upon restoration of the leased premises to dispose of non-environmentally hazardous fresh water liquids and soluble muds located in the pits by angular injection. Lessee shall have the right to temporarily store salt water retained as a result of normal production operations on the premises provided the same be maintained in a manner which will not damage the surface of the property. At no time shall subsurface storage of salt water be permitted. Lessee's right to lay pipelines shall be limited to such lines as are necessary to transport oil and gas from wells located upon the leased premises or upon property with which Lessor's land has been pooled to form a pool or unit for the

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purpose of production to the nearest pipeline to which said oil and gas is to be delivered. Lessee shall have no right to lay pipelines across Lessor's property to carry production from any well or wells which are not located upon the leased premises or which are not located within a pool or unit including a portion of the leased premises as aforesaid. Lessee agrees to bury all pipelines at a depth not less than 36 inches below the surface of the ground and shall locate all pipelines as near to the boundary of said lands as reasonably possible and shall consult with Lessor prior to the laying of any such pipelines regarding the proposed locations of such pipelines.

28. Lessee, Lessee's agents, employees and representatives are prohibited from fishing, swimming, boating, hunting with dogs or firearms, from the carrying of firearms or otherwise using for recreational or leisure purpose any portion of the leased premises.

29. Notwithstanding the terms of the printed lease as may be to the contrary, the royalty provided for in this lease shall be a one-fifth (1/5) royalty; and where the fraction one-eighth (1/8) appears, the same is hereby amended to read one-fifth (1/5). 1/5

30. It is agreed and understood by and between Lessor and Lessee herein that in calculation of Lessor's royalty, in no event shall the price of oil, gas or other minerals utilized for calculation of Lessor's royalty be less than the price actually received by Lessee upon the sale of any product produced from the unit which includes all or any part of the leased premises. Lessor and/or his designated representative shall have the right, upon written request to Lessee, to require Lessee to produce for inspection and copying any and all sales and/or expense records, reports, accounts, ledgers and the like which will reflect the price received by Lessee for the sale of oil, gas or other minerals, together with any expenses of deductions for delivering, processing or marketing said minerals, which may reduce the actual sales price received by Lessee, and any production, severance or other excise taxes. Lessor's royalty shall at no time bear or be reduced by expenses incurred by Lessee for ad valorem taxes assessed against Lessee's interest in said oil, gas, and other minerals. Lessee shall act as a fiduciary of Lessor and in utmost good faith in the marketing and sale of said minerals.

31. Lessee shall notify Lessor of any assignment of this lease or of Lessee's interest herein within thirty (30) days after said assignment is executed and recorded. Any assignment of this lease, or of Lessee's interest herein shall not have the effect of relieving or discharging Lessee of any obligations of Lessee under the terms and provisions of this lease which have arisen, accrued, or which have occurred prior to said assignment.

32. Notwithstanding the terms of the printed lease to the contrary, Lessee understands and agrees that Lessor, their heirs or assigns, shall not be held liable to Lessee, its successors and assigns, upon any warranty of title contained in this lease save and except to the extent of the refund and proportionate reduction of bonuses and/ or delay rentals which may be paid to Lessor to reflect Lessor's actual interest in the properties leased hereby if less than the whole; and it shall be the responsibility of Lessee to make such title examinations and satisfy itself as to Lessor's right, title and interest in the property which is the subject of this lease and their rights to execute this lease in favor of Lessee. In the event it is determined that Lessor does not own title to the minerals as may otherwise be warranted or represented herein, Lessor shall have no obligation to reimburse Lessee for any payments heretofore received by Lessor and paid by Lessee in accordance with such representations as to fee simple title to said minerals, except for reimbursement of the proportionate part of any bonus paid by Lessee for the execution of this lease or delay rentals paid for an interest which is determined not to be owned by Lessor.

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33. Notwithstanding paragraph 5. of this lease as may be to the contrary, drilling or reworking operations shall not have the effect of reviving this lease as to any portion of the leased premises on which this lease had previously terminated. Further, if this lease is being maintained by "continuing operations" after the primary term as provided in paragraph 5., such operations, once commenced, shall be conducted and prosecuted with deliberate speed and diligence to completion.

34. For the above consideration, Lessee is granted the option to renew this lease under the same provisions for a second primary term of Two (2) years, commencing June 16, 1998 and continuing as long thereafter as oil or gas is produced from said land or land pooled therewith. Lessee may exercise this option by paying or tendering to the Lessor or Lessor's credit in the heretofore named depository bank, the sum of Fifty and No/100 Dollars (\$50.00) per net mineral acre covered by this lease before the expiration of the primary term hereof. It is agreed and understood that all delay rental payments shall be deemed "paid-up" and said delay rental payments are included in any lease bonus payments tendered by the Lessee.

SIGNED FOR IDENTIFICATION: Kathy Boyer  
Kathy Boyer, a single woman

**FILED**  
AT 11:45 AM  
JUL 26 1995  
Beth A. Rothermel  
BETH ROTHERMEL  
COUNTY CLERK, WASHINGTON COUNTY, TX

STATE OF TEXAS  
COUNTY OF WASHINGTON  
I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on  
JUL 27 1995  
Beth A. Rothermel  
Beth Rothermel, County Clerk  
Washington County, Texas

CERTIFIED COPY CERTIFICATE  
STATE OF TEXAS  
COUNTY OF WASHINGTON  
The above is a full, true, and correct photographic copy of the original record now in my lawful custody and possession as the same is recorded in the OFFICIAL RECORDS in my office with volume and page number stamped thereon. I hereby certify on  
MAR 12 1999  
BETH ROTHERMEL  
COUNTY CLERK  
WASHINGTON COUNTY, TEXAS  
By Carli Koehn  
Deputy

66574

## PAID UP OIL AND GAS LEASE

THIS LEASE AGREEMENT is made as of the 30th day of November, 19 98, between  
Q. W. Simmang and wife, Gloria Simmang  
1101 FM 109, Brenham, Texas 77833

\_\_\_\_\_ as Lessor (whether one or more),  
and Chesapeake Exploration Limited Partnership, an Oklahoma Limited Partnership, P.O. Box 18496, Oklahoma City, OK 73154  
as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces)  
were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described  
land, hereinafter called leased premises: (use Exhibit "A" for long description):

1.00 acres of land, more or less, being out of the Nelson Smith Survey, A-100 and being the same property as described in that certain  
Warranty Deed dated March 10, 1980 from L. Dennis Ginn, Trustee to Q. W. Simmang and wife, Gloria Simmang recorded in Volume  
389, Page 769 the Deed Records of Washington County, Texas.

Wherever the Royalty 1/8th appears in Paragraph 3 of this lease it shall be changed to 1/6th Royalty.

in the county of Washington, State of Texas, containing 1.00 gross acres, more  
or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing  
and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium,  
carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any  
small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the  
aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the  
land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether  
actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of Three (3) years from the  
date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled  
therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons  
separated at Lessee's separator facilities, the royalty shall be one-eighth of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's  
credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then  
prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production  
of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be one-eighth of the proceeds realized by  
Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering,  
processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead  
market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there  
is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its  
purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable  
of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee,  
such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such  
well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such  
payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary  
of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained  
by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until  
the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the  
amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in \_\_\_\_\_

### at Mail To Lessor

or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be  
made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mails in a stamped envelope addressed to  
the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution,  
or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution  
as depository agent to receive payments.

5. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all  
production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or  
the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences  
operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith  
within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time  
thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain  
or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive  
days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities  
from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells  
on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises  
as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated  
drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly  
provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all  
depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or  
proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests.  
The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas  
well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas  
well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction  
to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority,  
or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial  
gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator  
facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in  
the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and  
stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated  
as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion  
of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such  
proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring  
right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform  
to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination  
made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date  
of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which  
royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof  
Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-  
conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any  
part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral  
estate in such part of the leased premises.

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

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

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

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

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

WITNESSES AND/OR ATTESTATIONS:

LESSOR (WHETHER ONE OR MORE)

SS NO. OR TAX ID

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Q. W. Simmang  
Q. W. Simmang  
Gloria Simmang  
Gloria Simmang

SS# \_\_\_\_\_  
SS# \_\_\_\_\_  
ACKNOWLEDGEMENT

STATE OF TEXAS  
COUNTY OF WASHINGTON

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 1998  
by Q. W. Simmang and Gloria Simmang.

30<sup>th</sup> day of November, 1998  
Chris Zander



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

ACKNOWLEDGEMENT

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

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

\_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_,

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

CORPORATE ACKNOWLEDGEMENT

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

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

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

RECORDING INFORMATION

STATE OF \_\_\_\_\_ } S.S.  
County of \_\_\_\_\_ }

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

By \_\_\_\_\_ Clerk (or Deputy)

3591 Record & Return To:  
Chesapeake Operating, Inc.  
P.O. Box 18496  
Oklahoma City, OK 73154

# PAID UP OIL AND GAS LEASE

THIS LEASE AGREEMENT is made as of the 7th day of March, 19 95, between  
W. Dierking, Jr. and wife, Pearlle Mae Dierking

Whose address is: 1160 New Wehdem Rd., Brenham, TX 77833 as Lessor (whether one or more),  
and CHESAPEAKE OPERATING, INC., 6206 North Western, Oklahoma City, OK 73118  
as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces)  
were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described  
land, hereinafter called leased premises: (use Exhibit "A" for long description):

Being 96.947 acres of land, more or less, located in the Nelson Smith Survey,  
A-100, in Washington County, Texas; and being more particularly described in  
two tracts as follows:

**TRACT ONE:** Being 95.947 acres of land, more or less, described in a  
Deed dated May 9, 1985, from Betty Jean Hoff, Independent Executor of the  
Estate of Ruth Slovak, Deceased, et al to W. Dierking, Jr. and wife, Pearlle  
Mae Dierking, recorded in Volume 506, Page 705, Deed Records of Washington  
County, Texas.

**TRACT TWO:** Being 1.000 acres of land, more or less, described in a  
Deed dated September 25, 1985, from Betty Jean Hoff, Independent Executor  
of the Estate of Ruth Slovak, Deceased, et al to W. Dierking, Jr. and wife,  
Pearlle Mae Dierking, recorded in Volume 518, Page 792, Deed Records of  
Washington County, Texas.

FOR SPECIAL PROVISIONS, SEE EXHIBIT "A" ATTACHED HERETO, AND MADE A PART HEREOF

In the county of Washington, State of Texas, containing 96.947 gross acres, more  
or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing  
and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium,  
carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any  
small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the  
aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the  
land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether  
actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of five (5) years from the  
date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled  
therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons  
separated at Lessee's separator facilities, the royalty shall be one-eighth of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's  
credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then  
prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production  
of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be one-eighth of the proceeds realized by  
Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering,  
processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead  
market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there  
is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its  
purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable  
of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee,  
such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such  
well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such  
payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary  
of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained  
by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until  
the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the  
amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in \_\_\_\_\_

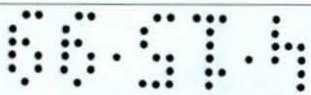
Brenham National Bank  
at 2211 S. Day, Brenham, TX 77833

or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be  
made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mails in a stamped envelope addressed to  
the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution,  
or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution  
as depository agent to receive payments.

5. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all  
production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or  
the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences  
operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith  
within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time  
thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or  
restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive  
days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities  
from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells  
on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises  
as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated  
drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly  
provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all  
depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or  
proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests.  
The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas  
well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas  
well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to  
do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority,  
or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial  
gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator  
facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in  
the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and  
stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated  
as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion  
of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such  
proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring  
right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform  
to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination  
made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date  
of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which  
royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof,  
Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-  
conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any  
part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral  
estate in such part of the leased premises.



A CERTIFIED COPY issued MAR 12 1999

Beth Rothamel, County Clerk  
Washington County, TX. Carl Koehn Deputy

SB

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

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

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

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

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

WITNESSES AND/OR ATTESTATIONS:

LESSOR (WHETHER ONE OR MORE)

SS NO. OR TAX ID

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*W. Dierking, Jr.*  
W. Dierking, Jr.

\_\_\_\_\_

*Pearlie Mae Dierking*  
Pearlie Mae Dierking

\_\_\_\_\_

ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF } *Austin JR #*

*WASHINGTON*

This instrument was acknowledged before me on the *13<sup>th</sup>* day of *March*, 19*95*, by *W. Dierking, Jr. and wife, Pearlie Mae Dierking.*

*Jeff R. Holmstrom*  
Notary Public, State of Texas  
Notary's name (printed):  
Notary's commission expires:

ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF }

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

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

CORPORATE ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF }

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

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

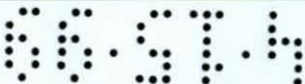
RECORDING INFORMATION

Record & Return To:  
Onesapeake Operating, Inc.  
P.O. Box 18496  
Oklahoma City, OK 73154

STATE OF \_\_\_\_\_ }  
County of \_\_\_\_\_ } s.s.

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

By \_\_\_\_\_ Clerk (or Deputy)



A CERTIFIED COPY issued **MAR 12 1999**  
Beth Rothemel, County Clerk  
Washington County, TX  
Carli Koehne, Deputy

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND GAS LEASE, DATED March 7, 1995, BY AND BETWEEN W. Dierking, Jr. and wife, Pearlie Mae Dierking AS LESSOR, and CHESAPEAKE OPERATING, INC., AS LESSEE.

1. This Lease covers and includes only oil, gas, sulphur and the byproducts thereof, and other gaseous, vaporous, liquid and liquifiable hydrocarbons whether elements, mixtures, or compounds in liquid, gaseous, or vaporous forms or states which can or may be produced through the bore of a well with and as a part of the production of oil, or gas, and specifically excludes the following: coal, lignite, iron, ore, uranium, sand, gravel, thorium and other fissionable minerals, and all other minerals of any kind or nature whatsoever not specifically included as aforesaid.
2. In the event a portion or portions of the land herein leased is pooled or unitized with other land so as to form a pooled unit or units, operations on, completion of a well upon, or production from such unit or units will not maintain this lease in force as to the land not included in such unit or units. The lease may be maintained in force as to any land covered hereby and not included in such unit or units in any manner provided for herein; provided that if it be by rental payments, rentals shall be reduced in proportion to the number of acres covered hereby and included in such unit or units.
3. Should Lessor suffer damage to livestock, water wells, fences, roads, personal property, buildings or other improvements, as a result of operations of Lessee under the Lease, Lessee agrees to pay Lessor the actual amount of said loss. Lessee further agrees to fill and level all slush pits, so as to return the surface to its original condition, as nearly as practicable, within a reasonable length of time after the abandonment of the use of such pits, and, upon written request of Lessor, Lessee will construct and maintain fences surrounding such pits or other excavations sufficient to turn cattle until such pits or other excavations are so leveled.
4. Wherever the fraction "one-eighth" (1/8th) appears in Paragraph Three (3) hereof, it is hereby amended to read "one-sixth" (1/6th).

SIGNED FOR IDENTIFICATION:

W. Dierking, Jr.  
W. Dierking, Jr.

Pearlie Mae Dierking  
Pearlie Mae Dierking

**FILED**  
 AT 2:05 P.M.  
MAY - 8 1995  
Beth A. Rothermel  
 BETH ROTHERMEL  
 COUNTY CLERK, WASHINGTON COUNTY, TX

STATE OF TEXAS  
 COUNTY OF WASHINGTON  
 I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on  
 MAY 00 1995



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

CERTIFIED COPY CERTIFICATE  
 STATE OF TEXAS  
 COUNTY OF WASHINGTON  
 The above is a full, true, and correct photographic copy of the original record now in my lawful custody and possession as the same is recorded in the OFFICIAL RECORDS in my office with volume and page number stamped thereon. I hereby certify on

MAR 12 1999

BETH ROTHERMEL  
COUNTY CLERK  
WASHINGTON COUNTY, TEXAS

By Carli Koehne  
Carli Koehne Deputy



66574

MEMORANDUM OF LEASE EXTENSION

4004

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, William James Schlottman, a married man dealing herein with his separate property ("Lessor") and Chesapeake Operating, Inc. ("Lessee") entered into that certain Oil, Gas and Mineral Lease ("Lease") dated June 16, 1995, covering 50.143 gross acres, more or less, located in the Nelson Smith Survey, A-100, Washington County, Texas, recorded in Volume 791, Page 96, Official Records of Washington County, Texas; and

WHEREAS, said Lease provides Lessee the option to extend the Lease for 2 year(s) from the expiration of the original primary term by tendering an additional payment to Lessor.

NOW, THEREFORE, Chesapeake Operating Inc. ("Chesapeake"), the present owner of the lease, represents that it has exercised its option to extend the Lease by tendering the aforementioned payment to Lessor in the manner and time set forth in said Lease. Chesapeake further represents that Lessor has accepted such payment, thereby extending the option.

EXECUTED this \* 16th day of \* June, 1998.

CHESAPEAKE OPERATING INC.

[Signature]  
Henry Hood, Senior Vice President, Land & Legal

COUNTY OF OKLAHOMA )  
 ) ss.  
STATE OF OKLAHOMA )

BEFORE ME, the undersigned, a Notary Public for the State of Oklahoma, personally appeared Henry Hood, Senior Vice President, Land & Legal for Chesapeake Operating Inc., and he acknowledged to me that he executed the foregoing instrument in and for the purposes and consideration therein expressed on this the \* 16th day of \* June, 1998 on behalf of said corporation.



My commission expires: August 3, 1999

[Signature]

Record & Return To:  
Chesapeake Operating, Inc.  
P.O. Box 18496  
Oklahoma City, OK 73154

TX1670053-000

STATE OF TEXAS  
COUNTY OF WASHINGTON

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

JUN 17 1998



[Signature]  
Beth A. Rothenmel  
Beth Rothenmel, County Clerk  
Washington County, Texas

[Signature]  
WASHINGTON CO. CLERK

FILED FOR RECORD  
WASHINGTON COUNTY, TX  
98 JUN 16 PM 11 56

5770

# PAID UP OIL AND GAS LEASE

015789

THIS LEASE AGREEMENT is made as of the 16th day of June, 19 95, between William James Schlottman aka W.J. Schlottman, a married man dealing herein with his separate property

Whose address is: 10715 Forest Creek Dr., Willis, TX 77378 as Lessor (whether one or more), and CHESAPEAKE OPERATING, INC., 6206 North Western, Oklahoma City, OK 73118

as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises: (use Exhibit "A" for long description):

Record & Return To:  
Chesapeake Operating, Inc.  
P.O. Box 18496  
Oklahoma City, OK 73154

Being 50.143 acres of land, more or less, located in the Nelson Smith Survey, A-100, in Washington County, Texas; and being more particularly described as the "SECOND" tract in that certain Deed of Gift and Partition dated January 10, 1970, from Emma Engeling et al to Elsie Engeling Sander et al, recorded in Volume 303, Page 929, Deed Records of Washington County, Texas.

FOR SPECIAL PROVISIONS OF THIS LEASE, SEE EXHIBIT "A" ATTACHED HERETO, AND BY REFERENCE, MADE A PART HEREOF.

shelby

in the county of Washington State of Texas, containing 50.143 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of three (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be one-eighth of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be one-eighth of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in Nations Bank at Conroe, TX

or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

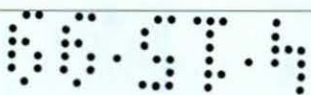
5. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

TX 1670053-000

38



A CERTIFIED COPY issued MAR 12 1999  
Beth Rothermel, County Clerk  
Washington County, TX. OC Deputy

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized therewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas and other substances covered hereby.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period.

14. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

WITNESSES AND/OR ATTESTATIONS:

LESSOR (WHETHER ONE OR MORE)

SS NO. OR TAX ID

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*William James Schlottman*  
William James Schlottman aka W.J. Schlottman,  
a married man dealing herein with his separate  
property

ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF MONTGOMERY

This instrument was acknowledged before me on the  
by William James Schlottman aka  
W.J. Schlottman, a married man  
dealing herein with his  
separate property.

12<sup>th</sup> day of July, 1995

*Jeff P. Holmstrom*  
Notary Public, State of Texas  
Notary's name (printed):  
Notary's commission expires:



ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF

This instrument was acknowledged before me on the  
by

\_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

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

CORPORATE ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF

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

\_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

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

RECORDING INFORMATION

STATE OF \_\_\_\_\_ }  
County of \_\_\_\_\_ } S.S.

This instrument was filed for record on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M., and duly recorded  
in Book \_\_\_\_\_, Page \_\_\_\_\_ of the \_\_\_\_\_ records of this office.  
By \_\_\_\_\_ Clerk (or Deputy)



A CERTIFIED COPY issued MAR 12 1999  
Beth Rothamel, County Clerk  
Washington County, TX. *CC* Deputy

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND GAS LEASE, DATED June 16, 1995, BY AND BETWEEN WILLIAM JAMES SCHLOTTMAN aka W.J. SCHLOTTMAN, a married man dealing herein with his separate property, AS LESSOR, and CHESAPEAKE OPERATING, INC., AS LESSEE.

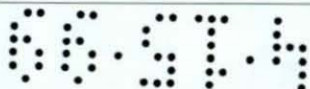
15. The following typewritten agreements and provisions are attached to and are expressly made a part of this lease and shall supersede and govern the provisions in the printed text of this lease whenever such printed form is in conflict herewith.

16. Notwithstanding anything hereinabove to the contrary, there is excepted herefrom and reserved to the Lessor herein all coal, lignite, iron, ore, thorium, uranium, fissionable materials and all bentonite, fullers earth, sand, gravel, and other claylike 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 minerals, with all other 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.

17. In the event a portion of the land herein leased is pooled or unitized so as to form a pool or unit designation, operations on or commercially reasonable production from such pool or unit will maintain this lease in force only as to the land included in such pool or unit. This lease, as to the land not included in such pool or unit, may be maintained in force and effect after the primary term of this lease by drilling or reworking operations as provided in this lease agreement. As to all other lands included within this lease as are not included within a pool or unit or which are not being held by continuing drilling or reworking operations under this lease, this lease shall terminate absolutely upon the expiration of said primary term.

Notwithstanding the provisions of the printed portions of this lease as permit the Lessee to pool the lands covered by this lease with lands belonging to persons other than Lessor, Lessee covenants and agrees that: (1) Lessee shall utilize 100% of Lessor's land prior to including lands belonging to persons other than Lessor should drilling operations be conducted on the leased premises and should Lessee elect to pool or unitize any portion of the leased premises with lands belonging to others, and (2) should Lessee elect to pool or unitize a portion of the leased premises where drilling operations are being conducted on lands other than the leased premises, Lessee shall include no less than 50% of Lessor's land in said pool or unit.

18. Notwithstanding anything herein to the contrary, Lessee shall not maintain this lease solely by the payment of shut-in royalties for more than three years. Shut-in privileges are cumulative and may be exercised from time to time, but limited to a maximum of three years cumulative time. This paragraph in no way limits Lessee from maintaining this lease in force and effect by any other provisions or terms of this lease; provided, however only that portion of the leased premises which is contained in a pool or unit having a well then shut-in shall be maintained by the payment of shut-in royalty. As to all other lands not included in such pool or unit with a well therein shut-in and which are not being held by continuing drilling or reworking operations under the provisions of this lease shall terminate absolutely upon the expiration of the primary term of this lease. Further, production from other well or wells located on the leased premises or lands pooled therewith shall not relieve Lessee of Lessee's obligation to tender shut-in royalty to maintain this lease in effect as to that portion of the leased premises contained in said pool or unit which is "shut-in". Lessee shall pay as a shut-in royalty \$10.00 for each acre of the



leased premises then contained in said pool or unit on which a well is shut-in on or before the end of said 90 day period provided in paragraph 3. of this lease and thereafter on or before each anniversary of the end of said 90 day period while the well or wells are shut-in or production therefrom is not being sold by Lessee. The payment by Lessee to Lessor of such rentals shall in no manner relieve Lessee from the obligation of payment of all royalties as shall become due upon subsequent production of a well which has been shut-in under the terms of this lease; and in no event shall Lessee be entitled to credit against such royalties due Lessor such rental sums paid by Lessee to Lessor under the terms and provisions hereof.

19. Royalty payments as shall become due to Lessor by reason of the production of oil or gas from a well or wells located upon the leased premises or upon lands with which the leased premises or a part thereof shall have been pooled to form a pool or unit for purposes of production, shall be timely paid as required by §91.401 et seq of the Texas Natural Resource Code. Lessor shall further receive interest on late payments as therein provided when such royalties are not timely paid.

20. The failure of Lessee to timely tender shut in royalties as may be due under this lease within ten days of service of written demand therefor upon Lessee shall cause a termination of the leasehold estate which would have otherwise been held under the terms and provisions of this lease had shut in royalty been timely paid.

21. Lessee shall have the right to use, free of royalty, oil, gas and other lease substances being produced from a well located on a unit covering all or any part of the leased premises for production, recovery, or rendering marketable the oil, gas or lease substances being produced from said well only.

22. Notwithstanding the terms and conditions of paragraph 9 as may be to the contrary, Lessee's release of all or any portion of the leased premises shall not relieve Lessee of Lessee's obligations to restore the premises under the terms of this lease, including without limitation any and all cleanup costs, and costs incident to the plugging and/or abandonment of any well which had been or was being drilled prior to the release date.

23. Lessee shall pay for all damages caused by its operations hereunder to houses, building, fences, wells, roads, gates, cattle guards, terraces, culverts, bridges, and other improvements, cattle and other livestock, growing crops, trees and grasses within ninety (90) days from the date damages are sustained by Lessor. Within six (6) months after the termination of operations on the particular area requiring restoration, the Lessee shall fill in and cover up all slush pits and other excavations made in the course of its operations hereunder and shall clean up the drillsite and restore the surface to as near the original condition (prior to operations) as is practicable. Lessor shall not be responsible for violation of the Environmental Protection Act or any other governmental rules, regulations, ordinances, and statutes as may pertain to the surface and/or subsurface storage or disposal of environmental or hazardous waste of any kind or character. All operations shall be conducted to prevent contamination of any and all soils, and of any and all surface and subsurface waters in, under, or on said leased premises. Any violation by Lessee or Lessee's subcontractor are the responsibility of Lessee. LESSEE, ITS SUCCESSORS AND ASSIGNS, AGREE TO INDEMNIFY AND HOLD LESSOR AND LESSOR'S HEIRS AND ASSIGNS HARMLESS FROM ANY AND ALL CLAIMS ARISING OUT OF OR INCIDENT TO LESSEE'S, ITS SUCCESSORS OR ASSIGNS, EXPLORATION AND DEVELOPMENT OPERATIONS, INCLUDING WITHOUT LIMITATION LIABILITY AND DAMAGES FOR SOIL AND/OR WATER CONTAMINATION OR OTHER ENVIRONMENTAL HAZARDS. LESSEE SHALL BE RESPONSIBLE FOR ANY VIOLATION BY LESSEE OR LESSEE'S SUBCONTRACTORS, AGENTS, REPRESENTATIVES OR EMPLOYEES OF ANY GOVERNMENTAL RULE, REGULATION, ORDINANCE OR STATUTE; AND SHALL INDEMNIFY AND HOLD LESSOR HARMLESS FROM ALL LIABILITY ARISING THEREFROM. *WJS*



24. Without prior written consent, Lessee shall not have the use of Lessor's existing water wells and/or stock ponds on said land. Lessee agrees, after the cessation of its use of any water well drilled by Lessee on the leased premises, and prior to the plugging thereof or the removal of casing therefrom, to tender such water well(s) to Lessor; and, if Lessor so elects, such water well or wells shall become the property of Lessor without any requirement that Lessor reimburse or pay Lessee for the cost of such well, and said well or wells shall become the property of Lessor at Lessor's sole responsibility, provided however that Lessee shall continue to have the right to use such water well or wells at any time during the continuation of this lease in connection with any of Lessee's operations on the leased premises.

25. Lessee shall construct a fence around any drill sites during drilling operations, and if production is achieved, Lessee shall construct a fence around all production facilities. At the request of Lessor, Lessee shall install cattle guards at all fence crossings used by Lessee in connection with operations on the leased premises.

26. Prior to conducting any operations on the leased premises, Lessee shall first consult with Lessor and outline the operations that Lessee proposes to conduct. Notwithstanding the terms of the printed portion of this lease as may be to the contrary, no operations of any kind shall be conducted within 400 feet of any structural improvement located upon the leased premises. Locations for roads, pipelines, equipment and facilities placed on the remainder of the leased premises shall be in consultation with Lessor and shall be placed on the land in such a manner as to cause a minimum amount of interference with the normal use of the land. At no time shall Lessee be entitled to utilize Lessor's then existing entrance and roadways for ingress and egress upon the property. To the extent permitted under this lease, pipelines shall run adjacent to and parallel with the perimeter boundary of the leased premises where practical unless otherwise directed by Lessor. Any lease roads built by Lessee, and existing roads used for Lessee's operations shall be surfaced with caliche, gravel, or other reasonable roadway materials as may be acceptable to Lessor and Lessee, and shall have culverts where necessary so as not to interfere with the natural drainage of the land. All such roads and cattleguards shall not be removed after Lessee's operations are complete unless requested by Lessor, but shall become the property of Lessor.

27. Lessee shall not permanently house any of its employees, agents or representatives on the property of Lessor at any time. The leased premises shall at no time be utilized as a place for storage or stockpiling of oil field equipment and supplies, including but not limited to drill stem and casing, except to the extent such supplies are temporarily necessary to such drilling, reworking or normal and regular operations being conducted on the leased premises. Lessee shall not erect gas or liquid processing plants, refineries, tank farms, shops, warehouses, storage yards, loading terminals, power stations or offices upon the leased premises. Lessee shall not establish and utilize facilities for surface or subsurface storage or disposal of saltwater nor shall said premises be utilized for disposal of noxious, poisonous or hazardous substances, drilling mud, chemicals, refuse or debris. Provided, however, the preceding sentence shall not preclude Lessee upon restoration of the leased premises to dispose of non-environmentally hazardous fresh water liquids and soluble muds located in the pits by angular injection. Lessee shall have the right to temporarily store salt water retained as a result of normal production operations on the premises provided the same be maintained in a manner which will not damage the surface of the property. At no time shall subsurface storage of salt water be permitted. Lessee's right to lay pipelines shall be limited to such lines as are necessary to transport oil and gas from wells located upon the leased premises or upon property with which Lessor's land has been pooled to form a pool or unit for the

*aps*



purpose of production to the nearest pipeline to which said oil and gas is to be delivered. Lessee shall have no right to lay pipelines across Lessor's property to carry production from any well or wells which are not located upon the leased premises or which are not located within a pool or unit including a portion of the leased premises as aforesaid. Lessee agrees to bury all pipelines at a depth not less than 36 inches below the surface of the ground and shall locate all pipelines as near to the boundary of said lands as reasonably possible and shall consult with Lessor prior to the laying of any such pipelines regarding the proposed locations of such pipelines.

28. Lessee, Lessee's agents, employees and representatives are prohibited from fishing, swimming, boating, hunting with dogs or firearms, from the carrying of firearms or otherwise using for recreational or leisure purpose any portion of the leased premises.

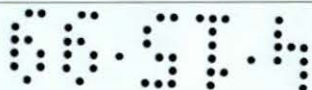
29. Notwithstanding the terms of the printed lease as may be to the contrary, the royalty provided for in this lease shall be a one-fifth (1/5) royalty; and where the fraction one-eighth (1/8) appears, the same is hereby amended to read one-fifth (1/5).

30. It is agreed and understood by and between Lessor and Lessee herein that in calculation of Lessor's royalty, in no event shall the price of oil, gas or other minerals utilized for calculation of Lessor's royalty be less than the price actually received by Lessee upon the sale of any product produced from the unit which includes all or any part of the leased premises. Lessor and/or his designated representative shall have the right, upon written request to Lessee, to require Lessee to produce for inspection and copying any and all sales and/or expense records, reports, accounts, ledgers and the like which will reflect the price received by Lessee for the sale of oil, gas or other minerals, together with any expenses of deductions for delivering, processing or marketing said minerals, which may reduce the actual sales price received by Lessee, and any production, severance or other excise taxes. Lessor's royalty shall at no time bear or be reduced by expenses incurred by Lessee for ad valorem taxes assessed against Lessee's interest in said oil, gas, and other minerals. Lessee shall act as a fiduciary of Lessor and in utmost good faith in the marketing and sale of said minerals.

31. Lessee shall notify Lessor of any assignment of this lease or of Lessee's interest herein within thirty (30) days after said assignment is executed and recorded. Any assignment of this lease, or of Lessee's interest herein shall not have the effect of relieving or discharging Lessee of any obligations of Lessee under the terms and provisions of this lease which have arisen, accrued, or which have occurred prior to said assignment.

32. Notwithstanding the terms of the printed lease to the contrary, Lessee understands and agrees that Lessor, their heirs or assigns, shall not be held liable to Lessee, its successors and assigns, upon any warranty of title contained in this lease save and except to the extent of the refund and proportionate reduction of bonuses and/or delay rentals which may be paid to Lessor to reflect Lessor's actual interest in the properties leased hereby if less than the whole; and it shall be the responsibility of Lessee to make such title examinations and satisfy itself as to Lessor's right, title and interest in the property which is the subject of this lease and their rights to execute this lease in favor of Lessee. In the event it is determined that Lessor does not own title to the minerals as may otherwise be warranted or represented herein, Lessor shall have no obligation to reimburse Lessee for any payments heretofore received by Lessor and paid by Lessee in accordance with such representations as to fee simple title to said minerals, except for reimbursement of the proportionate part of any bonus paid by Lessee for the execution of this lease or delay rentals paid for an interest which is determined not to be owned by Lessor.

*aps*



33. Notwithstanding paragraph 5. of this lease as may be to the contrary, drilling or reworking operations shall not have the effect of reviving this lease as to any portion of the leased premises on which this lease had previously terminated. Further, if this lease is being maintained by "continuing operations" after the primary term as provided in paragraph 5., such operations, once commenced, shall be conducted and prosecuted with deliberate speed and diligence to completion.

34. For the above consideration, Lessee is granted the option to renew this lease under the same provisions for a second primary term of Two (2) years, commencing June 16, 1998 and continuing as long thereafter as oil or gas is produced from said land or land pooled therewith. Lessee may exercise this option by paying or tendering to the Lessor or Lessor's credit in the heretofore named depository bank, the sum of Fifty and No/100 Dollars (\$50.00) per net mineral acre covered by this lease before the expiration of the primary term hereof. It is agreed and understood that all delay rental payments shall be deemed "paid-up" and said delay rental payments are included in any lease bonus payments tendered by the Lessee.

SIGNED FOR IDENTIFICATION: William James Schlottman  
William James Schlottman aka W.J. Schlottman  
a married man dealing herein with his  
separate property

**FILED**  
AT 11:45 A.M.  
JUL 26 1995  
Beth A. Rothermel  
BETH ROTHERMEL  
COUNTY CLERK, WASHINGTON COUNTY, TX

STATE OF TEXAS  
COUNTY OF WASHINGTON

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

JUL 27 1995



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

CERTIFIED COPY CERTIFICATE  
STATE OF TEXAS  
COUNTY OF WASHINGTON

The above is a full, true, and correct photographic copy of the original record now in my lawful custody and possession as the same is recorded in the OFFICIAL RECORDS in my office with volume and page number stamped thereon. I hereby certify on

MAR 12 1999



BETH ROTHERMEL  
COUNTY CLERK  
WASHINGTON COUNTY TEXAS

By Cheri Kahne  
Deputy

1572

PAID UP OIL AND GAS LEASE

L 28166

THIS LEASE AGREEMENT is made as of the 1ST day of FEBRUARY, 19 99, between FRED CLOUD, SR., BY HIS AGENT AND ATTORNEY IN FACT, ED CLOUD 1610 F.M. 109 BRENHAM, TX 77833 as Lessor (whether one or more), and CHESAPEAKE EXPLORATION LIMITED PARTNERSHIP, P.O. Box 18496, Oklahoma City, OK 73154 as Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises: (use Exhibit "A" for long description):

2.00 ACRES OF LAND, MORE OR LESS, SITUATED IN THE NELSON SMITH SURVEY, A-100, AS MORE PARTICULARLY DESCRIBED IN THAT CERTAIN WARRANTY DEED, DATED MAY 26, 1962, FROM B.W. PIEPER AND ERNA PIEPER TO FRED CLOUD AND ELIZA CLOUD, RECORDED IN VOLUME 240, PAGE 354 OF THE DEED RECORDS OF WASHINGTON COUNTY, TEXAS.

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, WHEREVER THE FRACTION "ONE-EIGHTH" APPEARS HEREIN, IT SHALL BE AMENDED TO READ "ONE-SIXTH OR (1/6)" FOR THE PURPOSES OF THIS AGREEMENT.

Record & Return To:  
Chesapeake Operating, Inc.  
P.O. Box 18496  
Oklahoma City, Ok 73154

WASHINGTON TEXAS 2.00

in the county of \_\_\_\_\_, State of \_\_\_\_\_, containing \_\_\_\_\_ gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

TWO (2)

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of \_\_\_\_\_ years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be one-eighth of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be one-eighth of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

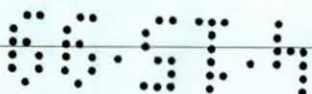
4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in \_\_\_\_\_ DIRECT TO LESSOR BY CERTIFIED U.S. MAIL ABOVE ADDRESS

at \_\_\_\_\_ or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.



A CERTIFIED COPY issued APR 08 1999  
Beth Rothamel, County Clerk  
Washington County, TX. Deputy

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

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

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

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

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

WITNESSES AND/OR ATTESTATIONS:

LESSOR (WHETHER ONE OR MORE)

SS NO. OR TAX ID

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

X *Ed Cloud*  
\_\_\_\_\_  
ED CLOUD, AGENT AND AIF FOR FRED  
CLOUD, SR. *ED -*

\_\_\_\_\_  
SS#  
\_\_\_\_\_  
SS#

ACKNOWLEDGEMENT

STATE OF  
COUNTY OF

This instrument was acknowledged before me on the 8<sup>th</sup> day of FEBRUARY, 19    ,  
by



*Mary C. Mitchell*  
\_\_\_\_\_  
Notary Public, State of Texas  
Notary's name (printed):  
Notary's commission expires:

ACKNOWLEDGEMENT

STATE OF  
COUNTY OF

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

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

CORPORATE ACKNOWLEDGEMENT

STATE OF  
COUNTY OF

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

a \_\_\_\_\_ corporation, on behalf of said corporation.

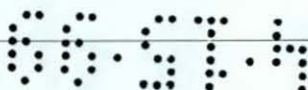
\_\_\_\_\_  
Notary Public, State of Texas  
Notary's name (printed):  
Notary's commission expires:

RECORDING INFORMATION

STATE OF \_\_\_\_\_ }  
County of \_\_\_\_\_ } S.S.

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

By \_\_\_\_\_ Clerk (or Deputy)



A CERTIFIED COPY issued APR 08 1999  
Beth Rothamel, County Clerk  
Washington County, TX. *NY* Deputy

FILED FOR RECORD  
2000 03 22 00 11 58

STATE OF TEXAS  
COUNTY OF WASHINGTON

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

MAR 23 1999

*[Faint, illegible text]*



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

CERTIFIED COPY CERTIFICATE  
STATE OF TEXAS  
COUNTY OF WASHINGTON

The above is a full, true, and correct photographic copy of the original record now in my lawful custody and possession as the same is recorded in the OFFICIAL RECORDS in my office with volume and page number stamped thereon. I hereby certify on

APR 08 1999



BETH ROTHERMEL  
COUNTY CLERK  
WASHINGTON COUNTY, TEXAS  
By *Judy K. Haevischer*  
Deputy  
JUDY K. HAEVISCHER

MEMORANDUM OF LEASE EXTENSION

3080

KNOW ALL MEN BY THESE PRESENTS:


WHEREAS, Walter Batdorff and wife, Marie D. Batdorf aka Marie Durden Batdorf ("Lessor") and Chesapeake Operating, Inc. ("Lessee") entered into that certain Oil, Gas and Mineral Lease ("Lease") dated June 27, 1995, covering 15.372 gross acres, more or less, located in Washington County, Texas, recorded in Volume 795, Page 249, Official Records of Washington County, Texas; and

WHEREAS, said Lease provides Lessee the option to extend the Lease for 2 year(s) from the expiration of the original primary term by tendering an additional payment to Lessor.

NOW, THEREFORE, Chesapeake Operating Inc. ("Chesapeake"), the present owner of the lease, represents that it has exercised its option to extend the Lease by tendering the aforementioned payment to Lessor in the manner and time set forth in said Lease. Chesapeake further represents that Lessor has accepted such payment, thereby extending the option.

EXECUTED this \*30th day of \*May, 1998.

CHESAPEAKE OPERATING INC.

  
Henry Hood, Senior Vice President, Land & Legal

COUNTY OF OKLAHOMA )  
 ) ss.  
STATE OF OKLAHOMA )

BEFORE ME, the undersigned, a Notary Public for the State of Oklahoma, personally appeared Henry Hood, Senior Vice President, Land & Legal for Chesapeake Operating Inc., and he acknowledged to me that he executed the foregoing instrument in and for the purposes and consideration therein expressed on this the \*30th day of \*May, 1998 on behalf of said corporation.






Record & Return To:  
Chesapeake Operating, Inc.  
P.O. Box 18496  
Oklahoma City, OK 73154

STATE OF TEXAS  
COUNTY OF WASHINGTON

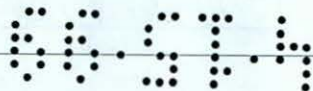
I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

MAY 19 1998



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

WASHINGTON CO. CLERK  
Beth A. Rothmeyer  
MAY 11 PM 3 14





CERTIFIED COPY CERTIFICATE  
STATE OF TEXAS  
COUNTY OF WASHINGTON

The above is a full, true, and correct photographic copy of the original record now in my lawful custody and possession as the same is recorded in the OFFICIAL RECORDS in my office with volume and page number stamped thereon. I hereby certify on

MAR 12 1999



BETH ROTHERMEL  
COUNTY CLERK  
WASHINGTON COUNTY, TEXAS

By *Carol Kahne*  
Deputy



Record Return To:  
Chesapeake Operating, Inc.  
P.O. Box 18496  
Oklahoma City, OK 73154

**PAID UP OIL AND GAS LEASE 6689**

THIS LEASE AGREEMENT is made as of the 27th day of June, 19 95, between Walter Batdorf and wife, Marie D. Batdorf aka Marie Durden Batdorf *MOB WB*

Address: 1002 Washington Street, Brenham, TX 77833 as Lessor (whether one or more),  
and CHESAPEAKE OPERATING, INC., 6206 North Western, Oklahoma City, OK 73118  
as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises: (use Exhibit "A" for long description):

Being 15.372 acres of land, more or less, located in the Nelson Smith Survey, A-100 in Washington County, Texas; and being more particularly described in two tracts as follows:

TRACT ONE: Being 10.130 acres of land, more or less, and being the same land described in a Deed dated October 16, 1981 from Elwood Goldberg to Walter Batdorf and wife, Marie D. Batdorf, recorded in Volume 433, Page 848, Deed Records of Washington County, Texas.

TRACT TWO: Being 5.242 acres of land, more or less, and being the same land described in a Deed dated February 12, 1982 from Elwood Goldberg to Walter Batdorf and wife, Marie Durden Batdorf, recorded in Volume 433, Page 851, Deed Records of Washington County, Texas.

FOR SPECIAL PROVISIONS OF THIS LEASE, SEE EXHIBIT "A" ATTACHED HERETO, AND BY REFERENCE, MADE A PART HEREOF.

in the county of Washington State of Texas, containing 15.372 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of three (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be one-eighth of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be one-eighth of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in Texas National Bank at 2450 Becker Dr., Brenham, TX 77833 or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

Tx 167 0237-000



A CERTIFIED COPY issued MAR 12 1999  
Beth Rothamel, County Clerk  
Washington County, TX. *CK* Deputy

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

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

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

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

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

WITNESSES AND/OR ATTESTATIONS:

LESSOR (WHETHER ONE OR MORE)

SS NO. OR TAX ID

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Walter Batdorf*  
Walter Batdorf

\_\_\_\_\_

*Marie D. Batdorf*  
Marie D. Batdorf aka  
Marie Durden Batdorf

\_\_\_\_\_

ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF WASHINGTON

This instrument was acknowledged before me on the 27<sup>th</sup> day of June, 19 95, by Walter Batdorf and wife, Marie D. Batdorf aka Marie Durden Batdorf.

27<sup>th</sup> day of June, 19 95

*Jim R. Ashmore*

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

ACKNOWLEDGEMENT



STATE OF TEXAS }  
COUNTY OF \_\_\_\_\_

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

\_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_

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

CORPORATE ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF \_\_\_\_\_

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

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

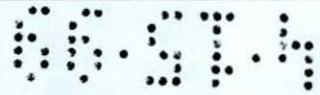
RECORDING INFORMATION

STATE OF \_\_\_\_\_ }  
County of \_\_\_\_\_ } S.S.

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

By \_\_\_\_\_ Clerk (or Deputy)

MAR 12 1999



A CERTIFIED COPY issued \_\_\_\_\_  
Beth Rothamel, County Clerk  
Washington County, TX. \_\_\_\_\_ Deputy

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND GAS LEASE, DATED June 27, 1995, BY AND BETWEEN Walter Batdorf and wife, Marie D. Batdorf aka Marie Durden Batdorf AS LESSOR, and CHESAPEAKE OPERATING, INC., AS LESSEE.

1. The Lease covers and includes only oil, gas, sulphur and the byproducts thereof, and other gaseous, vaporuous, liquid and liquifiable hydrocarbons whether elements, mixtures, or compounds in liquid, gaseous, or vaporuous forms or states which can or may be produced through the bore of a well with and as a part of the production of oil, or gas, and specifically excludes the following: coal, lignite, iron, ore, uranium, sand, gravel, thorium and other fissionable minerals, and all other minerals of any kind or nature whatsoever not specifically included as aforesaid.

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

3. Should Lessor suffer damage to livestock, water wells, fences, roads, personal property, buildings or other improvements, as a result of operations of Lessee under the Lease, Lessee agrees to pay Lessor the actual amount of said loss. Lessee further agrees to fill and level all slush pits, so as to return the surface to its original condition, as nearly as practicable, within a reasonable length of time after the abandonment of the use of such pits, and, upon written request of Lessor, Lessee will construct and maintain fences surrounding such pits or other excavations sufficient to turn cattle until such pits or excavations are so leveled.

4. Wherever the fraction "one-eighth" (1/8th) appears in Paragraph Three (3) hereof, it is hereby amended to read "one-sixth" (1/6th).

5. For the above consideration, Lessee is granted the option to renew this lease under the same provisions for a second primary term of Two (2) years from the end of the primary term hereof, and as long thereafter as oil or gas is produced from said land or land pooled therewith. Lessee may exercise this option by paying or tendering to the Lessor or Lessor's credit in the heretofore named depository bank, the sum of Fifty and 00/100 dollars (\$50.00) per net mineral acre covered by this lease before the expiration of the primary term hereof. It is agreed and understood that all delay rental payments shall be deemed "paid-up" and said delay rental payments are included in any lease bonus payments tendered by the Lessee.

SIGNED FOR IDENTIFICATION:

Walter Batdorf  
Walter Batdorf

Marie D. Batdorf  
Marie D. Batdorf aka Marie Durden Batdorf

**FILED**  
AT 10:00 Am.  
AUG 21 1995  
Beth A. Rothermel  
BETH ROTHERMEL  
COUNTY CLERK, WASHINGTON COUNTY, TX

STATE OF TEXAS  
COUNTY OF WASHINGTON

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

AUG 22 1995



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

0514

CERTIFIED COPY CERTIFICATE  
STATE OF TEXAS  
COUNTY OF WASHINGTON

The above is a full, true, and correct photographic copy of the original record now in my lawful custody and possession as the same is recorded in the OFFICIAL RECORDS in my office with volume and page number stamped thereon. I hereby certify on

MAR 12 1999



BETH ROTHERMEL  
COUNTY CLERK  
WASHINGTON COUNTY, TEXAS

*Cathy Kuhn*  
Deputy

MEMORANDUM OF OIL, GAS AND MINERAL LEASE EXTENSION

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

WHEREAS, Union Pacific Resources Company is the owner of the Oil, Gas and Mineral Lease dated June 27, 1995, recorded in Volume 788, Page 693, Official Records, Washington County, Texas from The Reynolds Management Trust, by Michael S. Stevens, Trustee, as Lessor, to Union Pacific Resources Company, as Lessee, covering:

120.239 acres of land, more or less, part of the Nelson Smith Survey, A-100, Washington County, Texas (the above-described lease being herein referred to as the "Lease"); and

WHEREAS, the Lease provided Lessee the right and option to extend the primary term for two (2) additional years from the expiration of the original primary term by tendering an additional payment to Lessor;

NOW THEREFORE, we, The Reynolds Management Trust, by Michael S. Stevens, Trustee, do hereby acknowledge receipt of Union Pacific Resources Company's Check No. 10261774 for said additional payment to extend the primary term for an additional two (2) years from June 27, 1998. Lessor hereby in all things adopts, ratifies and confirms the Lease as the same is hereby amended, and hereby grants, leases and lets all of the acreage above-described and as referenced unto Lessee subject to, and under the terms and provisions of the Lease; and the Lease is expressly affirmed, ratified and declared to be effective and binding for all purposes. Lessor hereby acknowledges that there are no rentals due by Lessee and the Lease is now a five (5) year paid-up lease.

EXECUTED this 9th day of March, 1998.

THE REYNOLDS MANAGEMENT TRUST

BY: [Signature] Michael S. Stevens, Trustee 1160 Dairy Ashford, Suite 601 Houston, Texas 77079 ID# [Redacted]

INDIVIDUAL ACKNOWLEDGMENT

State of Texas }
County of Harris }
Washington }

This instrument was acknowledged before me on this 9th day of March, 1998 by Michael S. Stevens, Trustee, The Reynolds Management Trust, in the capacity stated herein.



[Signature] Notary Public, State of Texas

STATE OF TEXAS
COUNTY OF WASHINGTON

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

MAR 12 1998

[Signature] Beth A. Rothermel, County Clerk Washington County, Texas



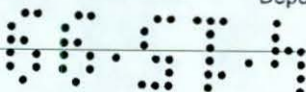
CERTIFIED COPY CERTIFICATE
STATE OF TEXAS
COUNTY OF WASHINGTON

The above is a full, true, and correct photographic copy of the original record now in my lawful custody and possession as the same is recorded in the OFFICIAL RECORDS in my office with volume and page number stamped thereon. I hereby certify on

MAR 12 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By [Signature] Deputy



THIS LEASE AGREEMENT is made effective the 27th day of June, 19 95.between THE REYNOLDS MANAGEMENT TRUST, by MICHAEL S. STEVENS, TRUSTEE5195as Lessor (whether one or more), whose address is c/o Michael S. Stevens Interests, Inc.  
1160 Dairy Ashford, Suite 601, Houston, TX 77079and UNION PACIFIC RESOURCES COMPANY, as Lessee.whose address is 801 Cherry Street, Fort Worth, TX 76102. All printed

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

1. **Description.** Lessor, in consideration of TEN AND NO/100 AND OTHER VALUABLE CONSIDERATION\*\*Dollars (\$ 10.00 & OVC\*\*), in hand paid, of the royalties herein provided and the covenants herein contained, hereby grants, leases and lets exclusively to Lessee, for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith including helium, carbon dioxide and other commercial

gases as well as hydrocarbon gases (referred to herein as "covered minerals"), the following described land (the "leased premises") in

Washington County, Texas, to-wit:

120.239 acres of land, more or less, being part of the Nelson Smith Survey, A-100, Washington County, Texas and being more fully described as three tracts of land consisting of 20.239 acres, 49.20 acres and 50.80 acres in Deed dated effective January 1, 1994 from Joe H. Reynolds et ux, Sue S. Reynolds to Michael S. Stevens, Trustee and any Successor Trustees of THE REYNOLDS MANAGEMENT TRUST, recorded in Volume 735, Page 536, Official Records, Washington County, Texas.

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to comprise of 120.239 acres, whether it actually comprises more or less.

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

3. **Royalty.** Royalties on covered minerals produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's field separator facilities, the royalty shall be one-sixth (1/6) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead posted price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity less a proportionate part of ad valorem taxes and production, severance, or other excise taxes, (b) for gas (including casinghead gas) and all other

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

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

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

L-76 (05-93)



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Washington County, TX. OC Deputy

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

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

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

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

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

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

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

IN WITNESS WHEREOF, this lease is executed effective the date first written above, and upon execution shall be binding upon the signatory whether or not the lease has been executed by all parties named herein as Lessor. SEE "ADDENDUM" ATTACHED HERETO AND MADE A PART HEREOF.

SS # AND/OR TAX ID #

[Redacted signature area]

LESSOR:

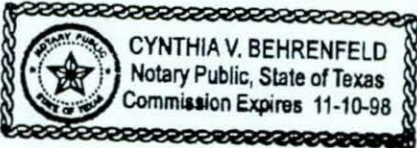
THE REYNOLDS MANAGEMENT TRUST

by: Michael S. Stevens  
Michael S. Stevens, Trustee

STATE OF TEXAS )  
COUNTY OF HARRIS ) ss.

This instrument was acknowledged before me this day of July 5, 1995, by MICHAEL S. STEVENS, TRUSTEE, THE REYNOLDS MANAGEMENT TRUST, in his capacity therein. Cynthia V. Behrenfeld  
Notary Public

My Commission Expires: 11-10-98

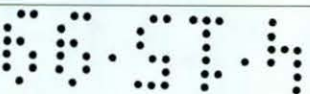


STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss.

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

My Commission Expires: \_\_\_\_\_

Notary Public

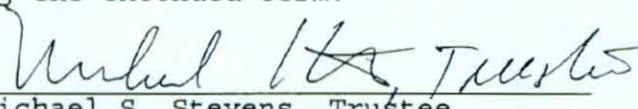


**"ADDENDUM"**

THIS "ADDENDUM" IS ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS AND MINERAL LEASE DATED JUNE 27, 1995 BY AND BETWEEN THE REYNOLDS MANAGEMENT TRUST, MICHAEL S. STEVENS, TRUSTEE, AS "LESSOR", AND UNION PACIFIC RESOURCES COMPANY, AS "LESSEE".

12. Notwithstanding any provision herein to the contrary, upon the expiration of the primary term of this Lease (or the expiration of any extension or renewal thereof), or upon the expiration of ninety (90) days following the completion of the last well drilled in the leased premises or acreage pooled therewith (whether completed as a well capable of production in paying quantities or as a dry hole), whichever is the later date, this Lease shall terminate as to any lands not included in a pooled unit, proration unit or other unit from which any well located thereon is producing or may be capable of producing in paying quantities, or upon which drilling, reworking or other operations calculated to restore production are being pursued as herein provided. After the expiration of the primary term of this Lease, if production on any pooled, proration or other unit permanently ceases from cause either voluntary or involuntary (and if this Lease is not otherwise being maintained), this Lease shall terminate as to such unit unless Lessee within ninety (90) days thereafter commences reworking operations or the actual drilling of a new well thereon. In such event, this Lease will continue in effect as to such unit so long as such drilling or reworking is prosecuted with no cessation of such operations for more than ninety (90) consecutive days until production is restored.
13. After the end of the primary term, this Lease may not be maintained in force solely by reason of shut-in royalty payments, as provided heretofore, for any one period more than two (2) years.
14. Lessee shall be responsible for, and agrees to make reasonable payment for, damages to the surface of the land, livestock, crops, timber and improvements caused by its operations on the leased premises. Lessee further agrees that upon completion or abandonment of any well drilled on the leased premises, Lessee shall restore the premises to as near its original condition as is reasonably possible.
15. Prior to conducting any surface operations on the leased premises, Lessee shall first consult with Lessor and outline the operations that Lessee proposes to conduct. Locations for roads, pipelines, equipment and facilities placed on the lease premises should be in consultation with Lessor and be placed on the land in such a manner as to cause a minimum amount of interference with the normal use of the land.. Any lease roads built by Lessee shall be surfaced with gravel and have culverts where necessary so as not to interfere with the natural drainage of the land.
16. Lessee is hereby given the option, to be exercised on or before the end of the primary term, of extending this lease for a period of two (2) years as to all or any portion of the acreage then held hereunder which would expire unless so extended. The only action required by Lessee to exercise this option being the payment to Lessor, at Lessor's address named above, of the additional consideration of fifty dollars (\$50.00) per net mineral acre for each acre so extended, which payment shall cover the two years of the extended term. Lessor acknowledges that there will be no rentals due to extend the lease nor during the extended term.

Signed for Identification:

  
 Michael S. Stevens, Trustee,  
 The Reynolds Management Trust



13-00-00

**FILED**

AT 5:00 P.M.  
JUL - 5 1995

*Beth A. Rothermel*  
 BETH ROTHERMEL  
 COUNTY CLERK, WASHINGTON COUNTY, TX

STATE OF TEXAS  
COUNTY OF WASHINGTON

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

JUL 06 1995



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

**PHOTOCOPIED COPY CERTIFICATE**  
STATE OF TEXAS  
COUNTY OF WASHINGTON

The above is a full, true, and correct photographic copy of the original record now in my lawful custody and possession as the same is recorded in the OFFICIAL RECORDS in my office with volume and page number stamped thereon. I hereby certify on

MAR 12 1999

BETH ROTHERMEL  
COUNTY CLERK  
WASHINGTON COUNTY, TEXAS



By *Carl Kahne*  
Deputy

08.574

Producers 88 (4-89)-Paid Up  
With 640 Acres Pooling Provision

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

014471

RECORD & RETURN TO:  
CHESAPEAKE OPERATING, INC.  
P.O. BOX 18496  
OKLAHOMA CITY, OK 73154

# PAID UP OIL AND GAS LEASE

3924

THIS LEASE AGREEMENT is made as of the 23rd day of March, 19 95, between Beverly Ann Roulston a/k/a Beverly A. Roulston, a single woman

Whose address is: P.O. Box 641, Brenham, TX 77834-0641 as Lessor (whether one or more), and CHESAPEAKE OPERATING, INC., 6206 North Western, Oklahoma City, OK 73118 as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises: (use Exhibit "A" for long description):

Being 5.086 acres of land, more or less, located in the Nelson Smith Survey, A-100, in Washington County, Texas; and being more particularly described in a Deed dated June 29, 1973, from Joe H. Reynolds to Rollin Gene Roulston and wife, Beverly A. Roulston, recorded in Volume 321, Page 391, Deed Records of Washington County, Texas, and being the same land conveyed from Rollin Gene Roulston to Beverly Ann Roulston by Deed dated October 30, 1991, recorded in Volume 658, Page 448, Deed Records of Washington County, Texas.

FOR SPECIAL PROVISIONS OF THIS LEASE, SEE EXHIBIT "A" ATTACHED HERETO, AND BY REFERENCE, MADE A PART HEREOF.

Shelby

In the county of Washington, State of Texas, containing 5.086 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of five (5) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be one-eighth of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be one-eighth of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in Texas National Bank

at 2450 Becker Drive, Brenham, TX 77833 or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.



A CERTIFIED COPY issued MAR 12 1999

Beth Rothamel, County Clerk  
Washington County, TX. AK Deputy

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

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

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

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

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

WITNESSES AND/OR ATTESTATIONS:

LESSOR (WHETHER ONE OR MORE)

SS NO. OR TAX ID

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Beverly Ann Roulston*  
Beverly Ann Roulston a/k/a  
Beverly A. Roulston, a single woman

ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF WASHINGTON

This instrument was acknowledged before me on the 23<sup>rd</sup> day of March, 1995, by Beverly Ann Roulston a/k/a Beverly A. Roulston, a single woman.

*Fritz R. Holmstrom*  
Notary Public, State of Texas  
Notary's name (printed):  
Notary's commission expires:



ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF \_\_\_\_\_  
This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by \_\_\_\_\_

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

CORPORATE ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF \_\_\_\_\_  
This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by \_\_\_\_\_ a \_\_\_\_\_ corporation, on behalf of said corporation.

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

RECORDING INFORMATION

STATE OF \_\_\_\_\_ }  
County of \_\_\_\_\_ } S.S.

This instrument was filed for record on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M., and duly recorded in Book \_\_\_\_\_, Page \_\_\_\_\_, of the \_\_\_\_\_ records of this office. By \_\_\_\_\_ Clerk (or Deputy)

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND GAS LEASE, DATED March 23, 1995, BY AND BETWEEN Beverly Ann Roulston a/k/a Beverly A. Roulston, a single woman AS LESSOR, and CHESAPEAKE OPERATING, INC., AS LESSEE.

1. This Lease covers and includes only oil, gas, sulphur and the byproducts thereof, and other gaseous, vaporous, liquid and liquifiable hydrocarbons whether elements, mixtures, or compounds in liquid, gaseous, or vaporous forms or states which can or may be produced through the bore of a well with and as a part of the production of oil, or gas, and specifically excludes the following: coal, lignite, iron, ore, uranium, sand, gravel, thorium and other fissionable minerals, and all other minerals of any kind or nature whatsoever not specifically included as aforesaid.
2. In the event a portion or portions of the land herein leased is pooled or unitized with other land so as to form a pooled unit or units, operations on, completion of a well upon, or production from such unit or units will not maintain this lease in force as to the land not included in such unit or units. The lease may be maintained in force as to any land covered hereby and not included in such unit or units in any manner provided for herein; provided that if it be by rental payments, rentals shall be reduced in proportion to the number of acres covered hereby and included in such unit or units.
3. Should Lessor suffer damage to livestock, water wells, fences, roads, personal property, buildings or other improvements, as a result of operations of Lessee under the Lease, Lessee agrees to pay Lessor the actual amount of said loss. Lessee further agrees to fill and level all slush pits, so as to return the surface to its original condition, as nearly as practicable, within a reasonable length of time after the abandonment of the use of such pits, and, upon written request of Lessor, Lessee will construct and maintain fences surrounding such pits or other excavations sufficient to turn cattle until such pits or other excavations are so leveled.
4. Wherever the fraction "one-eighth" (1/8th) appears in Paragraph Three (3) hereof, it is hereby amended to read "one-sixth" (1/6th).
5. Lessee agrees that without Lessor's prior written consent, it will conduct no drilling operations on the surface of said land. It is further agreed and understood that Lessee shall have the right to drill and operate directional and/or horizontal wells through and under said land, irrespective of the bottom hole locations of said wells. To this end, Lessor hereby grants to Lessee a subsurface easement for the purposes associated with such directional and/or horizontal wells. Lessee agrees that subsurface easement shall commence at and continue below the depth of 300 feet.

SIGNED FOR IDENTIFICATION:

Beverly Ann Roulston  
Beverly Ann Roulston a/k/a Beverly A. Roulston, a single woman

**FILED**

AT 11:10 AM.  
MAY 22 1995

Beth A. Rothermel  
BETH ROTHERMEL  
COUNTY CLERK, WASHINGTON COUNTY, TX

STATE OF TEXAS  
COUNTY OF WASHINGTON

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

MAY 23 1995



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



CERTIFIED COPY CERTIFICATE  
STATE OF TEXAS  
COUNTY OF WASHINGTON

The above is a full, true, and correct photographic copy of the original record now in my lawful custody and possession as the same is recorded in the OFFICIAL RECORDS in my office with volume and page number stamped thereon. I hereby certify on

**MAR 12 1999**



BETH ROTHERMEL  
COUNTY CLERK  
WASHINGTON COUNTY, TEXAS

By:   
Deputy

Record & Return to: 2605

# PAID UP OIL AND GAS LEASE

Chesapeake Operating, Inc.

P.O. Box 16496

Oklahoma City, OK 78154-96

THIS LEASE AGREEMENT is made as of the 3rd day of February, 1995, between Bennie B. Pieper a/k/a Bennie W. Pieper a/k/a B.W. Pieper, and wife, Erna H. Pieper a/k/a Erna Pieper

Whose address is: Rt. 1, Box 410, Brenham, TX 77833 as Lessor (whether one or more), and CHESAPEAKE OPERATING, INC., 6206 North Western, Oklahoma City, OK 73118

as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises: (use Exhibit "A" for long description):

Being 20.168 acres of land, more or less, located in the Nelson Smith Survey, A-100, in Washington County, Texas; and being more particularly described in that certain Warranty Deed dated November 17, 1945 from Frank Goldstone et ux to B.W. Pieper, conveying 38.5 acres of land, recorded in Volume 142, Page 475, Deed Records of Washington County, Texas; and being all of said 38.5 acre tract LESS AND EXCEPT: 2 acres described in a Deed dated May 26, 1962 from B.W. Pieper et ux to Fred Cloud et ux, recorded in Volume 240, Page 354, Deed Records of Washington County, Texas, and LESS AND EXCEPT: 16.332 acres of land described in a Deed dated November 22, 1963 from Bennie W. Pieper et ux to John P. Hill et ux, recorded in Volume 250, Page 267, Deed Records of Washington County, Texas.

FOR SPECIAL PROVISIONS OF THIS LEASE, SEE EXHIBIT "A" ATTACHED HERETO, AND BY REFERENCE, MADE A PART HEREOF.

in the county of Washington State of Texas, containing 20.168 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of five (5) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be one-eighth of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be one-eighth of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in Brenham National Bank, 211 South 4th, Brenham, Texas 77833

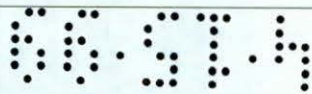
at \_\_\_\_\_ or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

JB



A CERTIFIED COPY issued

MAR 12 1999

Beth Rothamel, County Clerk

Washington County, TX Deputy

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

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

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

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

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

WITNESSES AND/OR ATTESTATIONS: LESSOR (WHETHER ONE OR MORE) SS NO. OR TAX ID  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Bennie B. Pieper a/k/a Bennie W. Pieper  
a/k/a B.W. Pieper  
Erna H. Pieper a/k/a Erna Pieper

ACKNOWLEDGEMENT

STATE OF TEXAS } WASHINGTON  
COUNTY OF }  
This instrument was acknowledged before me on the 3rd day of February, 1995, by Bennie B. Pieper a/k/a Bennie W. Pieper a/k/a B.W. Pieper, and wife, Erna H. Pieper a/k/a Erna Pieper.  
Notary Public, State of Texas  
Notary's name (printed):  
Notary's commission expires:



ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF }  
This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by \_\_\_\_\_, Notary Public, State of Texas  
Notary's name (printed):  
Notary's commission expires:

CORPORATE ACKNOWLEDGEMENT

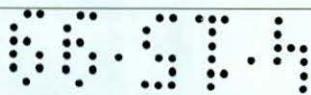
STATE OF TEXAS }  
COUNTY OF }  
This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by \_\_\_\_\_ of \_\_\_\_\_ a corporation, on behalf of said corporation.

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

Record & Return To:  
Chesapeake Operating, Inc.  
P.O. Box 18496  
Oklahoma City, OK 73154

RECORDING INFORMATION

STATE OF \_\_\_\_\_ } S.S.  
County of \_\_\_\_\_ }  
This instrument was filed for record on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M., and duly recorded in Book \_\_\_\_\_, Page \_\_\_\_\_, of the \_\_\_\_\_ records of this office.  
By \_\_\_\_\_ Clerk (or Deputy)



MAR 12 1999  
A CERTIFIED COPY issued  
Beth Rothermel, County Clerk  
Washington County, TX, Deputy

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND GAS LEASE, DATED February 3, 1995, BY AND BETWEEN Bennie B. Pieper a/k/a Bennie W. Pieper a/k/a B.W. Pieper, and wife, Erna H. Pieper a/k/a Erna Pieper AS LESSOR, and CHESAPEAKE OPERATING, INC., AS LESSEE.

1. This Lease covers and includes only oil, gas, sulphur and the byproducts thereof, and other gaseous, vaporous, liquid and liquifiable hydrocarbons whether elements, mixtures, or compounds in liquid, gaseous, or vaporous forms or states which can or may be produced through the bore of a well with and as a part of the production of oil, or gas, and specifically excludes the following: coal, lignite, iron, ore, uranium, sand, gravel, thorium and other fissionable minerals, and all other minerals of any kind or nature whatsoever not specifically included as aforesaid.

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

3. Should Lessor suffer damage to livestock, water wells, fences, roads, personal property, buildings or other improvements, as a result of operations of Lessee under the Lease, Lessee agrees to pay Lessor the actual amount of said loss. Lessee further agrees to fill and level all slush pits, so as to return the surface to its original condition, as nearly as practicable, within a reasonable length of time after the abandonment of the use of such pits, and, upon written request of Lessor, Lessee will construct and maintain fences surrounding such pits or other excavations sufficient to turn cattle until such pits or other excavations are so leveled.

4. Wherever the fraction "one-eighth" (1/8th) appears in Paragraph Three (3) hereof, it is hereby amended to read "one-sixth" (1/6th).

SIGNED FOR IDENTIFICATION: Bennie B. Pieper  
Bennie B. Pieper a/k/a Bennie W. Pieper  
a/k/a B.W. Pieper  
Erna H. Pieper  
Erna H. Pieper a/k/a Erna Pieper

**FILED**  
AT 10:45 A.M.  
APR 04 1995  
Beth A. Rothermel  
BETH ROTHERMEL  
COUNTY CLERK, WASHINGTON COUNTY, TX

STATE OF TEXAS  
COUNTY OF WASHINGTON

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

APR 04 1995



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

CERTIFIED COPY CERTIFICATE  
STATE OF TEXAS  
COUNTY OF WASHINGTON

The above is a full, true, and correct photographic copy of the original record now in my lawful custody and possession as the same is recorded in the OFFICIAL RECORDS in my office with volume and page number stamped thereon. I hereby certify on

MAR 12 1999



BETH ROTHERMEL  
COUNTY CLERK  
WASHINGTON COUNTY, TEXAS

By Carli Kuhn  
Deputy



# PAID UP OIL AND GAS LEASE

Record & Return To:  
Chesapeake Operating, Inc.  
P.O. Box 18496  
Oklahoma City, OK 73154

THIS LEASE AGREEMENT is made as of the 19th day of January, 19 95, between Carroll Charles Faske and wife, Margaret Elizabeth Faske 0133-9

Whose address is: Rt. 1, Box 408-A, Brenham, TX 77833 as Lessor (whether one or more),  
and Chesapeake Operating, Inc., 6206 North Western, Oklahoma City, OK 73118  
as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises: (use Exhibit "A" for long description):

Being 22.963 acres of land, more or less, located in the Nelson Smith Survey, A-100, in Washington County, Texas; and being more particularly described in that certain Deed dated November 29, 1978, from Lenora Runge, et al to James B. Hyne, and recorded in Volume 373, Page 73, Deed Records of Washington County, Texas.

FOR SPECIAL PROVISIONS OF THIS LEASE, SEE EXHIBIT "A" ATTACHED HERETO, AND BY REFERENCE, MADE A PART HEREOF.

in the county of Washington, State of Texas, containing 22.963 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of five (5) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be one-eighth of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be one-eighth of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in \_\_\_\_\_

CITIZENS STATE BANK  
209 EIGHTH STREET, SOMERVILLE TEXAS  
at \_\_\_\_\_  
or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

58



A CERTIFIED COPY issued MAR 12 1999  
Beth Rothermel, County Clerk  
Washington County, TX. AK Deputy

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

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

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

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

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

WITNESSES AND/OR ATTESTATIONS:

LESSOR (WHETHER ONE OR MORE)

SS NO. OR TAX ID

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Carroll Charles Faske*  
Carroll Charles Faske

\_\_\_\_\_  
\_\_\_\_\_

*Margaret Elizabeth Faske*  
Margaret Elizabeth Faske

ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF WASHINGTON

This instrument was acknowledged before me on the 19<sup>th</sup> day of January, 19 95, by Carroll Charles Faske.



*Fritz R. Holmstrom*  
Notary Public, State of Texas  
Notary's name (printed):  
Notary's commission expires:

ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF AUSTIN

This instrument was acknowledged before me on the 19<sup>th</sup> day of January, 19 95, by Margaret Elizabeth Faske.



*Fritz R. Holmstrom*  
Notary Public, State of Texas  
Notary's name (printed):  
Notary's commission expires:

CORPORATE ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF \_\_\_\_\_  
This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ corporation, on behalf of said corporation.

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

RECORDING INFORMATION

Record & Return To:  
Chesapeake Operating, Inc.  
PO Box 18496  
Oklahoma City, OK 73154

STATE OF \_\_\_\_\_ } s.s.  
County of \_\_\_\_\_ }

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

By \_\_\_\_\_  
Clerk (or Deputy)



A CERTIFIED COPY issued MAR 12 1999  
Beth Rothamel, County Clerk  
Washington County, TX. \_\_\_\_\_ Deputy

EXHIBIT "A"

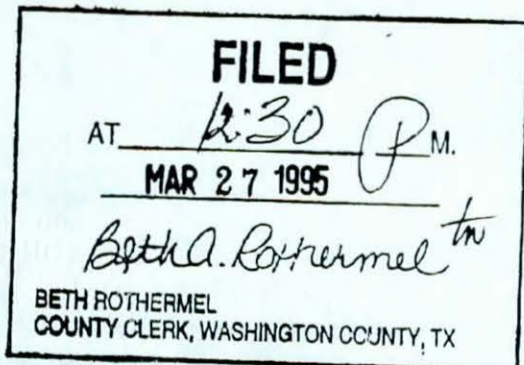
ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND GAS LEASE, DATED January 19, 1995, BY AND BETWEEN Carroll Charles Faske and wife, Margaret Elizabeth Faske AS LESSOR, and CHESAPEAKE OPERATING, INC., AS LESSEE.

1. This Lease covers and includes only oil, gas, sulphur and the byproducts thereof, and other gaseous, vaporous, liquid and liquifiable hydrocarbons whether elements, mixtures, or compounds in liquid, gaseous, or vaporous forms or states which can or may be produced through the bore of a well with and as a part of the production of oil, or gas, and specifically excludes the following: coal, lignite, iron, ore, uranium, sand, gravel, thorium and other fissionable minerals, and all other minerals of any kind or nature whatsoever not specifically included as aforesaid.
2. In the event a portion or portions of the land herein leased is pooled or unitized with other land so as to form a pooled unit or units, operations on, completion of a well upon, or production from such unit or units will not maintain this lease in force as to the land not included in such unit or units. The lease may be maintained in force as to any land covered hereby and not included in such unit or units in any manner provided for herein; provided that if it be by rental payments, rentals shall be reduced in proportion to the number of acres covered hereby and included in such unit or units.
3. Should Lessor suffer damage to livestock, water wells, fences, roads, personal property, buildings or other improvements, as a result of operations of Lessee under the Lease, Lessee agrees to pay Lessor the actual amount of said loss. Lessee further agrees to fill and level all slush pits, so as to return the surface to its original condition, as nearly as practicable, within a reasonable length of time after the abandonment of the use of such pits, and, upon written request of Lessor, Lessee will construct and maintain fences surrounding such pits or other excavations sufficient to turn cattle until such pits or other excavations are so leveled.
4. Wherever the fraction "one-eighth" (1/8th) appears in Paragraph Three (3) hereof, it is hereby amended to read "one-sixth" (1/6th).

SIGNED FOR IDENTIFICATION:

Carroll Charles Faske  
Carroll Charles Faske

Margaret Elizabeth Faske  
Margaret Elizabeth Faske



STATE OF TEXAS  
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on **MAR 28 1995**



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

CERTIFIED COPY CERTIFICATE  
STATE OF TEXAS  
COUNTY OF WASHINGTON

The above is a full, true, and correct photographic copy of the original record now in my lawful custody and possession as the same is recorded in the OFFICIAL RECORDS in my office with volume and page number stamped thereon. I hereby certify on

MAR 12 1999



BETH ROTHERMEL  
COUNTY CLERK  
WASHINGTON COUNTY, TEXAS

*Carla Kocher*  
Deputy

MEMORANDUM OF LEASE EXTENSION

3069

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, Berry Lee Malkey and wife, Paulette Malkey ("Lessor") and Chesapeake Operating, Inc. ("Lessee") entered into that certain Oil, Gas and Mineral Lease ("Lease") dated June 15, 1995, covering 74.94 gross acres, more or less, located in Washington County, Texas, recorded in Volume 797, Page 122, Official Records of Washington County, Texas; and

WHEREAS, said Lease provides Lessee the option to extend the Lease for 2 year(s) from the expiration of the original primary term by tendering an additional payment to Lessor.

NOW, THEREFORE, Chesapeake Operating Inc. ("Chesapeake"), the present owner of the lease, represents that it has exercised its option to extend the Lease by tendering the aforementioned payment to Lessor in the manner and time set forth in said Lease. Chesapeake further represents that Lessor has accepted such payment, thereby extending the option.

EXECUTED this \* 5th day of \* May, 1998.

CHESAPEAKE OPERATING INC.

[Signature]
Henry Hood, Senior Vice President, Land & Legal

COUNTY OF OKLAHOMA )
) ss.
STATE OF OKLAHOMA )

BEFORE ME, the undersigned, a Notary Public for the State of Oklahoma, personally appeared Henry Hood, Senior Vice President, Land & Legal for Chesapeake Operating Inc., and he acknowledged to me that he executed the foregoing instrument in and for the purposes and consideration therein expressed on this the \* 5th day of \* May, 1998 on behalf of said corporation.



[Signature]

My commission expires: August 3, 1999

TX1670213-000

STATE OF TEXAS
COUNTY OF WASHINGTON

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

MAY 12 1998

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

98 MAY 11 PM 3 13
WASHINGTON CO. CLERK

CERTIFIED COPY CERTIFICATE
STATE OF TEXAS
COUNTY OF WASHINGTON

The above is a full, true, and correct photographic copy of the original record now in my lawful custody and possession as the same is recorded in the OFFICIAL RECORDS in my office with volume and page number stamped thereon. I hereby certify on



MAR 12 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By [Signature] Deputy



Producers 88 (4-89) - Paid Up  
With 640 Acres Pooling Provision

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

Oklahoma City, OK 73154  
P.O. Box 18496  
Chesapeake Operating, Inc.

# PAID UP OIL AND GAS LEASE 7179

Record & Return To:  
THIS LEASE AGREEMENT is made as of the 15th day of June, 19 95, between  
Berry Lee Malkey and wife, Paulette Malkey

022910

Whose address is: Route 1, Box 409, Brenham, TX 77833 as Lessor (whether one or more),  
and CHESAPEAKE OPERATING, INC., 6206 North Western, Oklahoma City, OK 73118  
as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces)  
were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described  
land, hereinafter called leased premises: (use Exhibit "A" for long description):

Being 74.94 acres of land, more or less, located in the Nelson Smith  
Survey, A-100 in Washington County, Texas; and being more particularly  
described as being all of Tract One of 73.1 acres and all of Tract Two  
of 1.84 acres, in that certain Deed dated October 19, 1963, from John  
P. Hill and wife, Kate S. Hill to Berry Lee Malkey and wife, Paulette  
Malkey, recorded in Volume 250, Page 29, Deed Records of Washington  
County, Texas.

FOR SPECIAL PROVISIONS OF THIS LEASE, SEE EXHIBIT "A" ATTACHED HERETO,  
AND BY REFERENCE, MADE A PART HEREOF.

Addendum P.M.  
BLM. Shelby

in the county of Washington State of Texas containing 74.94 gross acres, more  
or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing  
and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium,  
carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any  
small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the  
aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the  
land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether  
actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of three (3) years from the  
date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled  
therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons  
separated at Lessee's separator facilities, the royalty shall be one-eighth of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's  
credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then  
prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production  
of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be one-eighth of the proceeds realized by  
Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering,  
processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead  
market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there  
is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its  
purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable  
of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee,  
such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such  
well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such  
payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary  
of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained  
by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until  
the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the  
amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in Prime Bank

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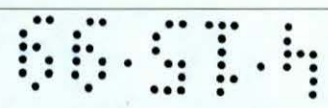
at Brenham, Texas 77833  
or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be  
made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mails in a stamped envelope addressed to  
the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution,  
or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution  
as depository agent to receive payments.

5. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all  
production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or  
the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences  
operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith  
within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time  
thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain  
or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive  
days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities  
from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells  
on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises  
as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated  
drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly  
provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all  
depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or  
proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests.  
The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas  
well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas  
well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to  
do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority,  
or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial  
gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator  
facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in  
the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and  
stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated  
as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion  
of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such  
proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring  
right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform  
to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination  
made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date  
of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which  
royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof,  
Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-  
conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any  
part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral  
estate in such part of the leased premises.

TX 167 0213 - 00 0



A CERTIFIED COPY issued MAR 12 1999  
Beth Rothamel, County Clerk  
Washington County, TX. OC Deputy

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

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

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

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

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. ~~In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.~~

14. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

BLM  
SM

WITNESSES AND/OR ATTESTATIONS:

LESSOR (WHETHER ONE OR MORE)

SS NO. OR TAX ID

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Berry Lee Malkey*  
Berry Lee Malkey  
*Paulette Malkey*  
Paulette Malkey

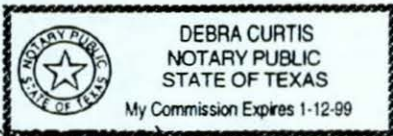
\_\_\_\_\_  
\_\_\_\_\_

ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF WASHINGTON

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 19 95, by Berry Lee Malkey and wife, Paulette Malkey.

*12th* day of *June July*, 19 95,  
*Debra Curtis*



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

ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF \_\_\_\_\_

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

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

CORPORATE ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF \_\_\_\_\_

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

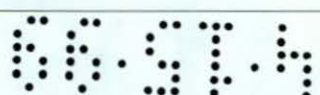
Notary Public, State of Texas  
Notary's name (printed):  
Notary's commission expires:

RECORDING INFORMATION

STATE OF \_\_\_\_\_ }  
County of \_\_\_\_\_ } S.S.

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

By \_\_\_\_\_ Clerk (or Deputy)



MAR 12 1999  
A CERTIFIED COPY issued  
Bath Rothamel, County Clerk  
Washington County, TX. *Al* Deputy

## ADDENDUM

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND GAS LEASE, DATED JUNE 15, 1995, BY AND BETWEEN BERRY LEE MALKEY AND WIFE, PAULETTE MALKEY, AS LESSOR, AND CHESAPEAKE OPERATING, INC., AS LESSEE.

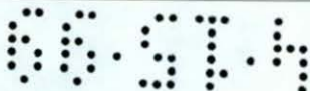
15. The following typewritten agreements and provisions are attached to and are expressly made a part of this lease and shall supersede and govern the provisions in the printed text of this lease whenever such printed form is in conflict herewith.

16. Notwithstanding anything hereinabove to the contrary, there is excepted herefrom and reserved to the Lessor herein all coal, lignite, iron, ore, thorium, uranium, fissionable materials and all bentonite, fullers earth, sand, gravel, and other claylike 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 minerals, with all other 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.

17. In the event a portion of the land herein leased is pooled or unitized so as to form a pool or unit designation, operations on or commercially reasonable production from such pool or unit will maintain this lease in force only as to the land included in such pool or unit. This lease, as to the land not included in such pool or unit, may be maintained in force and effect after the primary term of this lease by drilling or reworking operations as provided in this lease agreement. As to all other lands included within this lease as are not included within a pool or unit or which are not being held by continuing drilling or reworking operations under this lease, this lease shall terminate absolutely upon the expiration of said primary term.

Notwithstanding the provisions of this lease as permit Lessee to pool the lands covered by this lease with lands belonging to persons other than Lessor, Lessee covenants and agrees that Lessee shall utilize and include 100% of Lessor's land in said pool or unit designation should Lessee elect to pool or unitize any portion of the leased premises with lands belonging to others.

18. Notwithstanding anything herein to the contrary, Lessee shall not maintain this lease solely by the payment of shut-in royalties for more than three years. Shut-in privileges are cumulative and may be exercised from time to time, but limited to a maximum of three years cumulative time. This paragraph in no way limits Lessee from maintaining this lease in force and effect by any other provisions or terms of this lease; provided, however only that portion of the leased premises which is contained in a pool or unit having a well then shut-in shall be maintained by the payment of shut-in royalty. As to all other lands not included in such pool or unit with a well therein shut-in and which are not being held by continuing drilling or reworking operations under the provisions of this lease shall terminate absolutely upon the expiration of the primary term of this lease. Further, production from other well or wells located on the leased premises or lands pooled therewith shall not relieve Lessee of Lessee's obligation to tender shut-in royalty to maintain this lease in effect as to that portion of the leased premises contained in said pool or unit which is "shut-in". Lessee shall pay as a shut-in royalty \$10.00 for each acre of the leased premises then contained in said pool or unit on which a well is shut-in on or before the end of said 90 day period provided in paragraph 3. of this lease and thereafter on or before each anniversary of the end of said 90 day period while the well or wells are shut-in or production therefrom is not being sold by



Lessee. The payment by Lessee to Lessor of such rentals shall in no manner relieve Lessee from the obligation of payment of all royalties as shall become due upon subsequent production of a well which has been shut-in under the terms of this lease; and in no event shall Lessee be entitled to credit against such royalties due Lessor such rental sums paid by Lessee to Lessor under the terms and provisions hereof.

19. Royalty payments as shall become due to Lessor by reason of the production of oil or gas from a well or wells located upon the leased premises or upon lands with which the leased premises or a part thereof shall have been pooled to form a pool or unit for purposes of production, shall be timely paid as required by §91.401 et seq of the Texas Natural Resource Code. Lessor shall further receive interest on late payments as therein provided when such royalties are not timely paid.

20. The failure of Lessee to timely tender shut in royalties as may be due under this lease within ten days of service of written demand therefor upon Lessee shall cause a termination of the leasehold estate which would have otherwise been held under the terms and provisions of this lease had shut in royalty been timely paid.

21. Lessee shall have the right to use, free of royalty, oil, gas and other lease substances being produced from a well located on a unit covering all or any part of the leased premises for production, recovery, or rendering marketable the oil, gas or lease substances being produced from said well only.

22. Notwithstanding the terms of the printed lease as may be to the contrary, the royalty provided for in this lease shall be a three-sixteenth (3/16) royalty; and where the fraction one-eighth (1/8), the same is hereby amended to read three-sixteenth (3/16).

23. It is agreed and understood by and between Lessor and Lessee herein that in calculation of Lessor's royalty, in no event shall the price of oil, gas or other minerals utilized for calculation of Lessor's royalty be less than the price actually received by Lessee upon the sale of any product produced from the unit which includes all or any part of the leased premises. Lessor and/or his designated representative shall have the right, upon written request to Lessee, to require Lessee to produce for inspection and copying any and all sales and/or expense records, reports, accounts, ledgers and the like which will reflect the price received by Lessee for the sale of oil, gas or other minerals, together with any expenses of deductions for delivering, processing or marketing or said minerals, which may reduce the actual sales price received by Lessee, and any production, severance or other excise taxes. Lessor's royalty shall at no time bear or be reduced by expenses incurred by Lessee for ad valorem taxes assessed against Lessee's interest in said oil, gas, and other minerals. Lessee shall act as a fiduciary of Lessor and in utmost good faith in the marketing and sale of said minerals.

24. Lessee shall notify Lessor of any assignment of this lease or of Lessee's interest herein within thirty (30) days after said assignment is executed and recorded. Any assignment of this lease, or of Lessee's interest herein shall not have the effect of relieving or discharging Lessee of any obligations of Lessee under the terms and provisions of this lease which have arisen, accrued, or which have occurred prior to said assignment.

25. Notwithstanding the terms of the printed lease to the contrary, Lessee understands and agrees that Lessor, their heirs or assigns, shall not be held liable to Lessee, its successors and assigns, upon any warranty of title contained in this lease save and except to the extent of the refund and proportionate reduction of bonuses and/or delay rentals which may be paid to Lessor to reflect Lessor's actual interest in the properties leased hereby if less than the whole; and it shall be the responsibility of Lessee to make such title examinations and satisfy itself as to

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Lessor's right, title and interest in the property which is the subject of this lease and their rights to execute this lease in favor of Lessee. In the event it is determined that Lessor does not own title to the minerals as may otherwise be warranted or represented herein, Lessor shall have no obligation to reimburse Lessee for any payments heretofore received by Lessor and paid by Lessee in accordance with such representations as to fee simple title to said minerals, except for reimbursement of the proportionate part of any bonus paid by Lessee for the execution of this lease or delay rentals paid for an interest which is determined not to be owned by Lessor.

26. Notwithstanding paragraph 5. of this lease as may be to the contrary, drilling or reworking operations shall not have the effect of reviving this lease as to any portion of the leased premises on which this lease had previously terminated. Further, if this lease is being maintained by "continuing operations" after the primary term as provided in paragraph 5., such operations, once commenced, shall be conducted and prosecuted with deliberate speed and diligence to completion.

27. Notwithstanding the terms and conditions of paragraph 9 as may be to the contrary, Lessee's release of all or any portion of the leased premises shall not relieve or discharge Lessee of any obligations of Lessee under the terms and provisions of this lease which have arisen, accrued, or which have occurred prior to Lessee's delivery of said release.

28. Notwithstanding any other terms or provisions contained herein to the contrary, there shall be no use of the surface of the herein described property whatsoever for any type of operations (including, without limitation, drilling operations, storage tanks, pits and pipelines). It is further agreed and understood that Lessee shall have the right to drill and operate directional wells through and under said land, irrespective of the bottom hole locations of said wells. To this end, Lessor hereby grants to Lessee a subsurface easement for all purposes associated with such directional wells. Further, Lessee shall not establish nor operate on or under the subject property any facilities for the storage or disposal of saltwater or any noxious, poisonous or hazardous substances, drilling mud, chemicals, refuse, debris or any other substance.

29. For the above consideration, Lessee is granted the option to renew this lease under the same provisions for a second primary term of two (2) years from the end of the primary term hereof, and as long thereafter as oil or gas is produced from said land or land pooled therewith. Lessee may exercise this option by paying or tendering to the Lessor or Lessor's credit in the heretofore named depository bank, the sum of Fifty and No/100 (\$50.00) Dollars per net mineral acre covered by this lease before the expiration of the primary term hereof. It is agreed and understood that all delay rental payments shall be deemed "paid-up" and said delay rental payments are included in any lease bonus payments tendered by the Lessee.

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

*Berry Lee Malkey*  
 BERRY LEE MALKEY  
 SS# \_\_\_\_\_

*Paulette Malkey*  
 PAULETTE MALKEY  
 SS# \_\_\_\_\_





Record & Return to  
2804 Chesapeake Operating Inc.  
P.O. Box 12480  
Oklahoma City, OK 73109

# PAID UP OIL AND GAS LEASE

THIS LEASE AGREEMENT is made as of the 8th day of February, 19 95, between Jesse Lee Wied and wife, Polly J. Wied 013515

Whose address is: Rt. 1, Box 408, Brenham, TX 77833 as Lessor (whether one or more),  
and CHESAPEAKE OPERATING, INC., 6206 North Western, Oklahoma City, OK 73118

as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises: (use Exhibit "A" for long description):

Being 23.692 acres of land, more or less, located in the Nelson Smith Survey, A-100, in Washington County, Texas; and being more particularly described in three tracts as follows:

**TRACT ONE:** Being 20.711 acres of land, more or less, more particularly described in a Deed dated September 8, 1976, from Lenora Runge et al to Jesse Lee Wied and wife, Polly J. Wied, recorded in Volume 348, Page 521, Deed Records of Washington County, Texas.

**TRACT TWO:** Being 2.000 acres of land, more or less, more particularly described in a Deed dated December 24, 1986, from Willie E. Hall et ux to Jesse Lee Wied and wife, Polly J. Wied, recorded in Volume 552, Page 367, Deed Records of Washington County, Texas.

**TRACT THREE:** Being 0.981 acres of land, more or less, described in a Deed dated April 9, 1990, from Bobby Boykin et ux to Jesse Lee Wied et ux, recorded in Volume 624, Page 87, Deed Records of Washington County, Texas.

FOR SPECIAL PROVISIONS OF THIS LEASE, SEE EXHIBIT "A" ATTACHED HERETO.

in the county of Washington, State of Texas, containing 23.692 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of five (5) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be one-eighth of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be one-eighth of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in \_\_\_\_\_

TEXAS NATIONAL BANK  
at 7450 BECKER DRIVE, BRENHAM TEXAS

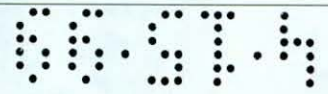
or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

SB



A CERTIFIED COPY issued MAR 12 1999  
Beth Rothermel, County Clerk  
Washington County, TX. OC Deputy

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

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

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

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

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

WITNESSES AND/OR ATTESTATIONS:

LESSOR (WHETHER ONE OR MORE)

SS NO. OR TAX ID

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Jesse Lee Wied*  
Jesse Lee Wied

\_\_\_\_\_

*Polly J. Wied*  
Polly J. Wied

\_\_\_\_\_

ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF WASHINGTON

This instrument was acknowledged before me on the  
by Jesse Lee Wied and wife,  
Polly J. Wied.

8<sup>th</sup> day of February, 19 95

*Jim R. Holmstrom*  
Notary Public, State of Texas  
Notary's name (printed):  
Notary's commission expires:



ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF

This instrument was acknowledged before me on the  
by

\_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_

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

CORPORATE ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF

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

\_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_

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

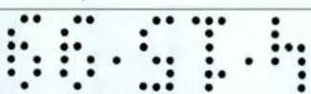
RECORDING INFORMATION

Record & Return To:  
Chesapeake Operating, Inc.  
P.O. Box 10496  
Oklahoma City, OK 73164

STATE OF \_\_\_\_\_ }  
County of \_\_\_\_\_ } S.S.

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

By \_\_\_\_\_  
Clerk (or Deputy)



A CERTIFIED COPY issued MAR 12 1999  
Beth Rothermel, County Clerk  
Washington County, TX. \_\_\_\_\_ Deputy

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND GAS LEASE, DATED February 8, 1995, BY AND BETWEEN Jesse Lee Wied and wife, Polly J. Wied AS LESSOR, and CHESAPEAKE OPERATING, INC., AS LESSEE.

1. This Lease covers and includes only oil, gas, sulphur and the byproducts thereof, and other gaseous, vaporous, liquid and liquifiable hydrocarbons whether elements, mixtures, or compounds in liquid, gaseous, or vaporous forms or states which can or may be produced through the bore of a well with and as a part of the production of oil, or gas, and specifically excludes the following: coal, lignite, iron, ore, uranium, sand, gravel, thorium and other fissionable minerals, and all other minerals of any kind or nature whatsoever not specifically included as aforesaid.

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

3. Should Lessor suffer damage to livestock, water wells, fences, roads, personal property, buildings or other improvements, as a result of operations of Lessee under the Lease, Lessee agrees to pay Lessor the actual amount of said loss. Lessee further agrees to fill and level all slush pits, so as to return the surface to its original condition, as nearly as practicable, within a reasonable length of time after the abandonment of the use of such pits, and, upon written request of Lessor, Lessee will construct and maintain fences surrounding such pits or other excavations sufficient to turn cattle until such pits or other excavations are so leveled.

4. Wherever the fraction "one-eighth" (1/8th) appears in Paragraph Three (3) hereof, it is hereby amended to read "one-sixth" (1/6th).

SIGNED FOR IDENTIFICATION:

Jesse Lee Wied
Jesse Lee Wied

Polly J. Wied
Polly J. Wied

FILED
AT 1:00 P.M.
APR 10 1995
Beth A. Rothermel
BETH ROTHERMEL
COUNTY CLERK, WASHINGTON COUNTY, TX

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on APR 11 1995



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

CERTIFIED COPY CERTIFICATE
STATE OF TEXAS
COUNTY OF WASHINGTON

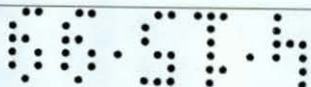
The above is a full, true, and correct photographic copy of the original record now in my lawful custody and possession as the same is recorded in the OFFICIAL RECORDS in my office with volume and page number stamped thereon. I hereby certify on

MAR 12 1999



BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By: Curti Kahne
Deputy



Record & Return To:  
Chesapeake Operating, Inc.  
P.O. Box 18496  
Oklahoma City, OK 73154  
5913

# PAID UP OIL AND GAS LEASE

THIS LEASE AGREEMENT is made as of the 10th day of May, 1995, between  
Willie E. Hall and wife, Dorine Hall

Whose address is: Rt. 1, Box 405, Brenham, TX 77833 as Lessor (whether one or more),  
and CHESAPEAKE OPERATING, INC., 6206 North Western, Oklahoma City, OK 73118  
as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises: (use Exhibit "A" for long description):

Being 10.979 acres of land, more or less, located in the Nelson Smith Survey, A-100, in Washington County, Texas; and being a part of a 17.420 acre tract of land described in a Deed dated December 13, 1977 from Lenora Runge et vir et al to Willie E. Hall and wife, Dorine Hall, recorded in Volume 360, Page 752, Deed Records of Washington County, Texas, and being all of said 17.420 acre tract LESS AND EXCEPT 2.000 acres described in a Deed dated December 24, 1986 from Willie E. Hall et ux to Jesse Lee Wied et ux, recorded in Volume 557, Page 367, Deed Records of Washington County, Texas and LESS AND EXCEPT 4.441 acres described in a Deed dated June 2, 1986 from Willie E. Hall et ux to Bobby Boykin et ux, recorded in Volume 538, Page 738, Deed Records of Washington County, Texas.

FOR SPECIAL PROVISIONS OF THIS LEASE SEE EXHIBIT "A" ATTACHED HERETO, AND BY REFERENCE, MADE A PART HEREOF.

in the county of Washington, State of Texas, containing 10.979 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of five (5) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be one-eighth of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be one-eighth of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in \_\_\_\_\_

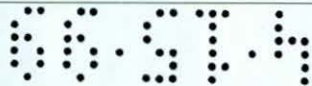
at \_\_\_\_\_ or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

T95-1657



A CERTIFIED COPY issued MAR 12 1999  
Beth Rothermel, County Clerk  
Washington County, TX. [Signature] Deputy

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

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

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

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

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

WITNESSES AND/OR ATTESTATIONS:

LESSOR (WHETHER ONE OR MORE)

SS NO. OR TAX ID

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Willie E. Hall*  
Willie E. Hall  
*Dorine Hall*  
Dorine Hall

\_\_\_\_\_  
\_\_\_\_\_

ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF WASHINGTON }  
This instrument was acknowledged before me on the  
by Willie E. Hall.

30 day of May, 1995

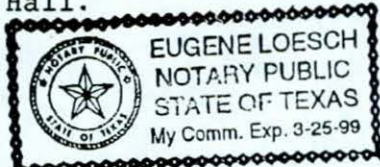


*Eugene Loesch*  
Notary Public, State of Texas  
Notary's name (printed):  
Notary's commission expires:

ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF WASHINGTON }  
This instrument was acknowledged before me on the  
by Dorine Hall.

30 day of May, 1995



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

CORPORATE ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF }  
This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_,  
by \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ corporation, on behalf of said corporation.

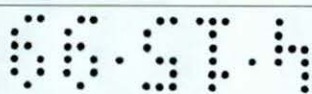
\_\_\_\_\_  
Notary Public, State of Texas  
Notary's name (printed):  
Notary's commission expires:

RECORDING INFORMATION

STATE OF \_\_\_\_\_ }  
County of \_\_\_\_\_ } S.S.

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

By \_\_\_\_\_  
Clerk (or Deputy)



A CERTIFIED COPY issued **MAR 12 1999**  
Beth Rothamel, County Clerk  
Washington County, TX. *CL* Deputy

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND GAS LEASE, DATED May 10, 1995, BY AND BETWEEN Willie E. Hall and wife, Dorine Hall AS LESSOR, and CHESAPEAKE OPERATING, INC., AS LESSEE.

1. This Lease covers and includes only oil, gas, sulphur and the byproducts thereof, and other gaseous, vaporous, liquid and liquifiable hydrocarbons whether elements, mixtures, or compounds in liquid, gaseous, or vaporous forms or states which can or may be produced through the bore of a well with and as a part of the production of oil, or gas, and specifically excludes the following: coal, lignite, iron, ore, uranium, sand, gravel, thorium and other fissionable minerals, and all other minerals of any kind or nature whatsoever not specifically included as aforesaid.
2. In the event a portion or portions of the land herein leased is pooled or unitized with other land so as to form a pooled unit or units, operations on, completion of a well upon, or production from such unit or units will not maintain this lease in force as to the land not included in such unit or units. The lease may be maintained in force as to any land covered hereby and not included in such unit or units in any manner provided for herein; provided that if it be by rental payments, rentals shall be reduced in proportion to the number of acres covered hereby and included in such unit or units.
3. Should Lessor suffer damage to livestock, water wells, fences, roads, personal property, buildings or other improvements, as a result of operations of Lessee under the Lease, Lessee agrees to pay Lessor the actual amount of said loss. Lessee further agrees to fill and level all slush pits, so as to return the surface to its original condition, as nearly as practicable, within a reasonable length of time after the abandonment of the use of such pits, and, upon written request of Lessor, Lessee will construct and maintain fences surrounding such pits or other excavations sufficient to turn cattle until such pits or other excavations are so leveled.
4. Wherever the fraction "one-eighth" (1/8th) appears in Paragraph Three (3) hereof, it is hereby amended to read "one-sixth" (1/6th).
5. Lessee agrees that without Lessor's prior written consent, it will conduct no drilling operations on the surface of said land. It is further agreed and understood that Lessee shall have the right to drill and operate directional and/or horizontal wells through and under said land, irrespective of the bottom hole locations of said wells. To this end, Lessor hereby grants to Lessee a subsurface easement for the purposes associated with such directional and/or horizontal wells. Lessee agrees that subsurface easement shall commence at and continue below the depth of 300 feet.

SIGNED FOR IDENTIFICATION: Willie E. Hall  
Willie E. Hall

Dorine Hall  
Dorine Hall

**FILED**  
 AT 11:15 a.M.  
**JUL 31 1995**  
*Beth A. Rothermel*  
 BETH ROTHERMEL  
 COUNTY CLERK, WASHINGTON COUNTY, TX

STATE OF TEXAS  
 COUNTY OF WASHINGTON  
 I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on  
**AUG 0 1 1995**



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



CERTIFIED COPY CERTIFICATE  
STATE OF TEXAS  
COUNTY OF WASHINGTON

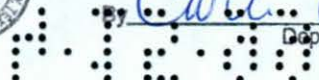
The above is a full, true, and correct photographic copy of the original record now in my lawful custody and possession as the same is recorded in the OFFICIAL RECORDS in my office with volume and page number stamped thereon. I hereby certify.

MAR 12 1998



BETH ROTHERMEL  
COUNTY CLERK  
WASHINGTON COUNTY TEXAS

*Carli Cahne*  
Deputy



L 23672

MEMORANDUM OF LEASE EXTENSION

4455

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, David Dreyer and wife, Brenda Dreyer ("Lessor") and Chesapeake Operating, Inc. ("Lessee") entered into that certain Oil, Gas and Mineral Lease ("Lease") dated July 11, 1995, covering 6.993 gross acres, more or less, located in the Nelson Smith Survey, A-100, Washington County, Texas, recorded in Volume 797, Page 195, Official Records of Washington County, Texas; and

WHEREAS, said Lease provides Lessee the option to extend the Lease for 2 year(s) from the expiration of the original primary term by tendering an additional payment to Lessor.

NOW, THEREFORE, Chesapeake Operating Inc. ("Chesapeake"), the present owner of the lease, represents that it has exercised its option to extend the Lease by tendering the aforementioned payment to Lessor in the manner and time set forth in said Lease. Chesapeake further represents that Lessor has accepted such payment, thereby extending the option.

EXECUTED this 26th day of June, 1998.

CHESAPEAKE OPERATING INC.

Henry Hood, Senior Vice President, Land & Legal

COUNTY OF OKLAHOMA )
) ss.
STATE OF OKLAHOMA )

BEFORE ME, the undersigned, a Notary Public for the State of Oklahoma, personally appeared Henry Hood, Senior Vice President, Land & Legal for Chesapeake Operating Inc., and he acknowledged to me that he executed the foregoing instrument in and for the purposes and consideration therein expressed on this the 26th day of June, 1998 on behalf of said corporation.

[Signature]

My commission expires: August 3, 1999



Record & Return To:
Chesapeake Operating, Inc.
P.O. Box 18496
Oklahoma City, OK 73154

STATE OF TEXAS
COUNTY OF WASHINGTON

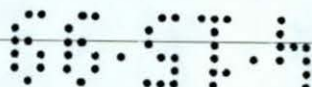
I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

JUL 07 1998



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

FILED FOR RECORD
WASHINGTON COUNTY, TX
99 JUL 6 PM 1 49
WASHINGTON CO. CLERK



A CERTIFIED COPY issued APR 08 1999

Beth Rothermel, County Clerk
Washington County, TX. [Signature] Deputy

CERTIFIED COPY CERTIFICATE  
STATE OF TEXAS  
COUNTY OF WASHINGTON

The above is a full, true, and correct photographic copy of the original record now in my lawful custody and possession as the same is recorded in the OFFICIAL RECORDS in my office with volume and page number stamped thereon. I hereby certify on



APR 08 1999

BETH ROTHERMEL  
COUNTY CLERK  
WASHINGTON COUNTY, TEXAS

By Judy K. Haevischer

Deputy

JUDY K. HAEVISCHER

41200

Record & Return To:  
Chesapeake Operating, Inc.  
P.O. Box 18496  
Oklahoma City, OK 73154

**PAID UP OIL AND GAS LEASE**

**7201**

THIS LEASE AGREEMENT is made as of the 11th day of July, 19 95, between  
David Dreyer and wife, Brenda Dreyer

016224

Address: Rt. 1, Box 407, Brenham, TX 77833 as Lessor (whether one or more),  
and CHESAPEAKE OPERATING, INC., 6206 North Western, Oklahoma City, OK 73118  
as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces)  
were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described  
land, hereinafter called leased premises: (use Exhibit "A" for long description):

Being 6.993 acres of land more or less, located in the Nelson Smith Survey,  
A-100, in Washington County, Texas; and being more particularly described in  
two tracts as follows:

TRACT ONE: Being 2.021 acres of land, more or less, and being the same land  
described in a Deed dated March 28, 1978 from Willie Rosenbaum, Jr. et ux to  
David Dreyer and wife, Brenda Dreyer, recorded in Volume 363, Page 319, Deed  
Records of Washington County, Texas.

TRACT TWO: Being 4.972 acres of land, more or less, and being the same land  
described in a Deed dated April 18, 1994, from Norma Rosenbaum to David Dreyer  
and wife, Brenda Dreyer, recorded in Volume 731, Page 898, Deed Records of  
Washington County, Texas.

FOR SPECIAL PROVISIONS, SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

Shelby

in the county of Washington State of Texas, containing 6.993 gross acres, more  
or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing  
and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium,  
carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any  
small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the  
aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the  
land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether  
actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of three (3) years from the  
date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled  
therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons  
separated at Lessee's separator facilities, the royalty shall be one-eighth of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's  
credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then  
prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production  
of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be one-eighth of the proceeds realized by  
Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering,  
processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead  
market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there  
is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its  
purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable  
of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee,  
such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such  
well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such  
payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary  
of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained  
by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until  
the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the  
amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in Guaranty Federal Bank  
2000 S. Market Brenham TX

011828

at  
or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be  
made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mails in a stamped envelope addressed to  
the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution,  
or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution  
as depository agent to receive payments.

5. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all  
production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or  
the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences  
operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith  
within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time  
thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain  
or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive  
days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities  
from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells  
on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises  
as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated  
drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly  
provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all  
depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or  
proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests.  
The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas  
well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas  
well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction  
to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority,  
or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial  
gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator  
facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in  
the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and  
stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated  
as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion  
of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such  
proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring  
right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform  
to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination  
made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date  
of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which  
royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof,  
Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-  
conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any  
part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral  
estate in such part of the leased premises.

TX 167 0212 - 0 0 0



A CERTIFIED COPY issued **MAR 12 1999**  
Beth Rothermel, County Clerk  
Washington County, TX. *CK* Deputy

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

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

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

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

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

WITNESSES AND/OR ATTESTATIONS:

LESSOR (WHETHER ONE OR MORE)

SS NO. OR TAX ID

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*David Dreyer*  
\_\_\_\_\_  
David Dreyer  
*Brenda Dreyer*  
\_\_\_\_\_  
Brenda Dreyer

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF WASHINGTON }  
This instrument was acknowledged before me on the  
by David Dreyer and wife,  
Brenda Dreyer.

11<sup>th</sup> day of July, 19 95,

*Fritz R. Holmstrom*

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



ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF }  
This instrument was acknowledged before me on the  
by

\_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_,

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

CORPORATE ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF }  
This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_,  
by \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ corporation, on behalf of said corporation.

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

RECORDING INFORMATION

STATE OF \_\_\_\_\_ }  
County of \_\_\_\_\_ } S.S.

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

By \_\_\_\_\_ Clerk (or Deputy)



A CERTIFIED COPY issued MAR 12 1999  
Beth Rothamel, County Clerk  
Washington County, TX. \_\_\_\_\_ Deputy

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND GAS LEASE, DATED July 11, 1995, BY AND BETWEEN David Dreyer and wife, Brenda Dreyer AS LESSOR, and CHESAPEAKE OPERATING, INC., AS LESSEE.

1. This Lease covers and includes only oil, gas, sulphur and the byproducts thereof, and other gaseous, vaporous, liquid and liquifiable hydrocarbons whether elements, mixtures, or compounds in liquid, gaseous, or vaporous forms or states which can or may be produced through the bore of a well with and as a part of the production of oil, or gas, and specifically excludes the following: coal, lignite, iron, ore, uranium, sand, gravel, thorium and other fissionable minerals, and all other minerals of any kind or nature whatsoever not specifically included as aforesaid.

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

3. Should Lessor suffer damage to livestock, water wells, fences, roads, personal property, buildings or other improvements, as a result of operations of Lessee under the Lease, Lessee agrees to pay Lessor the actual amount of said loss. Lessee further agrees to fill and level all slush pits, so as to return the surface to its original condition, as nearly as practicable, within a reasonable length of time after the abandonment of the use of such pits, and, upon written request of Lessor, Lessee will construct and maintain fences surrounding such pits or other excavations sufficient to turn cattle until such pits or other excavations are so leveled.

4. Wherever the fraction "one-eighth" (1/8th) appears in Paragraph Three (3) hereof, it is hereby amended to read "one-sixth" (1/6th).

and no surface operations

5. Lessee agrees that without Lessor's prior written consent, it will conduct no drilling operations on the surface of said land. It is further agreed and understood that Lessee shall have the right to drill and operate directional and/or horizontal wells through and under said land, irrespective of the bottom hole locations of said wells. To this end, Lessor hereby grants to Lessee a subsurface easement for the purposes associated with such directional and/or horizontal wells. Lessee agrees that subsurface easement shall commence at and continue below the depth of 300 feet.

5. For the above consideration, Lessee is granted the option to renew this lease under the same provisions for a second primary term of Two (2) years from the end of the primary term hereof, and as long thereafter as oil or gas is produced from said land or land pooled therewith. Lessee may exercise this option by paying or tendering to the Lessor or Lessor's credit in the heretofore named depository bank, the sum of Fifty and 00/100 dollars (\$50.00) per net mineral acre covered by this lease before the expiration of the primary term hereof. It is agreed and understood that all delay rental payments shall be deemed "paid-up" and said delay rental payments are included in any lease bonus payments tendered by the Lessee.

SIGNED FOR IDENTIFICATION:

David Dreyer  
David Dreyer

Brenda Dreyer  
Brenda Dreyer



**FILED**  
 AT 11:20 AM  
SEP - 5 1995  
*Beth A. Rothermel*  
 BETH ROTHERMEL  
 COUNTY CLERK, WASHINGTON COUNTY, TX

STATE OF TEXAS  
COUNTY OF WASHINGTON

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

SEP 06 1995



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

#13301 (Merrill)

CERTIFIED COPY CERTIFICATE  
STATE OF TEXAS  
COUNTY OF WASHINGTON

The above is a full, true, and correct photographic copy of the original record now in my lawful custody and possession as the same is recorded in the OFFICIAL RECORDS in my office with volume and page number stamped thereon. I hereby certify on

MAR 12 1999



BETH ROTHERMEL  
COUNTY CLERK  
WASHINGTON COUNTY, TEXAS

By *Carole Kahn*  
Deputy

VOL 764 PAGE 106

452

# PAID UP OIL AND GAS LEASE

CREATED & RETURN TO  
CHESAPEAKE OPERATING, INC.  
PO BOX 10426  
OKLAHOMA CITY, OK 73154

THIS LEASE AGREEMENT is made as of the 17 day of October, 19 94, between  
NORMA ROSENBAUM

whose address is: Rt. 1, Box 406, Brenham, Texas 77833 as Lessor (whether one or more),  
and CHESAPEAKE OPERATING, INC., 6206 North Western, Oklahoma City, OK 73118  
as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises: (use Exhibit "A" for long description):

38.99 acres of land, more or less, in the NELSON SMITH SURVEY, A-100, Washington County, Texas, being the same land described in Volume 117, Page 361, of the Deed Records of Washington County, Texas. A/K/A R18778 Tract 90 of the Appraisal District Records of Washington County, Texas.

For special provisions see EXHIBIT "A" attached hereto and made a part hereof.

in the county of Washington, State of Texas, containing 38.99 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of five (5) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be one-eighth of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be one-eighth of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in \_\_\_\_\_

Brenham National Bank

at 211 S. Day, Brenham, Texas 77833

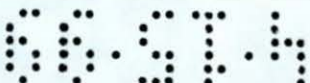
or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

JB



A CERTIFIED COPY issued MAR 12 1999  
Beth Rothammel, County Clerk  
Washington County, TX. CC Deputy

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

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

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

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

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

WITNESSES AND/OR ATTESTATIONS:

LESSOR (WHETHER ONE OR MORE)

SS NO. OR TAX ID

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Norma Rosenbaum  
NORMA ROSENBAUM

\_\_\_\_\_  
\_\_\_\_\_

ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF } Washington

This instrument was acknowledged before me on the 31<sup>st</sup> day of October, 19 94,  
by NORMA ROSENBAUM



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

ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF }

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

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

CORPORATE ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF }

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

corporation, on behalf of said corporation.

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

ORDER & RETURN TO:  
CITIZENS BANK & TRUST CO., INC.  
P.O. BOX 12400  
OKLAHOMA CITY, OK 73154

RECORDING INFORMATION

STATE OF \_\_\_\_\_ }  
County of \_\_\_\_\_ } S.S.

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

By \_\_\_\_\_  
Clerk (or Deputy)



A CERTIFIED COPY issued MAR 12 1999  
Beth Rothamel, County Clerk  
Washington County, TX. AL Deputy

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND GAS LEASE, DATED 10-17-94, BY AND BETWEEN

Norma Rosenbaum  
AS LESSOR, and CHESAPEAKE OPERATING, INC., AS LESSEE.

1. This Lease covers and includes only oil, gas, sulphur and the byproducts thereof, and other gaseous, vaporous, liquid and liquifiable hydrocarbons whether elements, mixtures, or compounds in liquid, gaseous, or vaporous forms or states which can or may be produced through the bore of a well with and as a part of the production of oil, or gas, and specifically excludes the following: coal, lignite, iron, ore, uranium, sand, gravel, thorium and other fissionable minerals, and all other minerals of any kind or nature whatsoever not specifically included as aforesaid.
2. In the event a portion or portions of the land herein leased is pooled or unitized with other land so as to form a pooled unit or units, operations on, completion of a well upon, or production from such unit or units will not maintain this lease in force as to the land not included in such unit or units. The lease may be maintained in force as to any land covered hereby and not included in such unit or units in any manner provided for herein; provided that if it be by rental payments, rentals shall be reduced in proportion to the number of acres covered hereby and included in such unit or units.
3. Should Lessor suffer damage to livestock, water wells, fences, roads, personal property, buildings or other improvements, as a result of operations of Lessee under the Lease, Lessee agrees to pay Lessor the actual amount of said loss. Lessee further agrees to fill and level all slush pits, so as to return the surface to its original condition, as nearly as practicable, within a reasonable length of time after the abandonment of the use of such pits, and, upon written request of Lessor, Lessee will construct and maintain fences surrounding such pits or other excavations sufficient to turn cattle until such pits or other excavations are so leveled.
4. Wherever the fraction "one-eighth" (1/8th) appears in Paragraph Three (3) hereof, it is hereby amended to read "one-sixth" (1/6th).

SIGNED FOR IDENTIFICATION:

Norma Rosenbaum  
*Norma Rosenbaum*

**FILED**  
 AT 12:30 P.M.  
JAN 17 1995  
*Beth A. Rothermel*  
 BETH ROTHERMEL  
 COUNTY CLERK, WASHINGTON COUNTY, TX

STATE OF TEXAS  
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on JAN 18 1995



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

CERTIFIED COPY CERTIFICATE  
STATE OF TEXAS  
COUNTY OF WASHINGTON

The above is a full, true, and correct photographic copy of the original record now in my lawful custody and possession as the same is recorded in the OFFICIAL RECORDS in my office with volume and page number stamped thereon. I hereby certify on

**MAR 12 1999**

BETH ROTHERMEL  
COUNTY CLERK  
WASHINGTON COUNTY, TEXAS



By *Carl Kuhn*  
Deputy



MEMORANDUM OF LEASE EXTENSION

5237

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, Jimmie A. Brown Johnson, a widow a/k/a Jimme Ann Brown ("Lessor") and Chesapeake Operating, Inc. ("Lessee") entered into that certain Oil, Gas and Mineral Lease ("Lease") dated September 19, 1995, covering 10.0877 gross acres, more or less, located in the Nelson Smith Survey, A-100, Washington County, Texas, recorded in Volume 805, Page 126, Official Records of Washington County, Texas; and

WHEREAS, said Lease provides Lessee the option to extend the Lease for 2 year(s) from the expiration of the original primary term by tendering an additional payment to Lessor.

NOW, THEREFORE, Chesapeake Operating Inc. ("Chesapeake"), the present owner of the lease, represents that it has exercised its option to extend the Lease by tendering the aforementioned payment to Lessor in the manner and time set forth in said Lease. Chesapeake further represents that Lessor has accepted such payment, thereby extending the option.

EXECUTED this 30 day of July, 1998.

CHESAPEAKE OPERATING INC.

[Signature]
Henry Hood, Senior Vice President, Land & Legal

COUNTY OF OKLAHOMA )
) ss.
STATE OF OKLAHOMA )

BEFORE ME, the undersigned, a Notary Public for the State of Oklahoma, personally appeared Henry Hood, Senior Vice President, Land & Legal for Chesapeake Operating Inc., and he acknowledged to me that he executed the foregoing instrument in and for the purposes and consideration therein expressed on this the 30 day of July, 1998 on behalf of said corporation.

[Signature]



My commission expires: August 3, 1999

Record & Return To.
Chesapeake Operating, Inc.
P.O. Box 18496
Oklahoma City, OK 73154

STATE OF TEXAS
COUNTY OF WASHINGTON

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

AUG 04 1998



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

WASHINGTON CO. CLERK
AUG 03 3 PM 11 55

00574

PHOTOCOPIED COPY CERTIFICATE  
STATE OF TEXAS  
COUNTY OF WASHINGTON

The above is a full, true, and correct photographic copy of the original record now in my lawful custody and possession as the same is recorded in the OFFICIAL RECORDS in my office with volume and page number stamped thereon. I hereby certify on

MAR 12 1999



BETH ROTHERMEL  
COUNTY CLERK  
WASHINGTON COUNTY, TEXAS

By Cara Koehn  
Deputy

Producers 88 (4-89)—Paid Up  
With 640 Acres Pooling Provision

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

Record & Return To  
Chesapeake Operating  
P.O. Box 18496  
Oklahoma City, OK 73118

# PAID UP OIL AND GAS LEASE

THIS LEASE AGREEMENT is made as of the 19th day of September, 1995, between  
Jimmie A. Brown Johnson, a widow, a/k/a Jimmie Ann Brown

9184

Address: P.O. Box 2131, Brenham, TX 77834-2131

as Lessor (whether one or more),

and CHESAPEAKE OPERATING, INC., 6206 North Western, Oklahoma City, OK 73118

as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises: (use Exhibit "A" for long description):

Being 10.0877 acres, more or less, located in the Nelson Smith Survey, A-100 in Washington County, Texas; and being more particularly described as all of the "FIRST TRACT" and all of the "SECOND TRACT" in a Deed August 5, 1988 from Elwood Goldberg and wife, Ora Lee Golberg to Johnnie Jackson and Jimmie Ann Brown, recorded in Volume 589, Page 702, Deed Records of Washington County, Texas.

FOR SPECIAL PROVISIONS OF THIS LEASE, SEE EXHIBIT "A" ATTACHED HERETO, AND BY REFERENCE, MADE A PART HEREOF.

Washington

Texas

10.0877

Shelby

in the county of \_\_\_\_\_, State of \_\_\_\_\_, containing \_\_\_\_\_ gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of three (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be one-eighth of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be one-eighth of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in Texas National Bank

012063

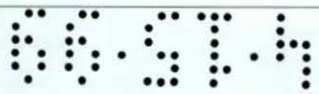
at P.O. Box 1589 Brenham Texas 77833 or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

TX1670661-000



A CERTIFIED COPY issued MAR 12 1999  
Beth Rothermel, County Clerk  
Washington County, TX. OC Deputy

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

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

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

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

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

WITNESSES AND/OR ATTESTATIONS:

LESSOR (WHETHER ONE OR MORE)

SS NO. OR TAX ID

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Jimmie A. Brown Johnson*  
Jimmie A. Brown Johnson, a widow  
a/k/a Jimmie Ann Brown

\_\_\_\_\_  
\_\_\_\_\_

ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF WASHINGTON

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 1995, by Jimmie A. Brown Johnson, a widow, a/k/a Jimmie Ann Brown.

19<sup>th</sup> day of September, 1995

*Fritz R. Holmstrom*

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



ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF \_\_\_\_\_

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

\_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

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

CORPORATE ACKNOWLEDGEMENT

STATE OF TEXAS }  
COUNTY OF \_\_\_\_\_

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

\_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

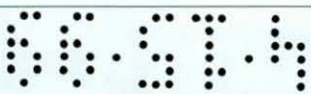
Notary Public, State of Texas  
Notary's name (printed):  
Notary's commission expires:

RECORDING INFORMATION

STATE OF \_\_\_\_\_ }  
County of \_\_\_\_\_ } S.S.

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

By \_\_\_\_\_ Clerk (or Deputy)



A CERTIFIED COPY issued MAR 12 1999  
Beth Rothemel, County Clerk  
Washington County, TX. *CK* Deputy

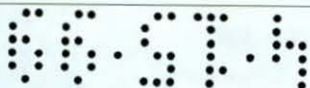
EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND GAS LEASE, DATED September 19, 1995, BY AND BETWEEN Jimmie A. Brown Johnson, a widow, a/k/a Jimmie Ann Brown AS LESSOR, and CHESAPEAKE OPERATING, INC., AS LESSEE.

1. This Lease covers and includes only oil, gas, sulphur and the byproducts thereof, and other gaseous, vaporous, liquid and liquifiable hydrocarbons whether elements, mixtures, or compounds in liquid, gaseous, or vaporous forms or states which can or may be produced through the bore of a well with and as a part of the production of oil, or gas, and specifically excludes the following: coal, lignite, iron, ore, uranium, sand, gravel, thorium and other fissionable minerals, and all other minerals of any kind or nature whatsoever not specifically included as aforesaid.
2. In the event a portion or portions of the land herein leased is pooled or unitized with other land so as to form a pooled unit or units, operations on, completion of a well upon, or production from such unit or units will not maintain this lease in force as to the land not included in such unit or units. The lease may be maintained in force as to any land covered hereby and not included in such unit or units in any manner provided for herein; provided that if it be by rental payments, rentals shall be reduced in proportion to the number of acres covered hereby and included in such unit or units.
3. Should Lessor suffer damage to livestock, water wells, fences, roads, personal property, buildings or other improvements, as a result of operations of Lessee under the Lease, Lessee agrees to pay Lessor the actual amount of said loss. Lessee further agrees to fill and level all slush pits, so as to return the surface to its original condition, as nearly as practicable, within a reasonable length of time after the abandonment of the use of such pits, and, upon written request of Lessor, Lessee will construct and maintain fences surrounding such pits or other excavations sufficient to turn cattle until such pits or other excavations are so leveled.
4. Wherever the fraction "one-eighth" (1/8th) appears in Paragraph Three (3) hereof, it is hereby amended to read "one-sixth" (1/6th).
5. Lessee agrees that without Lessor's prior written consent, it will conduct no drilling operations on the surface of said land. It is further agreed and understood that Lessee shall have the right to drill and operate directional and/or horizontal wells through and under said land, irrespective of the bottom hole locations of said wells. To this end, Lessor hereby grants to Lessee a subsurface easement for the purposes associated with such directional and/or horizontal wells. Lessee agrees that subsurface easement shall commence at and continue below the depth of 300 feet.
6. For the above consideration, Lessee is granted the option to renew this lease under the same provisions for a second primary term of Two (2) years from the end of the primary term hereof, and as long thereafter as oil or gas is produced from said land or land pooled therewith. Lessee may exercise this option by paying or tendering to the Lessor or Lessor's credit in the heretofore named depository bank, the sum of Fifty and 00/100 dollars (\$50.00) per net mineral acre covered by this lease before the expiration of the primary term hereof. It is agreed and understood that all delay rental payments shall be deemed "paid-up" and said delay rental payments are included in any lease bonus payments tendered by the Lessee.

SIGNED FOR IDENTIFICATION:

Jimmie A. Brown Johnson  
 Jimmie A. Brown Johnson, a widow, a/k/a  
 Jimmie Ann Brown



A CERTIFIED COPY issued MAR 12 1999  
 Beth Rothermel, County Clerk  
 Washington County, TX. CK Deputy

Chesapeake/399

**FILED**  
 AT 10:00 AM.  
NOV 13 1995  
*Beth A. Rothermel*  
 BETH ROTHERMEL  
 COUNTY CLERK, WASHINGTON COUNTY, TX

STATE OF TEXAS  
COUNTY OF WASHINGTON

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

NOV 14 1995



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

CERTIFIED COPY CERTIFICATE  
STATE OF TEXAS  
COUNTY OF WASHINGTON

The above is a full, true, and correct photographic copy of the original record now in my lawful custody and possession as the same is recorded in the OFFICIAL RECORDS in my office with volume and page number stamped thereon. I hereby certify on

MAR 12 1999



BETH ROTHERMEL  
COUNTY CLERK  
WASHINGTON COUNTY, TEXAS

By *Carli Koehn*  
Deputy

File No. MF 100655

Leases

Date Filed: 9/15/99

By David Dewhurst, Commissioner  
*Paul Rogers*



253

# CREW LAND RESEARCH

2630 FOUNTAINVIEW, SUITE 212 • HOUSTON, TX 77057 • (713) 784-5263 • FAX: 784-1711

April 9, 1999

Mr. Drew Reid, Landman  
Texas General Land Office  
Lease Administration  
1700 N. College Ave., RM 640  
Austin, Texas 78701

200.00  
1/5  
3yr Paid-up  
10.00 per acre shut in

Dear Mr. Reid:

10.75 AC

Chesapeake Exploration Limited Partnership et al, is presently drilling a Horizontal Well in the Nelson Smith Survey, A-100 Washington County, Texas. Chesapeake anticipates that the portion of FM 109 lying between Pieper Road on the East and Hall Road on the West will be part of a producing unit. In this regard Chesapeake Exploration Limited Partnership would like to lease all minerals owned by the State of Texas covering the portion of FM 109 as stated above and depicted on the enclosed map.

Enclosed are Certified Copies of the relevant Oil, Gas and Mineral Leases and Assignments. The Working Interest Owners have entered an Area of Mutual Interest and Joint Operating Agreement. These companies have agreed to convey any interest not covered by the enclosed assignments. Chesapeake Operating, Inc. Chesapeake Exploration Limited Partnership, Belco Energy and Union Pacific Resources are the owners of all the leasehold interests, in all tracts, next to the subject roadway.

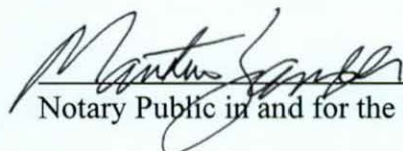
I hereby certify that Chesapeake Exploration Limited Partnership et. al., have paid all bonuses for leases belonging to mineral owners next to this Right of Way. The bonus consideration was Two Hundred Dollars (\$200) per net mineral acre. The largest royalty received by any of these owners is one-fifth (1/5) of eight-eighths (8/8).

I appreciate your attention to this matter and I may be contacted at the letterhead number or 281-679-7771.

Respectfully,

  
Jack Gott

SWORN TO AND SUBSCRIBED before me, this 9<sup>th</sup> day of April, 1999.

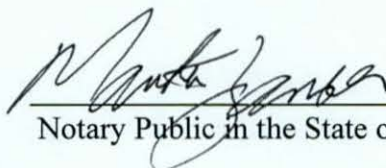
  
\_\_\_\_\_  
Notary Public in and for the State of Texas

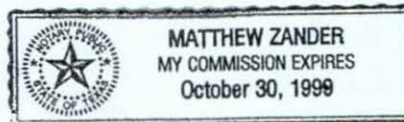
THE STATE OF TEXAS



COUNTY OF HARRIS

Before me, the undersigned authority, on the \_\_\_\_\_ day of April, 1999, personally appeared Jack Gott known to me to be the person whose name is subscribed to the above letter and acknowledged that he executed the same in the capacities therein stated and for the purposes therein contained.

  
\_\_\_\_\_  
Notary Public in the State of Texas



9  
5  
3

STATE OF TEXAS  
COUNTY OF HARRIS  
NOTARY PUBLIC

20

File No. MF100655

Letter

Date Filed: 4/15/99

By David Dewhurst, Commissioner  
*Ed Rogers*



47200

Hon. David Dewhurst  
Commissioner  
General Land Office

Charge \_\_\_\_\_  
Credit Acct. # \_\_\_\_\_

Attached is \$ \_\_\_\_\_

Cash . Fees  
Check To Cover Interest On The Following:  
Draft Rental

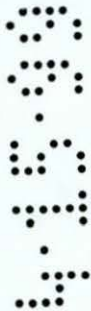
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

170

X100.00

Crew Land Research

99039627



Receipt  
Please Mail Copies to Mr. \_\_\_\_\_  
Statement \_\_\_\_\_

Street \_\_\_\_\_

City \_\_\_\_\_

Attention \_\_\_\_\_

ENERGY RESOURCES

99 APR 16 PM 2:43

RECEIVED

15030001

15030001

File No. MF100655

Payment  
Date Filed: 4/15/99

By David Dewhurst, Commissioner  
Sal Rogers

2

41233

THE STATE OF TEXAS, }

COUNTY OF Washington

Know all Men by these Presents:

THAT J. W. Rogge

of the County of Washington State of Texas for and in consideration of the sum of Thirty-eight DOLLARS to me in hand paid by

W.R. Erwing, County Judge of Washington County, Texas, the receipt of said payment is hereby acknowledged

HAVE GRANTED, SOLD AND CONVEYED, and by these presents do GRANT, SELL AND CONVEY, unto the said W.R. Erwing Co. Judge and his Successors in office as Judge of the County of Washington State of Texas, all that certain tract or parcel of land, lying and being situated in Washington Co. Texas, and a part of the Nelson Smith League, and a part of the original Rogge homestead. Beginning at the most southern corner of same or the road leading out by Rosenbays Store, and the west corner of a tract belonging to Candle. Then with the line between this tract and that of sd. Candle N. 45° W. 16 rods, to corner on sd. line. Then N. 37 1/2° E. 104 1/2 rods, to corner on West bank of a dry branch. Then N. 43° E. 111 1/2 rods to corner. Then S. 47° E. 14 1/2 rods to the north corner of a 30 ft. strip previously sold by Rogge to the County at 30 ft. more to corner on sd. Rogge's E. line. Then with sd. line S. 63° W. 25 1/2 rods to the beginning corner, containing an area of 780 acres, after deducting the area contain in the 30 ft. strip heretofore conveyed to the County for road purposes.



J. W. Rogge  
James H. Smith  
W. R. Erwing  
W. R. Erwing

TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and appurtenances thereto in anywise belonging, unto the said W.R. Erwing Co. Judge and his Successors in office heirs and assigns, forever; and I do hereby bind myself heirs, executors and administrators WARRANT AND FOREVER DEFEND, all and singular, the said premises unto the said W.R. Erwing and his Successors in office heirs and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

WITNESS my hand at Brenham, Tex this 6 day of Feb. A. D. 1909

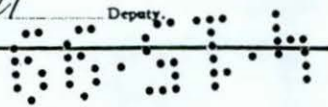
Witnesses at Request of Grantor:  
J. W. Rogge

THE STATE OF TEXAS, } BEFORE ME, O. A. Seward, Clerk County Court  
County of Washington in and for Washington County, Texas, on this day personally appeared J. W. Rogge known to me to

be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed. GIVEN under my hand and seal of office, this 6 day of February A. D. 1909.  
O. A. Seward, Clerk W. Co.  
By A. J. Mendt, Deputy

THE STATE OF TEXAS, } BEFORE ME, \_\_\_\_\_ in and for \_\_\_\_\_ County, Texas, on this day personally appeared \_\_\_\_\_ 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 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 \_\_\_\_\_ day of \_\_\_\_\_ A. D. 190\_\_\_\_

Filed for record the 6 day of February 1909, at 1 o'clock P M., and recorded the 12 day of February 1909, at 2 o'clock P M.  
By A. J. Mendt Deputy, O. A. Seward Clerk County Court, Washington County, Texas.



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 19 day of July A.D.1923.

T.F. Matchett  
F.W. Rosenbaum  
Alb. J. Lehmann

his  
Miles X Cravin  
mark.

No Acknowledgment.

Filed for record this 7th day of April A.D.1924, at 5 O'clock P.M. Green Morgan, CCCWCO.  
Recorded June 16th A.D.1924, at 11:15 O'clock A.M. Green Morgan, By Bertha Nigand Deputy.

DEED-- PAUL ENGLING TO WASHINGTON COUNTY.

THE STATE OF TEXAS )  
COUNTY OF WASHINGTON ) Whereas, Washington County, Texas, is desirous of constructing an improved road Brenham -Muellersville 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 therefor that part of such land so owned by \_\_\_ viz:  
A strip of land along the north side of my place ( known as the old Schlotmann Place) of such a width that there will be 40 ft between the center of the new Road and the North line of my place; 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 Paul Engeling & 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 27 day of July A.D.1923.

Paul Engeling  
Mrs Paul Engeling.

No Acknowledgment

Filed for record this 7th day of April A.D.1924, at 5 O'clock P.M. Green Morgan, CCCWCO.  
Recorded June 16th A.D.1924, at 11:20 O'clock A.M. Green Morgan, By Bertha Nigand Deputy.

DEED-- PETER HARRIS TO WASHINGTON COUNTY.

THE STATE OF TEXAS )  
COUNTY OF WASHINGTON ) Whereas, Washington County, Texas, is desirous of constructing an improved road Known as Brenham & Muellersville and, Whereas, it is desired by said county to construct said road through and upon certain land now owned by me and to include in said road or the right-of-way therefor that part of such land so owned by me viz: 1

DEED-- F.W. ROSENBAUM TO WASHINGTON COUNTY.

THE STATE OF TEXAS )  
 COUNTY OF WASHINGTON } Whereas, Washington County, Texas, is desirous of constructing an improved road known as the Mollersville & Brenham 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 therefor that part of such land so owned by us viz: A strip of land along the south side of my place ( known as a part of the old Rosenbaum Estate- about 63 acres) near Mollersville of such a width that there will be 30 ft between ing south line and the center line of the above road as run out by Com. Burnes; 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 F.W. Rosenbaum & 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 there- to 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 18 day of July A.D.1923.

F.W. Rosenbaum  
Malinde Rosenbaum.

No Acknowledgment.  
 Filed for record this 7th day of April A.D.1924 at 5 O'clock P.M. Green Morgan, CCCWCO.  
 Recorded June 16th A.D.1924, at 2:45 O'clock P.M. Green Morgan, By Bertha Morgan Deputy

DEED-- WM ROGGE TO WASHINGTON COUNTY

THE STATE OF TEXAS )  
 COUNTY OF WASHINGTON } Whereas, Washington County, Texas, is desirous of constructing an improved road Brenham-Mollersville 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 therefor that part of such land so owned by us viz: A strip of land along the north side of my place ( That part of my just across from Paul Engeling's place) as follows: Begining at the South-west corner of my place this point is 74 ft from the center of the New- Br- Mollersville Rd thence 575 ft along the old road towards Brenham to a point 40 ft from the center of the New road and our South line, thence with a strip of such a width that there will be 40 ft between my south line & the center of the New Rd up to my corner.; 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. Rogge & 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

6574

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 27 day of July A.D.1923.

Wm. Rogge  
Mary Rogge.

No Acknowledgment.

Filed for record this 7th day of April A.D.1924, at 5 O'clock P.M.Green Morgan, CCCWCO.

Recorded June 16th A.D.1924, at 3:10 O'clock P.M.Green Morgan, By Bertha Higand Deputy.

DEED-- E.W. KNOLLE ET UX TO HERMANN MEYER.

THE STATE OF TEXAS )

COUNTY OF WASHINGTON ) KNOW ALL MEN BY THESE PRESENTS: That we, E.W. Knolle and Elsie Knolle, husband and wife, of the County of Washington and State of Texas, for and in consideration of the sum of Five Thousand Four Hundred Eighty & No/100 (\$5480.00) Dollars to us paid and secured to be paid by Hermann Meyer, as follows: The sum of \$480.00 cash to us in hand paid by Hermann Meyer, the receipt of which is hereby acknowledged and confessed; and the further consideration of the sum of \$5,000, evidenced by three certain promissory notes, of even date herewith, one for the sum of \$2,000.00, due January 1st, 1925, and two for the sum of \$1500.00 each, due January 1st, 1926, and 1927, after date, respectively, bearing interest from January 1st, 1925, until paid at the rate of 6% per annum; said notes executed by Hermann Meyer and payable to E.W. Knolle or order in Brenham, Texas; have Granted, Sold and Conveyed, and by these presents do Grant, Sell and Convey unto the said Hermann Meyer, of the County of Washington, State of Texas, all those certain tracts, pieces and parcels of land in Washington County, Texas, parts of the W.E. Allcorn league, described as follows: First Tract; 10 $\frac{1}{2}$  acres conveyed by M.M. and Dan Harris to N. Zeiss on October 25th, 1885 described as follows: Less, however, 3 acres out of said 10 $\frac{1}{2}$  acres heretofore conveyed to Gus Jeske; said 10 acres described as follows: Part of the W.E. Allcorn league. Beginning at the N.E. corner of said Allcorn league, a stone corner in edge of small ravine from which a P.O. bears W 12 vrs mrkd. X fork and one prong broken off, another bears S. 89 E 17 vrs marked X. These are old bearings. Thence S. 43 W with league line 323 $\frac{1}{2}$  vrs to a Post corner which is Luedke's corner, a P.O. brs N 78 W 4 vrs, marked X; another bears S. 64 $\frac{1}{2}$  W 11 $\frac{1}{2}$  vrs marked X. Thence N 47 W with Luedke's bdry 311 vrs to a post corner in Sandy Branch from which a Willow tree bears S. 85 $\frac{1}{2}$  E 20 $\frac{1}{2}$  vrs marked X. Thence running down in center of the channel of said Sandy 429 vrs and intersects the N E bdy line of said Allcorn league and corner of said bdy in said Sandy, a P.O. brs from said corner S 84 W 40 vrs marked X. Thence S 47 E with said league line 73 vrs to the beginning corner, containing an area of 10 $\frac{1}{2}$  acres of land, leaving 7 $\frac{1}{2}$  acres hereby conveyed. Second Tract: 85 acres, same conveyed by R.E. McArthur and wife to N. Zeiss in deed book 10, page 453 of Washington county, Texas, and described as follows: Part of the W.E. Allcorn League and bounded as follows; Beginning at a stake in the fork of ravine from which a Mulberry stands N 80 W. 4 vrs. Thence S 43 W 190 vrs to N.E. bdy of J.D. Hill's survey a stake in prairie for corner. Thence N 47 W with said line 683 $\frac{1}{2}$  vrs to a stake set a gully for corner. Thence down said gully with the center thereof about 60 E 831 vrs with the meanders of the S. bdy line of the survey in the name of Eliza Pillow. Thence with said survey S 76 $\frac{1}{2}$  E 100 vrs to stake for corner, continuing then with her line S 57 E \_\_\_\_\_ vrs to the center of said ravine and up said ravine with all its meanders to the place of beginning, containing 85 acres, more or less.

Filed for record this 7th day of April A.D.1924, at 5 O'clock P.M.Green Morgan,CCC&CO.  
Recorded April 9th A.D.1924, at 12:30 O'clock P.M.Green Morgan, By Bertha Hegardt Deputy.

-----  
Robert Evans to Washington County.

THE STATE OF TEXAS )  
COUNTY OF WASHINGTON) WHEREAS, Washington County, Texas, is desirous of constructing an improved road known as Brenham and Muellersville, WHEREAS, it is desired by the county to construct said road through and upon certain land now owned by me and to include in said road or the right-of-way therefor that part of such land so owned by me, viz: a strip of land 20 feet wide along southeast line along the old road off of my home place: and WHEREAS, it is thought by me that the construction of said road upon that part of my land above described would increase the value of my property: therefore KNOW ALL MEN BY THESE PRESENTS: That Robert Evans of the County of Washington and State of Texas, in consideration of the prospective increase in the value of my property by the construction of said road, and for the further consideration of the sum of \$1.00 to me in hand paid by said county, the receipt of which is hereby acknowledged; have GRANTED, SOLD and CONVEYED, and by these presents do GRANT, SELL, and CONVEY unto Washington County, Texas, all of the land hereinabove described. TO HAVE AND TO HOLD the above described land, together with all and singular, the rights and appurtenances thereto in anywise belonging unto said Washington County, Texas, forever. It is expressly agreed and understood, however, that should said road not be constructed over and upon the land hereinabove described, this conveyance shall become null and void and the title to said land shall revert to me or my heirs or assigns.

Witness our hands this the 19th day of July, A.D.1923.

Robert Evans.

F.W.Rosenbaum.

Albert J.Lehmann.

W.C.Draehn.

Filed for record at 5 o'clock P.M. April 7, 1924, Green Morgan C.C.C.&C.

Recorded April 11, 1924 at 11 o'clock A.M. Green Morgan by Bertha Hegardt Deputy.

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DEED W.C.DRAEHN TO WASHINGTON COUNTY.

THE STATE OF TEXAS )  
COUNTY OF WASHINGTON) WHEREAS, Washington County, Texas, is desirous of constructing an improved road known as Brenham and Millersville rd, WHEREAS, it is desired by said county to construct said road through and upon certain land now owned by us and to include in said road or the right-of-way therefore that part of such land so owned by us viz: 666 A strip of land along the north side of my place near Muellersville of such a width that there will be 40 ft between my north line and the center of the above road the south side of the big white item of the creek is the center line and an iron rod in old road is another point on the center of the above road: and, WHEREAS, it is thought by us that the construction of said road upon that part of our land above described would increase the value of our property; therefore, KNOW ALL MEN BY THESE PRESENTS: That W.C.Draehn & wife 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 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.

666

TO HAVE AND TO HOLD the above described land, together with all and singular, the rights and appurtenances thereto in anywise belonging unto said Washington County, Texas, forever. It is expressly agreed and understood, however, that should said road not be constructed over and upon the land hereinabove described this conveyance shall become null and void and the title to said land shall revert to us or our heirs or assigns.

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

W.C. Draehn.

Mrs. W.C. Draehn.

Not acknowledged.

Filed for record at 5 o'clock April 7, 1925, Green Morgan C.C.C.W.C.

Recorded April 11, 1924 at 11:30 o'clock A.M. Green Morgan by Bertha Morgan Deputy.

DEED M.L. DEVER TO WASHINGTON COUNTY.

THE STATE OF TEXAS )

COUNTY OF WASHINGTON) WHEREAS, Washington County, Texas, is desirous of constructing and improved road known as Brenham and Millersville road, WHEREAS, it is desired by said county to construct said road through and upon certain land now owned by me and to include in said road or the right-of-way therefore that part of such land so owned by me viz: A strip of land 20 ft. wide starting at Miles Cravens North corner running north east across Mill Creek into the Cutter-gold land to a point 12 ft from present fence thence to my north corner a strip 12 feet wide. and, WHEREAS, it is thought by me that the construction of said road upon that part of my land above described would increase the value of my property; therefore, KNOW ALL MEN BY THESE PRESENTS that M.L. Dever of the County of Washington and State of Texas, in consideration of the prospective increase in the value of my property by the construction of said road, and for the further consideration of the sum of \$1.00 to me in hand paid, 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 stipulated 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 19 day of July, A.D. 1924.

M.L. Dever.

T.F. Matchett

Alb. J. Lehmann

W.C. Draehn.

Filed for record at 5 o'clock P.M. April 7, 1924, Green Morgan C.C.C.W.C.

Recorded April 11, 1924, at 2:45 o'clock P.M. Green Morgan By Bertha Morgan Deputy?

DEED ED D. JOHNSON TO WASHINGTON COUNTY.

THE STATE OF TEXAS )

COUNTY OF WASHINGTON) WHEREAS, Washington County, Texas, is desirous of constructing and improved road Millersville and Brenham 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 right-of-way therefore that part of such land so owned by us viz: A strip of land 20 ft. wide along the present road 40 ft from the center line of the present road along the south east line of our place known as our home place the same we purchased from Laura Baldin, and WHEREAS,

DEED: ROSA SCHUMACHER TO NATALIE STRANGMEYER

THE STATE OF TEXAS  
COUNTY OF WASHINGTON

KNOW ALL MEN BY THESE PRESENTS: That I, Rosa Schumacher, a feme sole, of Washington County, Texas, for and in consideration of the sum of Ten & No/100 (\$10.00) Dollars cash to me in hand paid by Natalie Strangmeyer and other valuable considerations, the receipt of all of which is hereby acknowledged and without any lien, express or implied being retained, have GRANTED, SOLD and CONVEYED, and by these presents do GRANT, SELL AND CONVEY unto the said Natalie Strangmeyer of Washington County, Texas, all that certain tract or parcel of land lying and being situated in Washington County, Texas, and more particularly described as follows:

Being about one mile West of Courthouse in the A. Harrington League in Washington County, Texas; Beginning at the N. E. corner of a 4 acre tract known as the J. W. Carter place in the South line of the old Burton & Brenham road in the West boundary line of the A. Harrington League. Thence with said league line S. 15 E. 315 feet to the S. E. corner of the Carter 4 acre tract. Thence N. 6-3/4 W. with the West line of a new street running from the Highway to the old Burton & Brenham road or the extension of Jefferson Street 296 feet to a stake in the South line of the said Burton & Brenham road. Thence with said road N. 75-1/2 W. 47 feet to the place of beginning, containing 15/100 of an acre of land. See the deed to Gus Schumacher as recorded in Volume 82, page 261 of Washington County Deed Records. And being the second tract described in deed from Minnie Schumacher Estate to Rosa Schumacher, recorded in Volume 129, page 173, Deed Records of Washington County, Texas.

TO HAVE AND TO HOLD the above described premises, together with all and singular, the rights and appurtenances thereto in anywise belonging unto the said Natalie Strangmeyer, her heirs and assigns forever; and I do hereby bind myself, my heirs, executors and administrators to WARRANT and FOREVER DEFEND, all and singular the said premises unto the said Natalie Strangmeyer her heirs and assigns, against every person whomsoever lawfully claiming, or to claim the same or any part thereof.

Witness my hand at Brenham, Texas, this the 21st day of February A. D. 1948.

Rosa Schumacher

THE STATE OF TEXAS  
COUNTY OF WASHINGTON

Before me, the undersigned authority, on this day personally appeared Rosa Schumacher, a feme sole, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the 7th day of May A. D. 1948.

(Seal)

Marie Wigand  
Notary Public in and for Washington County, Texas.

Filed for record May 8, 1948 at 3:45 o'clock P M

Recorded May 10, 1948 at 9 o'clock A M

Travis Phillips, CCWC

By Minnie Schreiner Deputy

RIGHT-OF-WAY EASEMENT: BY WM APPEL, ET AL TO LOUIS R LEHRMANN, AGENT & STATE OF TEXAS

## RIGHT-OF-WAY EASEMENT

STATE OF TEXAS  
County of Washington

} KNOW ALL MEN BY THESE PRESENTS:

THAT We, the undersigned property owners along and adjacent to F. M. Highway No. 388, from the West right-of-way line of State Highway No. 36, at Sta. 0/00, to the Salem Road, at Sta. 57/07.5, and from Smith Branch, at Sta. 102/52.4, to the beginning of the existing 80 ft.

654

right-of-way, at Sta. 204/00, of Washington County, Texas, in consideration of the sum of one dollar and other good and valuable consideration in hand paid by the State of Texas, acting through the State Highway Commission, receipt of which is hereby acknowledged, do by these presents grant, bargain, sell and convey unto the State of Texas, the free and uninterrupted use, liberty and privilege of the passage in, along, upon and across the following lands in Washington County, Texas, owned by us, and being subject to:

(IMPORTANT NOTE: If no liens, easements or leases exist, insert the word, "None.")

lien(s) held by \_\_\_\_\_  
 (Name) (Address)

easement(s) held by \_\_\_\_\_  
 (Name) (Address)

lease(s) held by \_\_\_\_\_  
 (Name) (Address)

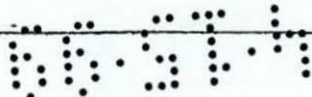
and being particularly described as follows, to-wit:

Being a strip of land along each side of the existing 56 ft. right-of-way on F. M. Highway No. 388 (Muellersville Road), 15,855.1 ft. long and approximately 7.0 ft. wide, said strip of land being all that portion lying between the present right-of-way line approximately 28 ft. from the center line of road and the proposed new right-of-way line 35 ft. from the center line of road as established by the Texas Highway Department, said center line of road being particularly described as follows: From Sta. 0/00, at Highway 36, to the Salem Road at Sta. 57/07.5: Beginning at the center of the west end of the State Highway No. 36 concrete turnout slab at Sta. 0/00; Thence S 42° 35' W, 4,998.0 ft. to a P. I. at Sta. 49/98, where an angle of 0° 12.5' to the left is turned; Thence S 42° 23' W, 702.0 ft. to a P. I. at Sta. 57/00, where an angle of 0° 35' to the left is turned; Thence S 41° 48' W, 7.5 ft. to a point opposite the East right-of-way line of the Salem Road at Sta. 57/07.5; the end of the first section to be widened. From Smith Branch, at Sta. 102/52.4, to the beginning of the existing 80 ft. right-of-way at Sta. 204/00; Beginning at the center of the West end of the Smith Branch Bridge at Sta. 102/52.4; Thence S 41° 34' W, 24.2 ft. to the P. C. of a 4° 00' circular curve to the left at Sta. 102/76.6; Thence around said curve, having a central angle of 9° 46', a distance of 244.2 ft. to the P. T. of said curve at Sta. 105-20.8; Thence S 31° 48' W, 299.2 ft. to a P. I. at Sta. 108/20, where an angle of 1° 22.5' to the right is turned; Thence S 33° 11' W, 1,625.0 ft. to a P. I. at Sta. 124/45, where an angle of 0° 06' to the left is turned; Thence S 33° 05' W, 5,257.8 ft. to the P. C. of a 2° 30' curve to the right at Sta. 177/02.8; Thence around said curve, having a central angle of 7° 48', a distance of 312.0 ft. to the P. T. of said curve at Sta. 180/14.8; Thence S 40° 53' W, 985.2 ft. to a P. I. at Sta. 190/00, where an angle of 1° 03' to the right is turned; Thence S 41° 56' W, 1,400.0 ft. to a point opposite the beginning of the 80 ft. right-of-way lines at Sta. 204/00, for the end of the second section to be widened.

For the purpose of opening, constructing and maintaining a permanent State Highway in, along, upon and across said premises, with the right and privilege at all times of the grantee herein, his or its agents, employees, workmen and representatives having ingress, egress, and regress in, along, upon and across said premises for the purpose of making additions to, improvements on and repairs to the said highway, or any part thereof.

It is specifically understood that the State and its assigns shall be vested with the title to and the right to take and use, without additional compensation, any stone, earth, gravel, caliche or any other materials or minerals upon, in and under said land, except oil, gas and sulphur, for the construction and maintenance of the Highway System of Texas.

And it is further agreed that we, the undersigned property owners, in consideration of the benefits above set out, will remove from the property above described such fences, buildings



and other obstructions as may be found upon said premises.

TO HAVE AND TO HOLD unto the said State of Texas as aforesaid for the purposes aforesaid the premises above described.

Witness our hands, this the 10 day of May, A. D. 1948.

Edgar G Kiecke  
Mrs. Edgar Kiecke  
Kelvin Henske  
Mrs. Melvin Henske  
Mrs. Annie Kiecke  
Mr. Hy W Wierhat  
Mrs. Lydia Wierhat  
W. C. Draehn  
Mrs. W. C. Draehn  
Chas Rosenbaum  
Mrs. Chas Rosenbaum  
Albert Hurtig, Jr.  
Mrs. Albert Hurtig, Jr.  
Herbert Hueske  
Mrs. Herbert Hueske  
Louis R. Lehrmann  
P. L. Thomas  
Mrs. P. L. Thomas  
Ernest Kolwes  
Mrs. Ernest Kolwes

Wm Appel  
Mrs Wm Appel  
Peter Harris  
Emma Harris  
Mrs. Albert Hurtig Sr.  
Mrs. Bertha Zierenbein  
Mrs. Minnie Hueske  
Ernst Gueldner  
Mrs. Ernst Gueldner  
Farmers Union Gin Corp.  
By W H Miesepape  
Aug Kolwes  
Mrs Louise Kolwes  
W J Kuhn  
Mrs. W J Kuhn  
F W Rosenbaum  
Mrs. F W Rosenbaum  
Mrs. Lillian Lewis, Agent  
For King Estate  
Washington County  
By Richard Spinn, Co Judge of  
Washington County, Texas.

This is to certify that I, Louis R. Lehrmann, Commissioner of Precinct No. 3 of Washington County, Texas, have acted as Agent for Washington County in securing Right-of-Way easements from the foregoing property owners along F. M. Highway No. 388, and that each property owner, after having the foregoing instrument fully explained to her, executed the same for the purposes and considerations therein expressed.

Louis R. Lehrmann

THE STATE OF TEXAS, )  
County of Washington ) Before me, a County Clerk in and for said County and State, on this day personally appeared Louis R. Lehrmann, Commissioner of Precinct No. 3 in Washington County, Texas, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that the foregoing signatures of property owners hereon are authentic and that they executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office, this the 10 day of May 1948.

(Seal)

Travis Phillips  
County Clerk in and for Washington County, Texas.

Filed for record May 10, 1948 at 12:10 o'clock P M

Recorded May 10, 1948 at 2:15 o'clock P M

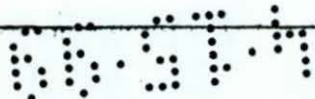
Travis Phillips, CCWC  
By Nimmie Schreiner Deputy

ASSIGNMENT OF OIL AND GAS LEASE: FROM THE SANDS CORPORATION ET AL TO ARTHUR HARVEY

ASSIGNMENT OF OIL AND GAS LEASE

Whereas, On the 13th day of December 1945, a certain oil and gas mining lease was made and entered into by and between Charles Schlottmann and wife, Emma Schlottmann, residents of Washington County, Texas, Lessor and The Sands Corporation, (a Texas corporation), Lessee covering the following described land in the County of Washington and State of Texas, to-wit:

All that certain tract or parcel of land, lying and being situated in Washington County, Texas, and being described as follows: Being that part of the S. F. Austin 33-1/3 Labors Grant, Washington County, Texas, and described by metes and bounds as follows: BEGINNING at a rock the SW corner of a 94-1/2 acre tract formerly deeded by Major H. H. Dailey to Henry Reue in East line of former Shep Taylor tract, the NW corner of the Struckmeyer tract; THENCE with the North boundary line of same E 1178-3/4 varas to stake, SW corner of the 50 acres previously sold by Frd Reue to Oscar Samuel; THENCE with West boundary line of same 360 varas to stake for corner in North boundary line of a 61 acre tract; THENCE N 43 W 396 varas to stake for corner of a 3-1/2 acre tract previously sold to Wm. Schlottmann, Jr., THENCE West 321 varas more or less.



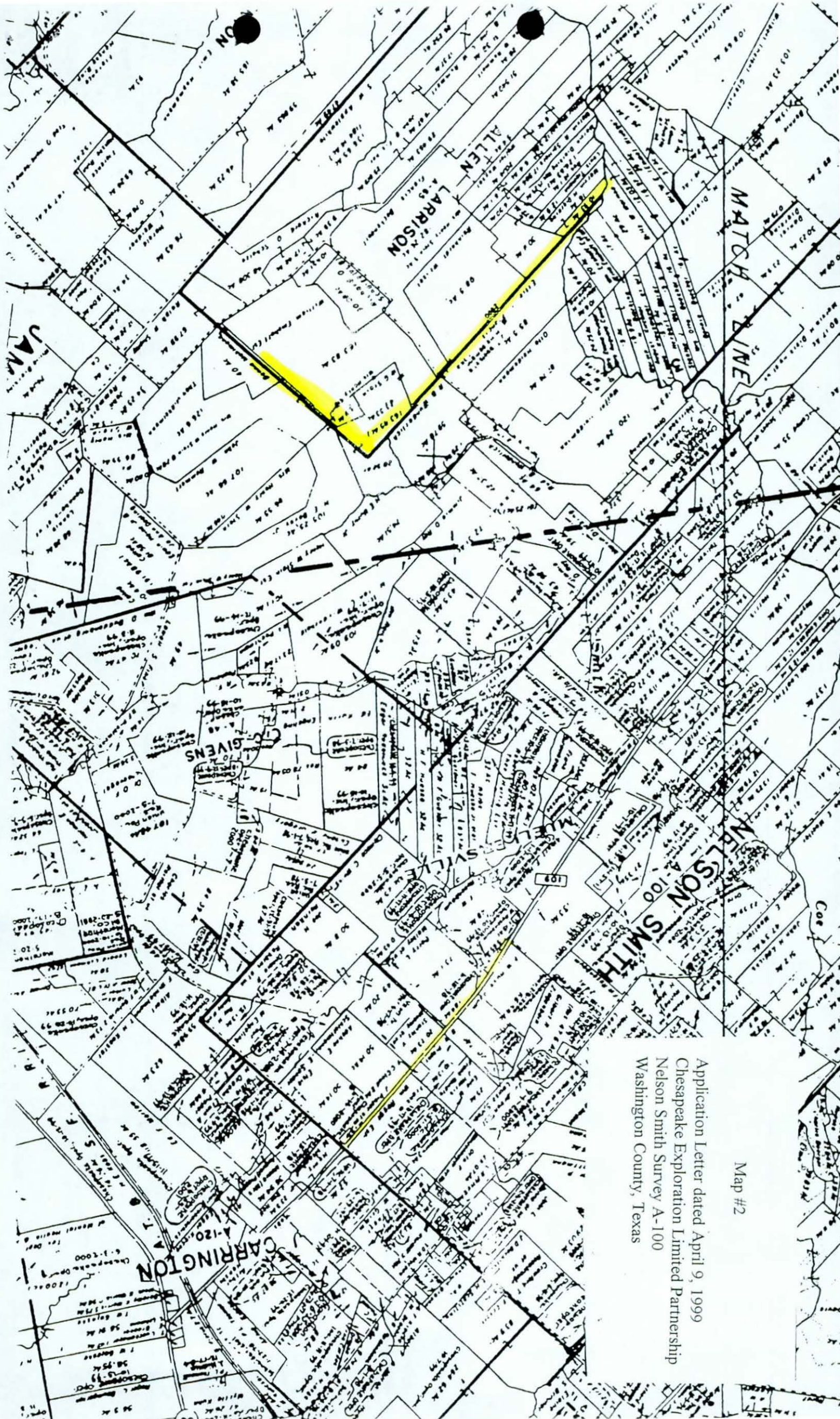
File No. MF100655

Deed

Date Filed: 4/15/99

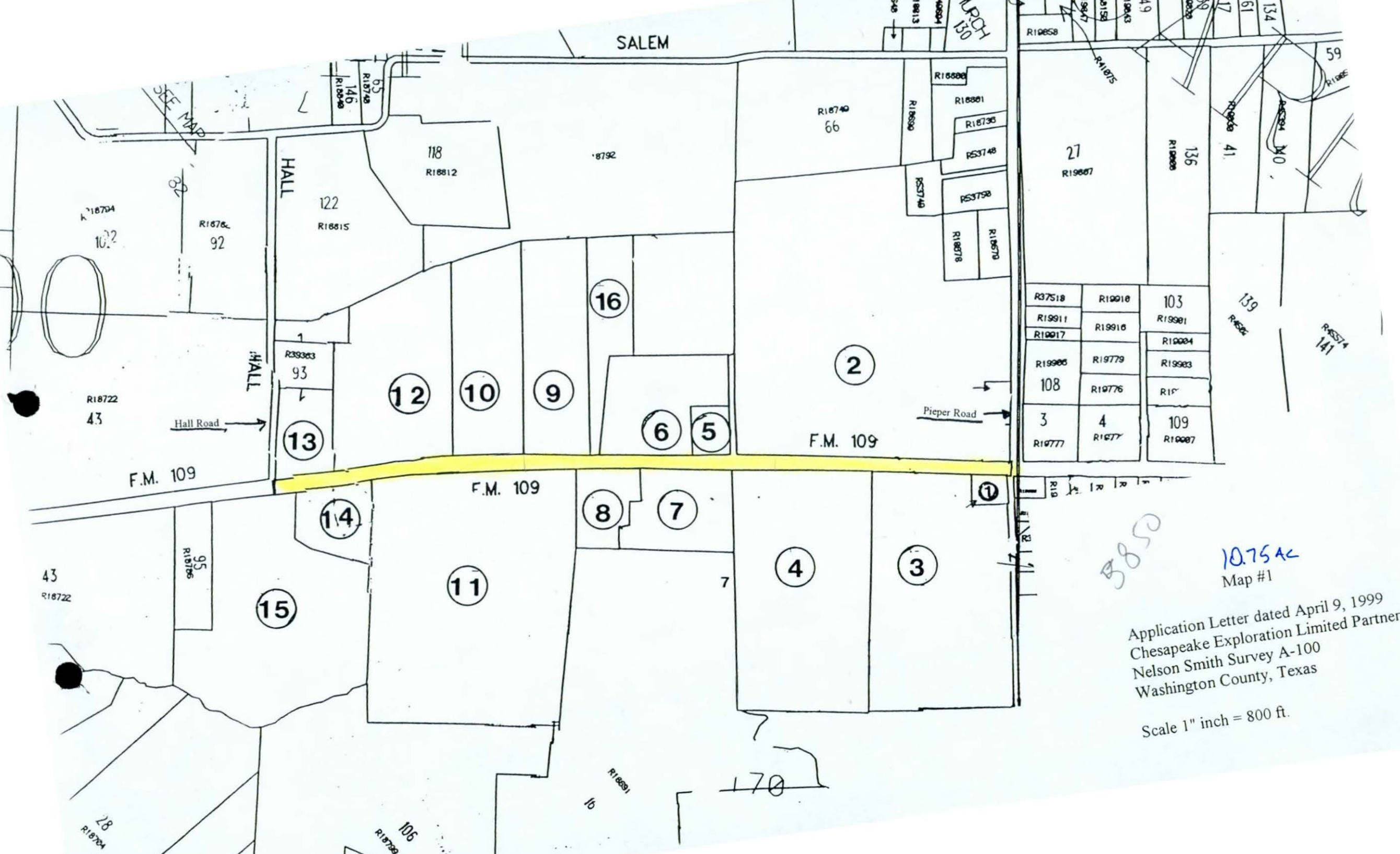
By David Dewhurst, Commissioner  
Pat Rogers

2000



Application Letter dated April 9, 1999  
Chesapeake Exploration Limited Partnership  
Nelson Smith Survey A-100  
Washington County, Texas

Map #2



SALEM

URCH  
130

R18740  
66

R18800  
R18801  
R18730  
R53748  
R53758  
R18878  
R18879

27  
R19887

136  
R19888

41

59  
R19889

122  
R18815

118  
R18812

8792

16

2

F.M. 109

R37518  
R19911  
R19917

R19910  
R19916

103  
R19901  
R19904  
R19903  
R19905

R19906  
108

R19779  
R19776

R19904  
R19903  
R19905

3  
R19777

4  
R19777

109  
R19907

139  
R19889

R19889  
141

HALL

HALL

Hall Road

Pieper Road

F.M. 109

F.M. 109

R18724  
1022

R18766  
92

R18722  
43

R39383  
93

13

12

10

9

6

5

14

8

7

4

3

15

11

7

43  
R18722

R18786  
95

28  
R18784

106  
R19788

R18891  
16

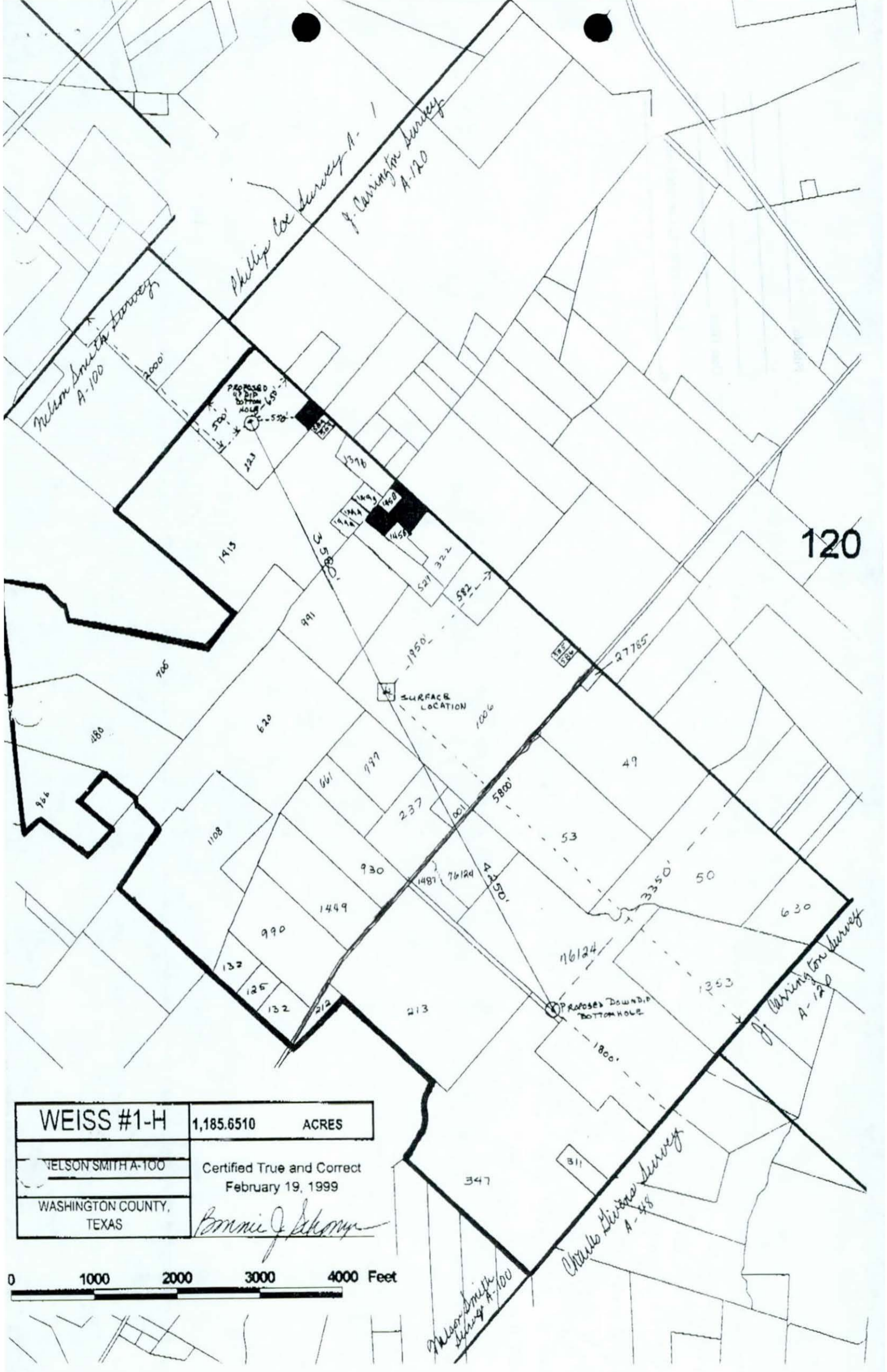
170

3850

1075 AC  
Map #1

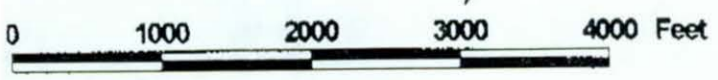
Application Letter dated April 9, 1999  
Chesapeake Exploration Limited Partner  
Nelson Smith Survey A-100  
Washington County, Texas

Scale 1" inch = 800 ft.



120

<b>WEISS #1-H</b>	<b>1,185.6510</b>	<b>ACRES</b>
NELSON SMITH A-100	Certified True and Correct February 19, 1999	
WASHINGTON COUNTY, TEXAS	<i>Bonnie J. Schomay</i>	



5  
1

File No. MF100655

Slut

Date Filed: 4/15/99

By David Dewhurst, Commissioner  
Sal Rogers

# CREW LAND RESEARCH

2630 FOUNTAINVIEW, SUITE 212 • HOUSTON, TX 77057 • (713) 784-5263 • FAX: 784-1711

Mr. Drew Reid, Landman  
Texas General Land Office  
Lease Administration  
1700 N. College Ave., RM 640  
Austin, Texas 78701

RE: FM 109, Washington County, Texas

Dear Mr. Reid:

Enclosed are copies of all Deeds I could find in the records of the Washington County Clerk which cover part of the above referenced road. Chesapeake Exploration Limited Partnership would like to lease FM 109 from Pieper Road to Hall Road. Enclosed is a map depicting the portion of the roadway that Chesapeake Exploration Limited Partnership will lease from the State of Texas. Additionally, the above Deeds cover other parts of FM 109 that Chesapeake Exploration Limited Partnership does not plan to lease at this time.

I appreciate your attention to this matter and should need additional information I may be contacted at the letterhead number or 281-679-7771.

With best regards,



Jack Gott.

File No. MF100655

Lollar

Date Filed: 4/15/99

By David Dewhurst, Commissioner  
Paul Rogers



# MEMORANDUM

Texas General Land Office • David Dewhurst • Commissioner

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**To:** Linda Fisher / School Land Board  
**From:** Drew Reid / Minerals Leasing  
**Date:** May 18, 1999  
**Re:** Applications To Lease Highway Right-of-Way

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- 2183.25
- A) Applicant – Chesapeake Exploration Limited Partnership  
Description – 10.75 ac. along F.M. 109, situated in the Nelson Smith Sur., A-100 in Washington Co.  
Terms - \$200.00/Ac. Bonus, 1/5 Royalty, 3 Years Paid-up
- B) Applicant – WCS Oil & Gas Corp.  
Description – 6.68 ac. along St. Hwy. 71, situated in the John Cooke Sur., A-34 in Fayette Co.  
Terms- \$75.00/Ac. Bonus, 3/16 Royalty, 1 Year
- C) Applicant – Union Pacific Resources Company  
Description – 1.23 ac. along New Wehdem Rd., situated in the Martin Ruter Heirs Sur., A-283 and the James Cooper League, A-27 in Austin Co.  
Terms - \$125.00/Ac. Bonus, 3/16 Royalty, 3 Year Paid-up
- D) Applicant – Austin Resources Corporation  
Description – 8.95 ac. along Koenig/McCrabb Rd., situated in the Charles Linn Sur., A-309 and the James Quinn Sur., A-390 in DeWitt Co.  
Terms - \$170.00/Ac. Bonus, 1/5 Royalty, 3 Years Paid-up
- E) Applicant – Chesapeake Exploration Limited Partnership  
Description – 13.15 ac. along F.M. 109 and Salem Rd., situated in the John Carrington. League, A-120, in Washington Co.  
Terms- \$200.00/Ac. Bonus, 1/5 Royalty, 2 Year Paid-up
- F) Applicant – Anadarko Petroleum Corp.  
Description – 5.72 ac. along US Hwy. 75, situated in the R. H. Potter Sur., A-495, in Freestone Co.  
Terms - \$175.00/Ac. Bonus, 1/4 Royalty, 1 Year

File No. MF 100655

Geo Memo

Date Filed: 5/18/99

By David Dewhurst, Commissioner  
Bill Rogers

# The State of Texas



Austin, Texas

PAID-UP  
OIL AND GAS LEASE NO. M-100655  
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 **Chesapeake Exploration Limited Partnership**, whose address is **6206 North Western, Oklahoma City, OK 73118**, hereinafter called "Lessee".

1. Lessor, in consideration of **Two Thousand One Hundred Fifty and 00/100 Dollars (\$2,150.00)**, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease, and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, and all other hydrocarbons, produced from the land covered hereby. The land covered hereby, herein called "said land" is located in the County of **Washington**, State of Texas, and is described as follows:

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

For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain **10.75** acres, whether actually containing more or less, and the above recital of acreage shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. **PRIMARY TERM:** This lease, which is a "paid up" lease requiring no rentals, shall remain in force for a term of **three (3) years** from **June 21, 1999**, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. ROYALTIES: As royalty Lessee covenants and agrees:

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

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

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

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

(e) If at any time or times after the expiration of the primary term, all such wells are 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 **\$107.50**. 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 **\$215.00**, 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.




\_\_\_\_\_  
DAVID DEWHURST  
COMMISSIONER OF THE GENERAL LAND OFFICE  
OF THE STATE OF TEXAS

Approved:

Energy:  \_\_\_\_\_

Legal:  \_\_\_\_\_

Deputy:  \_\_\_\_\_

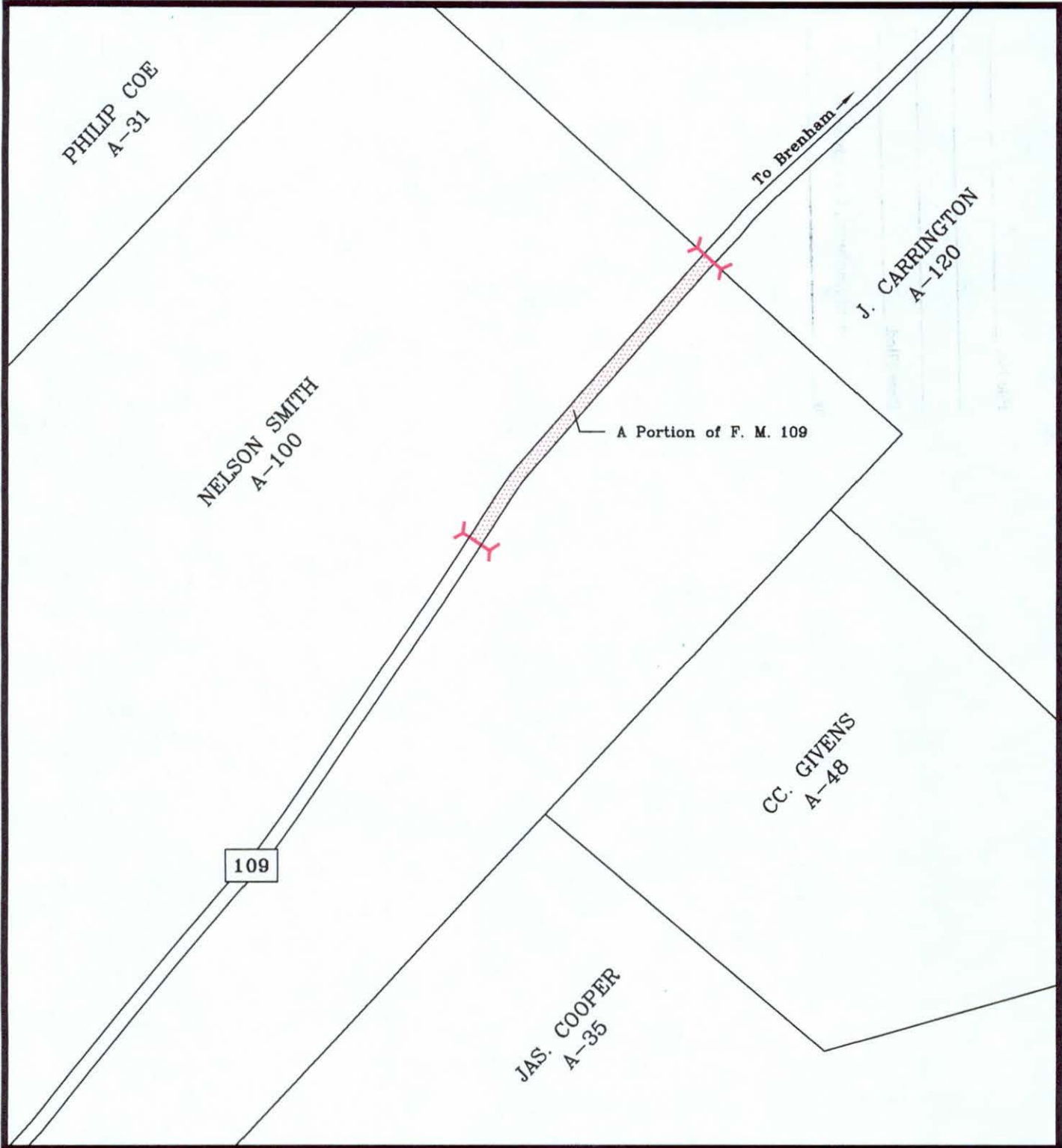
Executive:  \_\_\_\_\_

**Exhibit "A"**

Acreage to be Leased from the State of Texas in Washington  
County, Texas, FM 109

10.75 acres of land, more or less, situated in the Nelson Smith Sur., A-100, 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 Wm. Rogge to Washington County, Texas, dated 2-6-09 and recorded in V.54, P.111, of the Deed Records of Washington County, Texas.
2. Deed from Paul Engling to Washington County, Texas, dated 7-27-23 and recorded in V.80, P.573, of the Deed Records of Washington County, Texas.



FM 109/ft/06-99

MAP SHOWING  
A PORTION OF F. M. 109  
10.75 ACRES  
APPROXIMATELY 2 MILES SW OF BRENHAM  
WASHINGTON COUNTY

File No. MF 100655

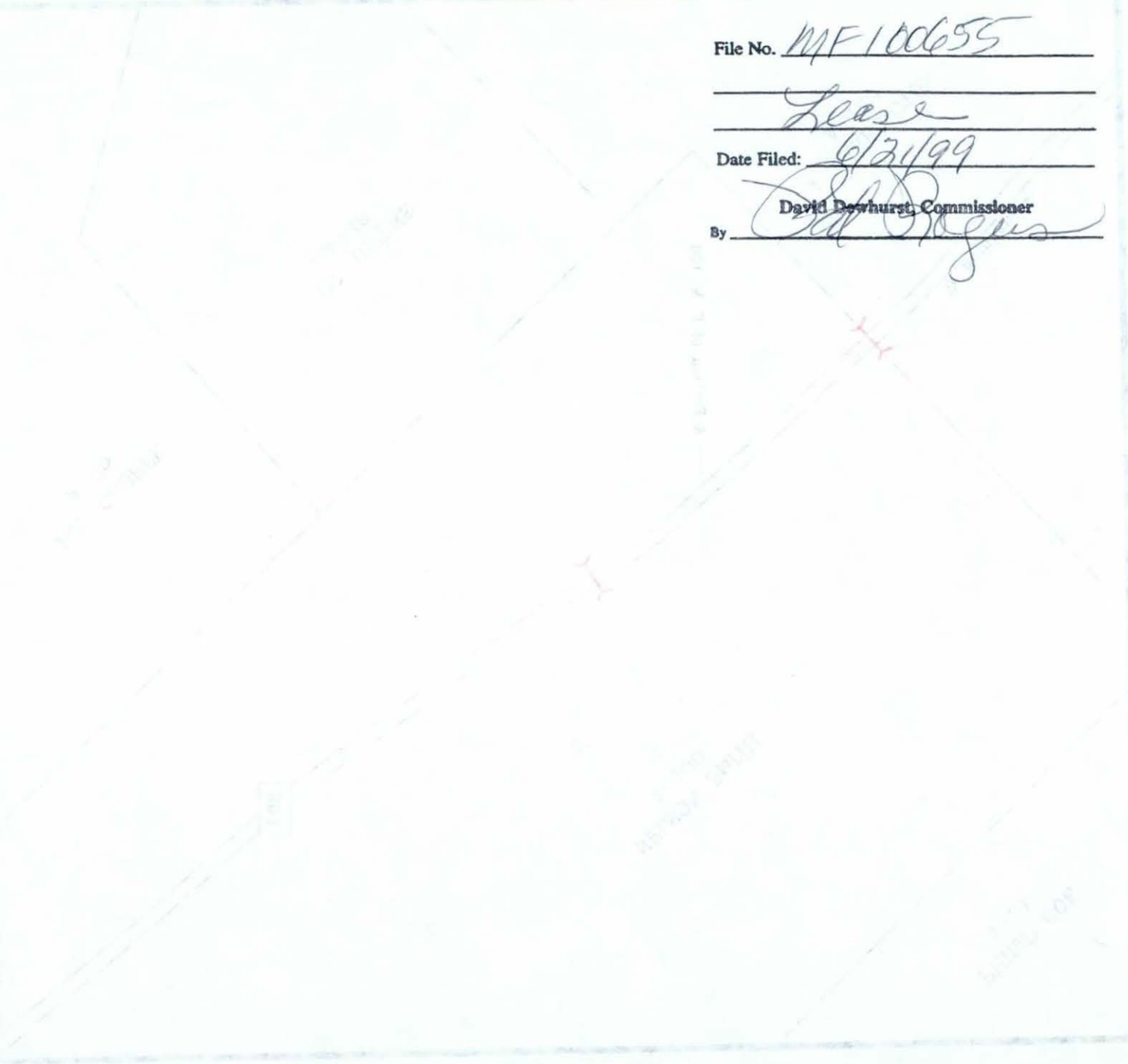
Lease

Date Filed: 6/24/99

By David Dewhurst, Commissioner

Ed Rogers

WYANDOTT CO. ZONING  
ORDINANCE NO. 100-100-100  
SECTION 100-100-100  
ARTICLE 100-100-100



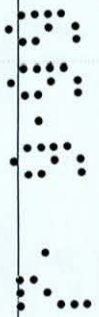
203321 STATE OF TEXAS - M100656

ACCT DATE	VOUCHER NUMBER	INVOICE DATE	INVOICE NUMBER	DESCRIPTION OR GROSS AMOUNT DISCOUNT	NET AMOUNT
06/99	606533	06/28/99	062899	SHELBY PROSPECT LSE BNS/SHE	2,182.25
** TOTAL FOR CHECK					170 X 2,182.25

99054126

170

X 2,182.25



**CHESAPEAKE OPERATING, INC.**

**LAND DEPARTMENT**

P.O. BOX 18496  
OKLAHOMA CITY, OKLAHOMA 73154-0496  
405/848-8000  
405/879-9535 FAX

July 7, 1999

**VIA OVERNIGHT DELIVERY**

Mr. Drew Reid  
Texas General Land Office  
1700 North Congress Ave, Room 640  
Austin, Texas 78701

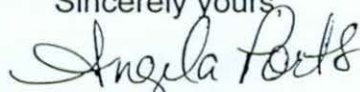
Re: State of Texas Lease - M100655  
State of Texas Lease - M100659

Dear Mr. Reid:

... Pursuant to your memorandum dated June 23, 1999 to Mr. Matthew Zander, enclosed please find Chesapeake's check #187245 in the amount of \$2,182.25 for lease M100656 and check #187243 in the amount of \$2,669.45 for lease M100659.

Please forward the original leases to my attention at your earliest convenience. If you have any questions, please let me know.

Sincerely yours,



Angela Ports  
Land Technician

:amp

Enclosure

RECEIVED

99 JUL 13 AM 10:11

LABOR RESOURCES

File No. MF 100635

Letter + Payments

Date Filed: 7/1/99

By David Dewhurst, Commissioner

2000

**Texas General  
Land Office**



**David Dewhurst  
Commissioner**

January 3, 2002

Ms. Dori Williams  
Chesapeake Energy Corporation  
6100 N Western Avenue  
Oklahoma City, OK 73118

Ms. Dori Williams:

We received your letter dated December 17, 2001, informing the Texas General Land Office of an overpayment in the amount of 31,182.05 on state lease MF# 100508. Per our telephone conversation January 2, 2002 I informed you that we are in the process of reviewing this information to determine if the credit is due.

Should you have any additional questions please do not hesitate to give me a call at (512) 463-6916

Sincerely,

Marc A. Fuentes  
Revenue Accountant

Mailing

Post Office Box 12873  
Austin, Texas  
78711-2873

Street

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

512.463.5001  
1.800.998.4GLO  
[www.glo.state.tx.us](http://www.glo.state.tx.us)

File No. MF-100508 ④ MF  
10

Date Filed: 1-3-02

By David Dewhurst, Commissioner

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

December 3, 2003

Chesapeake Operating, Inc.  
PO Box 18496  
Oklahoma City, OK 73154

Re: State Lease MF100655  
Weiss #2-H (RE)  
322025

The General Land Office has received and filed the division order submitted for the above-referenced state lease. Please be advised that the payment of royalties attributable to state-owned mineral interests is set by statute. As the execution of division orders may, in some cases, affect the manner in which such payments are paid or calculated, it is the policy of this office not to execute them.

Subject to applicable state law and the state's right to take its production in-kind, the General Land Office acquiesces to the sale of oil and gas under the terms and conditions set out in the oil and gas lease. If you should have questions concerning this matter, please feel free to call me at (512) 463-6521.

Sincerely,

Beverly Boyd, Lease Analyst  
Mineral Leasing Division

**DIVISION ORDER**

TO: CHESAPEAKE OPERATING, INC., PAYOR  
 P.O. BOX 18496  
 OKLAHOMA CITY, OK 73154

PROPERTY NO: 322025  
 EFFECTIVE: FIRST PRODUCTION  
 PREPARED BY: PATSY WATTERS  
 DATE PREPARED: 11/25/03  
 PRODUCT(S): OIL & GAS

This agreement is made and entered into on November 25, 2003.

The undersigned severally and not jointly certifies it is the legal owner of the interest set out below of all the oil, gas and related liquid hydrocarbons produced from the property described below:

OPERATOR: CHESAPEAKE OPERATING, INC. OWNER NO: 645578 INT TYPE: 2 (1 = WI, 2 = RI, 3 = ORI)  
 PROPERTY: WEISS #2-H (RE) OWNER: STATE OF TEXAS M-100655  
 LEGAL DESCRIPTION: NELSON SMITH SVY, A-100  
 WASHINGTON, TEXAS COMMENTS: N/A  
 UNIT ACRES: 640.000000

Status	BPO Net Ac	BPO Lse NRI/RI	BPO Unit Int.	APO1 Net Ac	APO1 Lse NRI/RI	APO1 Unit Int.	APO2 Net Ac	APO2 Lse NRI/RI	APO2 Unit Int.
PA	3.140000	0.20000000	0.00098125	n/a	n/a	n/a	n/a	n/a	n/a

**DIVISION OF INTEREST**

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

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

**TERMS OF SALE:** The undersigned will be paid in accordance with the division of interest set out above. The payor shall pay all parties at the price agreed to by the operator for oil and gas to be sold pursuant to this division order. Purchaser shall compute quantity and make corrections for gravity and temperature and make deductions for impurities in the oil.

**PAYMENT:** From the effective date, payment is to be made monthly by payor's check, based on this division of interest, for oil runs and gas produced during the 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 \$100.00 may be accrued before disbursement until the total amount equals \$100.00, or until July 31st of each year, whichever occurs first. However, the Payor may hold accumulated proceeds of less than \$10.00 until production ceases, or the Payor's responsibility for making payment for production ceases, whichever occurs first. Payee agrees to refund to payor any amounts attributable to an interest or part of an interest that payee does not own.

**INDEMNITY:** The owner agrees to indemnify and hold payor harmless from all liability resulting from payments made to the owner in accordance with such division of interest, including but not limited to attorney fees or judgments 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 the laws of this state.

WITNESS	SIGNATURE OF INTEREST OWNER	SOCIAL SECURITY/TAX I.D. NO.	REVENUE ADDRESS
			<u>CORRESPONDENCE ADDRESS</u>
WORK PHONE NUMBER: ( )		HOME PHONE NUMBER: ( )	FAX NUMBER: ( )

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

**THIS COPY CAN BE RETAINED  
 FOR YOUR RECORDS**

File No. MF100655 12,  
Division Order  
Date Filed: 12/3/03  
Jerry E. Patterson, Commissioner  
By [Signature]



TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

December 16, 2003

Anadarko E & P Co., LP  
PO Box 1330  
Houston, Texas 77251

Re: **State Lease MF100655**  
Weiss #2-H Re  
6305301/001

The General Land Office has received and filed the division order submitted for the above-referenced state lease. Please be advised that the payment of royalties attributable to state-owned mineral interests is set by statute. As the execution of division orders may, in some cases, affect the manner in which such payments are paid or calculated, it is the policy of this office not to execute them.

Subject to applicable state law and the state's right to take its production in-kind, the General Land Office acquiesces to the sale of oil and gas under the terms and conditions set out in the oil and gas lease. If you should have questions concerning this matter, please feel free to call me at (512) 463-6521.

Sincerely,

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

Beverly Boyd, Lease Analyst  
Mineral Leasing Division

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

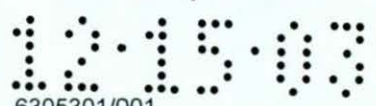
Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

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

**DIVISION ORDER**

MF100655



RECEIVED  
03 DEC 15 PM 3:28

STATE OF TEXAS  
GENERAL LAND OFFICE  
1700 N CONGRESS AVENUE  
AUSTIN, TX 78701-1436

Property Number: 6305301/001  
Property Name: WEISS #2-H RE  
Product: ALL PRODUCTS  
Status: NOT APPLICABLE  
County/State: WASHINGTON / TEXAS  
Effective Date: First Sales  
Owner Number: 456782  
Owner Tax ID: [REDACTED]  
Interest Type: RI  
Interest: 0.00271563

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 deduction 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 \$100 may be accrued before disbursement until the total amount equals \$100 or more, or until September 30 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 judgments 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.

**REQUIREMENTS: None**

_____ 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: Anadarko E & P Company LP  
P.O. Box 1330, Timberloch 4  
Houston, TX 77251-1330  
1-800-800-1101

Date Prepared: December 11, 2003  
Prepared by: Jenett Hodge  
Request: [mas]

Return this Copy

**EXHIBIT "A"**  
December 11, 2003

12.15.03

**Well No:** 6305301 / 001

**Well Nm:** WEISS #2-H RE

**Unit Desc:** 640.00 ACRES OUT OF THE NELSON SMITH SURVEY, A-100,  
WASHINGTON COUNTY, TEXAS.

**Product:** ALL PRODUCTS



December 11, 2003

RE: Weiss Unit # 2H RE  
Property # 6305301  
Washington County, Texas

Dear Interest Owners

Enclosed please find your Division Orders covering your interest in the above referenced property. The interest shown covers 100% of your interest but we will be distributing 17.29% only. The 82.71% will be paid by the operator, Chesapeake Operating, Inc.

Please review the Division Orders for accuracy and execute according to the instructions attached to this letter and return one original in the envelope provided.

If you should have any questions, feel free to contact us.

Yours truly,

A handwritten signature in cursive script, appearing to read "Jenett Hodge".

Jenett Hodge  
Land Administration

13.

File No. MF 100655

Division Order

Date Filed: 12/16/03

Jerry E. Patterson, Commissioner

By [Signature]



TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

March 9, 2004

Chesapeake Operating, Inc.  
PO Box 18496  
Oklahoma City, OK 73154

Re: State Lease MF100655  
Carmona 2-H  
322272

The General Land Office has received and filed the division order submitted for the above-referenced state lease. Please be advised that the payment of royalties attributable to state-owned mineral interests is set by statute. As the execution of division orders may, in some cases, affect the manner in which such payments are paid or calculated, it is the policy of this office not to execute them.

Subject to applicable state law and the state's right to take its production in-kind, the General Land Office acquiesces to the sale of oil and gas under the terms and conditions set out in the oil and gas lease. If you should have questions concerning this matter, please feel free to call me at (512) 463-6521.

Sincerely,

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

Beverly Boyd, Lease Analyst  
Mineral Leasing Division

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

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

DIVISION ORDER

MF 100655

TO: CHESAPEAKE OPERATING, INC., PAYOR  
P.O. BOX 18496  
OKLAHOMA CITY, OK 73154

PROPERTY NO: 322272  
EFFECTIVE: FIRST PRODUCTION  
PREPARED BY: PATSY WATTERS  
DATE PREPARED: 3/4/2004  
PRODUCT(S): OIL & GAS

This agreement is made and entered into on March 4, 2004.

The undersigned severally and not jointly certifies it is the legal owner of the interest set out below of all the oil, gas and related liquid hydrocarbons produced from the property described below:

OPERATOR: CHESAPEAKE OPERATING, INC. OWNER NO: 645578 INT TYPE: 2 (1 = WI, 2 = RI, 3 = ORI)  
PROPERTY: CARMONA 2-H OWNER: STATE OF TEXAS M-100655  
LEGAL DESCRIPTION: JOHN CARRINGTON SVY, A-120, CC GIVENS SVY, A-48, NELSON SMITH SVY, A-100  
WASHINGTON, TX COMMENTS: N/A  
UNIT ACRES: 840.000000

Status	BPO Net Ac	BPO Lse NRI/RI	BPO Unit Int.	APO1 Net Ac	APO1 Lse NRI/RI	APO1 Unit Int.	APO2 Net Ac	APO2 Lse NRI/RI	APO2 Unit Int.
PA	4.175680	0.20000000	0.00099421	n/a	n/a	n/a	n/a	n/a	n/a

**DIVISION OF INTEREST**

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

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

**TERMS OF SALE:** The undersigned will be paid in accordance with the division of interest set out above. The payor shall pay all parties at the price agreed to by the operator for oil and gas to be sold pursuant to this division order. Purchaser shall compute quantity and make corrections for gravity and temperature and make deductions for impurities in the oil.

**PAYMENT:** From the effective date, payment is to be made monthly by payor's check, based on this division of interest, for oil runs and gas produced during the 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 \$100.00 may be accrued before disbursement until the total amount equals \$100.00, or until July 31st of each year, whichever occurs first. However, the Payor may hold accumulated proceeds of less than \$10.00 until production ceases, or the Payor's responsibility for making payment for production ceases, whichever occurs first. Payee agrees to refund to payor any amounts attributable to an interest or part of an interest that payee does not own.

**INDEMNITY:** The owner agrees to indemnify and hold payor harmless from all liability resulting from payments made to the owner in accordance with such division of interest, including but not limited to attorney fees or judgments 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.

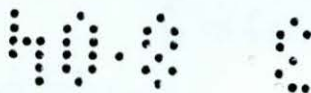
**TERMINATION:** Termination of this agreement is effective on the first day of the month that begins after the 30th day after the date written notice of termination is received by either party.

**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 the laws of this state.

WITNESS	SIGNATURE OF INTEREST OWNER	SOCIAL SECURITY/ TAX I.D. NO.	REVENUE ADDRESS
			CORRESPONDENCE ADDRESS

WORK PHONE NUMBER: ( ) HOME PHONE NUMBER: ( ) FAX NUMBER: ( )

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



THIS COPY CAN BE RETAINED FOR YOUR RECORDS.

FOR ADMINISTRATIVE USE  
THIS COPY CAN BE RETAINED

File No. MF 100655 14.  
Division Order  
Date Filed: 3/1/04  
Jerry B. Patterson, Commissioner  
By [Signature]

2004

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

March 17, 2004

Chesapeake Operating, Inc.  
PO Box 18496  
Oklahoma City, OK 18496

Re: State Lease MF101068, MF100655, MF100659, MF102386  
Carmona 2-H  
322272

The General Land Office has received and filed the division order submitted for the above-referenced state lease. Please be advised that the payment of royalties attributable to state-owned mineral interests is set by statute. As the execution of division orders may, in some cases, affect the manner in which such payments are paid or calculated, it is the policy of this office not to execute them.

Subject to applicable state law and the state's right to take its production in-kind, the General Land Office acquiesces to the sale of oil and gas under the terms and conditions set out in the oil and gas lease. If you should have questions concerning this matter, please feel free to call me at (512) 463-6521.

Sincerely,

Beverly Boyd, Lease Analyst  
Mineral Leasing Division

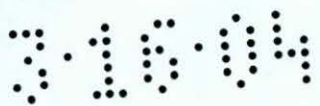
Stephen F. Austin Building • 1700 North Congress Avenue • Austin, Texas 78701-1495

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

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

**DIVISION ORDER**



MF100655  
100659  
101068  
102386  
Unit 3035

STATE OF TEXAS  
GENERAL LAND OFFICE  
1700 N CONGRESS AVENUE  
AUSTIN, TX 78701-1436

Property Number: 6409401/001  
Property Name: CARMONA UNIT # 2H  
Product: ALL PRODUCTS  
Status: NOT APPLICABLE  
County/State: WASHINGTON / TEXAS  
Effective Date: First Sales  
Owner Number: 456782  
Owner Tax ID: [REDACTED]  
Interest Type: RI  
Interest: 0.00253594

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 deduction 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 \$100 may be accrued before disbursement until the total amount equals \$100 or more, or until September 30 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 judgments 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.

**REQUIREMENTS: Distribution for well: Anadarko E&P Company LP - 17.29%; Chesapeake Operating - 82.71%**

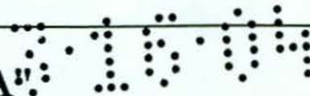
_____ Signature of Witness #1	_____ Owner Signature/Corporate Title	_____ Address if different from above
_____ Signature of Witness #2	_____ Owner Signature/Corporate Title	_____ City, State, Zip Code
	_____ Owner Phone #	_____ Tax ID Number if different from above

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: Anadarko E & P Company LP P.O. Box 1330, Timberloch 4 Houston, TX 77251-1330	Date Prepared: March 11, 2004 Prepared by: Jenett Hodge Request: [msc]
---	--

**EXHIBIT "A"**

March 11, 2004



Well No: 6409401 / 001  
Well Nm: CARMONA UNIT # 2H

Unit Desc: 840.000 ACRES OUT OF THE: JOHN CARRINGTON SURVEY,  
A-120; C. C. GIVENS SURVEY, A-48; NELSON SMITH SURVEY,  
A-100, WASHINGTON COUNTY, TEXAS.

Product: ALL PRODUCTS

100655

100659

File No. MF 100655 15,

Division Order

Date Filed: 3/17/04

Jerry E. Patterson, Commissioner

By JEP



# DO NOT DESTROY



## UNIT AGREEMENT MEMO

Unit No. 3035

Operator Chesapeake Operating Inc  
Unit Name Carmann Unit  
County Washington  
Effective Date 7/31/95  
Unitized for: Oil \_\_\_\_\_ Gas \_\_\_\_\_ Oil & Gas X

1. M.F. No. 100655 Tr.# 15 A  
Lease Acres: 4.175631 ÷ Total Unit Acres 840.0 =  
Tract Participation: .004971 X  
Royalty Decimal: \* .20 =  
Unit Royalty Decimal: .000994  
\*Royalty Reduction: Yes \_\_\_\_\_ No X

2. M.F. No. 100659 Tr.# 15 B  
Lease Acres: 2.138929 ÷ Total Unit Acres 840.0 =  
Tract Participation: .002546 X  
Royalty Decimal: \* .20 =  
Unit Royalty Decimal: .000509  
\*Royalty Reduction: Yes \_\_\_\_\_ No X

3. M.F. No. 101068 Tr.# 53  
Lease Acres: 1.67 ÷ Total Unit Acres 840.0 =  
Tract Participation: .001988 X  
Royalty Decimal: \* .1875 =  
Unit Royalty Decimal: .000372  
\*Royalty Reduction: Yes \_\_\_\_\_ No X

4. M.F. No. 102386 Tr.# 15 B  
Lease Acres: 2.953390 ÷ Total Unit Acres 840 =  
Tract Participation: .003518 X  
Royalty Decimal: \* .1875 =  
Unit Royalty Decimal: .000659  
\*Royalty Reduction: Yes \_\_\_\_\_ No X

Remarks: Corrected

Prepared by: <u>Dr. K. M. M. M.</u>	Date <u>9/9/02</u>
Data Base Update <u>M. SILVA</u>	Date <u>10/24/02</u>
GIS	Date
Mineral Maps	Date

# DO NOT DESTROY



## UNIT AGREEMENT MEMO

Unit No. 3035

Operator Chesapeake Operating Inc

Unit Name Carmona Unit

County Washington

Effective Date July 31, 1999

Unitized for: Oil  Gas  Oil & Gas

1. M.F. No. ~~99302~~ 101068

Area \_\_\_\_\_ Tr. 53

Sec. \_\_\_\_\_ Blk. \_\_\_\_\_ Survey \_\_\_\_\_

$\frac{1.67}{840.00} \times \frac{1}{6} = .01666\%$

$\frac{.001988}{.0010000} \times .166667 = .0032767$

2. M.F. No. 100659

Area \_\_\_\_\_ Tr. 15

Sec. \_\_\_\_\_ Blk. \_\_\_\_\_ Survey \_\_\_\_\_

$\frac{9.27}{840} \times \frac{1}{5} = .22072\%$

$.011036 \times .20 = .0022072$

3. M.F. No. \_\_\_\_\_

Area \_\_\_\_\_ Tr. \_\_\_\_\_

Sec. \_\_\_\_\_ Blk. \_\_\_\_\_ Survey \_\_\_\_\_

\_\_\_\_\_ x \_\_\_\_\_ = \_\_\_\_\_ %

4. M.F. No. \_\_\_\_\_

Area \_\_\_\_\_ Tr. \_\_\_\_\_

Sec. \_\_\_\_\_ Blk. \_\_\_\_\_ Survey \_\_\_\_\_

\_\_\_\_\_ x \_\_\_\_\_ = \_\_\_\_\_ %

### REMARKS:

122447

Prepared by: Man A. Fuentes Date 8-21-01

Map & GIS updated by: \_\_\_\_\_ Date \_\_\_\_\_

Keyed into database by: M. Silva Date 11-14-01

AMENDED DECLARATION OF POOLED UNIT  
CARMONA UNIT

1094

STATE OF TEXAS )  
 )  
COUNTY OF WASHINGTON )

\* L 32781

KNOW ALL PERSONS BY THESE PRESENTS:

This Declaration of Pooled Unit is executed to be effective as of July 31, 1999, by the undersigned parties, who are the owners of an interest in the leasehold estates created under those certain Oil, Gas and Mineral Leases (the "Leases") which are more particularly described on Exhibit "A" attached hereto and incorporated herein by reference for all purposes, or who are the owners of an interest in the mineral estate in the lands described in the Leases, who join in the execution hereof to evidence their consent to the pooling, unitization and combination of the leases and mineral estates herein described.

R E C I T A L S

WHEREAS, each of the Leases authorizes the lessee thereunder to pool, unitize or combine all or a portion of the lands covered thereby with other land, lands, lease, or leases, to form a pooled unit of the size prescribed or permitted under the rules or regulations of the appropriate governmental authority for the exploration, development and production of oil, gas and associated and constituent hydrocarbons from the lands covered by the Leases; and

WHEREAS, the pooling, unitization and combination of the Leases and mineral estates to the extent necessary to form the hereinafter described pooled unit are necessary and advisable in the judgment of the undersigned.

WHEREAS, the purpose and intent of this amended declaration is to correct the field notes filed with the original Declaration of Pooled Unit - Carmona Unit effective July 31, 1999, executed by Chesapeake Operating, Inc. and Chesapeake Exploration Limited Partnership filed at Volume 942, Page 340, and counterparts thereto executed by Union Pacific Resources Company filed at Volume 945, Page 468 and executed by Belco Energy I L.P. filed at Volume 943, Page 575, in the Real Property Records of Washington County, Texas, by replacing them with the field notes attached hereto.

NOW, THEREFORE, in consideration of the foregoing premises, the mutual benefits to be derived by the parties hereto and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned agree as follows:

1. Amended Declaration of Unit. In accordance with the provisions of the Leases, the undersigned do hereby declare, pool, unitize and combine the Leases, including all renewals, extensions, ratifications and amendments thereof, and the lands covered thereby and the mineral estates therein, to the extent necessary to form and create the Unit Area described below. Production from the Unit shall be allocated proportionately among all of the tracts within the Unit in the proportion which the number of surface acres in each of such tracts bears to the total number of surface acres in the Unit.

Record & Return To:  
Chesapeake Operating, Inc.  
P.O. Box 18496  
Oklahoma City, OK 73154

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2. Description of Unit Area. The Unit Area (herein so called) shall consist of **840.00** acres, more or less, being the lands which are more particularly described and depicted on Exhibit "B", which is attached hereto and incorporated herein by reference for all purposes, and the unit shall be limited to the interval and depths lying between the top of the Austin Chalk formation and the base of the Austin Chalk formation, **INSOFAR AND ONLY INSOFAR** as to oil, gas, and associated and constituent hydrocarbons produced from a well or wells classified as an oil well or a gas well. This Amended Declaration of Pooled Unit covers all production from the land and depths described on the attached Exhibit "B" which is produced from any well drilled to the unitized interval underlying the Unit Area.
3. Unit Name. The pooled unit created hereby shall be known as the "**Carmona Unit.**"
4. Additional Interest; Consent. In the event the undersigned own any leasehold interest or mineral interest other than those specifically described or referred to herein covering the lands inside the Unit Area, including any unleased mineral interest in lands inside the Unit Area, or any interest for which ratification of the pooled unit created hereby is necessary, such interest or interests are hereby pooled and combined into said pooled unit as hereby declared without the necessity of specifically enumerating such interests or the specific lands covered by such interests or in which they are held.
5. Right to Amend. The undersigned hereby expressly reserve the right, from time to time, to amend this Declaration of Pooled Unit, and the respective terms and provisions hereof, and to change the size and area of, and interests covered by the pooled unit described herein, including without limitation, the power (i) to change, reduce, enlarge or extend the size or configuration of the Unit Area; (ii) to include any other formation or formations and any other mineral or minerals therein, thereunder or produced therefrom, all in accordance with the terms and provisions of the Leases; (iii) to include in the pooled unit described herein or in any amendments hereto, oil, gas and mineral leases, or interests in the lands described therein, covering interests in the Unit Area, which are secured or obtained subsequent to the date hereof, or prior to the date hereof and not included and described herein, and (iv) to include in the pooled unit described herein or in any amendments hereto, full or undivided interests in the Unit Area which are not otherwise included herein by the respective owner of such full or undivided interests.
6. Dissolution of Unit. The pooled unit formed hereby may be dissolved by Chesapeake Operating, Inc., acting as the Operator of the pooled unit, at any time by an instrument filed for record in Washington County, Texas, after any failure to establish unit production or after cessation of operations upon the pooled unit.
7. Multiple Originals. This instrument may be executed in any number of multiple counterparts, each of which shall have the same force and effect as an original instrument executed by all of the undersigned parties, regardless of whether such counterpart is executed prior to or subsequent to the date hereof or the filing of record of a counterpart hereof. Further, this instrument may not be ratified, consented to or approved by any party, individual, person or entity except upon the express written

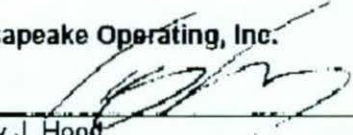

consent of all the undersigned parties hereto. This Amended Declaration of Pooled Unit, and each counterpart or ratification hereof, shall be binding upon each party who executed the same, without regard to whether any other party owning an interest in the Leases or Unit Area may execute this instrument, or a counterpart or ratification hereof.

8. General Provisions. This instrument shall bind, inure to the benefit of, and be exercised by heirs, assigns, and successors in interest of all parties. When the context requires, singular nouns and pronouns include the plural.

EXECUTED by the undersigned parties on the respective dates of acknowledgment hereof, to be effective for all purposes as of the date first above written.

**Chesapeake Operating, Inc.**

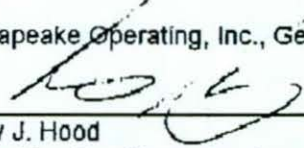

By:

  
Henry J. Hood  
Senior Vice President - Land and Legal 

**Chesapeake Exploration Limited Partnership,  
an Oklahoma Limited Partnership**

By: Chesapeake Operating, Inc., General Partner

By:

  
Henry J. Hood  
Senior Vice President - Land and Legal 

**Belco Energy I L P.**

By: Belco Energy Corp.  
Its General Partner

By:

\_\_\_\_\_  
Gary Byrd  
Vice-President - Land

**Union Pacific Resources Company**

By:

\_\_\_\_\_  
Attorney-in-Fact

consent of all the undersigned parties hereto. This Amended Declaration of Pooled Unit, and each counterpart or ratification hereof, shall be binding upon each party who executed the same, without regard to whether any other party owning an interest in the Leases or Unit Area may execute this instrument, or a counterpart or ratification hereof.

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EXECUTED by the undersigned parties on the respective dates of acknowledgment hereof, to be effective for all purposes as of the date first above written.

**Chesapeake Operating, Inc.**

By: \_\_\_\_\_  
Henry J. Hood  
Senior Vice President - Land and Legal

**Chesapeake Exploration Limited Partnership,  
an Oklahoma Limited Partnership**

By: Chesapeake Operating, Inc., General Partner

By: \_\_\_\_\_  
Henry J. Hood  
Senior Vice President - Land and Legal

**Belco Energy I L. P.**

By: Belco Energy Corp.  
Its General Partner

By:  \_\_\_\_\_  
Gary Byrd  
Vice-President - Land

**Union Pacific Resources Company**

By: \_\_\_\_\_  
Attorney-in-Fact

consent of all the undersigned parties hereto. This Amended Declaration of Pooled Unit, and each counterpart or ratification hereof, shall be binding upon each party who executed the same, without regard to whether any other party owning an interest in the Leases or Unit Area may execute this instrument, or a counterpart or ratification hereof.

8. General Provisions. This instrument shall bind, inure to the benefit of, and be exercised by heirs, assigns, and successors in interest of all parties. When the context requires, singular nouns and pronouns include the plural.

EXECUTED by the undersigned parties on the respective dates of acknowledgment hereof, to be effective for all purposes as of the date first above written.

**Chesapeake Operating, Inc.**

By: \_\_\_\_\_  
Henry J. Hood  
Senior Vice President - Land and Legal

**Chesapeake Exploration Limited Partnership,  
an Oklahoma Limited Partnership**

By: Chesapeake Operating, Inc., General Partner  
By: \_\_\_\_\_  
Henry J. Hood  
Senior Vice President - Land and Legal

**Belco Energy I L P.**

By: Belco Energy Corp.  
Its General Partner  
By: \_\_\_\_\_  
Gary Byrd  
Vice-President - Land

**Union Pacific Resources Company**

By: \_\_\_\_\_  
*[Handwritten Signature]* <sup>JB</sup>  
Attorney-in-Fact

VOL 0952 PAGE 584

ACKNOWLEDGMENTS

STATE OF OKLAHOMA )  
 ) ss:  
COUNTY OF OKLAHOMA )

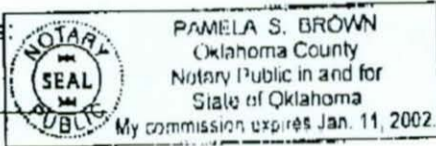
BEFORE me, the undersigned, a Notary Public in and for said County and State, on this 26<sup>th</sup> day of January, 2000, personally appeared Henry J. Hood, Senior Vice President - Land and Legal of **Chesapeake Operating, Inc.**, to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.

Pamela S. Brown  
Notary Public

My Commission Expires:

1-11-02



STATE OF OKLAHOMA )  
 ) ss:  
COUNTY OF OKLAHOMA )

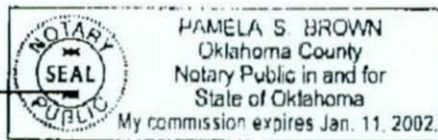
BEFORE me, the undersigned, a Notary Public in and for said County and State, on this 26<sup>th</sup> day of January, 2000, personally appeared Henry J. Hood, Senior Vice President - Land and Legal of **Chesapeake Operating, Inc.**, acting as General Partner for **Chesapeake Exploration Limited Partnership**, an Oklahoma Limited Partnership, to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.

Pamela S. Brown  
Notary Public

My Commission Expires:

1-11-02



STATE OF TEXAS )  
 ) ss:  
COUNTY OF DALLAS )

BEFORE me, the undersigned, a Notary Public in and for said County and State, on this \_\_\_\_\_ day of \_\_\_\_\_, 2000, personally appeared Gary Byrd, Vice President - Land of **Belco Energy Corp.**, a Nevada corporation, successor by merger to **Belco Operating Corp.**, a Delaware corporation, acting as General Partner of **Belco Energy I L.P.**, a Delaware Limited Partnership, formerly known as **Belco Energy L.P.**, a Delaware Limited Partnership, to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.

\_\_\_\_\_  
Notary Public

My Commission expires:

\_\_\_\_\_

ACKNOWLEDGMENTS

STATE OF OKLAHOMA )
) ss:
COUNTY OF OKLAHOMA )

BEFORE me, the undersigned, a Notary Public in and for said County and State, on this day of January, 2000, personally appeared Henry J. Hood, Senior Vice President - Land and Legal of Chesapeake Operating, Inc., to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written,

Notary Public

My Commission Expires:

STATE OF OKLAHOMA )
) ss:
COUNTY OF OKLAHOMA )

BEFORE me, the undersigned, a Notary Public in and for said County and State, on this day of January, 2000, personally appeared Henry J. Hood, Senior Vice President - Land and Legal of Chesapeake Operating, Inc., acting as General Partner for Chesapeake Exploration Limited Partnership, an Oklahoma Limited Partnership, to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.

Notary Public

My Commission Expires:

STATE OF TEXAS )
) ss:
COUNTY OF DALLAS )

BEFORE me, the undersigned, a Notary Public in and for said County and State, on this 31st day of January, 2000, personally appeared Gary Byrd, Vice President - Land of Belco Energy Corp., a Nevada corporation, successor by merger to Belco Operating Corp., a Delaware corporation, acting as General Partner of Belco Energy I L.P., a Delaware Limited Partnership, formerly known as Belco Energy L.P., a Delaware Limited Partnership, to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.

Brenda Pizzolo
Notary Public



VOL 0952 PAGE 586

STATE OF TEXAS )  
 ) SS:  
COUNTY OF TARRANT )

BEFORE me, the undersigned, a Notary Public in and for said County and State, on this 10th day of February, 2000, personally appeared Andrew C. Buckner attorney-in-fact for Union Pacific Resources Company, to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.

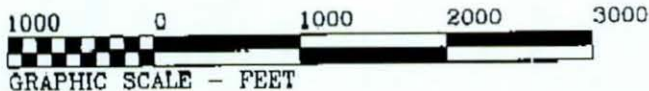
*Mimi E. Keenom*  
Notary Public

My Commission expires:

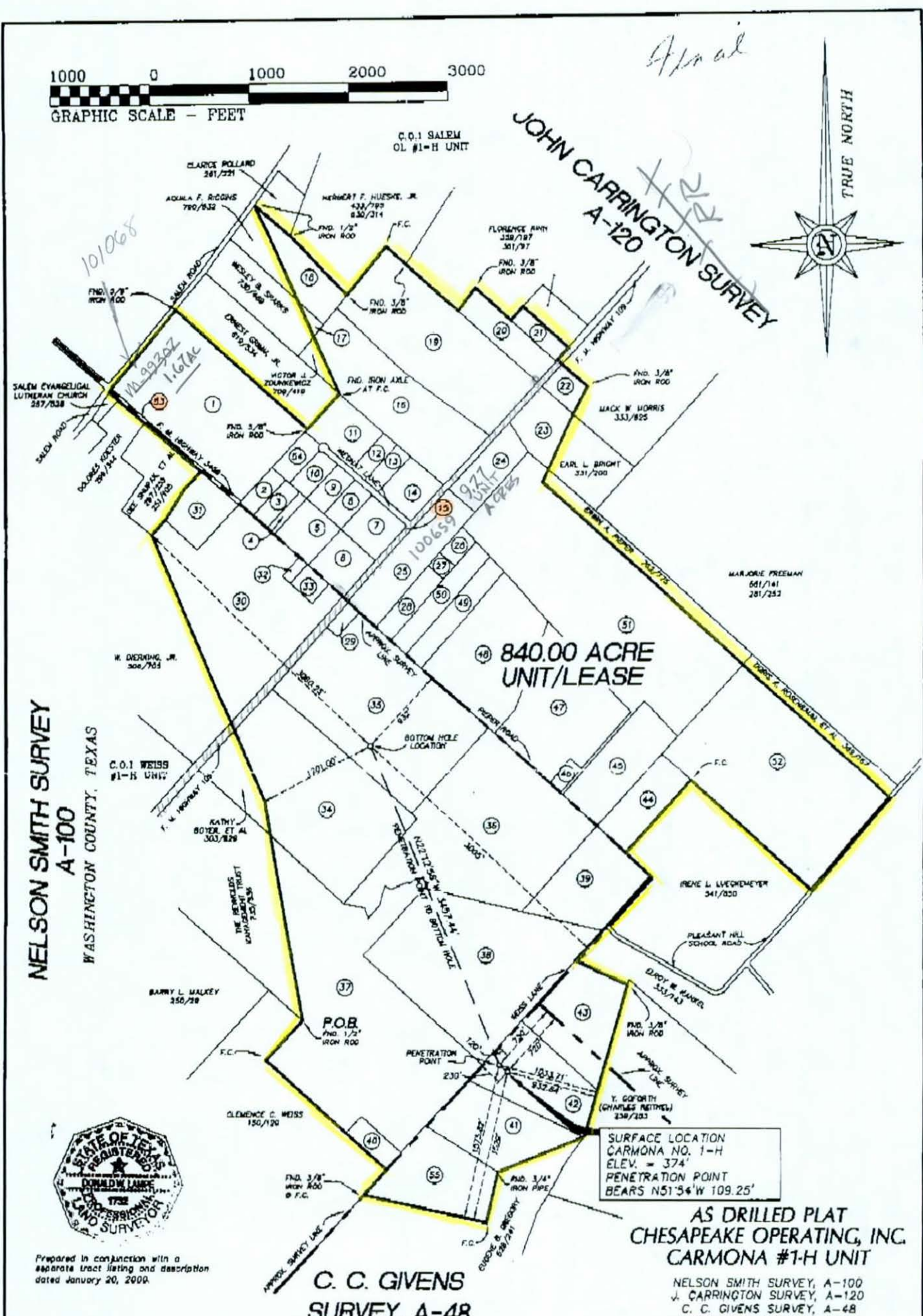
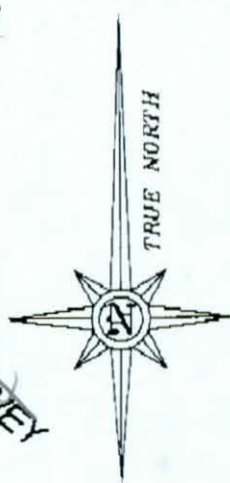
2001

\\gl\cstn\ap\ps\l\cpu\carmona-amended.doc





*Actual*



**NELSON SMITH SURVEY  
A-100**  
WASHINGTON COUNTY, TEXAS

**JOHN CARRINGTON SURVEY  
A-120**

**C. C. GIVENS  
SURVEY, A-48**

SURFACE LOCATION  
CARMONA NO. 1-H  
ELEV. = 374'  
PENETRATION POINT  
BEARS N51°54'W 109.25'

**AS DRILLED PLAT  
CHESAPEAKE OPERATING, INC.  
CARMONA #1-H UNIT**

NELSON SMITH SURVEY, A-100  
J. CARRINGTON SURVEY, A-120  
C. C. GIVENS SURVEY, A-48  
WASHINGTON COUNTY, TEXAS

CARMONA NO. 1-H UNIT surface location is approximately 4.5 miles southwest of Brenham, Washington County, Texas.  
SURFACE LOC. - LATITUDE 30° 06' 13" N \* LONGITUDE 96° 24' 02" W  
BML - LATITUDE 30° 06' 46" N \* LONGITUDE 96° 24' 18" W



Prepared in conjunction with a separate tract listing and description dated January 20, 2000.

Bearings are based on TRUE NORTH obtained by GPS observations.  
This and as-drilled data furnished by CHESAPEAKE OPERATING, INC.

THE STATE OF TEXAS  
COUNTY OF WASHINGTON

I, Donald W. Lampe, Registered Professional Land Surveyor No. 1732 of the State of Texas, do hereby certify that this plat accurately shows the surface location of the CHESAPEAKE OPERATING, INC. - CARMONA NO. 1-H WELL as staked on the ground under my direction during the month of June, 1999.

Dated this 12th day of October, 1999.  
Date of Revision: January 18, 2000  
January 20, 2000

Donald W. Lampe  
R.P.L.S. No. 1732

**DONALD W. LAMPE RECEIVED**  
REGISTERED PROFESSIONAL  
LAND SURVEYING  
JAN 24 2000

1408 WEST MAIN STREET  
P. O. BOX 2037  
BRENNHAM, TEXAS 77834  
(409) 836-8677 \* FAX (409) 836-1177  
W.D. 1821 1821ARC3.DWG 1720CHES.DWG

**DIV. ORDER DEPT.**

**HESAPEAKE OPERATING, INC.**  
**CARMONA #1-H**  
**840.00 ACRES**  
**WASHINGTON COUNTY, TEXAS**

January 20, 2000


**RECEIVED**

*John Carrington Survey, A-120, C. C. Givens Survey, A-48, and Nelson Smith Survey, A-190*

JAN 24 2000

DIV. ORDER DEPT.

**TRACT LISTING**

<u>TRACT</u>	<u>MINERAL OWNER(S)</u>	<u>ACREAGE</u>	<u>VOLUME/PAGE *</u>
1	Robert Cottle	40.60 Acres	677/754
2	Kim Greiffenstein	2.12 Acres	627/170
3	Priscilla Teel Newman	2.13 Acres	874/131
4	Jeffrey W. Davis	1.05 Acres	900/549
5	Bobby G. Hardy	5.19 Acres	702/680
6	Ross D. Helton	5.24 Acres	386/571
7	Donald W. Wendler	5.04 Acres	580/724
8	James D. Fox	2.50 Acres	620/898
9	Leonard M. Wellbrock	2.50 Acres	539/282
10	Ollie A. McMayon, II	2.50 Acres	827/379
11	Michael J. Budell	6.78 Acres	415/107, 407/712
12	Ronald W. Woltman	2.02 Acres	407/550
13	Gloria Jeanne Robertson	2.03 Acres	670/307
14	Walter N. Green	5.05 Acres	690/348
15	Washington County/State of Texas	9.27 Acres	80/577, 80/571, 80/567 80/376, 80/573, 426/615
16	Victor J. Zdunkewicz	26.81 Acres	709/419
17	Wesley B. Sparks	0.62 Acre	730/489
18	Aquila F. Riggins	7.59 Acres	790/632
19	Donald W. Spiess	36.32 Acres	737/123
20	Rosemarie E. Lichtenberg, et al	7.10 Acres	567/88
21	Meta Henske	2.61 Acres	361/97
22	Gooch Family Trust	2.64 Acres	390/458
23	Earl L. Bright	6.61 Acres	331/200
24	Floyd Addicks	7.01 Acres	365/331
25	H. R. Wieghat	12.80 Acres	362/935
26	Donald W. Wesneski	1.55 Acres	711/248
27	Donald E. Swonke	0.81 Acres	711/252
28	Michael J. Baca	3.73 Acres	535/256
29	Q. W. Simmang	1.12 Acre	389/769
30	W. Dierking, Jr.	44.40 Acres	506/705, 518/792
31	Matthew Allen Herzog	6.86 Acres	232/601, 243/314
32	Brian K. Gaskamp	0.62 Acre	772/97
33	Vernon Gaskamp	1.72 Acres	323/235, 335/79
34	Kathy Boyer, et al	43.85 Acres	303/929
35	Margaret Ladd, et al	49.33 Acres	303/929
36	Paul M. Engeling	52.85 Acres	305/725, 405/255
37	The Reynolds Management Trust	74.57 Acres	735/536
38	Elaine M. Eisemann	51.13 Acres	417/747
39	Calvin Boecker, et al	15.63 Acres	916/498, 310/308

January 20, 2000

**CHESAPEAKE OPERATING, INC.**  
**CARMONA #1-H**  
**TRACT LISTING (Continued)**

40	Clemence C. Weiss	2.93 Acres	195/40
41	Karen Sue Koester, et al	16.81 Acres	331/58
42	Fred W. Price	16.94 Acres	612/648
43	Carolyn A. Koester Sander	17.00 Acres	331/66
44	Glenwood Hertel, et al	8.88 Acres	304/297
45	Burgess DeWayne Goeke	13.66 Acres	365/126, 654/438
46	Alvis E. Grohman	1.10 Acre	795/588
47	William R. Krueger	25.51 Acres	501/591
48	Burgess DeWayne Goeke	24.38 Acres	586/770
49	Burgess DeWayne Goeke	6.09 Acres	782/839
50	Matthew Kwiatkowski	6.06 Acres	603/135
51	Erwin A. Pieper	70.41 Acres	762/775
52	Doris K. Rosenbaum, et al	56.83 Acres	369/167
53	Washington County/State of Texas	1.67 Acres	62/482, 56/444
54	Koy B. Scheiner	2.68 Acres	940/290
55	Fred W. Price	16.75 Acres	566/715

UNIT TOTAL 840.00 ACRES

Tract acreages subject to this Unit are from record and/or lease documents or scaled from the Unit Plat.  
 \* All recording references - Volume & Pages (Vol./Pg.) are Deed or Official Records of Washington County, Texas.

Title furnished by Chesapeake Operating, Inc.

Prepared in conjunction with a separate survey plat and description of even date herewith, by Donald W. Lampe Professional Land Surveyors.

1821-00  
 1821LIS2

VOL 0952 PAGE 592

EXHIBIT "B"

1821-00

CHESAPEAKE OPERATING, INC.  
 CARMONA NO. 1-H UNIT  
 840.00 ACRES  
 WASHINGTON COUNTY, TEXAS

Being 840.00 Acres of land, lying and being situated in Washington County, Texas, part of the John Carrington Survey, A-120, C. C. Givens Survey, A-48, and the Nelson Smith Survey, A-100, and being more particularly described as follows:

BEGINNING at a 1/2" iron rod found for the south corner of a Reynolds Management Trust tract called 49.02 acres (735/536, O.R.W.C., Tx.), being the south corner of the Chesapeake Operating, Inc. - Weiss #1-H Unit and an interior corner hereof;

THENCE, along easterly lines of said Weiss #1-H Unit, as follows:

N 10° 01' 40" W, 2231.65 feet, and N 22° 46' 19" W, 2912.46 feet, to an interior corner of said Weiss #1-H Unit and of the W. Dierking, Jr. tract (506/705, O.R.W.C., Tx.), being the south corner of the original W.T. Lawler tract (267/255, D.R.W.C., Tx.), and an exterior corner hereof;

THENCE, along the southeast lines of said Lawler tract, as follows:

N 42° 41' 52" E, 202.42 feet; N 31° 26' 00" E, 357.68 feet; and N 42° 33' 12" E, 254.06 feet, to corner in F. M. Highway 3456 for an interior corner hereof, being an exterior corner of said Weiss Unit;

THENCE, along northeast lines of said Weiss #1-H Unit, in F. M. Highway 3456, as follows:

N 47° 59' 10" W, 449.47 feet; N 48° 39' 20" W, 630.21 feet; and N 47° 55' 55" W, 149.65 feet, to a west corner hereof in said highway;

THENCE, as follows:

N 30° 52' 22" E, 44.38 feet, to corner in said highway; and  
 N 40° 00' 19" E, 1012.25 feet, to a 5/8" iron rod found on the southeast margin of Salem Road for a north corner hereof and for the north corner of the Robert Cottle tract (677/754, O.R.W.C., Tx.), being an interior corner of the Chesapeake Operating, Inc. - Salem #1-H Unit;

THENCE, as follows:

S 47° 35' 00" E, 1785.95 feet, to a 5/8" iron rod found for the east corner of said Cottle tract; and  
 N 42° 23' 56" E, 477.37 feet, to an iron axle found at a fence corner for the east corner of the Ernest Grimm, Jr. tract (619/534, O.R.W.C., Tx.), on the southwest line of the Victor J. Zdunkewicz tract (709/419, O.R.W.C., Tx.), being a southerly exterior corner of said Salem Unit and an interior corner hereof;

THENCE, severing said Zdunkewicz tract, the Wesley B. Sparks tract (730/489, O.R.W.C., Tx.), and the Aquila F. Riggins tract (790/632, O.R.W.C., Tx.), N 23° 51' 06" W, 2079.89 feet, to a 1/2" iron rod found in the southeast margin of Salem Road for the north corner of said Riggins tract, being a north corner hereof and an interior corner of said Salem Unit;

THENCE, along southerly lines of said Salem Unit, as follows:

S 47° 47' 55" E, 476.76 feet, to a 1/2" iron rod found;  
 S 43° 28' 31" E, 828.62 feet, to a 3/8" iron rod found for the east corner of said Riggins tract;  
 N 39° 24' 55" E, 624.46 feet, to a fence corner for an exterior corner hereof;  
 S 47° 33' 46" E, 271.52 feet, to a 3/8" iron rod found;  
 S 48° 03' 55" E, 699.46 feet;  
 N 37° 09' 07" E, 287.90 feet, to a 3/8" iron rod found at the north corner of the H. D. Lichtenberg tract (567/88, O.R.W.C., Tx.);

1821-00

CHESAPEAKE OPERATING, INC.  
CARMONA NO. 1-H UNIT

S 47° 43' 54" E, 489.78 feet;  
N 41° 54' 07" E, 182.94 feet; and  
S 48° 05' 53" E, 615.37 feet, to a south corner of said Salem Unit in F. M. Highway  
109, being an easterly exterior corner hereof;

THENCE, in Highway 109, S 42° 35' 12" W, 166.95 feet, to an interior corner hereof in  
said highway;

THENCE, S 48° 30' 09" E, 400.94 feet, to a 3/8" iron rod found for the east corner of the  
Gooch Family Trust tract (390/458, D.R.W.C., Tx.);

THENCE, S 27° 37' 38" W, 313.51 feet, to the south corner of said Gooch tract on the  
northeast line of the Earl L. Bright tract (331/200, D.R.W.C., Tx.);

THENCE, S 24° 11' 24" W, at 616.33 feet cross the southwest line of said Bright tract, and  
continue same course through the Erwin A. Pieper tract (762/775, O.R.W.C., Tx.), for a  
total distance of 760.18 feet, to an interior corner hereof;

THENCE, S 47° 57' 28" E, 4756.01 feet, through said Pieper tract and the Doris K.  
Rosenbaum, et al tract (369/167, D.R.W.C., Tx.), to an east corner hereof in Pleasant Hill  
School Road;

THENCE, in said road, S 41° 32' 13" W, 1207.19 feet, to a southeasterly exterior corner  
hereof;

THENCE, N 48° 29' 14" W, at 22.2 feet pass a fence corner on a northwest margin of said  
road, at a total distance of 1645.16 feet, to a fence corner at the east corner of the  
Glenwood Hertel, et al tract (304/297, D.R.W.C., Tx.), and the north corner of the Irene L.  
Lueckemeyer, et al tract (541/850, D.R.W.C., Tx.);

THENCE, along the southeast line of said Hertel, et al tract, S 42° 24' 22" W, 971.50 feet,  
to an interior corner hereof in Pieper Road on the northeast line of the Nelson Smith  
Survey, A-100, common with a southwest line of the J. Carrington Survey, A-120, a 3/8"  
iron rod found bears N 42° 24' 22" E, 18.82 feet;

THENCE, along southerly lines hereof, as follows:

S 47° 51' 47" E, 337.44 feet;  
S 42° 09' 09" W, 1132.70 feet;  
S 64° 29' 36" E, 580.28 feet, to a 3/8" iron rod found at a fence corner for the east  
corner of the Carolyn A. Koester Sander tract (331/66, D.R.W.C., Tx.);  
S 15° 30' 24" W, 1566.22 feet;  
S 36° 00' 24" W, 21.60 feet;  
S 67° 41' 48" W, 944.24 feet, to a 3/4" iron pipe found for the south corner of  
the Karen Sue Koester, et al tract (331/58, D.R.W.C., Tx.); and  
S 12° 43' 12" W, 515.65 feet, to the south corner of the Fred W. Price tract  
(566/715, O.R.W.C., Tx.); and  
N 77° 16' 25" W, 1270.19 feet, to a 3/8" iron rod found on the southeast margin of  
Weiss Lane for the west corner of said Price tract;

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1821-00

CHESAPEAKE OPERATING, INC.  
CARMONA NO. 1-H UNIT

THENCE, N 42° 44' 27" E, 338.80 feet, to an interior corner hereof in Weiss Lane;

THENCE, along southwesterly lines hereof, as follows:

N 47° 34' 29" W, 1646.72 feet, to a fence corner at the west corner of a Reynolds Management Trust tract called 50.80 acres (735/536, O.R.W.C., Tx.); and  
N 42° 16' 42" E, 539.62 feet, to the PLACE OF BEGINNING, containing 840.00 acres of land.

Bearings are based on True North obtained by GPS observations.

Tract acreages subject to this Unit are from record and/or lease documents or scaled from the Unit Plat. Prepared by Donald W. Lampe Professional Land Surveyors.

Revised and dated this the 20th day of January, 2000.



*[Signature]*  
Donald W. Lampe  
R.P.L.S. No. 1732

1821-00  
1821DES2

Page 3 of 3

FILED 2000 FEB 29 10:54 AM  
00 FEB 29 10:54  
BETH BATHURMAL  
WASHINGTON COUNTY CLERK

STATE OF TEXAS  
COUNTY OF WASHINGTON

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

FEB 29 2000



*Beth A. Bathurmal*  
Beth Bathurmal, County Clerk  
Washington County, Texas

(16)

File No. 100655

pooling agreement

Date Filed: 1-26-05

Jerry E. Patterson, Commissioner

By Schou

(16)

File No. 101068

~~pooling agreement~~

Date Filed: 8-29-03

Jerry E. Patterson, Commissioner

By [Signature]

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

June 6, 2005

Anadarko E & P Company LP  
PO Box 1330, Timberloch 3  
Houston, Tx 77251

Re: State Lease MF102386, MF101068, MF100659, MF100655  
Carmona Unit #3 H  
6602601/001

The General Land Office has received and filed the division order submitted for the above-referenced state lease. Please be advised that the payment of royalties attributable to state-owned mineral interests is set by statute. As the execution of division orders may, in some cases, affect the manner in which such payments are paid or calculated, it is the policy of this office not to execute them.

Subject to applicable state law and the state's right to take its production in-kind, the General Land Office acquiesces to the sale of oil and gas under the terms and conditions set out in the oil and gas lease. If you should have questions concerning this matter, please feel free to call me at (512) 463-6521.

Sincerely,

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

Beverly Boyd, Lease Analyst  
Mineral Leasing Division

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

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

**DIVISION ORDER**

*Carmona*

*Unit 3035*

*Data From No Base*

STATE OF TEXAS  
GENERAL LAND OFFICE  
1700 N CONGRESS AVENUE  
AUSTIN, TX 78701-1436

Property Number: 6602601/001  
Property Name: CARMONA UNIT # 3-H  
Product: ALL PRODUCTS  
Status: NOT APPLICABLE  
County/State: WASHINGTON / TEXAS  
Effective Date: First Sales  
Owner Number: 456782  
Owner Tax ID: [REDACTED]  
Interest Type: RI  
Interest: 0.00253594

RECEIVED  
05 JUN -1 AM 10:51  
ENERGY RESOU

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 deduction 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 \$100 may be accrued before disbursement until the total amount equals \$100 or more, or until September 30 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 judgments 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.

**REQUIREMENTS:**

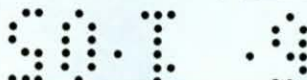
_____ Signature of Witness #1	_____ Owner Signature/Corporate Title	_____ Address if different from above
_____ Signature of Witness #2	_____ Owner Signature/Corporate Title	_____ City, State, Zip Code
	_____ Owner Phone #	_____ Tax ID Number if different from above

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: Anadarko E & P Company LP  
P.O. Box 1330, Timberloch 3  
Houston, TX 77251-1330

Date Prepared: May 26, 2005  
Prepared by: Jenett Hodge  
Request: [msc]

PLEASE RETURN



# EXHIBIT "A"

May 26, 2005

Well No: 6602601 / 001

Well Nm: CARMONA UNIT # 3-H

Unit Desc: 840.000 ACRES OUT OF THE: JOHN CARRINGTON SURVEY,  
A-120; C. C. GIVENS SURVEY, A-48; NELSON SMITH SURVEY,  
A-100, WASHINGTON COUNTY, TEXAS.

Product: ALL PRODUCTS

**\*\*\*CHESAPEAKE OPERATING INC. IS THE OPERATOR ON THIS WELL AND WILL DISTRIBUTE 82.71%  
OF THE INTEREST CREDITED TO YOU AND ANADARKO E&P COMPANY WILL DISTRIBUTE 17.29 %**

MF- 102386 -	TRACT 5A HROW	2.96
101068 -	ISC HROW	1.67
100659 -	53 HROW	13.15
100655 -	HROW TRACT 15A	10.75

[GLOBase Main Menu](#)
[Business Entity Search](#)
[Energy Paper Search](#)
[PSF Land Search](#)
[SRP Facility Search](#)
[SRP Land Search](#)

## Leases in Unit

Unit: 3035

4 Leases Found

[Related Business Entities](#)
[Related Counties](#)
[Related Energy Papers](#)
[Related PSF Land](#)

Lease	Unit Tract	Participation Decimal	Oil Royalty		Gas Royalty		Sulphur Royalty	
			Lease	Unit	Lease	Unit	Lease	Unit
MF100655	15A	0.00497100	0.20000000	0.00099420	0.20000000	0.00099420	0.20000000	0.00099420
MF100659	15C	0.00254600	0.20000000	0.00050920	0.20000000	0.00050920	0.20000000	0.00050920
MF101068	53	0.00198800	0.18750000	0.00037275	0.18750000	0.00037275	0.18750000	0.00037275
MF102386	15B	0.00351800	0.18750000	0.00065963	0.18750000	0.00065963	0.18750000	0.00065963

For technical support please contact the Technical Support Center at 463-8877  
This page last updated on 4 November 2000



File No. MF 100655

Division Order

Date Filed: 6/6/05

Jerry E. Patterson, Commissioner

By [Signature]



July 7, 2005

Chesapeake Operating, Inc.  
PO Box 18496  
Oklahoma City, OK 73154

Re: **State Lease MF100655**  
Carmona Unit 3H  
322453

The General Land Office has received and filed the division order submitted for the above-referenced state lease. Please be advised that the payment of royalties attributable to state-owned mineral interests is set by statute. As the execution of division orders may, in some cases, affect the manner in which such payments are paid or calculated, it is the policy of this office not to execute them.

Subject to applicable state law and the state's right to take its production in-kind, the General Land Office acquiesces to the sale of oil and gas under the terms and conditions set out in the oil and gas lease. If you should have questions concerning this matter, please feel free to call me at (512) 463-6521.

Sincerely,

Beverly Boyd, Lease Analyst  
Mineral Leasing Division

Stephen F. Austin Building • 1700 North Congress Avenue • Austin, Texas 78701-1495  
Post Office Box 12873 • Austin, Texas 78711-2873  
512-463-5001 • 800-998-4GLO  
[www.glo.state.tx.us](http://www.glo.state.tx.us)

WORK PHONE NUMBER: (      )	HOME PHONE NUMBER: (      )	FAX NUMBER: (      )
--------------------------------	--------------------------------	-------------------------

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

PLEASE RETURN THIS COPY

**DIVISION ORDER**

TO: CHESAPEAKE OPERATING, INC., PAYOR  
P.O. BOX 18496  
OKLAHOMA CITY, OK 73154

PROPERTY NO: 322453  
EFFECTIVE: FIRST PRODUCTION  
PREPARED BY: PAMELA S BROWN  
DATE PREPARED: 6/23/2005  
PRODUCT(S): OIL & GAS

This agreement is made and entered into on June 23, 2005.

The undersigned severally and not jointly certifies it is the legal owner of the interest set out below of all the oil, gas and related liquid hydrocarbons produced from the property described below:

OPERATOR: CHESAPEAKE OPERATING, INC. OWNER NO: 645578 INT TYPE: 5 (1 = WI, 2 = RI, 3 = ORI)  
PROPERTY: CARMONA 3H OWNER: STATE OF TEXAS LSE NO M-100655  
LEGAL DESCRIPTION: J CARRINGTON A-120, CC GIVENS A-48, N SMITH A-100  
WASHINGTON COUNTY, TEXAS COMMENTS: N/A  
UNIT ACRES: 840.000000

Status	BPO	BPO	BPO	APO1	APO1	APO1	APO2	APO2	APO2
	Net Ac	Lse NRI/RI	Unit Int.	Net Ac	Lse NRI/RI	Unit Int.	Net Ac	Lse NRI/RI	Unit Int.
SR			.00099421	n/a	n/a	n/a	n/a	n/a	n/a

**DIVISION OF INTEREST**

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

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

**TERMS OF SALE:** The undersigned will be paid in accordance with the division of interest set out above. The payor shall pay all parties at the price agreed to by the operator for oil and gas to be sold pursuant to this division order. Purchaser shall compute quantity and make corrections for gravity and temperature and make deductions for impurities in the oil.

**PAYMENT:** From the effective date, payment is to be made monthly by payor's check, based on this division of interest, for oil runs and gas produced during the 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 \$100.00 may be accrued before disbursement until the total amount equals \$100.00, or until July 31st of each year, whichever occurs first. However, the Payor may hold accumulated proceeds of less than \$10.00 until production ceases, or the Payor's responsibility for making payment for production ceases, whichever occurs first. Payee agrees to refund to payor any amounts attributable to an interest or part of an interest that payee does not own.

**INDEMNITY:** The owner agrees to indemnify and hold payor harmless from all liability resulting from payments made to the owner in accordance with such division of interest, including but not limited to attorney fees or judgments 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 the laws of this state.

WITNESS	SIGNATURE OF INTEREST OWNER	SOCIAL SECURITY/ TAX I.D. NO.	REVENUE ADDRESS
			CORRESPONDENCE ADDRESS
<b>WORK PHONE NUMBER:</b> ( )		<b>HOME PHONE NUMBER:</b> ( )	
		<b>FAX NUMBER:</b> ( )	

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

**THIS COPY CAN BE RETAINED FOR YOUR RECORDS**



File No. MF/00655  
Division Order  
Date Filed: 7/7/05  
Jerry E. Patterson, Commissioner  
By JEP

4  
2  
2  
2

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

July 31, 2007

Carol Terrett  
EnerVest Management Partners, Ltd.  
1001 Fannin Street, Suite 800.  
Houston, TX 77002-6707

RE: GLO Assignment ID # 6030

Dear Ms Terrett,

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

Assignment and Bill of Sale executed June 27, 2007 from Anadarko E&P Co & Kerr McGee Oil & Gas Onshore LP to EnerVest Energy Institutional Fund X-A, L.P., etal.

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

Sincerely,

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

Beverly Boyd  
Mineral Leasing  
Energy Resources  
512-463-6521

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

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

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## *Exhibit "A"*

<i>GLO ID</i>	<i>County</i>	<i>Lease</i>
6030	Washington	MF-100655

*Tuesday, July 31, 2007*

## ASSIGNMENT AND BILL OF SALE

3060

This Assignment and Bill of Sale (this "Conveyance") from Anadarko E&P Company LP, a Delaware limited partnership, and Kerr-McGee Oil & Gas Onshore LP, a Delaware limited partnership, each having an address of 1201 Lake Robbins Drive, The Woodlands, Texas 77380 (hereafter collectively called "Grantor"), to EnerVest Energy Institutional Fund X-A, L.P., a Delaware limited partnership, EnerVest Energy Institutional Fund X-WI, L.P., a Delaware limited partnership, EnerVest Energy Institutional Fund XI-A, L.P., a Delaware limited partnership, EnerVest Energy Institutional Fund XI-WI, L.P., a Delaware limited partnership, EnerVest Wachovia Co-Investment Partnership, L.P., a Delaware limited partnership, and EV Properties, L.P., a Delaware limited partnership, each having an address of 1001 Fannin, Suite 800, Houston, Texas 77002 (hereafter collectively called "Grantee"), is executed this 27th day of June, 2007, but effective as of 7:00 a.m., local time, where the Assets are located, on the 1st day of April, 2007 ("Effective Time").

Reference is made to the Purchase and Sale Agreement more particularly described in Section 4.2 of this Conveyance. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Purchase and Sale Agreement.

## ARTICLE 1

Conveyance of Oil and Gas Interests

**Section 1.1. Conveyance:** Grantor, for good and valuable consideration, in hand paid, the receipt and sufficiency of which are hereby acknowledged, hereby grants, bargains, sells, and conveys unto each Grantee, in the respective undivided interests set forth on **Schedule 1.1** attached hereto (each Grantee's undivided interest in the Assets called such Grantee's "Grantee Share"), all of Grantor's right, title, interest and estate, real or personal, recorded or unrecorded, movable or immovable, tangible or intangible, in and to the following, excepting the Excluded Assets (collectively the "Assets"):

(a) All of the oil and gas leases; subleases and other leaseholds; carried interests; farmout rights; options; and other properties and interests described on **Exhibit A** attached hereto, subject to such depth limitations and other restrictions as may be set forth on **Exhibit A** (collectively, the "Leases"), together with each and every kind and character of right, title, claim, and interest that Grantor has in and to the Leases or the lands currently pooled, unitized, communitized or consolidated therewith (the "Lands");

(b) All oil, gas, water or injection wells located on the Lands, whether producing, shut-in, or temporarily abandoned, including the interests in the wells shown on **Exhibit A-1** attached hereto (the "Wells");

(c) All leasehold interest of Grantor in or to any currently existing pools or units which include any Lands or all or a part of any Leases or include any Wells, including those pools or units shown on **Exhibit A-1** (the "Units"; the Units, together with the Leases, Lands and Wells, being hereinafter referred to as the "Properties"), and including all leasehold interest of Grantor in production of Hydrocarbons from any such Unit, whether such Unit production of Hydrocarbons comes from Wells located on or off of a Lease, and all tenements, hereditaments and appurtenances belonging to the Leases and Units;

(d) All contracts, agreements and instruments by which the Properties are bound, or that relate to or are otherwise applicable to the Properties, only to the extent applicable to the Properties rather than Grantor's other properties, including but not limited to, operating

agreements, unitization, pooling and communitization agreements, declarations and orders, joint venture agreements, farmin and farmout agreements, exploration agreements, participation agreements, exchange agreements, transportation or gathering agreements, agreements for the sale and purchase of oil, gas, casinghead gas or processing agreements to the extent applicable to the Properties or the production of Hydrocarbons produced in association therewith from the Properties, including those identified on **Schedule 1.2(d)** to the Purchase and Sale Agreement (hereinafter collectively referred to as "Contracts"), but excluding any contracts, agreements and instruments to the extent transfer is restricted by third-party agreement or applicable Law and the necessary consents to transfer are not obtained pursuant to **Section 7.8** to the Purchase and Sale Agreement and provided that "Contracts" shall not include the instruments constituting the Leases;

(e) All easements, permits, licenses, servitudes, rights-of-way, surface leases and other surface rights ("Surface Contracts") appurtenant to, and used or held for use primarily in connection with the Properties (including those identified on **Exhibit B** attached hereto), but excluding any permits and other rights to the extent transfer is restricted by third-party agreement or applicable Law and the necessary consents to transfer are not obtained pursuant to **Section 7.8** to the Purchase and Sale Agreement;

(f) All equipment, machinery, fixtures and other tangible personal property and improvements located on the Properties or used or held for use primarily in connection with the operation of the Properties, including those identified on **Exhibit A-2** to the Purchase and Sale Agreement ("Equipment");

(g) All flow lines, pipelines, gathering systems and appurtenances thereto located on the Properties or used, or held for use, primarily in connection with the operation of the Properties, including those identified on **Schedule 1.2(g)** to the Purchase and Sale Agreement ("Pipelines");

(h) All Hydrocarbons produced from or attributable to the Leases, Lands, and Wells from and after the Effective Time, together with Imbalances associated with the Properties;

(i) All lease files; land files; well files; gas and oil sales contract files; gas processing files; division order files; abstracts; title opinions; land surveys; non-confidential logs; maps; engineering data and reports; and other books, records, data, files, and accounting records, in each case to the extent related primarily to the Assets, or used or held for use primarily in connection with the maintenance or operation thereof, but excluding (i) any books, records, data, files, maps and accounting records to the extent disclosure or transfer is restricted by third-party agreement or applicable Law and the necessary consents to transfer are not obtained pursuant to **Section 7.8** to the Purchase and Sale Agreement, (ii) attorney-client privileged communications and work product of Grantor's legal counsel (other than title opinions), (iii) reserve studies and evaluations, and (iv) records relating to the negotiation and consummation of the sale of the Assets (subject to such exclusions, the "Records"); and

(j) Any solely-owned proprietary seismic data related to the Properties and, to the extent disclosure or transfer is not restricted by third-party agreement or applicable Law, any jointly-owned proprietary seismic data related to the Properties (provided, Grantee shall assume, discharge and be liable for any obligation owed by Grantor under the terms of the agreement covering such jointly-owned seismic data in connection with the transfer thereof).

**Section 1.2. Excluded Assets:** Excepting and reserving to Grantor the following:

- (a) all corporate, financial, income and franchise tax and legal records of Grantor that relate to Grantor's business generally (whether or not relating to the Assets), and all books, records and files that relate to the Excluded Assets and those records retained by Grantor pursuant to **Section 1.1(i)** above and copies of any other Records retained by Grantor pursuant to **Section 1.5** to the Purchase and Sale Agreement;
- (b) all non-proprietary geological and geophysical data (including all non-proprietary seismic data, including reprocessed data) and, to the extent not expressly included in **Section 1.1(i)** above, all logs, interpretive data, technical evaluations, technical outputs, reserve estimates and economic estimates;
- (c) all rights to any refund of Taxes or other costs or expenses borne by Grantor or Grantor's predecessors in interest and title attributable to periods prior to the Effective Time;
- (d) Grantor's area-wide bonds, permits and licenses or other permits, licenses or authorizations used in the conduct of Grantor's business generally;
- (e) those items listed in **Exhibit C** attached hereto;
- (f) all trade credits, account receivables, note receivables, take-or-pay amounts receivable, and other receivables attributable to the Assets with respect to any period of time prior to the Effective Time;
- (g) all right, title and interest of Grantor in and to vehicles or vessels used in connection with the Assets;
- (h) all rights, titles, claims and interests of Grantor or any Affiliate of Grantor (i) to or under any policy or agreement of insurance or any insurance proceeds; except to the extent provided in **Section 3.5** to the Purchase and Sale Agreement, and (ii) to or under any bond or bond proceeds;
- (i) any patent, patent application, logo, service mark, copyright, trade name or trademark of or associated with Grantor or any Affiliate of Grantor or any business of Grantor or of any Affiliate of Grantor; and
- (j) a nonexclusive right to freely use any seismic data, logs, maps, engineering data and reports, reserve studies and evaluations, and other data and information being transferred as a part of the Assets; provided, however, that Grantor shall not assign its right hereunder to any third party.

TO HAVE AND TO HOLD the Assets unto Grantee, its successors and assigns, forever, subject, however, to the terms and conditions of this Conveyance.

**ARTICLE 2**  
**Limited Warranty and Disclaimers**

**Special Limited Warranty:** As of the Effective Time, Grantor warrants to Grantee that it has Defensible Title to the Units and Wells shown on **Exhibit A-1** against all persons claiming

or to claim the same or any part thereof by, through or under Grantor or its Affiliates, but not otherwise, subject to the Permitted Encumbrances.

Grantor makes no, and expressly disclaims any, other warranty of title to the Assets. Grantor hereby assigns to Grantee all rights, claims, and causes of action on title warranties given or made by Grantor's predecessors (other than Affiliates of Grantor), to the extent Grantor may legally transfer such rights.

Grantee shall not be entitled to protection under the special limited warranty of title provided herein against any Title Defect reported by Grantee under Article 3 to the Purchase and Sale Agreement and/or any Title Defect disclosed or known by Grantee prior to the Title Claim Date.

EXCEPT AS AND TO THE EXTENT EXPRESSLY SET FORTH IN ARTICLE 5 TO THE PURCHASE AND SALE AGREEMENT, CONFIRMED IN THE CERTIFICATE OF GRANTOR DELIVERED PURSUANT TO SECTION 9.2(c) THERETO, OR IN THIS CONVEYANCE, (I) GRANTOR MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS, STATUTORY OR IMPLIED, AND (II) GRANTOR EXPRESSLY DISCLAIMS ALL LIABILITY AND RESPONSIBILITY FOR ANY REPRESENTATION, WARRANTY, STATEMENT OR INFORMATION MADE OR COMMUNICATED (ORALLY OR IN WRITING) TO GRANTEE OR ANY OF ITS AFFILIATES, EMPLOYEES, AGENTS, CONSULTANTS OR REPRESENTATIVES (INCLUDING, WITHOUT LIMITATION, ANY OPINION, INFORMATION, PROJECTION OR ADVICE THAT MAY HAVE BEEN PROVIDED TO GRANTEE BY ANY OFFICER, DIRECTOR, EMPLOYEE, AGENT, CONSULTANT, REPRESENTATIVE OR ADVISOR OF GRANTOR OR ANY OF ITS AFFILIATES).

EXCEPT AS EXPRESSLY REPRESENTED OTHERWISE IN ARTICLE 5 TO THE PURCHASE AND SALE AGREEMENT, CONFIRMED IN THE CERTIFICATE OF GRANTOR DELIVERED PURSUANT TO SECTION 9.2(c) THERETO, OR IN THIS CONVEYANCE, AND WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, GRANTOR EXPRESSLY DISCLAIMS ANY REPRESENTATION OR WARRANTY, EXPRESS, STATUTORY OR IMPLIED, AS TO (I) TITLE TO ANY OF THE ASSETS, (II) THE CONTENTS, CHARACTER OR NATURE OF ANY DESCRIPTIVE MEMORANDUM, OR ANY REPORT OF ANY PETROLEUM ENGINEERING CONSULTANT, OR ANY GEOLOGICAL OR SEISMIC DATA OR INTERPRETATION, RELATING TO THE ASSETS, (III) THE QUANTITY, QUALITY OR RECOVERABILITY OF PETROLEUM SUBSTANCES IN OR FROM THE ASSETS, (IV) ANY ESTIMATES OF THE VALUE OF THE ASSETS OR FUTURE REVENUES GENERATED BY THE ASSETS, (V) THE PRODUCTION OF HYDROCARBONS FROM THE ASSETS, (VI) THE MAINTENANCE, REPAIR, CONDITION, QUALITY, SUITABILITY, DESIGN OR MARKETABILITY OF THE ASSETS, (VII) THE CONTENT, CHARACTER OR NATURE OF ANY DESCRIPTIVE MEMORANDUM, REPORTS, BROCHURES, CHARTS OR STATEMENTS PREPARED BY THIRD PARTIES, (VIII) ANY OTHER MATERIALS OR INFORMATION THAT MAY HAVE BEEN MADE AVAILABLE OR COMMUNICATED TO GRANTEE OR ITS AFFILIATES, OR ITS OR THEIR EMPLOYEES, AGENTS, CONSULTANTS, REPRESENTATIVES OR ADVISORS IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THE PURCHASE AND SALE AGREEMENT OR ANY DISCUSSION OR PRESENTATION RELATING THERETO, AND FURTHER DISCLAIMS ANY REPRESENTATION OR WARRANTY, EXPRESS, STATUTORY OR IMPLIED, OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR CONFORMITY TO MODELS OR SAMPLES OF MATERIALS OF ANY EQUIPMENT, IT BEING EXPRESSLY UNDERSTOOD AND AGREED BY THE PARTIES HERETO THAT GRANTEE SHALL BE DEEMED TO BE OBTAINING THE ASSETS IN THEIR PRESENT STATUS, CONDITION AND

STATE OF REPAIR, "AS IS" AND "WHERE IS" WITH ALL FAULTS AND THAT GRANTEE HAS MADE OR CAUSED TO BE MADE SUCH INSPECTIONS AS GRANTEE DEEMS APPROPRIATE, OR (IX) ANY IMPLIED OR EXPRESS WARRANTY OF FREEDOM FROM PATENT OR TRADEMARK INFRINGEMENT.

GRANTOR HAS NOT AND WILL NOT MAKE ANY REPRESENTATION OR WARRANTY REGARDING ANY MATTER OR CIRCUMSTANCE RELATING TO ENVIRONMENTAL LAWS, ENVIRONMENTAL LIABILITIES, THE RELEASE OF MATERIALS INTO THE ENVIRONMENT OR THE PROTECTION OF HUMAN HEALTH, SAFETY, NATURAL RESOURCES OR THE ENVIRONMENT, OR ANY OTHER ENVIRONMENTAL CONDITION OF THE ASSETS, AND NOTHING IN THIS AGREEMENT OR OTHERWISE SHALL BE CONSTRUED AS SUCH A REPRESENTATION OR WARRANTY, AND GRANTEE SHALL BE DEEMED TO BE TAKING THE ASSETS "AS IS" AND "WHERE IS" FOR PURPOSES OF THEIR ENVIRONMENTAL CONDITION.

ARTICLE 3  
Assumption of Obligations

**Section 3.1. Assumed Grantor Obligations:** Effective on the date of this Conveyance, Grantee assumes and agrees to fulfill, perform, pay and discharge the Assumed Seller Obligations.

**Section 3.2. Subject to Leases and Contracts:** Grantee is taking the Assets subject to the terms of, among others, those Leases and Contracts identified in the Purchase and Sale Agreement and conveyed hereby, to the extent those Leases and Contracts are valid, binding and enforceable on the date of this Conveyance, and hereby assumes and agrees to fulfill, perform, pay and discharge Grantor's obligations under such Leases and Contracts from and after the date of this Conveyance.

**Section 3.3. NORM, Wastes and Other Substances:** Grantee acknowledges that the Assets have been used for exploration, development, and production Hydrocarbons and that there may be petroleum, produced water, wastes, or other substances or materials located in, on or under the Properties or associated with the Assets. Equipment and sites included in the Assets may contain asbestos, hazardous substances, or NORM. NORM may affix or attach itself to the inside of wells, materials, and equipment as scale, or in other forms. The wells, materials, and equipment located on the Properties or included in the Assets may contain NORM and other wastes or hazardous substances. NORM containing material and/or other wastes or hazardous substances may have come in contact with various environmental media, including without limitation, water, soils or sediment. Special procedures may be required for the assessment, remediation, removal, transportation, or disposal of environmental media, wastes, asbestos, hazardous substances, and NORM from the Assets.

ARTICLE 4  
Miscellaneous

**Section 4.1. Further Assurances:** After Closing, without further consideration, Grantor and Grantee each agrees to take such further actions and to execute, acknowledge and deliver all such further documents as are reasonably requested by the other party for carrying out the purposes of this Conveyance or of any document delivered pursuant to this Conveyance.

**Section 4.2. Conveyance Subject to Purchase and Sale Agreement:** This Conveyance is expressly subject to the terms and conditions of that certain Purchase and Sale Agreement by and among Grantor and EnerVest Energy Institutional Fund X-A, L.P., EnerVest Energy Institutional Fund X-WI, L.P., EnerVest Energy Institutional Fund XI-A, L.P., EnerVest Energy Institutional Fund XI-WI, L.P., EnerVest Management Partners, Ltd. ("EnerVest Partners"), Wachovia Investment Holdings, LLC ("Wachovia") and EV Properties, L.P. (as subsequently assigned with respect to the interest of each of EnerVest Partners and Wachovia in the Purchase and Sale Agreement to EnerVest Wachovia Co-Investment Partnership, L.P.) dated April 13, 2007 (as amended, the "Purchase and Sale Agreement"). If there is a conflict between the terms of this Conveyance and the Purchase and Sale Agreement, the terms of the Purchase and Sale Agreement shall control.

**Section 4.3. Successors and Assigns:** This Conveyance shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

**Section 4.4. Titles and Captions:** All article or section titles or captions in this Conveyance are for convenience only, shall not be deemed part of this Conveyance and in no way define, limit, extend, or describe the scope or intent of any provisions hereof. Except to the extent otherwise stated in this Conveyance, references to "Articles" and "Sections" are to Articles and Sections of this Conveyance, and references to "Exhibits" are to Exhibits attached to this Conveyance, which are made parts hereof for all purposes.

**Section 4.5. Filings.** As a matter of convenience and not as a limitation to the Assets transferred by this Conveyance, the parties hereto may file counterparts of this Conveyance that only include the descriptions of those Assets that are located in the jurisdiction where such Conveyance is filed. A fully-executed original of this Conveyance (including the descriptions of all Assets transferred by this Conveyance) shall be maintained at the offices of Grantee.

**Section 4.6. Government Assignments.** Separate assignments may be executed on forms approved by Governmental Bodies in sufficient counterparts to satisfy applicable statutory and regulatory requirements. Those assignments shall be deemed to contain the special warranty of title of Grantor and all of the exceptions, reservations, rights, titles, powers and privileges set forth herein as fully and only to the extent as though they were set forth in each such separate assignment. In the event of any conflict between the terms of this Conveyance and such other assignments, the terms of this Conveyance shall govern and control.

**Section 4.7. Governing Law:** This Conveyance and the rights of the parties hereunder shall be governed by, and construed in accordance with, the laws of the State of Texas without regard to principles of conflicts of laws otherwise applicable to such determinations.

**Section 4.8. Several Liability:** Notwithstanding anything to the contrary contained elsewhere in this Conveyance, with respect to all of Grantee's covenants contained in this Conveyance, each Grantee shall be severally, but not jointly, obligated to Grantor (and with respect to Grantee's covenants contained this Conveyance relating specifically to the Assets, as to such Grantee's Grantee Share only).

**Section 4.9 Counterparts:** This Conveyance may be executed in any number of counterparts, and by different parties in separate counterparts, and each counterpart hereof shall be deemed to be an original instrument, but all such counterparts shall constitute but one instrument.

[SIGNATURE PAGE FOLLOWS]

EXECUTED on the date first written above.

Grantor:

ANADARKO E&P COMPANY LP

By:  *File*  
Albert L. Richey  
Vice President, Corporate Development

KERR-McGEE OIL & GAS ONSHORE LP

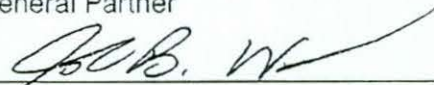
By:  *File*  
Albert L. Richey  
Vice President

Grantee:

ENERVEST ENERGY INSTITUTIONAL  
FUND X-A, L.P.

By: EnerVest Management Partners, Ltd., its  
General Partner

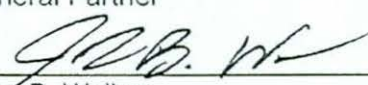
By: EnerVest Management GP, L.C., its  
General Partner

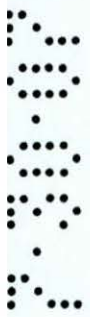
By:   
John B. Walker  
President and Chief Executive Officer

ENERVEST ENERGY INSTITUTIONAL  
FUND X-WI, L.P.

By: EnerVest Management Partners, Ltd., its  
General Partner

By: EnerVest Management GP, L.C., its  
General Partner

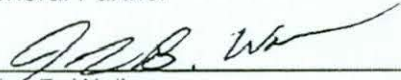
By:   
John B. Walker  
President and Chief Executive Officer



**ENERVEST ENERGY INSTITUTIONAL  
FUND XI-A, L.P.**

By: EnerVest Management Partners, Ltd., its  
General Partner

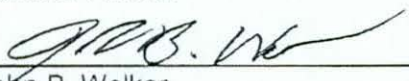
By: EnerVest Management GP, L.C., its  
General Partner

By:   
John B. Walker  
President and Chief Executive Officer

**ENERVEST ENERGY INSTITUTIONAL  
FUND XI-WI, L.P.**

By: EnerVest Management Partners, Ltd., its  
General Partner

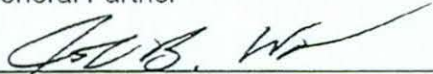
By: EnerVest Management GP, L.C., its  
General Partner

By:   
John B. Walker  
President and Chief Executive Officer

**ENERVEST WACHOVIA CO-INVESTMENT  
PARTNERSHIP, L.P.**

By: EnerVest Management Partners, Ltd., its  
General Partner

By: EnerVest Management GP, L.C., its  
General Partner

By:   
John B. Walker  
President and Chief Executive Officer

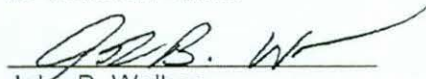
**EV PROPERTIES, L.P.,**

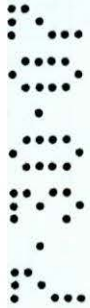
By: EV Properties GP, LLC,  
its General Partner

By: EV Energy Partners, L.P.,  
its Sole Member

By: EV Energy GP, L.P.,  
its General Partner

By: EnerVest Management, LLC,  
its General Partner

By:   
John B. Walker  
President and Chief Executive Officer



STATE OF TEXAS §

COUNTY OF HARRIS §

The foregoing instrument was acknowledged before me by Albert L. Richey, Vice President, Corporate Development, of ANADARKO E&P COMPANY LP, a Delaware limited partnership, on behalf of the partnership this 27<sup>th</sup> day of June, 2007.

Witness my hand and official seal.

(SEAL)



Michael W. Morgan  
Notary Public in and for  
the State of Texas

\_\_\_\_\_  
(Printed Name of Notary)

My commission expires: \_\_\_\_\_

STATE OF TEXAS §

COUNTY OF HARRIS §

The foregoing instrument was acknowledged before me by Albert L. Richey, Vice President of KERR-McGEE OIL & GAS ONSHORE LP, a Delaware limited partnership, on behalf of the partnership this 27<sup>th</sup> day of June, 2007.

Witness my hand and official seal.

(SEAL)



Michael W. Morgan  
Notary Public in and for  
the State of Texas

\_\_\_\_\_  
(Printed Name of Notary)

My commission expires: \_\_\_\_\_



STATE OF TEXAS                   §  
   §  
COUNTY OF HARRIS           §

The foregoing instrument was acknowledged before me by John B. Walker, President and Chief Executive Officer of EnerVest Management GP, L.C., acting in its capacity as general partner of EnerVest Management Partners, Ltd., general partner of **ENERVEST ENERGY INSTITUTIONAL FUND XI-A, L.P.**, a Delaware limited partnership, on behalf of the partnership this 27<sup>th</sup> day of June, 2007.

Witness my hand and official seal.

(SEAL)



Michael W. Morgan  
Notary Public in and for  
the State of Texas

\_\_\_\_\_  
(Printed Name of Notary)

My commission expires: \_\_\_\_\_

STATE OF TEXAS                   §  
   §  
COUNTY OF HARRIS           §

The foregoing instrument was acknowledged before me by John B. Walker, President and Chief Executive Officer of EnerVest Management GP, L.C., acting in its capacity as general partner of EnerVest Management Partners, Ltd., general partner of **ENERVEST ENERGY INSTITUTIONAL FUND XI-WI, L.P.**, a Delaware limited partnership, on behalf of the partnership this 27<sup>th</sup> day of June, 2007.

Witness my hand and official seal.

(SEAL)



Michael W. Morgan  
Notary Public in and for  
the State of Texas

\_\_\_\_\_  
(Printed Name of Notary)

My commission expires: \_\_\_\_\_

STATE OF TEXAS                   §  
   §  
COUNTY OF HARRIS               §

The foregoing instrument was acknowledged before me by John B. Walker, President and Chief Executive Officer of EnerVest Management GP, L.C., acting in its capacity as general partner of EnerVest Management Partners, Ltd., general partner of **ENERVEST WACHOVIA CO-INVESTMENT PARTNERSHIP, L.P.**, a Delaware limited partnership, on behalf of the partnership this 27<sup>th</sup> day of June, 2007.

Witness my hand and official seal.

(SEAL)



Michael W. Morgan  
Notary Public in and for  
the State of Texas

\_\_\_\_\_  
(Printed Name of Notary)

My commission expires: \_\_\_\_\_

STATE OF TEXAS                   §  
   §  
COUNTY OF HARRIS               §

The foregoing instrument was acknowledged before me by John B. Walker, President and Chief Executive Officer of EnerVest Management, LLC, general partner of EV Energy GP, L.P., general partner of EV Energy Partners, L.P., the sole member of EV Properties GP, LLC, general partner of **EV PROPERTIES, L.P.**, a Delaware limited partnership, on behalf of the partnership this 27<sup>th</sup> day of June, 2007.

Witness my hand and official seal.

(SEAL)



Michael W. Morgan  
Notary Public in and for  
the State of Texas

\_\_\_\_\_  
(Printed Name of Notary)

My commission expires: \_\_\_\_\_

**SCHEDULE "1.1"**

Attached to and made a part of  
Assignment and Bill of Sale between  
**ANADARKO E&P COMPANY LP** and  
**KERR-McGEE OIL & GAS ONSHORE LP**, as Grantor,  
and  
**ENERVEST ENERGY INSTITUTIONAL FUND X-A, L.P.**,  
**ENERVEST ENERGY INSTITUTIONAL FUND X-WI, L.P.**,  
**ENERVEST ENERGY INSTITUTIONAL FUND XI-A, L.P.**,  
**ENERVEST ENERGY INSTITUTIONAL FUND XI-WI, L.P.**,  
**ENERVEST WACHOVIA CO-INVESTMENT PARTNERSHIP, L.P.**, and  
**EV PROPERTIES, L.P.**, as Grantee,  
effective April 1, 2007.

**GRANTEE SHARE**

EnerVest Energy Institutional Fund X-A, L.P.	4.7700%
EnerVest Energy Institutional Fund X-WI, L.P.	7.2300%
EnerVest Energy Institutional Fund XI-A, L.P.	35.3770%
EnerVest Energy Institutional Fund XI-WI, L.P.	15.9570%
EnerVest Wachovia Co-Investment Partnership, L.P.	23.3330%
EV Properties, L.P.	13.3330%

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Lease Number	Lessor	Lessee	State	County	Lease Date	Recording
TX51121	002	MARILYN STEWART DANIEL	TX	WASHINGTON	06/07/00	WASHINGTON, TX: BOOK#: 968 PAGE#: 830 .
TX51121	003	THELMA M ZWIENER	TX	WASHINGTON	10/17/00	WASHINGTON, TX: BOOK#: 977 PAGE#: 807 .
TX51122	000	APPELT ET AL	TX	WASHINGTON	08/03/00	WASHINGTON, TX: BOOK#: 970 PAGE#: 866 .
TX51123	000	CLYDE W MARGIE O RICKS	TX	WASHINGTON	08/03/00	WASHINGTON, TX: BOOK#: 750 PAGE#: 369 RECEPTION#: 7045 .
TX51124	000	JOHN A DOROTHY A ROSS	TX	WASHINGTON	08/03/00	WASHINGTON, TX: BOOK#: 970 PAGE#: 851 .
TX51125	000	GARY J LOIS M ROSS	TX	WASHINGTON	08/03/00	WASHINGTON, TX: BOOK#: 968 PAGE#: 911 .
TX51136	000	ARTEUS M CLAY	TX	WASHINGTON	03/19/01	WASHINGTON, TX: BOOK#: 986 PAGE#: 363 .
TX51139	000	THOMAS M CLAUDIA D CLAY	TX	WASHINGTON	03/16/01	WASHINGTON, TX: BOOK#: 986 PAGE#: 357 .
TX51140	000	THOMAS M CLAUDIA D CLAY	TX	WASHINGTON	03/16/01	WASHINGTON, TX: BOOK#: 986 PAGE#: 345 .
TX51141	000	ESTATE LILLIAN AMELIA KLAT	TX	WASHINGTON	08/15/00	WASHINGTON, TX: BOOK#: 969 PAGE#: 736 .
TX51178	000	CHRISTINE BENTKE	TX	WASHINGTON	03/21/01	WASHINGTON, TX: BOOK#: 986 PAGE#: 822 RECEPTION#: 2319 .
TX51179	000	JESUS ARCEY HERNANDEZ	TX	WASHINGTON	03/24/01	WASHINGTON, TX: BOOK#: 987 PAGE#: 728 RECEPTION#: 2535 .
TX51180	000	JIMMIE CONNOR CLAY	TX	WASHINGTON	03/16/01	WASHINGTON, TX: BOOK#: 986 PAGE#: 183 RECEPTION#: 2184 .
TX51181	000	THOMAS T REBA F CLAY	TX	WASHINGTON	03/16/01	WASHINGTON, TX: BOOK#: 986 PAGE#: 186 RECEPTION#: 2185 .
TX51182	000	REBA THOMAS T CLAY	TX	WASHINGTON	03/17/01	WASHINGTON, TX: BOOK#: 986 PAGE#: 175 RECEPTION#: 2182 .
TX51183	000	ISABEL G & ELIZABETH PRIET	TX	WASHINGTON	03/24/01	WASHINGTON, TX: BOOK#: 986 PAGE#: 325 RECEPTION#: 2213 .
TX51184	000	ATREUS M CLAY ET AL	TX	WASHINGTON	03/18/01	WASHINGTON, TX: BOOK#: 986 PAGE#: 178 RECEPTION#: 2183 .
TX52798	000	JANICE M MURRAY	TX	WASHINGTON	08/15/01	WASHINGTON, TX: BOOK#: PAGE#: .
TX52799	000	RHONDA CUPIT	TX	WASHINGTON	06/13/01	WASHINGTON, TX: BOOK#: 1002 PAGE#: 649 .
TX52800	000	GEORGE TOMMIE NEWMAN ET UX	TX	WASHINGTON	06/04/01	WASHINGTON, TX: BOOK#: 995 PAGE#: 647 .
TX52801	000	GRASSIANO CAMACHO ET UX	TX	WASHINGTON	06/24/01	WASHINGTON, TX: BOOK#: 997 PAGE#: 918 .
TX52802	000	HIRAM CAIN, ET AL	TX	WASHINGTON	05/31/01	WASHINGTON, TX: BOOK#: 998 PAGE#: 38 .
TX52803	001	ADELL HILL	TX	WASHINGTON	06/04/01	WASHINGTON, TX: BOOK#: 998 PAGE#: 875 .
TX52803	002	JOHNNIE MAE MOORE ET AL	TX	WASHINGTON	06/04/01	WASHINGTON, TX: BOOK#: 998 PAGE#: 49 .
TX52803	003	JOE PENNYGRAPH	TX	WASHINGTON	06/04/01	WASHINGTON, TX: BOOK#: 998 PAGE#: 42 .
TX52803	004	LENA PENNYGRAPH	TX	WASHINGTON	06/04/01	WASHINGTON, TX: BOOK#: 999 PAGE#: 448 .
TX52803	005	ANNIE MAE PENNYGRAPH	TX	WASHINGTON	06/04/01	WASHINGTON, TX: BOOK#: 999 PAGE#: 452 .
TX52804	001	MARY LOU APPEL ET VIR	TX	WASHINGTON	06/13/01	WASHINGTON, TX: BOOK#: 998 PAGE#: 872 .
TX52804	002	EVELYN C TATE ET VIR	TX	WASHINGTON	06/13/01	WASHINGTON, TX: BOOK#: 998 PAGE#: 892 .
TX52804	003	FRED C KETRICK ET UX	TX	WASHINGTON	06/13/01	WASHINGTON, TX: BOOK#: 998 PAGE#: 885 .
TX52805	001	HIRAM CAIN ET AL	TX	WASHINGTON	08/15/01	WASHINGTON, TX: BOOK#: 998 PAGE#: 38 .
TX52838	000	MARK L SCHWARTZ ET UX	TX	WASHINGTON	12/08/00	WASHINGTON, TX: BOOK#: 975 PAGE#: 989 .
TX40148	RW000	ST-TX M-100655	TX	WASHINGTON	04/30/02	WASHINGTON, TX: BOOK#: 0939 PAGE#: 597 RECEPTION#: 5437
TX50040	001	JOY ANN DICKSCHAT	TX	WASHINGTON	12/21/01	WASHINGTON, TX: BOOK# 1021 PAGE#:931 .
TX50040	002	JOHN ASHLEY SOMMER JR	TX	WASHINGTON	12/21/01	WASHINGTON, TX: BOOK# 1021 PAGE#: 922 .
TX50040	003	BRIAN KEITH DICKSCHAT	TX	WASHINGTON	12/21/01	WASHINGTON, TX: BOOK#:1021 PAGE#: 928.
TX50040	004	DUSTIN DICKSCHAT	TX	WASHINGTON	12/21/01	WASHINGTON, TX: BOOK#: 1021 PAGE#: 937.
TX50040	005	MARK DICKSCHAT	TX	WASHINGTON	12/21/01	WASHINGTON, TX: BOOK#: 1021 PAGE#: 934 .
TX50040	006	RODNEY ALAN DICKSCHAT	TX	WASHINGTON	12/21/01	WASHINGTON, TX: BOOK#: 1022 PAGE#: 741 .
TX50040	007	RICHARD DEAN SOMMER	TX	WASHINGTON	12/21/01	WASHINGTON, TX: BOOK#:1021 PAGE#:925.
TX50041	000	DANIEL RAY ENGELING ET UX	TX	WASHINGTON	01/21/02	WASHINGTON, TX: BOOK#: 1025 PAGE#: 926.
TX50042	000	NANCY D ROSENBAUM	TX	WASHINGTON	01/22/02	WASHINGTON, TX: BOOK#: 1027 PAGE#: 904.
TX50043	001	MARY ANN H MARSHALL	TX	WASHINGTON	01/28/02	WASHINGTON, TX: BOOK#:1025 PAGE#: 916.
TX50043	002	LUTHER J HUESKE	TX	WASHINGTON	01/28/02	WASHINGTON, TX: BOOK#: 1026 PAGE#: 880.
TX50043	003	MILTON F HUESKE	TX	WASHINGTON	01/28/02	WASHINGTON, TX: BOOK#:1025 PAGE#: 923 .
TX50044	000	ERVIN & DOVIE M ADDICKS	TX	WASHINGTON	01/21/02	WASHINGTON, TX: BOOK#:1027 PAGE#: 074.
TX50045	000	LEON H & FLORADELL BOECKER	TX	WASHINGTON	01/28/02	WASHINGTON, TX: BOOK#: 1025 PAGE#: 913 .
TX50046	000	EDNA L GULDNER	TX	WASHINGTON	01/28/02	WASHINGTON, TX: BOOK#: 105 PAGE#:919 .
TX50047	000	CLARICE BERTIE HUESKE	TX	WASHINGTON	01/28/02	WASHINGTON, TX: BOOK#: 1036 PAGE#: 742 .
TX50048	000	LILBURN & DOLORES H MEIER	TX	WASHINGTON	01/28/02	WASHINGTON, TX: BOOK#: 1027 PAGE#: 67 .
TX50049	000	NANCY D ROSENBAUM	TX	WASHINGTON	01/22/02	WASHINGTON, TX: BOOK#: 1027 PAGE#: 900
TX50050	001	DOROTHY LOUISE MENKE	TX	WASHINGTON	01/30/02	WASHINGTON, TX: BOOK#: 1027 PAGE#: 910 .
TX50697	001	GUS F MUTSCHER INDIV ET AL	TX	WASHINGTON	02/05/99	WASHINGTON, TX: BOOK#: 922 PAGE#: 899 .

Lease Number	Lessor	Lessee	State	County	Lease Date	Recording
TX50688	001 PFL PROPERTIES LP	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	01/25/99	WASHINGTON, TX: BOOK#: 920 PAGE#: 455 .
TX50699	000 RAVIS AND D'ANN KEY	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	01/20/99	WASHINGTON, TX: BOOK#: 921 PAGE#: 141 .
TX50700	001 JOHN R JANIS STAYTON	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	01/15/99	WASHINGTON, TX: BOOK#: 922 PAGE#: 395 .
TX50700	002 LARRY TEGELER TRUSTEE	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	07/27/95	WASHINGTON, TX: BOOK#: 793 PAGE#: 59 .
TX50701	000 ALMA DUROW	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	09/26/98	WASHINGTON, TX: BOOK#: 910 PAGE#: 903 .
TX50705	000 DONALD E VICKI SWONKE	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	06/28/99	WASHINGTON, TX: BOOK#: 936 PAGE#: 96 .
TX50706	000 MARGIE MORROW FREEMAN	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	04/23/99	WASHINGTON, TX: BOOK#: 899 PAGE#: 704 .
TX50708	000 ALVIS E DOROTHY M GROHMAN	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	07/22/99	WASHINGTON, TX: BOOK#: 937 PAGE#: 186 .
TX50709	000 ST-TX M100659	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	06/21/99	WASHINGTON, TX: BOOK#: 939 PAGE#: 603 .
TX50710	000 ST-TX M100655	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	06/21/99	WASHINGTON, TX: BOOK#: 939 PAGE#: 597 .
TX50720	001 DOROTHY MARIE KITOWSKI	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	10/01/99	WASHINGTON, TX: BOOK#: 945 PAGE#: 197 .
TX50720	002 DORIS KITOWSKI AIF VINCENT	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	10/01/99	WASHINGTON, TX: BOOK#: 945 PAGE#: 191 .
TX50722	001 DOROTHY G S MICHAUD ET VIR	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	10/20/99	WASHINGTON, TX: BOOK#: 944 PAGE#: 700 .
TX50722	002 ROBERT D STRINGER II ET UX	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	10/20/99	WASHINGTON, TX: BOOK#: 945 PAGE#: 194 .
TX50723	001 DOROTHY G S MICHAUD ET VIR	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	10/01/99	WASHINGTON, TX: BOOK#: 944 PAGE#: 125 .
TX50723	002 ROBT D JUDITH STRINGER II	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	10/01/99	WASHINGTON, TX: BOOK#: 644 PAGE#: 106 .
TX50725	000 RAYMOND W SANDER	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	10/29/99	WASHINGTON, TX: BOOK#: 946 PAGE#: 290 .
TX50726	000 ARLEN HEATHER THIELEMANN	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	11/09/99	WASHINGTON, TX: BOOK#: 946 PAGE#: 935 .
TX50727	000 CHARLES J IRENE C WEBSTER	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	11/08/99	WASHINGTON, TX: BOOK#: 945 PAGE#: 480 .
TX50728	000 B A DORIS J BUCHALLA	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	10/15/99	WASHINGTON, TX: BOOK#: 945 PAGE#: 217 .
TX50732	000 EMMA ADDICKS	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	11/02/99	WASHINGTON, TX: BOOK#: 947 PAGE#: 812 .
TX50733	000 RUBY DEOLIVE	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	10/25/99	WASHINGTON, TX: BOOK#: 942 PAGE#: 352 .
TX50734	000 ELWOOD C DELORIS A DRAEHN	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	11/04/99	WASHINGTON, TX: BOOK#: 945 PAGE#: 485 .
TX50735	000 MARGARET S EDWARDS	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	10/28/99	WASHINGTON, TX: BOOK#: 949 PAGE#: 865 .
TX50736	000 JON AND TERESA HODDE	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	11/04/99	WASHINGTON, TX: BOOK#: 792 PAGE#: 118 .
TX50737	000 DANA I BEATRICE KESTENBAUM	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	10/27/99	WASHINGTON, TX: BOOK#: 946 PAGE#: 314 .
TX50739	000 HERBERT AND HATTIE PIEPER	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	10/15/99	WASHINGTON, TX: BOOK#: 944 PAGE#: 130 .
TX50740	000 KOY B SCHEINER	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	09/27/99	WASHINGTON, TX: BOOK#: 940 PAGE#: 459 .
TX50741	001 FROST NATL BNK TRSTEE FBO	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	09/27/99	WASHINGTON, TX: BOOK#: 946 PAGE#: 282 .
TX50766	000 NANCY BONKOWSKI	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	11/24/99	WASHINGTON, TX: BOOK#: 948 PAGE#: 634 .
TX50767	000 J K GARDNER ROBT W GARDNER	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	10/20/99	WASHINGTON, TX: BOOK#: 951 PAGE#: 494 .
TX50768	000 STEVEN I DONNA L HOLLISTER	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	11/23/99	WASHINGTON, TX: BOOK#: 948 PAGE#: 631 .
TX50769	000 JOHN W BETTY WHISNANT	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	10/01/99	WASHINGTON, TX: BOOK#: 948 PAGE#: 600 .
TX50770	001 RAY AND EVELYN KINNISON	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	11/19/99	WASHINGTON, TX: BOOK#: 948 PAGE#: 597 .
TX50770	002 DANA I BEATRICE KESTENBAUM	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	11/19/99	WASHINGTON, TX: BOOK#: 946 PAGE#: 314 .
TX50796	000 ERCULIANI INTERBAU LUZERN	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	04/07/00	WASHINGTON, TX: BOOK#: 968 PAGE#: 916 .
TX50797	000 PEGGY E WILKES	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	12/28/94	WASHINGTON, TX: BOOK#: 772 PAGE#: 379 RECEPTION#: 1527 .
TX50806	000 REINHOLD HERRMANN	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	07/13/00	WASHINGTON, TX: BOOK#: 967 PAGE#: 206 .
TX50807	000 ST-TX MF-100931	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	02/14/00	WASHINGTON, TX: BOOK#: 966 PAGE#: 64 .
TX50816	001 JOHN D BICKNELL	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	07/20/00	WASHINGTON, TX: BOOK#: 970 PAGE#: 181 .
TX50816	003 GARY GENE DONNA LANGE	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	01/25/00	WASHINGTON, TX: BOOK#: 954 PAGE#: 270 .
TX50817	001 DOROTHY G S MICHAUD ET VIR	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	07/25/00	WASHINGTON, TX: BOOK#: 789 PAGE#: 382 .
TX50817	002 ROBERT D STRINGER III ETUX	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	07/25/00	WASHINGTON, TX: BOOK#: 970 PAGE#: 845 .
TX52792	000 WELDON MOELLER ET UX	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	03/10/99	WASHINGTON, TX: BOOK#: 928 PAGE#: 106 .
TX52797	001 ROY BERNARD DANNHAUS	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	09/24/01	WASHINGTON, TX: BOOK#: 1009 PAGE#: 478 .
TX52797	002 BERNARD AND ALICE DANNHAUS	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	09/24/01	WASHINGTON, TX: BOOK#: 1009 PAGE#: 476 .
TX52895	000 ALVIN E & FRANCES LEHMANN	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	09/18/02	WASHINGTON, TX: BOOK#: 1046 PAGE#: 485 RECEPTION#: 6159 .
TX52896	000 WALDO DANNHAUS	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	09/18/02	WASHINGTON, TX: BOOK#: 1046 PAGE#: 491 RECEPTION#: 6161 .
TX52897	001 BERNARD E DANNHAUS ET UX	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	09/18/02	WASHINGTON, TX: BOOK#: 1046 PAGE#: 494 RECEPTION#: 6162 .
TX52897	002 ROY BERNARD DANNHAUS	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	09/18/02	WASHINGTON, TX: BOOK#: 1046 PAGE#: 497 RECEPTION#: 6163 .
TX52898	000 ALVIN E & FRANCES LEHMANN	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	09/18/02	WASHINGTON, TX: BOOK#: 1046 PAGE#: 488 RECEPTION#: 6160 .
TX52899	000 ANDREA BRINKMEYER ADLER ET	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	04/17/02	WASHINGTON, TX: BOOK#: 1033 PAGE#: 4 RECEPTION#: 3288 .
TX52900	000 ERVIN & DOVIE M ADDICKS	CHESAPEAKE EXPLORATION LIMITED	TX	WASHINGTON	01/21/02	WASHINGTON, TX: BOOK#: 1027 PAGE#: 074 .

**EXHIBIT "C"**

Attached to and made a part of  
 Assignment and Bill of Sale between  
**ANADARKO E&P COMPANY LP, and**  
**KERR-McGEE OIL & GAS ONSHORE LP, as Grantor,**  
 and  
**ENERVEST ENERGY INSTITUTIONAL FUND X-A, L.P.,**  
**ENERVEST ENERGY INSTITUTIONAL FUND X-WI, L.P.,**  
**ENERVEST ENERGY INSTITUTIONAL FUND XI-A, L.P.,**  
**ENERVEST ENERGY INSTITUTIONAL FUND XI-WI, L.P.,**  
**ENERVEST WACHOVIA CO-INVESTMENT PARTNERSHIP, L.P. and**  
**EV PROPERTIES, L.P., as Grantee,**  
 effective April 1, 2007

**EXCLUDED ITEMS**

AEPC QCM No.	Seller	Purchaser	Contract Description
8731	AEPC	AEFC	Intracompany NGL Purchase Contract
2545	AEPC	AEFC	NGL Cashout - ETC Enbit Agreement
9419	AEPC/AESC	ETC Texas Pipeline, LTD/ ETC Katy Pipeline, LTD	Intracompany Gas Purchase Contract ETC Cashout Letter Agreement

The following interests in oil and gas wells, together with all contracts, equipment, records and other personal property relating thereto that would constitute Contracts, Surface Contracts, Equipment, Records, and other Assets but for the fact that, and solely to the extent that, they relate to interests in oil and gas leases not conveyed to Grantee pursuant to this conveyance and interests in oil and gas wells that constitute Excluded Assets, are excluded from the Assets and reserved unto Grantor.

AREA	STATE	COUNTY	LEASE	OPERATOR	WI (%)	NRI-OIL (%)	NRI-GAS (%)
DEEP GIDDINGS	TX	BRAZOS	BORISKIE-DIVERSIFIED UNIT 1	ANADARKO E & P COMPANY LP	1 52858	1 17390	1 17350
BROOKELAND	TX	NEWTON	CHAMPION A-334 #1 RE (B)	ANADARKO E & P COMPANY LP	31 60164	26 54013	26 54013
DEEP GIDDINGS	TX	AUSTIN	DIERKING UNIT 1	ANADARKO E & P COMPANY LP	9 03675	7 46902	7 46902
DEEP GIDDINGS	TX	AUSTIN	DIERKING UNIT #3	ANADARKO E & P COMPANY LP	9 03675	7 38262	7 38262
BROOKELAND	TX	NEWTON	DONNER-BROWN A-145 UNIT#1 OL	ANADARKO E & P COMPANY LP	5 47826	4 74973	4 74973
DEEP GIDDINGS	TX	BRAZOS	FELIX K UNIT #1	ANADARKO E & P COMPANY LP	3 12766	2 35286	2 35286
DEEP GIDDINGS	TX	AUSTIN	CLAESER UNIT #2 (B)	ANADARKO E & P COMPANY LP	18 43265	15 21906	15 21906
DEEP GIDDINGS	TX	AUSTIN	CLAESER UNIT 1	ANADARKO E & P COMPANY LP	18 43265	14 65004	14 65004
CENTRAL GIDDINGS	TX	WASHINGTON	JOHNSTON A #1 RE	ADAMS RESOURCES	15 90470	13 68696	13 68696
CENTRAL GIDDINGS	TX	FAYETTE	KASPAR UNIT #2 RE	ANADARKO E & P COMPANY LP	3 39200	2 54400	2 54400
CENTRAL GIDDINGS	TX	FAYETTE	KASPAR UNIT #3 RE (D)	ANADARKO E & P COMPANY LP	3 39200	2 54400	2 54400
DEEP GIDDINGS	TX	AUSTIN	RAINS TRUST UNIT # 1	ANADARKO E & P COMPANY LP	8 08720	6 71048	6 71048
DEEP GIDDINGS	TX	AUSTIN	RAINS TRUST UNIT # 2 (D)	ANADARKO E & P COMPANY LP	8 08719	6 71048	6 71048
BROOKELAND	TX	NEWTON	TEXACO AMI UNIT 5 #1-H RE	ANADARKO E & P COMPANY LP	82 74460	66 79615	66 79615
BROOKELAND	TX	NEWTON	TEXACO FEE AMI #1-H RE	ANADARKO E & P COMPANY LP	30 94890	24 31550	24 31550

Return to:  
 EnerVest Management Partners, Ltd.  
 Attn: Land Department  
 1001 Fannin Street, Suite 800  
 Houston, Texas 77002-6707

2007 JUN 28 PM 12: C1

RECEIVED  
 JUN 28 2007  
 ENERGY SERVICES  
 1001 FANNIN STREET, SUITE 800  
 HOUSTON, TEXAS 77002-6707



**ENERVEST**

July 19, 2007

STATE OF TEXAS M-100655  
GENERAL LAND OFFICE  
PO BOX 12873  
AUSTIN, TEXAS 78711-2873

Re: Notice of Assignment  
Washington County, Texas

Dear Addressee:

In accordance with the provisions of the oil, gas and mineral lease described below, we are notifying you of an assignment of such lease from Anadarko E&P Company LP and Kerr-McGee Oil & Gas Onshore LP, collectively as Grantor, to EnerVest Energy Institutional Fund X-A, L.P., EnerVest Energy Institutional Fund X-WI, L.P., EnerVest Energy Institutional Fund XI-A, L.P., EnerVest Energy Institutional Fund XI-WI, L.P., and EV Properties, L.P., collectively as Grantee.

<u>Lessor</u>	<u>Lease Date</u>	<u>Lease No.</u>
STATE OF TEXAS M-100655	6/21/1999	TX40148.000

Enclosed for your file and information is a copy of the recorded Assignment and Bill of Sale executed June 27, 2007, but effective April 1, 2007, along with a portion of Exhibit A describing the above Lease.

EnerVest Management Partners, Ltd. is the General Partner of the Grantee. If you have any questions or concerns, please do not hesitate to contact me at 713-495-5316.

Very truly yours,

EnerVest Management Partners, Ltd.

Carol Terrett  
Senior Lease Analyst

RECEIVED  
JUL 30 AM 10:27  
ENERVEST

enclosure

**ENERVEST MANAGEMENT PARTNERS, LTD.**

1001 FANNIN STREET, SUITE 800 • HOUSTON, TEXAS 77002-6707 • 713.659.3500 • FAX 713.659.3556



July 19, 2007

STATE OF TEXAS M-100655  
GENERAL LAND OFFICE  
PO BOX 12873  
AUSTIN, TEXAS 78711-2873

Re: Notice of Assignment  
Washington County, Texas

Dear Addressee:

In accordance with the provisions of the oil, gas and mineral lease described below, we are notifying you of an assignment of such lease from Anadarko E&P Company LP and Kerr-McGee Oil & Gas Onshore LP, collectively as Grantor, to EnerVest Energy Institutional Fund X-A, L.P., EnerVest Energy Institutional Fund X-WI, L.P., EnerVest Energy Institutional Fund XI-A, L.P., EnerVest Energy Institutional Fund XI-WI, L.P., and EV Properties, L.P., collectively as Grantee.

<u>Lessor</u>	<u>Lease Date</u>	<u>Lease No.</u>
STATE OF TEXAS M-100655	6/21/1999	TX50710.000

Enclosed for your file and information is a copy of the recorded Assignment and Bill of Sale executed June 27, 2007, but effective April 1, 2007, along with a portion of Exhibit A describing the above Lease.

EnerVest Management Partners, Ltd. is the General Partner of the Grantee. If you have any questions or concerns, please do not hesitate to contact me at 713-495-5316.

Very truly yours,

EnerVest Management Partners, Ltd.

A handwritten signature in blue ink that reads "Carol Terrett".

Carol Terrett  
Senior Lease Analyst

enclosure

**ENERVEST MANAGEMENT PARTNERS, LTD.**

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19.

File No. MF100655

Assignment

Date Filed: 7.31.07

Jerry E. Patterson, Commissioner

By CBP

5.30.07

**DO NOT DESTROY**



**Texas General Land Office**  
**UNIT AGREEMENT MEMO**

UPA170089

*Unit Number* 8699  
*Operator Name* Enervest Operating L L C  
*Customer ID* C000040239  
*Unit Name* Carmona Unit  
*County 1* Washington *RRC District 1* 03  
*County 2* *RRC District 2*  
*County 3* *RRC District 3*  
*County 4* *RRC District 4*  
*Unit type* Permanent  
*State Net Revenue Interest* Oil 0.00253594  
*State Part in Unit* 0.01302381  
*Unit Depth* Specified Depths  
*From Depth* *Well*  
*To Depth* *Formation* Top of Austin Chalk to Base of Austin Chalk  
*Participation Basis* Surface Acreage  
*If Exclusions Apply: See Remarks*

*Effective Date* 08/01/2017  
*Unitized For* Oil And Gas  
*Unit Term*  
*Old Unit Number* *Inactive Status Date*  
 3035 - State &  
 County Rds  
 separated

<i>Lease Number</i>	<i>Tract No</i>	<i>Lease Acres in Unit</i>	<i>Total Unit Acres</i>	<i>Tract Participation</i>	<i>O/G</i>	<i>Lease Royalty</i>	<i>NRI of Lease in Unit</i>	<i>Royalty Rate Reduction Clause</i>
MF100655	15A	4.175680	840.000000	0.00497105	O/G	0.20000000	0.00099421	No
MF102386	15B	2.955390	840.000000	0.00351832	O/G	0.18750000	0.00065969	No
MF118896	15C	2.138930	840.000000	0.00254635	O/G	0.20000000	0.00050927	No
MF101068	53	1.670000	840.000000	0.00198810	O/G	0.18750000	0.00037277	No

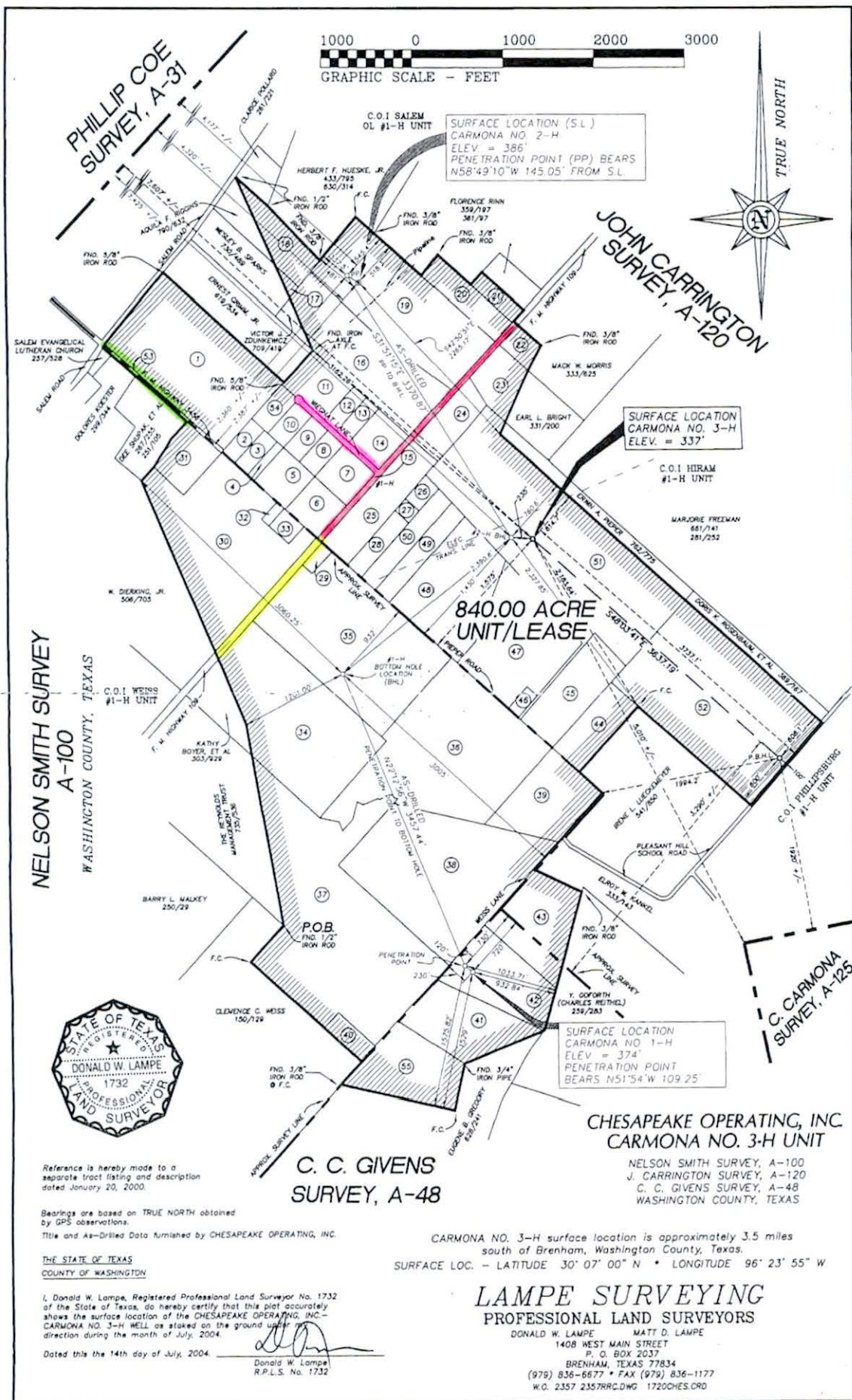


MF 118896

MF 100655

MF 101068

MF 102386



NELSON SMITH SURVEY  
A-100  
WASHINGTON COUNTY, TEXAS



Reference is hereby made to a separate tract listing and description dated January 20, 2000.  
Bearings are based on TRUE NORTH obtained by GPS observations.  
Title and As-Drilled Data furnished by CHESAPEAKE OPERATING, INC.  
THE STATE OF TEXAS  
COUNTY OF WASHINGTON

I, Donald W. Lampe, Registered Professional Land Surveyor No. 1732 of the State of Texas, do hereby certify that this plot accurately shows the surface location of the CHESAPEAKE OPERATING, INC. - CARMONA NO. 3-H WELL as staked on the ground under my direction during the month of July, 2004.  
Dated this the 14th day of July, 2004.  
Donald W. Lampe  
R.P.L.S. No. 1732

C. C. GIVENS  
SURVEY, A-48

CHESAPEAKE OPERATING, INC  
CARMONA NO. 3-H UNIT  
NELSON SMITH SURVEY, A-100  
J. CARRINGTON SURVEY, A-120  
C. C. GIVENS SURVEY, A-48  
WASHINGTON COUNTY, TEXAS

CARMONA NO. 3-H surface location is approximately 3.5 miles south of Brenham, Washington County, Texas.  
SURFACE LOC. - LATITUDE 30° 07' 00" N • LONGITUDE 96° 23' 55" W

LAMPE SURVEYING  
PROFESSIONAL LAND SURVEYORS  
DONALD W. LAMPE MATT D. LAMPE  
1408 WEST MAIN STREET  
P. O. BOX 2037  
BRENNHAM, TEXAS 77834  
(979) 836-6677 • FAX (979) 836-1177  
W.O. 2357 2357RRC.DWG 1720CHES.ORD

MF118896

DIVISION ORDER

MF100659

TO: CHESAPEAKE OPERATING, INC., PAYOR  
P.O. BOX 18496  
OKLAHOMA CITY, OK 73154

PROPERTY NO: 322272  
EFFECTIVE: FIRST PRODUCTION  
PREPARED BY: PATSY WATTERS  
DATE PREPARED: 3/4/2004  
PRODUCT(S): OIL & GAS

This agreement is made and entered into on March 4, 2004.

The undersigned severally and not jointly certifies it is the legal owner of the interest set out below of all the oil, gas and related liquid hydrocarbons produced from the property described below:

OPERATOR: CHESAPEAKE OPERATING, INC. OWNER NO: 640570 INT TYPE: 2 (1 = WI, 2 = RI, 3 = ORI)  
PROPERTY: CARMONA 2-H OWNER: STATE OF TEXAS M-100659  
LEGAL DESCRIPTION: JOHN CARRINGTON SVY, A-120, CC GIVENS SVY, A-48, NELSON SMITH SVY, A-100  
WASHINGTON, TX COMMENTS: N/A

UNIT ACRES: 840.000000

Status	BPO Net Ac	BPO Lse NRI/RI	BPO Unit Int.	APO1 Net Ac	APO1 Lse NRI/RI	APO1 Unit Int.	APO2 Net Ac	APO2 Lse NRI/RI	APO2 Unit Int.
PA	2.138930	0.20000000	0.00050927	n/a	n/a	n/a	n/a	n/a	n/a

DIVISION OF INTEREST

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

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

**TERMS OF SALE:** The undersigned will be paid in accordance with the division of interest set out above. The payor shall pay all parties at the price agreed to by the operator for oil and gas to be sold pursuant to this division order. Purchaser shall compute quantity and make corrections for gravity and temperature and make deductions for impurities in the oil.

**PAYMENT:** From the effective date, payment is to be made monthly by payor's check, based on this division of interest, for oil runs and gas produced during the 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 \$100.00 may be accrued before disbursement until the total amount equals \$100.00, or until July 31st of each year, whichever occurs first. However, the Payor may hold accumulated proceeds of less than \$10.00 until production ceases, or the Payor's responsibility for making payment for production ceases, whichever occurs first. Payee agrees to refund to payor any amounts attributable to an interest or part of an interest that payee does not own.

**INDEMNITY:** The owner agrees to indemnify and hold payor harmless from all liability resulting from payments made to the owner in accordance with such division of interest, including but not limited to attorney fees or judgments 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 the laws of this state.

WITNESS	SIGNATURE OF INTEREST OWNER	SOCIAL SECURITY/ TAX I.D. NO.	REVENUE ADDRESS
			CORRESPONDENCE ADDRESS
WORK PHONE NUMBER: ( )		HOME PHONE NUMBER: ( )	FAX NUMBER: ( )

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

THIS COPY CAN BE RETAINED FOR YOUR RECORDS.



DIVISION ORDER

MF 100655

TO: CHESAPEAKE OPERATING, INC., PAYOR  
P.O. BOX 18496  
OKLAHOMA CITY, OK 73154

PROPERTY NO: 322272  
EFFECTIVE: FIRST PRODUCTION  
PREPARED BY: PATSY WATTERS  
DATE PREPARED: 3/4/2004  
PRODUCT(S): OIL & GAS

This agreement is made and entered into on March 4, 2004.

The undersigned severally and not jointly certifies it is the legal owner of the interest set out below of all the oil, gas and related liquid hydrocarbons produced from the property described below:

OPERATOR: CHESAPEAKE OPERATING, INC. OWNER NO: 645578 INT TYPE: 2 (1 = WI, 2 = RI, 3 = ORI)  
PROPERTY: CARMONA 2-H OWNER: STATE OF TEXAS M-100655  
LEGAL DESCRIPTION: JOHN CARRINGTON SVY, A-120, CC GIVENS SVY, A-48, NELSON SMITH SVY, A-100  
WASHINGTON, TX COMMENTS: N/A  
UNIT ACRES: 840.000000

Status	BPO Net Ac	BPO Lse NRI/RI	BPO Unit Int.	APO1 Net Ac	APO1 Lse NRI/RI	APO1 Unit Int.	APO2 Net Ac	APO2 Lse NRI/RI	APO2 Unit Int.
PA	4.175680	0.20000000	0.00099421	n/a	n/a	n/a	n/a	n/a	n/a

**DIVISION OF INTEREST**

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:

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**PAYMENT:** From the effective date, payment is to be made monthly by payor's check, based on this division of interest, for oil runs and gas produced during the 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 \$100.00 may be accrued before disbursement until the total amount equals \$100.00, or until July 31st of each year, whichever occurs first. However, the Payor may hold accumulated proceeds of less than \$10.00 until production ceases, or the Payor's responsibility for making payment for production ceases, whichever occurs first. Payee agrees to refund to payor any amounts attributable to an interest or part of an interest that payee does not own.

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WITNESS	SIGNATURE OF INTEREST OWNER	SOCIAL SECURITY/ TAX I.D. NO.	REVENUE ADDRESS
			CORRESPONDENCE ADDRESS
WORK PHONE NUMBER: ( )	HOME PHONE NUMBER: ( )	FAX NUMBER: ( )	

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



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MF 102386

DIVISION ORDER

TO: CHESAPEAKE OPERATING, INC., PAYOR  
 P.O. BOX 18496  
 OKLAHOMA CITY, OK 73154

PROPERTY NO: 322453  
 EFFECTIVE: FIRST PRODUCTION  
 PREPARED BY: PAMELA S BROWN  
 DATE PREPARED: 6/23/2005  
 PRODUCT(S): OIL & GAS

This agreement is made and entered into on June 23, 2005.

The undersigned severally and not jointly certifies it is the legal owner of the interest set out below of all the oil, gas and related liquid hydrocarbons produced from the property described below

OPERATOR: CHESAPEAKE OPERATING, INC. OWNER NO: 653606 INT TYPE: 5 (1 = WI, 2 = RO, 3 = ORI)  
 PROPERTY: CARMONA 3H OWNER: STATE OF TEXAS M-102386  
 LEGAL DESCRIPTION: J CARRINGTON A-120, CC GIVENS A-48, N SMITH A-100  
 WASHINGTON COUNTY, TEXAS COMMENTS: N/A  
 UNIT ACRES: 840.000000

Status	BPO	BPO	BPO	APO1	APO1	APO1	APO2	APO2	APO2
	Net Ac	Lse NRI/RI	Unit Int.	Net Ac	Lse NRI/RI	Unit Int.	Net Ac	Lse NRI/RI	Unit Int.
SR	2.955390	18750000	00065969	n/a	n/a	n/a	n/a	n/a	n/a

**DIVISION OF INTEREST**

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

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

**TERMS OF SALE** The undersigned will be paid in accordance with the division of interest set out above. The payor shall pay all parties at the price agreed to by the operator for oil and gas to be sold pursuant to this division order. Purchaser shall compute quantity and make corrections for gravity and temperature and make deductions for impurities in the oil.

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			CORRESPONDENCE ADDRESS
WORK PHONE NUMBER: ( )		HOME PHONE NUMBER: ( )	FAX NUMBER: ( )

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DIVISION ORDER

ME101068

TO: CHESAPEAKE OPERATING, INC., PAYOR  
P.O. BOX 18496  
OKLAHOMA CITY, OK 73154

PROPERTY NO: 322272  
EFFECTIVE: FIRST PRODUCTION  
PREPARED BY: PATSY WATTERS  
DATE PREPARED: 3/4/2004  
PRODUCT(S): OIL & GAS

This agreement is made and entered into on March 4, 2004

The undersigned severally and not jointly certifies it is the legal owner of the interest set out below of all the oil, gas and related liquid hydrocarbons produced from the property described below

OPERATOR: CHESAPEAKE OPERATING, INC. OWNER NO: 653607 INT TYPE: 2 (1=O, 2=W, 3=O, 4=O, 5=O, 6=O)  
PROPERTY: CARMONA 2-H OWNER: STATE OF TEXAS M-101068  
LEGAL DESCRIPTION: JOHN CARRINGTON SVY. A-120, CC GIVENS SVY. A-48, NELSON SMITH SVY. A-100  
WASHINGTON, TX COMMENTS: N/A  
UNIT ACRES: 840.000000

Status	BPO Net Ac	BPO Lse NRI/RI	BPO Unit Int.	APO1 Net Ac	APO1 Lse NRI/RI	APO1 Unit Int.	APO2 Net Ac	APO2 Lse NRI/RI	APO2 Unit Int.
PA	1.670000	0.18750000	0.00037277	n/a	n/a	n/a	n/a	n/a	n/a

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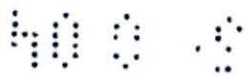
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WITNESS	SIGNATURE OF INTEREST OWNER	SOCIAL SECURITY/TAX I.D. NO.	REVENUE ADDRESS
			CORRESPONDENCE ADDRESS
WORK PHONE NUMBER: ( ) ( ) ( ) ( ) ( ) ( )	HOME PHONE NUMBER: ( ) ( ) ( ) ( ) ( ) ( )	FAX NUMBER: ( ) ( ) ( ) ( ) ( ) ( )	

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#20

~~#21~~

File No. MF 100655

Washington County

Unit 8699 packet

Date Filed: 9/19/17

George P. Bush, Commissioner  
By MB Barnstone