~~#2927~~

STATE LEASE MF100659

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

SURVEY : WASHINGTON COUNTY ROADS
BLOCK :
TOWNSHIP : 00
SECTION/TRACT:
PART :
ACRES : 13.15
DEPTH LIMITS : NO

LESSEE : CHESAPEAKE EXPLORATION LTD.
LEASE DATE : Jun 21 1999
PRIMARY TERM : 3 yrs
BONUS ($) : 2630.00
RENTAL ($) : 0.00
ROYALTY : 0.20000000
VAR ROYALTY :

Rentals:

Lease Admin:

Mineral Maps:

ZG




**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***

F985197

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| Scanned sm 4/17/15 | |
| (See MF094949 #29, Assign #10876 | |
| EnerVest (f) Magnolia 7-26-19) | |
| scanned pt 8-9-2019 | |
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GLO-S-08-(1-82)

# MEMORANDUM OF OIL, GAS AND MINERAL LEASE

STATE OF TEXAS §
§
COUNTY OF WASHINGTON §

5155

BE IT KNOWN THAT, for good and valuable consideration in hand paid, AMERICAN LIGHTING STANDARDS CORPORATION d/b/a VALMONT INDUSTRIES, INC., by ROGER CALDWELL, GENERAL MANAGER, did execute and deliver unto MARATHON OIL COMPANY, an Ohio corporation, as Lessee, whose address is P.O. Box 3128, Houston, Texas 77253, an Oil and Gas Lease dated May 28, 1998 covering the following described lands located in Washington County, Texas:

110.466 acres of land, more or less, in the JOHN CARRINGTON LEAGUE, A-120, and the PHILLIP COE SURVEY, A-31, Washington County, Texas and being more fully described in three tracts as follows:

**Tract 1**: 78.11 acres of land, more or less, described as 95.578 acres of land, more or less, in the JOHN CARRINGTON LEAGUE, A-120, Washington County, Texas, and being the same land described in that certain Warranty Deed dated November 4, 1974 from Linda Giddings Anderson to American Lighting Standards Corporation and recorded in Volume 332, Page 312 of the Deed Records of Washington County, Texas; SAVE AND EXCEPT: 17.468 acres of land, more or less, in the JOHN CARRINGTON LEAGUE, A-120, Washington County, Texas, and being the same land described in that certain Gift Deed dated November 4, 1974 from Linda Giddings Anderson to Brenham Industrial Foundation, Incorporated and recorded in Volume 322, Page 297 of the Deed Records of Washington County, Texas.

**Tract 2**: 14.888 acres of land, more or less, in the JOHN CARRINGTON LEAGUE, A-120 and the PHILLIP COE SURVEY, A-31, Washington County, Texas, and being the same land described as Tract One in that certain Warranty Deed dated August 11, 1975 from Brenham Industrial Foundation, Incorporated to American Lighting Standards Corporation and recorded in Volume 338, Page 789 of the Deed Records of Washington County, Texas.

**Tract 3**: 17.468 acres of land, more or less, in the JOHN CARRINGTON LEAGUE, A-120, Washington County, Texas, and being the same land described as Tract Two in that certain Warranty Deed dated August 11, 1975 from Brenham Industrial Foundation, Incorporated to American Lighting Standards Corporation and recorded in Volume 338, Page 789 of the Deed Records of Washington County, Texas.

FURTHER, BE IT KNOWN THAT, such Oil and Gas Lease was for a primary term of three (3) years from the date thereof.

Original executed copies of such Oil and Gas Lease are held in possession of both the Lessor and the Lessee.

Lessor and Lessee agree that this Memorandum of Oil and Gas Lease may be placed of record in Washington County, Texas in order to give notice to the public of the existence of such Oil and Gas Lease.

EXECUTED this 25th day of ~~May~~ June, 1998.

American Lighting Standards Corporation d/b/a
Valmont Industries, Inc.

By: Roger Caldwell, General Manager

A CERTIFIED COPY issued MAY 11 1999
Beth Rothermel, County Clerk
Washington County, TX. Deputy

TRH 1

## CORPORATE ACKNOWLEDGMENT

THE STATE OF TEXAS §
COUNTY OF WASHINGTON §

This instrument was acknowledged before me on the 25th day of ~~May~~ June, 1998 by _____ Roger Caldwell, General Manager, Valmont Industries, Inc., a Nebraska Corporation.

JAY FORD
Notary Public, State of Texas
My Commission Expires
APRIL 25, 2001

Jay Ford
Notary Public Signature

FILED FOR RECORD
WASHINGTON COUNTY, TX
'98 JUL 31 AM 11 11
WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

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

AUG 03 1998

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

MAY 11 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By _____
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

L27912

# PAID UP OIL AND GAS LEASE

1191

THIS LEASE AGREEMENT is made as of the 20th day of January, 19 99, between

Ravis Key, and wife, D'Ann Key #040132
3100 Hwy 36 South, 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):

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

1.0 acre of land, more or less, situated in the John Carrrington Survey, A-120, Washington County, Texas, being futher described in that certain Warranty Deed, dated May 13, 1988, from Dorothy Polly Dean, Individually and as Independent Executor of the Estate of Paul W. Dean, Sr., deceased, and as Trustee of the Paul W. Dean, Sr. Family Trust to Ravis Key, recorded in Volume 584, Page 116, Official Records, Washington County, Texas.

Lessee agrees that there will be no surface operations of any kind on the herein leased premises without the prior written consent of the Lessor. Wherever the royalty interest "one-eighth(1/8)" appears in the printed form of this lease, the same is hereby deleted and the royalty interest "one-sixth (1/6)" is hereby substitued therefore.

in the county of Washington, State of Texas, containing 1.0 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 two (2) 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 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.

L27912 BS/1107

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. [illegible] Deputy

TR#2

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)**

Ravis Key

D'Ann Key

**SS NO. OR TAX ID**

[redacted]

[redacted]

**ACKNOWLEDGEMENT**

STATE OF TEXAS
COUNTY OF WASHINGTON
This instrument was acknowledged before me on the 25TH day of January, 19 99,
by Ravis Key

GARY C. MITCHELL
Notary Public, State of Texas
My Commission Expires 10-07-00

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 25TH day of January, 19 99,
by D'Ann Key

GARY C. MITCHELL
Notary Public, State of Texas
My Commission Expires 10-07-00

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

**CORPORATE ACKNOWLEDGEMENT**

STATE OF

FILED FOR RECORD
WASHINGTON COUNTY, TX
99 MAR 1 AM 11 17
Beth A. Rothermel
WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

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

MAR 03 1999

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

od. 11 use (FE)
Chesapeake
P.O. Box 18496

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

MAY 0 3 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By _____ Deputy

PEGGY WAGERS

VOL 788 PAGE 550

# OIL, GAS & MINERAL LEASE

PROD 88 (REV 5/93)
PAID UP

THIS LEASE AGREEMENT is made effective the 11th day of June, 19 95,

between Perry L. Thomas, III and wife, Betty Thomas and Alvin Krenek and wife, Joyce Krenek

5148

as Lessor (whether one or more), whose address is Route 1, Box 9, Brenham, Texas 77833,

and Union Pacific Resources Company, as Lessee,

whose address is 301 Cherry Street, Fort Worth, Texas. All printed portions of this lease were prepared by Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. **Description.** Lessor, in consideration of Ten Dollars and Other Valuable Considerations

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

Washington County, Texas, to-wit:

SEE EXHIBIT "A" FOR THE DESCRIPTION OF THE LEASED PREMISES ATTACHED HERETO AND MADE A PART HEREOF FOR ALL PURPOSES

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 43.183 acres, whether it actually comprises more or less.

2. **Term of Lease.** This lease shall be in force for a primary term of Five (5) 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, from time to time, at its option may exercise its authority to pool either before or after commencing operations for or completing an oil or gas well on lands lying within a unit and any unit may include, but is not required to include, lands or leases upon which a well producing or capable of producing oil or gas in paying quantities has theretofore been completed, or upon which operations have theretofore been commenced. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises, regardless of whether such production was secured or such drilling or reworking operations were commenced before or after the execution of this lease or the instrument designating the pooled unit, shall be treated for all purposes (except the payment of royalties on production from the pooled unit) as if they were production, drilling or reworking operations on the leased premises and references herein to production from or operations on the leased premises shall be deemed to include production from or operations on any portion of such pooled unit; provided that if after creation of a pooled unit a well is drilled on land within the unit area (other than the leased premises) which well is not classified as the type of well for which the unit was created (oil, gas or other minerals as the case may be), such well shall be considered a dry hole for purposes of applying the additional drilling and reworking provisions hereof. If a gas well on a gas unit, which includes all or a portion of the leased premises is reclassified as an oil well, with respect to all lands which are included within the unit (other than the lands on which the well is located), the date of such reclassification shall be considered as the date of cessation of production for purposes of applying the provisions of this lease covering additional drilling and reworking. The production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent that such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall, without the joinder of Lessor, have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority, or court order, or when to do so would, in the judgment of Lessee, promote the conservation of covered minerals in and under and that



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Beth Rothermel, County Clerk
Washington County, TX. PW Deputy

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

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

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

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

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

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

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

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

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

Perry L. Thomas [redacted]
Perry L. Thomas III S.S.#
Betty Thomas
Betty Thomas S.S. # [redacted]

Alvin Krenek [redacted]
Alvin Krenek S.S.#
Joyce Krenek
Joyce Krenek S.S.# [redacted]

STATE OF TEXAS )
COUNTY OF Washington ) ss.

This instrument was acknowledged before me this day of 16th June, 19 95, by Perry L. Thomas and wife, Betty Thomas.

Karen M. Siegel
Notary Public

My Commission Expires: 11-28-97

KAREN M. SIEGEL
Notary Public, State of Texas
My Commission Expires 11-28-97

STATE OF TEXAS )
COUNTY OF Washington ) ss.

This instrument was acknowledged before me this day of 16th June, 19 95, by Alvin Krenek and wife, Joyce Krenek.

Karen M Siegel
Notary Public

My Commission Expires: 11-28-97

KAREN M. SIEGEL
Notary Public, State of Texas
My Commission Expires 11-28-97

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. Deputy

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS AND MINERAL LEASE, DATED JUNE 11, 1995, BY AND BETWEEN PERRY L. THOMAS,III AND WIFE BETTY THOMAS AND ALVIN KRENEK AND WIFE JOYCE KRENEK, AS LESSOR, AND UNION PACIFIC RESOURCES COMPANY AS LESSEE.

43.188 acres of land, more or less, in the John Carrington League, Abstract No. 120, Washington County, Texas and being more fully described in three tracts as follows:

TRACT 1: 1.00 acre of land, more or less, in the John Carrington League, Abstract No. 120, Washington County, Texas and being the same land described in that certain General Warranty Deed dated March 17, 1964 from Myrtle Kuhn to Perry L. Thomas, III and recorded in Volume 252, Page 34 of the Deed Records of Washington County, Texas.

TRACT 2: 0.030 acre of land, more or less, in the John Carrington League, Abstract No. 120, Washington County, Texas and being the same land described in that certain Warranty Deed dated May 11, 1976 from Myrtle Kuhn to Perry L. Thomas, III and recorded in Volume 346, Page 331 of the Deed Records of Washington County, Texas.

TRACT 3: 42.158 acres of land, more or less, in the John Carrington League, Abstract No. 120, Washington County, Texas and being the same land described in that certain Warranty Deed dated May 11, 1976 from Myrtle Kuhn to Perry L. Thomas, III and wife, Betty Thomas and Alvin Krenek and wife, Joyce Krenek and recorded in Volume 761, Page 586 of the Deed Records of Washington County, Texas.

SIGNED FOR IDENTIFICATION

Perry L. Thomas, III

Betty Thomas

Alvin Krenek

Joyce Krenek

END OF EXHIBIT "A"

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

EXHIBIT "B"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS AND MINERAL LEASE, DATED JUNE 11, 1995, BY AND BETWEEN PERRY L. THOMAS,III AND WIFE BETTY THOMAS AND ALVIN KRENEK AND WIFE JOYCE KRENEK, AS LESSOR, AND UNION PACIFIC RESOURCES COMPANY AS LESSEE.

12. The following typewritten agreements and provisions shall supersede and govern the provisions in the printed text of this lease whenever such printed form is in conflict herewith.

13. Notwithstanding any provisions herein to the contrary, it is agreed and understood that Lessee, its heirs or assigns, shall not enter upon the leased premises for conducting drilling operations. Any production from the leased premises shall be by way of pooling and/or unitization as provided herein, or by directional drilling from a surface location on other lands and bottomed under the leased premises.

SIGNED FOR IDENTIFICATION

Perry L. Thomas, III

Betty Thomas

Alvin Krenek

Joyce Krenek

END OF EXHIBIT "B"

FILED
AT 3:30 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 0 6 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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By Peggy Wagers Deputy

PEGGY WAGERS

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

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

LVOL 812 PAGE 387

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

# PAID UP OIL AND GAS LEASE

610

THIS LEASE AGREEMENT is made as of the 4th day of January, 19 96, between 020510
SALEM VOLUNTEER FIRE DEPARTMENT, BY NORMAN DRAEHN, Treasurer
P.O. BOX 1974
BRENHAM, TEXAS 77833 as Lessor (whether one or more),
and CHESAPEAKE OPERATING, INC. 6206 NORTH WESTERN, OKLAHOMA, 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):

Tract #1-0.781 acres, more or less, on the JOHN CARRINGTON SURVEY, A-120 and being the same land described in a Deed of Gift dated October 7, 1983, from Myrtle Kuhn to Salem Volunteer Fire Department and recorded in Volume 457, Page 78 of the Deed Records of Washington County, Texas.

Tract #2-0.50 acres, more or less, on the JOHN CARRINGTON SURVEY, A-120 and being the same land described in a Warranty Deed dated March 5, 1992, from Myrtle Kuhn to Slaem Volunteer Fire Department and recorded in Volume 666, Page 227 of the Deed Records of Washington County, Texas.

Nowwithstanding anything herein to the contrary, all references mentioned to a one-eighth (1/8) royalty are hereby amended to read one-sixth (1/6) royalty. Lessee shall not have any right to use the surface of the lands hereby leased for drilling operations. However, this land may be pooled as provided herein.

Shelby

in the county of Washington, State of Texas, containing 1.281 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
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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Beth Rothermel, County Clerk
Washington County, TX. PW Deputy

TR#5

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)**

SALEM VOLUNTEER FIRE DEPT.

BY: Norman Draehn

NORMAN DRAEHN, TREASURER Treasurer

**SS NO. OR TAX ID**

[redacted]

**ACKNOWLEDGEMENT**

STATE OF Texas
COUNTY OF Washington

This instrument was acknowledged before me on the 5th day of January, 19 96,

by SALEM VOLUNTEER FIRE DEPARTMENT
NORMAN DRAEHN, TREASURER

GALE T. HORLEN
NOTARY PUBLIC
State of Texas
Comm. Exp. 06-08-97

Gale T. Horlen

Notary Public, State of Texas
Notary's name (printed): Gale T. Horlen
Notary's commission expires: 6-8-97

**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**

**FILED**

AT 1:45 P M.

JAN 22 1996

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 23 1996

Beth A. Rothermel

Beth Rothermel, County Clerk
Washington County, Texas

Clerk (or 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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By Peggy Wagers
Deputy

PEGGY WAGERS

L27728

# AMENDMENT AND EXTENSION OF OIL, GAS AND MINERAL LEASE

1038

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

**WHEREAS,** a certain Oil, Gas & Mineral Lease dated January 4th, 1996 was executed by and between Salem Volunteer Fire Department, by Norman Draehn, Treasurer, as Lessor, and CHESAPEAKE OPERATING, INC., as Lessee, recorded in Volume 812, Page 387, of the Official Records of Washington County, Texas, ("the Lease"), covering the following described land in said County & State:

1.281 acres, more or less, described as two tracts as follows:

Tract 1: .781 acres, more or less, a part of the J. Carrington Survey, A-120, Washington County, Texas, and being the same land described in a Deed of Gift dated October 7, 1983 from Myrtle Kuhn to Salem Volunteer Fire Department and recorded in Volume 457, Page 78 of the Deed Records of Washington County, Texas.

Tract 2: .50 acres, more or less, a part of the J. Carrington Survey, Washington County, Texas, and being the same land described in a Warranty Deed dated March 5, 1992 from Myrtle Kuhn to Salem Volunteer Fire Department and recorded in Volume 666, Page 227 of the Deed Records of Washington County, Texas.

**WHEREAS,** the Lease provides it shall be in force for a primary term of three (3) years from the effective date thereof, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or the Lease is otherwise maintained in effect pursuant to the provisions hereof; and

**WHEREAS,** Lessor and Chesapeake desire to amend the Lease as follows:

1.) To allow and provide for an extension of 2 years or until January 4th, 2001 and so long thereafter as oil and gas is produced in paying quantities from said land or land pooled therewith.

**WHEREAS,** the parties to the Lease now desire to extend the same as hereinafter set forth.

**NOW, THEREFORE,** for good and valuable consideration in hand paid to the undersigned by Chesapeake Operating, Inc., on behalf of itself and it's assigns, the receipt and sufficiency of which is hereby acknowledged, the undersigned do hereby amend the Lease to allow and provide for an extension of the Lease for an additional or second primary term of two (2) years from the end of the first primary term hereof, or until January 4th, 2001 and as long thereafter as oil and gas is produced from said land or land pooled therewith. In addition, Lessee hereby exercised its option provided by the Amendment herein by paying or tendering to the Lessor or Lessor's credit in their depository bank, the sum of $10.00 dollars and other valuable consideration before the expiration of the primary term hereof.

It is understood and agreed by all parties hereto that the provision contained herein shall supersede any provisions to the contrary in the Oil, Gas and Mineral Lease described herein; however, in all other respects, the Lease and the prior provisions thereto shall remain in full force and effect and the undersigned does hereby adopt, ratify and confirm such Lease.

FURTHER, the provisions hereof shall be binding upon the parties hereto, their respective heirs, legatees, devisees, personal representatives, successors and assigns.

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

L27928
BS/167/Meeting Brave

A CERTIFIED COPY Issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. PW Deputy

To# 5

EXECUTED this 28th day of Aug., 1998

**LESSOR:**

Salem Volunteer Fire Department, by Lang Flisowski, Treasurer

By: Lang Flisowski
Lang Flisowski ID# 74-219545
Treasurer, Salem Volunteer Fire Department

**LESSEE:**

**CHESAPEAKE OPERATING, INC.**

By: [signature]
Henry J. Hood

Title: Senior Vice President-Land and Legal

**STATE OF TEXAS** }{
}{
**COUNTY OF WASHINGTON** }{

This instrument was acknowledged before me on this 28th day of August, 1998 by Lang Flisowski in the capacity hereinabove stated.

Stacie Draehn
Notary Public, State of Texas
Notary's Printed Name: Stacie Draehn
My Commission Expires: 1-28-2001

STACIE DRAEHN
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp 1-28-2001

**STATE OF OKLAHOMA** }{
}{
**COUNTY OF OKLAHOMA** }{

This instrument was acknowledged before me on this 19th day of February, 1999 by Henry J. Hood as Sr. Vice President-Land and Legal of Chesapeake Operating, Inc..

Leslie Bross
Notary Public, State of Oklahoma
Notary's Printed Name: Leslie Bross
My Commission Expires: 6/1/2002

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. PW Deputy

VOL 0920 PAGE 461

FILED FOR RECORD
ASHINGTON COUNTY, TX

99 FEB 22 AM 11 01

Beth A. Rothermel
WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

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

FEB 23 1999

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

Rd $11.00 Chas 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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By Peggy Wagers Deputy

PEGGY WAGERS

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

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

1457

# PAID UP OIL AND GAS LEASE

L28168

THIS LEASE AGREEMENT is made as of the 15th day of January, 19 99, between

John R. Stayton and wife Janis Stayton #048741
1605 Westwind, 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):

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

3.0 acres, more or less, out of the John Carrrington Survey, A-120, of Washington County, Texas, and being more fully described in that certain Warranty Deed, dated August 14, 1980, from Larry Tegeler, Trustee, to John R. Stayton, and being recorded in Volume 398, Page 781, Deed Records, Washington County, Texas.

Wherever the royalty interest "one-eighth" (1/8) appears in the printed form of this lease, the same is hereby deleted and the royalty interest "one-sixth" (1/6) is hereby substituted therefore.

in the county of Washington, State of Texas, containing 3.0 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 two (2) 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 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.

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. Deputy

TR#6

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 Lessee 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)**

John R. Stayton

Janis Stayton

**SS NO. OR TAX ID**

SS# [redacted]

SS# [redacted]

**ACKNOWLEDGEMENT**

STATE OF TEXAS
COUNTY OF WASHINGTON
This instrument was acknowledged before me on the 15TH day of January, 19 99,
by John R. Stayton

GARY C. MITCHELL
Notary Public, State of Texas
My Commission Expires 10-07-00

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 15TH day of January, 19 99,
by Janis Stayton

GARY C. MITCHELL
Notary Public, State of Texas
My Commission Expires 10-07-00

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
Notary's name (printed):
Notary's commission expires:

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 this volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

MAR 16 1999

Beth Rothermel, County Clerk
Washington County, Texas

**RECORDING INFORMATION**

FILED FOR RECORD
WASHINGTON COUNTY, TX
1999 MAR 15 PM 12:00
BETH ROTHERMEL, CO. CLERK

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)

#11 Grassapark

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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By Peggy Wagers
Deputy

PEGGY WAGERS

VOL 793 PAGE 59

PROD 88 (REV 8/93)
PAID UP

# OIL, GAS & MINERAL LEASE

THIS LEASE AGREEMENT is made effective the 27th day of July 6198, 19 95,

between LARRY TEGELER, TRUSTEE

as Lessor (whether one or more), whose address is Rt. 1, Box 350, Brenham, Texas 77833,

and UNION PACIFIC RESOURCES COMPANY, as Lessee,

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

1. **Description.** Lessor, in consideration of TEN AND NO/100 AND OTHER GOOD AND VALUABLE CONSIDERATIONS---------- ---------- Dollars ($ 10.00 & OGVC----------), in hand paid, of the royalties herein provided and the covenants herein contained, hereby grants, leases and lets exclusively to Lessee, for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith including helium, carbon dioxide and other commercial gases as well as hydrocarbon gases (referred to herein as "covered minerals"), the following described land (the "leased premises") in

WASHINGTON County, Texas, to-wit:

3.0 acres, more or less, out of the John Carrington Survey, A-120, of Washington County, Texas, and being more fully described in that certain Warranty Deed, dated August 14, 1980, from Larry Tegeler, Trustee to John R. Slayton, and being recorded in Volume 398, Page 781, of the Deed Records of Washington County, Texas.

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 3.0 acres, whether it actually comprises more or less.

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

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

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

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



Tr#6

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. PW 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. SEE "ADDENDUM" ATTACHED HERETO AND MADE A PART HEREOF FOR PARAGRAPHS 12 THRU 16.

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

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

SS# [redacted]

**LESSOR:**

Larry Tegeler Trustee

LARRY TEGELER, TRUSTEE

STATE OF TEXAS )
) ss.
COUNTY OF WASHINGTON )

This instrument was acknowledged before me this 31 day of July, 1995 by LARRY TEGELER, TRUSTEE

KENNETH W. NIPPERT
Notary Public, State of Texas
My Commission Expires
OCT. 23, 1995

Notary Public

My Commission Expires:
October 23, 1995

STATE OF _____ )
) ss.
COUNTY OF _____ )

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

Notary Public

My Commission Expires:

_____

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. RS Deputy

"ADDENDUM"

THIS "ADDENDUM" IS ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS AND MINERAL LEASE DATED JULY 27, 1995 BY AND BETWEEN **LARRY TEGELER, TRUSTEE**, AS "LESSOR", AND **UNION PACIFIC RESOURCES COMPANY**, AS "LESSEE".

12. Notwithstanding anything contained herein to the contrary, it is expressly agreed and understood that in the event that Lessee elects to pool or unitize and unitizes any of the leased premises, then all of leased premises will be included in such pool or unit.

13. Anything contained herein to the contrary notwithstanding, this lease cannot be held in force solely by the payment of shut-in gas royalty payments after the end of the primary term for more than three (3) consecutive years or from time to time not to exceed an aggregate of three (3) years.

14. It is expressly understood and agreed between Lessor and Lessee herein, that Lessee shall conduct no surface operations on the above described leased premises.

15. Lessee is hereby given the option, to be exercised prior to the date of which this lease or any portion thereof would expire in accordance with its terms and provisions, 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 of the additional consideration of the sum of Fifty Dollars ($50.00) per acre for each acre so extended, which payment shall cover the two (2) years of the extended term. Lessor hereby acknowledges that there will be no Rentals due to extend the lease nor during the extended period.

16. It is expressly understood and agreed that the bonus consideration which may be paid under the terms of this lease shall be paid one-half (1/2) to **LARRY TEGELER, TRUSTEE**, and one-half (1/2) to **ALLAN HERZOG**. Payment to **LARRY TEGELER, TRUSTEE, AND ALLAN HERZOG** shall constitute the full payment of said bonus consideration paid under the said Lease as though the same had been to the above named Lessor for his respective interest herein, and the undersigned hereby acknowledges the same.

**SIGNED FOR IDENTIFICATION** Larry Tegeler Trustee

**LARRY TEGELER, TRUSTEE**

FILED
AT 11:45 A M.
AUG - 7 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 8 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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By Peggy Wagers
Deputy

PEGGY WAGERS

# MEMORANDUM OF OIL, GAS AND MINERAL LEASE EXTENSION

3688

STATE OF TEXAS }
}
COUNTY OF WASHINGTON }

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, Union Pacific Resources Company is the owner of Oil, Gas and Mineral Lease dated July 27, 1995, recorded in Volume 793, Page 059, Official Records, Washington County, Texas from Larry Tegeler, Trustee, as Lessor, to Union Pacific Resources Company, as Lessee, covering:

3.00 acres of land, more or less, part of the John Carrington Survey, A-120, 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, I, Larry Tegeler, Trustee, do hereby acknowledge receipt of Union Pacific Resources Company's Checks No. 10261783 and 10261745 for said additional payment to extend the primary term for an additional two (2) years from July 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 5 day of ~~May~~ June, 1998.

JOANNE HOLLINGSWORTH
Notary Public, State of Texas
My Commission Expires 9-22-99

Larry Tegeler, Trustee

LARRY TEGELER, TRUSTEE SS# [redacted]
3550 FM 109
Brenham, Texas 77833

INDIVIDUAL ACKNOWLEDGEMENT

State of Texas }
}
County of Washington }

This instrument was acknowledged before me on this 5th day of ~~May~~ June, 1998 by LARRY TEGELER, TRUSTEE in the capacity stated herein.

Joanne Hollingsworth
Notary Public, State of Texas

FILED FOR RECORD
WASHINGTON COUNTY, TX
'98 JUN 5 AM 10 20
Beth A. Rothermel
WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

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

JUN 0 8 1998

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

MAY 0 3 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By Peggy Wagers Deputy
PEGGY WAGERS

Te#6

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

# PAID UP OIL AND GAS LEASE

L27914

1190

THIS LEASE AGREEMENT is made as of the 14th day of January, 19 99, between

Ervin M. Kuecker #015416
2952 Five Oaks Lane, 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):

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

7.298 acres of land located in the John Carrington Survey, A-120 and being a part of the same land described in a Deed dated January 15, 1949, from Linda Giddings Anderson et al to Ervin M. Kuecker recorded in Volume 158 Page 578, save and except 4.302 acres in a Deed dated July 1, 1983, from Ervin M. Kuecker to Mark Kuecker et ux, recorded in Volume 452 Page 131 of the Deed Records of Washington County, Texas.

Notwithstanding anything contained in paragraph 3 herein to the contrary, the amount of royalty shall be 1/6 (one-sixth)

in the county of Washington, State of Texas, containing 7.298 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 two (2) 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 Bank One at 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.

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. AS Deputy

TR#7

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 ducuments 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 |
|---|---|---|
| | Ervin M. Kuecker | SS# [redacted] |
| | | SS# |

ACKNOWLEDGEMENT

STATE OF TEXAS
COUNTY OF WASHINGTON

This instrument was acknowledged before me on the 14TH day of January, 19 99,
by Ervin M. Kuecker

GARY C. MITCHELL
Notary Public, State of Texas
My Commission Expires 10-07-00

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

ACKNOWLEDGEMENT

STATE OF
COUNTY OF

FILED FOR RECORD
WASHINGTON COUNTY, TX
99 MAR 1 AM 11 17
Beth O. Rothermel
WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on MAR 0 3 1999

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

Ervin Kuecker
P.O. Box 18494

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)

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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By April Griffey
Deputy

APRIL GRIFFEY

VOL 759 PAGE 223

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

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

# PAID UP OIL AND GAS LEASE

9163

THIS LEASE AGREEMENT is made as of the 10 day of October, 1994, between Albert F. Hueske and wife, Willie Mae Hueske
502 Atlow Dr.
whose address is: 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):

47.0 acres, more or less, in the John Carrington Survey A-120, as described in the Deed Records of Washington County, Texas, in Volume 221-225.

Exhibit "A" attached hereto and made a part hereof

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

in the county of Washington, State of Texas, containing 47.0 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 Bank One
at P O Box 604 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.

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. [illegible] Deputy

TR #8

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**

Albert F. Hueske — [redacted]

Albert F. Hueske

Willie Mae Hueske — [redacted]

Willie Mae Hueske

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF Washington }

This instrument was acknowledged before me on the 10 day of October, 19 94, by Albert F. Hueske and wife Willie Mae Hueske

CARL GREINER
Notary Public
State of Texas
Commission Expires 7-26-97

Carl Greiner
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**

RETURN TO:
CHICAGO TITLE OF TEXAS
P.O. BOX 26646
OKLAHOMA CITY, OK 73126

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 MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. PW Deputy

**EXHIBIT "A"**

Attached to and made a part of that certain Oil, Gas and Mineral Lease dated October 10, 1994, by and between ALBERT F. HUESKE and wife, WILLIE MAE HUESKE, 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, uranium, fissionable materials and all betonite, fullers earth, and other claylike substances. If 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. Lessor shall not have the right to use oil, gas and other lease substances produced from a well located on a unit covering the leased premises for production or recovery of oil, gas or lease substances from any well or wells located on a unit(s) including a portion of the leased premises without full payment to Lessor of its royalty on said oil, gas and other lease substances so used.

18. 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 purposes any portion of the leased premises.

19. It is understood and agreed that the size of any gas unit formed that includes the leased premises herein shall be limited to the total number of acres prescribed or permitted by the Texas Railroad Commission in order to achieve maximum available production.

20. In the event any damages are occasioned to the leased premises including to houses, buildings, fences, wells, roads, gates, cattleguards, terraces, culverts, bridges, and other improvements, cattle and other livestock, growing crops, trees, and grasses, from such operations as may be conducted by Lessee on the leased premises or on adjacent lands or lands within the vicinity of the leased premises, Lessee shall be obligated to pay and reimburse Lessors for all such damages within ninety (90) days from and after the date such damage occurs.

21. No water shall be used from any wells or ponds located upon the leased premises without the express written consent of Lessors.

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

SIGNED FOR IDENTIFICATION: Albert F. Hueske
ALBERT F. HUESKE

Willie Mae Hueske
WILLIE MAE HUESKE

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. DS Deputy

VOL 759 PAGE 229

FILED
AT 11:15 A M.
DEC 12 1994
Gertrude Lehrmann
GERTRUDE LEHRMANN
COUNTY CLERK, WASHINGTON COUNTY, TEXAS

STATE OF TEXAS
COUNTY OF WASHINGTON

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

DEC 21 1994

Gertrude Lehrmann
Gertrude Lehrmann, County Clerk
Washington County, Texas

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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By Peggy Wagers Deputy

PEGGY WAGERS

#1340 Chesapeake

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

709

THIS LEASE AGREEMENT is made as of the 17th day of November, 19 94, between

HERBERT F. HUESKE, II, aka Herbert F. Hueske, Jr.
14136 Gainsville
Houston, TX 77015

012664

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):

TRACT 1: 38.8638 acres, more or less, lying in NELSON SMITH LEAGUE, A-100, JAMES COOPER LEAGUE, A-35 and C. C. GIVENS SURVEY, A-48,

TRACT 2: 8.0 acres, more or less, lying in the JOHN CARRINGTON LEAGUE, A-120, and

TRACT 3: 48.461 acres, more or less, lying in the JOHN CARRINGTON LEAGUE, A-120, more fully described in Partition Deed dated April 15, 1982 between Herbert F. Hueske, Jr. and Dorothy Louise Menke, recorded in Volume 433 at Page 795 of the Deed Records of Washington County, Texas, LESS AND EXCEPT from Tract 3, 1.624 acres, more or less, described in Warranty Deed dated July 11, 1990 from Herbert F. Hueske, Jr. to Roger Draehn and wife, Joyce Draehn, recorded in Volume 433 at Page 795 of the Deed Records of Washington County, Texas, leaving a residue of 93.7008 acres, in the above three tracts.

TRACT 4: 32 acres, more or less, Lying in the NELSON SMITH LEAGUE, A-100, more fully described in Special Warranty Deeds dated January 10, 1987 and July 11, 1987 between Herbert F. Hueske II and Clarice B. Hueske, recorded in Volume 564 at Page 7 and in Volume 565 at Page 872 of the Deed Records of washington County, Texas.

in the county of Washington, State of Texas, containing 125.7008 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 years (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 Nations Bank, 12605 East Freeway, Houston, TX 77015 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.

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A CERTIFIED COPY issued MAY 05 1999
Beth Rothermel, County Clerk
Washington County, TX. TC Deputy

Tr#50 d Tr#4

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 |
|---|---|---|
| | Herbert F Hueske II | [redacted] |
| | HERBERT F. HUESKE II<br>aka Herbert F. Hueske, Jr. | |

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF } HARRIS

This instrument was acknowledged before me on the 23rd day of November, 19 94
by Herbert F.Hueske II

Donna B. Duncan
Notary Public, State of Texas
Notary's name (printed): Donna K. Duncan
Notary's commission expires: 10 24 98

**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:
Chesapeake 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)

MAY 05 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 & LEASE DATED NOVEMBER 17, 1994 BY AND BETWEEN HERBERT F. HUESKE II, aka Herbert F, Hueske, Jr. AS LESSOR, and CHESAPEAKE OPERATING, INC., AS LESSEE.

1. This lease covers and includes only oil, gas, sulphur and the by-products 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 ores, uranium, sand, gravel, thorium and all other minerals of any kind or nature whatsoever not specifically included as aforesaid.

2. In the event a portion 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 lands 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 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, or other improvements as a result of operations of Lessee under the Lease, Lessee agrees to pay Lessor the actual amount of said loss. Lesse 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" appears in Paragraph 3 of the Lease, it is hereby amended to read "One-sixth."

5. Notwithstanding anything contained herein, no well shall be drilled within four hundred (400) feet of any residence or barn now on said land without Lessor's written consent.

6. With respect to wells pooled for vertical gas hereunder, such units shall not substantially exceed an area of 320 acres each plus a tolerance of 10% thereof, when the well or wells located thereon are completed above a depth of 9000 feet, and 640 acres each plus a tolerance of 10% thereof, when the well or wells lo-

A CERTIFIED COPY issued MAY 05 1999
Beth Rothermel, County Clerk
Washington County, TX. TR Deputy

VOL 766 PAGE 220

**FILED**

AT 2:10 P M.

JAN 23 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 the time affixed thereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on JAN 25 1995

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

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

BETH ROTHERMEL MAY 05 1999
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By Tricia Kuhlman
Deputy

13.00 pd. Chesapeake

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

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

# PAID UP OIL AND GAS LEASE

1587

THIS LEASE AGREEMENT is made as of the 7th day of October, 1994, between MARY ANN HUESKE, aka Mary Ann Hueske Marshall, aka Mary Ann Marshall
P. O. Box 33134
Austin, TX 78764 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):

267.249 acres, more or less, lying in the P. H. COE LEAGUE, A-31 and the JOHN CARRINGTON LEAGUE, A-120, more fully described in Deed of Gift dated February 21, 1980, recorded in Volume 389 at Page 225 of the Deed Records of Washington County, Texas, LESS AND EXCEPT 7.835 acres, more or less, lying in the P. H. COE LEAGUE, A-31, more fully described in Warranty Deed dated April 17, 1987 from Milton Fred Hueske et al to Luther John Hueske, recorded in Volume 561 at Page 154 of the Deed Records of Washington County, Texas.

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

in the county of Washington, State of Texas, containing 259.414 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 AUSTIN MUNICIPAL CREDIT UNION
at 610 East 11th Street, Austin, TX 78701
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 MAY 11 1999 SB
Beth Rothermel, 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 |
|---|---|---|
| | Mary Ann Hueske | [redacted] |
| | MARY ANN HUESKE | |

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF } TRAVIS

This instrument was acknowledged before me on the 22nd day of November, 19 94,
by MARY ANN HUESKE

XAVIER MARTINEZ
Notary Public, State of Texas
My Commission Expires May 14, 1995

Xavier Martinez
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 _____ }
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 MAY 11 1998
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

EXHIBIT"A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND & LEASE DATED OCTOBER 7,1994 BY AND BETWEEN MARY ANN HUESKE, aka Mary Ann Hueske Marshall, aka Mary Ann Marshall, AS LESSOR, and CHESAPEAKE OPERATING, INC., AS LESSEE.

1. This lease covers and includes only oil, gas, sulphur and the by-products 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 ores, uranium, sand, gravel, thorium and all other minerals of any kind or nature whatsoever not specifically included as aforesaid.

2. In the event a portion 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 lands 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 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, or other improvements as a result of operations of Lessee under the Lease, Lessee agrees to pay Lessor the actual amount of said loss. Lesse 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" appears in Paragraph 3 of the Lease, it is hereby amended to read "One-sixth."

5. Notwithstanding anything contained herein, no well shall be drilled within four hundred (400) feet of any residence or barn now on said land without Lessor's written consent.

6. With respect to wells pooled for vertical gas hereunder, such units shall not substantially exceed an area of 320 acres each plus a tolerance of 10% thereof, when the well or wells located thereon are completed above a depth of 9000 feet, and 640 acres each plus a tolerance of 10% thereof, when the well or wells located thereon are completed at a depth of 9000 feet or below, provided, however, that should a governmental authority having jurisdiction proscribe or permit the creation of gas units larger than those specified above for the drilling, or operation of a horizontal well at a regular location, or for obtaining the maximum allowable from any well to be drilled, drilling, or already drilled, gas units thereafter created may conform substantially in size with those proscribed or permitted by applicable regulations. Units pooled for oil hereunder shall conform to the Provisions of Paragraph 4 of the Lease.

7. Not withstanding anything contained herein to the contrary, Lessee shall not maintain this lease solely by the payment of shut-in royalties for more than two (2) consecutive years. Shut-in privileges are cumulative and may be exercised from time to time, but limited to a maximum of three (3) 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.

8. The foregoing typewritten provisions shall supercede and govern the printed text hereof, even when to the contrary, and shall inure to the benefit of, and be binding upon the parties hereto and their respective heirs, representatives, successors and assigns.

SIGNED FOR IDENTIFICATION:

Mary Ann Hueske
MARY ANN HUESKE

A CERTIFIED COPY issued MAY 11 1999
Beth Rothermel, County Clerk
Washington County, TX. Deputy

VOL 772 PAGE 566

FILED

AT 12:30 P M.

FEB 27 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

FEB 28 1995

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

13.00 pd. Chesapeake

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

MAY 11 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By _____ 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

248

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

# 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 7th day of October, 19 94, between

MILTON FRED HUESKE and wife, LINDA HUESKE
Route 3, Box 823
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):

TRACT 1: 267.249 acres, more or less, lying in the PHILLIP COE LEAGUE, A-31 and the JOHN CARRINGTON LEAGUE, A-120, more fully described in Deed of Gift dated February 21, 1980 from Albert F. Hueske et ux, recorded in Volume 389 at Page 225 of the Deed Records of Washington County, Texas, LESS AND EXCEPT 7.835 acres, more or less, described in Warranty Deed dated April 14, 1987 from Milton Fred Hueske et al, recorded in Volume 561 at Page 154 of the Deed Records of Washington County, Texas, leaving a residual of 259.414 acres, more or less.

TRACT 2: 0.321 acres, more or less, lying in the PHILLIP COE LEAGUE, A-31, more fully described in Warranty Deed dated September 16, 1977 from Milton R. Hueske et al, recorded in Volume 357 at Page 591 of the Deed Records of Washington County, Texas

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

in the county of Washington State of Texas, containing 259.735 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 Lesser's credit in

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at 200 W. Vulcan, 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.

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Beth Rothermel, 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)**

Milton Fred Hueske
MILTON FRED HUESKE

Linda Hueske
LINDA HUESKE

**SS NO. OR TAX ID**

[redacted]

[redacted]

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF WASHINGTON }

This instrument was acknowledged before me on the 1 day of December , 19 94 ,
by Milton Fred Hueske and wife, Linda Hueske

Becky Ann Muchow
Notary Public, State of Texas
Notary's name (printed): BECKY ANN MUCHOW
Notary's commission expires: APRIL 26, 1998

NOTARY PUBLIC STATE OF TEXAS
BECKY ANN MUCHOW
Notary Public, State of Texas
My Commission Expires Apr. 26, 1998

**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:
CHESAPEAKE PERMITTING, 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 MAY 11 1999
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND & LEASE DATED OCTOBER 7, 1994 BY AND BETWEEN MILTON FRED HUESKE and wife, LINDA HUESKE, AS LESSOR, and CHESAPEAKE OPERATING, INC., AS LESSEE.

15. This lease covers and includes only oil, gas, sulphur and the by-products 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 ores, uranium, sand, gravel, thorium and all other minerals of any kind or nature whatsoever not specifically included as aforesaid.

16. In the event a portion 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 lands 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 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.

17. Should Lessor suffer damage to livestock, water wells, fences, roads, personal property, or other improvements as a result of operations of Lessee under the Lease, Lessee agrees to pay Lessor the actual amount of said loss. Lesse 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.

18. Wherever the fraction "one-eighth" appears in Paragraph 3 of the Lease, it is hereby amended to read "One-sixth."

19. Notwithstanding anything contained herein, no well shall be drilled within four hundred (400) feet of any residence or barn now on said land without Lessor's written consent.

20. With respect to wells pooled for vertical gas hereunder, such units shall not substantially exceed an area of 320 acres each plus a tolerance of 10% thereof, when the well or wells located thereon are completed above a depth of 9000 feet, and 640 acres each plus a tolerance of 10% thereof, when the well or wells located thereon are completed at a depth of 9000 feet or below, provided, however, that should a governmental authority having jurisdiction proscribe or permit the creation of gas units larger than those specified above for the drilling, or operation of a horizontal well at a regular location, or for obtaining the maximum allowable from any well to be drilled, drilling, or already drilled, gas units thereafter created may conform substantially in size with those proscribed or permitted by applicable regulations. Units pooled for oil hereunder shall conform to the Provisions of Paragraph 4 of the Lease.

21. Not withstanding anything contained herein to the contrary, Lessee shall not maintain this lease solely by the payment of shut-in royalties for more than two (2) consecutive years. Shut-in privileges are cumulative and may be exercised from time to time, but limited to a maximum of three (3) 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.

22. The foregoing typewritten provisions shall supercede and govern the printed text hereof, even when to the contrary, and shall inure to the benefit of, and be binding upon the parties hereto and their respective heirs, representatives, successors and assigns.

SIGNED FOR IDENTIFICATION:

Milton Fred Hueske
MILTON FRED HUESKE

Linda Hueske
LINDA HUESKE

A CERTIFIED COPY issued MAY 11 1999
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

VOL 762 PAGE 792

**FILED**

AT 2:05 P M.

JAN 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

JAN 11 1995

Beth A. Rothermel

Beth Rothermel, County Clerk
Washington County, Texas

13.00 pd. Chesapeake

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

MAY 11 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By _____
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

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

# PAID UP OIL AND GAS LEASE

THIS LEASE AGREEMENT is made as of the 7th day of October, 19 94, between

LUTHER JOHN HUESKE and wife, KATIE R. HUESKE
Route 3, Box 821
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):

TRACT 1: 267.249 acres, more or less, lying in the PHILLIP COE LEAGUE, A-31 and the JOHN CARRINGTON LEAGUE, A-120, more fully described in Deed of Gift dated February 21, 1980 from Albert F. Hueske et ux, recorded in Volume 389 at Page 225 of the Deed Records of Washington County, Texas, LESS AND EXCEPT 7.835 acres, more or less, lying in the Phillip Coe League, described in Warranty Deed dated April 17, 1987 from Milton R. Hueske etal, recorded in Volume 561 at Page 154 of the Deed Records of Washington County, Texas, leaving a residual of 259.414 acres, more or less.

TRACT 2: 7.835 acres, more or less, lying in the PHILLIP COE LEAGUE, A-31, more fully described in Warranty Deed dated April 17, 1987 from Milton R. Hueske et al, recorded in Volume 561 at Page 154 of the Deed Records of Washington County, Texas.

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

in the county of Washington, State of Texas, containing 267.249 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 non-hydrocarbon 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 MAY 11 1999
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

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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)**

Luther John Hueske
LUTHER JOHN HUESKE

**SS NO. OR TAX ID** [redacted]

Katie R. Hueske
KATIE R. HUESKE

[redacted]

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF } WASHINGTON

This instrument was acknowledged before me on the 30th day of November, , 1994 ,
by Luther John Hueske and wife, Katie R. Hueske

NOTARY PUBLIC STATE OF TEXAS — BECKY ANN MUCHOW — Notary Public, State of Texas — My Commission Expires Apr. 20, 1998

Becky Ann Muchow
Notary Public, State of Texas
Notary's name (printed): BECKY ANN MUCHOW
Notary's commission expires: 4-20-98

**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:
CHEOAH EXPLORATION COMPANY, INC.
P.O. BOX 12439
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)

MAY 11 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 & LEASE DATED OCTOBER 7, 1994 BY AND BETWEEN LUTHER JOHN HUESKE and wife, KATIE R. HUESKE, AS LESSOR, and CHESAPEAKE OPERATING, INC., AS LESSEE.

15. This lease covers and includes only oil, gas, sulphur and the by-products 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 ores, uranium, sand, gravel, thorium and all other minerals of any kind or nature whatsoever not specifically included as aforesaid.

16. In the event a portion 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 lands 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 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.

17. Should Lessor suffer damage to livestock, water wells, fences, roads, personal property, or other improvements as a result of operations of Lessee under the Lease, Lessee agrees to pay Lessor the actual amount of said loss. Lesse 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.

18. Wherever the fraction "one-eighth" appears in Paragraph 3 of the Lease, it is hereby amended to read "One-sixth."

19. Notwithstanding anything contained herein, no well shall be drilled within four hundred (400) feet of any residence or barn now on said land without Lessor's written consent.

20. With respect to wells pooled for vertical gas hereunder, such units shall not substantially exceed an area of 320 acres each plus a tolerance of 10% thereof, when the well or wells located thereon are completed above a depth of 9000 feet, and 640 acres each plus a tolerance of 10% thereof, when the well or wells located thereon are completed at a depth of 9000 feet or below, provided, however, that should a governmental authority having jurisdiction proscribe or permit the creation of gas units larger than those specified above for the drilling, or operation of a horizontal well at a regular location, or for obtaining the maximum allowable from any well to be drilled, drilling, or already drilled, gas units thereafter created may conform substantially in size with those proscribed or permitted by applicable regulations. Units pooled for oil hereunder shall conform to the Provisions of Paragraph 4 of the Lease.

21. Not withstanding anything contained herein to the contrary, Lessee shall not maintain this lease solely by the payment of shut-in royalties for more than two (2) consecutive years. Shut-in privileges are cumulative and may be exercised from time to time, but limited to a maximum of three (3) 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.

22. The foregoing typewritten provisions shall supercede and govern the printed text hereof, even when to the contrary, and shall inure to the benefit of, and be binding upon the parties hereto and their respective heirs, representatives, successors and assigns.

SIGNED FOR IDENTIFICATION:

Luther John Hueske
LUTHER JOHN HUESKE

Katie R. Hueske
KATIE R. HUESKE

A CERTIFIED COPY issued MAY 11 1999
Beth Rothermel, County Clerk
Washington County, TX. Deputy

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**FILED**

AT 2:05 P M.

JAN 10 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

JAN 11 1995

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

13.00 pd. Chesapeake

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

MAY 11 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By Carla Cochran
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

# PAID UP OIL AND GAS LEASE

250

THIS LEASE AGREEMENT is made as of the 7th day of October, 19 94, between
MILTON R. HUESKE AND MARY DELL HUESKE, husband and wife
Route 3, Box 822
Brenham, TX 77833
as Lessor (whether one or more),
and CHESAPEAKE OPERATING, INC., 6205 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):

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

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

in the county of Washington, State of Texas, containing 259.384 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
BANK ONE
at 303 N. Market, 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.

SB

A CERTIFIED COPY issued MAY 11 1999
Beth Rothermel, County Clerk
Washington County, TX. [illegible] Deputy

Tract 10

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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 Milton R. Hueske
MILTON R. HUESKE

[redacted]

x Mary Dell Hueske
MARY DELL HUESKE

[redacted]

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF WASHINGTON }

This instrument was acknowledged before me on the 10th day of OCTOBER, 1994,
by Milton R. Hueske and Mary Dell Hueske

RICHARD M. FOSHEE
NOTARY PUBLIC
State of Texas
Comm. Exp. 06-21-95

Richard M. Foshee
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:
CHESAPEAKE 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 MAY 11 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 October 7, 1994, BY AND BETWEEN Milton R. Hueske and Mary Dell Hueske, husband and wife 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:

X Milton R. Hueske
Milton R. Hueske

X Mary Dell Hueske
Mary Dell Hueske

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

MAY 11 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By _____
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

7202

THIS LEASE AGREEMENT is made as of the 7th day of July, 19 95, between
ROGER R. DRAEHN and wife JOYCE DRAEHN
Rt. 1, Box 432
Brenham, TExas 77833
as Lessor (whether one or more),
and CHESAPEAKE OPERATING, INC., 6205 North Western, Okalhoma 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):

**4.96 acres** of land located in the JOHN CARRINGTON SURVEY, A-120 and being the same land described in a Deed dated November 7, 1966, fromJohn Swonke to Roger Robert Draehn and recorded in Volume 268 Page 132 in the Deed Records of Washington County, Texas, and also in a Deed dated July 16, 1990, from Herbert F. Heuske, Jr. to Roger R. Draehn and wife Joyce Draehn, and recorded in Volume 630 Page 312 of the Deed Records of Washington County, Texas.

Notwithstanding anything contained herein to the contrary, the amount of royalty shall be 1/6.

Shelby

in the county of Washington, State of Texas, containing 4.96 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 non-hydrocarbon 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 Lesser'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.

TX1670417-000

A CERTIFIED COPY issued MAY 05 1999
Beth Rothermel, County Clerk
Washington County, TX. TR Deputy

TR# 11

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)**

Roger R. Draehn

Roger R. Draehn

**SS NO. OR TAX ID**

[redacted] SS#

Joyce Draehn

Joyce Draehn

[redacted] SS#

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF Washington }

This instrument was acknowledged before me on the 12th day of July, 1995,
by Roger R. Draehn

ROSE WELLMANN
Notary Public, State of Texas
My Commission Expires 8-29-97

Notary Public, State of Texas
Notary's name (printed): Rose Wellmann
Notary's commission expires: 8-29-97

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF Washington }

This instrument was acknowledged before me on the 12th day of July, 1995,
by Joyce Draehn

ROSE WELLMANN
Notary Public, State of Texas
My Commission Expires 8-29-97

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

**CORPORATE ACKNOWLEDGEMENT**

STATE OF TEXAS

#1102

**FILED**

AT 11:20 A M.

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

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

BETH ROTHERMEL MAY 05 1999
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By Tricia Kuhlman
Deputy

24326

## AMENDMENT AND EXTENSION OF OIL, GAS AND MINERAL LEASE

5254

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

**WHEREAS,** a certain Oil, Gas & Mineral Lease dated July 7, 1995 was executed by and between Roger R. and Joyce Draehn, as Lessor, and CHESAPEAKE OPERATING, INC., as Lessee, recorded in Volume 797, Page 199, of the Official Records of Washington County, Texas, ("the Lease"), covering the following described land in said County & State:

> 4.96 acres of land located in the John Carrington Survey, A-120 and being the same land described in a Deed dated November 7, 1966, from John Swonke to Roger Robert Draehn and recorded in Volume 268, Page 132 in the Deed Reocrds of Washington County, Texas, and also in a Deed dated July 16, 1990, from Herbert F. Heuske, Jr. to Roger R. Draehn and wife Joyce Draehn, and recorded in Volume 630, Page 312 of the Deed Records of Washington County, Texas.

**WHEREAS,** the Lease provides it shall be in force for a primary term of three (3) years from the effective date thereof, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or the Lease is otherwise maintained in effect pursuant to the provisions hereof; and

**WHEREAS,** Lessor and Chesapeake desire to amend the Lease as follows:

1.) To allow and provide for an extension of two (2) years or until July 7, 2000, and so long thereafter as oil and gas is produced in paying quantities from said land or land pooled therewith.

**WHEREAS,** the parties to the Lease now desire to extend the same as hereinafter set forth.

**NOW, THEREFORE,** for good and valuable consideration in hand paid to the undersigned by Chesapeake Operating, Inc., on behalf of itself and it's assigns, the receipt and sufficiency of which is hereby acknowledged, the undersigned do hereby amend the Lease to allow and provide for an extension of the Lease for an additional or second primary term of two (2) years from the end of the first primary term hereof, or until July 7, 2000, and as long thereafter as oil and gas is produced from said land or land pooled therewith. In addition, Lessee hereby exercised its option provided by the Amendment herein by paying or tendering to the Lessor or Lessor's credit in their depository bank, the sum of $10.00 dollars and other valuable consideration before the expiration of the primary term hereof.

It is understood and agreed by all parties hereto that the provision contained herein shall supersede any provisions to the contrary in the Oil, Gas and Mineral Lease described herein; however, in all other respects, the Lease and the prior provisions thereto shall remain in full force and effect and the undersigned does hereby adopt, ratify and confirm such Lease.

FURTHER, the provisions hereof shall be binding upon the parties hereto, their respective heirs, legatees, devisees, personal representatives, successors and assigns.

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

A CERTIFIED COPY issued MAY 05 1999
Beth Rothermel, County Clerk
Washington County, TX. Deputy

TQ # 11

EXECUTED this 2nd day of July, 1998

**LESSOR:**

Roger R. Draehn SS# [redacted]

Joyce Draehn SS# [redacted]

**LESSEE:**

**CHESAPEAKE OPERATING, INC.**

By: _____ BY

Title: Senior Vice President-Land and Legal

**STATE OF TEXAS** }{
}{
**COUNTY OF WASHINGTON** }{

This instrument was acknowledged before me on this 2nd day of July, 1998 by Roger R. Draehn, and wife Joyce Draehn

JASON BOYD LANE
Notary Public, State of Texas
My Commission Expires
NOV. 6, 2001

Notary Public, State of Texas
Notary's Printed Name: _____
My Commission Expires: _____

A CERTIFIED COPY issued MAY 05 1999
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

STATE OF OKLAHOMA }{
}{
COUNTY OF OKLAHOMA }{

This instrument was acknowledged before me on the 21st day of July 1998,
by Henry J. Hood, Senior Vice President-Land and Legal
of Chesapeake Operating, Inc.
an Oklahoma corporation, on behalf of said corporation.

SANDRA L. MATHIS NOTARY PUBLIC IN AND FOR STATE OF OKLAHOMA OKLAHOMA COUNTY

Notary Public, State of Oklahoma
Notary's name (printed): Sandra L. Mathis
Notary's commission expires: May 5, 2002

STATE OF TEXAS
COUNTY OF WASHINGTON

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

AUG 04 1998

Beth Rothermel, County Clerk
Washington County, Texas

FILED FOR RECORD
'98 AUG 3 AM 11 56
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

MAY 05 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By
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

# PAID UP OIL AND GAS LEASE

7807

017313

THIS LEASE AGREEMENT is made as of the 7th day of July, 19 95, between ROYCE ALLEN DRAEHN and wife HILEE DRAEHN
Rt. 1, Box 431-A
Brenham, Texas 77833 as Lessor (whether one or more),
and CHESAPEAKE OPERATING, INC., 6205 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):

**1.714 acres** of land located in the JOHN CARRINGTON SURVEY, A-120 and being the same land described in a Deed dated November 14, 1986, from Erma Cordes, a widow, et al to Royce Allen Draehn and recorded in Volume 550 Page 85 of the Deed Records of Washington County, Texas.

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

Notwithstanding anything contained herein to the contrary, the amount of royalty shall be 1/6 and also Lessee will not conduct drilling or drilling operations on the surface of the land herein leased.

Shelby

in the county of Washington, State of Texas, containing 1.714 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 Lesser's credit in
Pay directly to lessor
at 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.

TX 1670562-000

A CERTIFIED COPY issued MAY 05 1999
Beth Rothermel, County Clerk
Washington County, TX. TK Deputy

TR# 13

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.

11.00 pd. Chesapeake

| WITNESSES AND ADDITIONAL | LESSOR (WHETHER ONE OR MORE) | SS NO. OR TAX ID |
|---|---|---|
| | Royce Allen Draehn | SS# [redacted] |
| | Hilee Draehn | SS# [redacted] |

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF } Washington

This instrument was acknowledged before me on the 2nd day of August, 19 95,
by Royce Allen Draehn and wife Hilee Draehn

Cindy A. Schulze
Notary Public, State of Texas
Notary's name (printed):
Notary's commission expires:

CINDY A. SCHULZE
Notary Public, State of Texas
My Commission Expires 12/01/98

**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**

FILED
AT 3:30 P M.
SEP 25 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 26 1995

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

By _____
Clerk (or 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

MAY 05 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By Tricia Kuhlmann
Deputy

IC 686

VOL 0899 PAGE 707

4867 L 23783

**AMENDMENT AND EXTENSION OF OIL, GAS AND MINERAL LEASE**

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

**WHEREAS,** a certain Oil, Gas & Mineral Lease dated July 7, 1995 was executed by and between Royce Allen Draehn, and wife Hilee Draehn, as Lessors, and CHESAPEAKE OPERATING, INC., as Lessee, recorded in Volume 799, Page 563, of the Official Records of Washington County, Texas, ("the Lease"), covering the following described land in said County & State:

> 1.714 acres of land located in the John Carrington Survey, A-120 and being the same land described in a Deed dated November 14, 1986, from Erma Cordes, a widow, et al to Royce Allen Draehn and recorded in Voume 550, Page 85 of the Deed Records of Washington County, Texas.

**WHEREAS,** the Lease provides it shall be in force for a primary term of three (3) years from the effective date thereof, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or the Lease is otherwise maintained in effect pursuant to the provisions hereof; and

**WHEREAS,** Lessor and Chesapeake desire to amend the Lease as follows:

1.) To allow and provide for an extension of two (2) years or until July 7, 2000, and so long thereafter as oil and gas is produced in paying quantities from said land or land pooled therewith.

**WHEREAS,** the parties to the Lease now desire to extend the same as hereinafter set forth.

**NOW, THEREFORE,** for good and valuable consideration in hand paid to the undersigned by Chesapeake Operating, Inc., on behalf of itself and it's assigns, the receipt and sufficiency of which is hereby acknowledged, the undersigned do hereby amend the Lease to allow and provide for an extension of the Lease for an additional or second primary term of two (2) years from the end of the first primary term hereof, or until July 7, 2000, and as long thereafter as oil and gas is produced from said land or land pooled therewith. In addition, Lessee hereby exercised its option provided by the Amendment herein by paying or tendering to the Lessor or Lessor's credit in their depository bank, the sum of $10.00 dollars and other valuable consideration before the expiration of the primary term hereof.

It is understood and agreed by all parties hereto that the provision contained herein shall supersede any provisions to the contrary in the Oil, Gas and Mineral Lease described herein; however, in all other respects, the Lease and the prior provisions thereto shall remain in full force and effect and the undersigned does hereby adopt, ratify and confirm such Lease.

FURTHER, the provisions hereof shall be binding upon the parties hereto, their respective heirs, legatees, devisees, personal representatives, successors and assigns.

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

A CERTIFIED COPY issued MAY 05 1999
Beth Rothermel, County Clerk
Washington County, TX. Deputy

TR#13

EXECUTED this ____ day of _____, 1998

**LESSOR:**

Royce Allen Draehn SS# [redacted]

Hilee Draehn SS# [redacted]

**LESSEE:**

**CHESAPEAKE OPERATING, INC.**

By:_____

Title:_____

**STATE OF TEXAS** }{
}{
**COUNTY OF WASHINGTON** }{

This instrument was acknowledged before me on this 23 day of June, 1998 by Royce Allen Draehn and wife Hilee Draehn

JOHN W. SEE, III NOTARY PUBLIC STATE OF TEXAS EXPIRES MARCH 22, 1999

_____
Notary Public, State of Texas
Notary's Printed Name: John W. See, III
My Commission Expires: 3-22-99

A CERTIFIED COPY issued MAY 05 1999
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

**STATE OF OKLAHOMA** }{
}{
**COUNTY OF OKLAHOMA** }{

This instrument was acknowledged before me on the _____ day of _____, 1998,
by
of Chesapeake Operating, Inc.
corporation, on behalf of said corporation.

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

FILED FOR RECORD
WASHINGTON COUNTY, TX
'98 JUL 20 PM 1 30
WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

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

JUL 21 1998

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

MAY 05 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By _____ 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

# PAID UP OIL AND GAS LEASE 7811

THIS LEASE AGREEMENT is made as of the 20th day of July, 19 95, between
CLARICE POLLARD 016618
P. O. Box 1061
Brenham, Texas 77833
as Lessor (whether one or more),
and CHESAPEAKE OPERATING, INC., 6205 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):

**4.0 acres** located in the JOHN CARRINGTON SURVEY, A-120 and being the same land described in a Deed dated September 8, 1965, from E. F. Weiss to Clarice Pollard and recorded in Volume 261, Page 221 of the Deed Records of Washington County, Texas,

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

Notwithstanding anything contained herein to the contrary, the amount of royalty shall be 1/6.

Shelby

in the county of Washington, State of Texas, containing 4.0 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 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.

Tx 1670 335-000

MAY 05 1999

A CERTIFIED COPY issued _____
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

Tr# 14

VOL 799 PAGE 574

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 ducuments 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.

11.80 pd. Chesapeake

**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 |
|---|---|---|
| | Clarice Pollard | [redacted] SS# |

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF } Washington

This instrument was acknowledged before me on the 31st day of July, 1995, by [illegible]

SHARON FREITAG
NOTARY PUBLIC,
STATE OF TEXAS
Commission Expires 4-5-98

Sharon Freitag
Notary Public, State of Texas
Notary's name (printed): Sharon Freitag
Notary's commission expires: 4-5-98

**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:

**FILED**
AT 3:30 P M.
SEP 25 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 26 1995

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

By _____
Clerk (or 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

MAY 05 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By Tricia Kuhlman
Deputy

L 24327

## AMENDMENT AND EXTENSION OF OIL, GAS AND MINERAL LEASE

5253

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

**WHEREAS,** a certain Oil, Gas & Mineral Lease dated July 20th, 1995 was executed by and between Clarice Pollard, as Lessor, and CHESAPEAKE OPERATING, INC., as Lessee, recorded in Volume 799, Page 573, of the Official Records of Washington County, Texas, ("the Lease"), covering the following described land in said County & State:

4.0 acres of land, more or less, a part of the J. Carrington Survey, A-120, Washington County, Texas, and being the same land described in that certain Deed dated September 8, 1965 from E. F. Weiss to Clarice Pollard and recorded in Volume 261, Page 221 of the Deed Records of Washington County, Texas.

**WHEREAS,** the Lease provides it shall be in force for a primary term of three (3) years from the effective date thereof, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or the Lease is otherwise maintained in effect pursuant to the provisions hereof; and

**WHEREAS,** Lessor and Chesapeake desire to amend the Lease as follows:

1.) To allow and provide for an extension of 2 years or until July 20th, 2000 and so long thereafter as oil and gas is produced in paying quantities from said land or land pooled therewith.

**WHEREAS,** the parties to the Lease now desire to extend the same as hereinafter set forth.

**NOW, THEREFORE,** for good and valuable consideration in hand paid to the undersigned by Chesapeake Operating, Inc., on behalf of itself and it's assigns, the receipt and sufficiency of which is hereby acknowledged, the undersigned do hereby amend the Lease to allow and provide for an extension of the Lease for an additional or second primary term of two (2) years from the end of the first primary term hereof, or until July 20th, 2000, and as long thereafter as oil and gas is produced from said land or land pooled therewith. In addition, Lessee hereby exercised its option provided by the Amendment herein by paying or tendering to the Lessor or Lessor's credit in their depository bank, the sum of $10.00 dollars and other valuable consideration before the expiration of the primary term hereof.

It is understood and agreed by all parties hereto that the provision contained herein shall supersede any provisions to the contrary in the Oil, Gas and Mineral Lease described herein; however, in all other respects, the Lease and the prior provisions thereto shall remain in full force and effect and the undersigned does hereby adopt, ratify and confirm such Lease.

FURTHER, the provisions hereof shall be binding upon the parties hereto, their respective heirs, legatees, devisees, personal representatives, successors and assigns.

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

A CERTIFIED COPY issued MAY 05 1999
Beth Rothermel, County Clerk
Washington County, TX. TK Deputy

To # 121

EXECUTED this 25 day of June, 1998

**LESSOR:**

Clarice Pollard SS# [redacted]

**LESSEE:**

**CHESAPEAKE OPERATING, INC.**

By: _____

Title: Senior Vice President-Land and Legal

**STATE OF TEXAS** }{
}{
**COUNTY OF WASHINGTON** }{

This instrument was acknowledged before me on this 25 day of June, 1998 by Clarice Pollard.

Notary Public, State of Texas
Notary's Printed Name: Cheryl Carter
My Commission Expires: 5/12/2000

CHERYL CARTER
MY COMMISSION EXPIRES
May 12, 2000

Cheryl Carter

**STATE OF OKLAHOMA** }{
}{
**COUNTY OF OKLAHOMA** }{

This instrument was acknowledged before me on this 21st day of July 25 day of June, 1998
by Henry J. Hood, Senior Vice President-Land and Legal of Chesapeake Operating, Inc..

Notary Public, State of Oklahoma
Notary's Printed Name: Sandra L. Mathis
My Commission Expires: May 5, 2002

SANDRA L. MATHIS NOTARY PUBLIC IN AND FOR STATE OF OKLAHOMA OKLAHOMA COUNTY

A CERTIFIED COPY issued MAY 05 1999
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

VOL 0901 PAGE 245

FILED FOR RECORD
WASHINGTON COUNTY, TX

'98 AUG 3 AM 11 56

WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

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

AUG 04 1998

Beth Rothermel, County Clerk
Washington County, Texas

Chesapeake

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

BETH ROTHERMEL MAY 05 1999
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By
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

8201

• L27040 •

# PAID UP OIL AND GAS LEASE

THIS LEASE AGREEMENT is made as of the 29th day of October, 19 98, between Patrick Kelley and Wife, Pamela Kelley

1140 Salem Road, Brenham, Texas 77833

as Lessor (whether one or more), and CHESAPEAKE OPERATING, INC. P.O. Box 18496, Oklahoma City, OK 73154-0496 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):

1.097 acres of land, more or less, being out of the J. Carrington League, A-120, and being the same property as described in that certain Warranty Deed dated March 8, 1995, from Boettcher Building Center of Brenham, Inc., to Patrick Kelley recorded in Volume 774, Page 198 of the Official Records of Washington County, Texas.

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

Wherever the Royalty 1/8th appears in Paragraph 3 of this lease it shall be changed to 3/16ths Royalty.

in the county of Washington, State of Texas, containing 1.097 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 CAMCHT & SIMPSON

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.

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A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. OK Deputy

TR#15

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 ducuments 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)**

Patrick Kelley
Patrick Kelley

Pam Kelley
Pamela Kelley

**SS NO. OR TAX ID**

SS# [redacted]

SS# [redacted]

**ACKNOWLEDGEMENT**

STATE OF TEXAS
COUNTY OF WASHINGTON

This instrument was acknowledged before me on the 16th day of November, 1998, by Patrick Kelley and Pamela Kelley.

DORITHIE S. THOMAS
Notary Public, State of Texas
My Commission Expires 10-11-99

Dorithie S. Thomas
Notary Public, State of Texas
Notary's name (printed): Dorithie Thomas
Notary's commission expires: 10-11-99

**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

FILED FOR RECORD
WASHINGTON COUNTY, TX
'98 DEC 7 AM 11 58
BETH ROTHERMEL
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

DEC 08 1998

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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By
Deputy

#11 Chesapeake

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

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

L27124

8525

# PAID UP OIL AND GAS LEASE

THIS LEASE AGREEMENT is made as of the 29th day of October, 19 98, between Terry N. Oertli, A Married Man Dealing In His Separate Property.
1150 Salem Road
Brenham, Texas 77833 as Lessor (whether one or more),
and CHESAPEAKE OPERATING, INC. P.O. Box 18496, Oklahoma City, OK 73154-0496
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

1.274 acres of land, more or less, being out of the J. Carrington League, A-120, and being the same property as described in that certain Warranty Deed dated March 23, 1990, from Elizabeth K. Oertli to Terry N. Oertli recorded in Volume 623, Page 84 of the Official Records of Washington County, Texas.

Wherever the Royalty 1/8th appears in Paragraph 3 of this lease it shall be changed to 3/16ths Royalty.

in the county of Washington, State of Texas, containing 1.274 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.

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

TR#16

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 ducuments 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 |
|---|---|---|
| | Terry Oertli<br>Terry Oertli, A Married Man Dealing In His Separete Property. | [redacted] SS# |

**ACKNOWLEDGEMENT**

STATE OF TEXAS
COUNTY OF WASHINGTON
This instrument was acknowledged before me on the 17th day of November, 1998,
by Terry Oertli, In The Capacity Herein Stated.

CHRIS ZANDER
MY COMMISSION EXPIRES
May 1, 1999

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

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

**CORPORATE ACKNOWLEDGEMENT**

FILED FOR RECORD
WASHINGTON COUNTY, TX
'98 DEC 21 PM 1 00
Beth Rothermel
WASHINGTON CO. CLERK
NP

STATE OF TEXAS
COUNTY OF WASHINGTON

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

DEC 22 1998

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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By _____
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

# PAID UP OIL AND GAS LEASE

7573

THIS LEASE AGREEMENT is made as of the 18th day of July, 19 95, between MELVIN DRAEHN 016616
Rt. 1, Box 429
Brenham, Texas 77833 as Lessor (whether one or more),
and CHESAPEAKE OPERATING, INC. 6205 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):

**2.0 acres** located in the JOHN CARRINGTON SURVEY, A-120 and being the same land described in a Deed dated December 17, 1949, from Albert F. Hueske, et al to Melvin Draehn and recorded in Volume 162, Page 552 of the Deed Records of Washington County, Texas.

Notwithstanding anything contained herein to the contrary, the amount of royalty shall be 1/6.

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

Shelby

in the co... State of Texas, containing 2.0 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 Lesser's credit in
Pay directly to lessor
at 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.

1/6

TX1670333-000

A CERTIFIED COPY Issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. Deputy

TR# 17

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 |
|---|---|---|
| Lori Wilkelmann | Melvin Draehn | [redacted] |
| Linda Draehn | Melvin Draehn | SS# |

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF } Washington

This instrument was acknowledged before me on the 26th day of July, 1995,
by Melvin Draehn

Lori Wilkelmann
Notary Public, State of Texas
Notary's name (printed): Lori Winkelmann
Notary's commission expires: 12/10/98

LORI WINKELMANN
Notary Public, State of Texas
My Commission Expires 12/01/98

**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

FILED
AT 12:20 P M.
SEP 18 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 19 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

MAY 03 1999

BETTY OTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By _____
Deputy

L23567

# AMENDMENT AND EXTENSION OF OIL, GAS AND MINERAL LEASE

4654

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

**WHEREAS,** a certain Oil, Gas & Mineral Lease dated July 18, 1995 was executed by and between Melvin Draehn, as Lessor, and CHESAPEAKE OPERATING, INC., as Lessee, recorded in Volume 798, Page 743, of the Official Records of Washington County, Texas, ("the Lease"), covering the following described land in said County & State:

2.0 acres, more or less, a part of the J. Carrington Survey, A-120, Washington County, Texas, and being the same land described in that Certain Deed dated December 17, 1949 from Albert F. Hueske, et al to Melvin Draehn and recorded in Volume 162, Page 552 of the Deed Records of Washington County, Texas.

**WHEREAS,** the Lease provides it shall be in force for a primary term of three (3) years from the effective date thereof, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or the Lease is otherwise maintained in effect pursuant to the provisions hereof; and

**WHEREAS,** Lessor and Chesapeake desire to amend the Lease as follows:

1.) To allow and provide for an extension of 2 years or until July 18th, 2000 and so long thereafter as oil and gas is produced in paying quantities from said land or land pooled therewith.

**WHEREAS,** the parties to the Lease now desire to extend the same as hereinafter set forth.

**NOW, THEREFORE,** for good and valuable consideration in hand paid to the undersigned by Chesapeake Operating, Inc., on behalf of itself and it's assigns, the receipt and sufficiency of which is hereby acknowledged, the undersigned do hereby amend the Lease to allow and provide for an extension of the Lease for an additional or second primary term of two (2) years from the end of the first primary term hereof, or until July 18th, 2000 and as long thereafter as oil and gas is produced from said land or land pooled therewith. In addition, Lessee hereby exercised its option provided by the Amendment herein by paying or tendering to the Lessor or Lessor's credit in their depository bank, the sum of $10.00 dollars and other valuable consideration before the expiration of the primary term hereof.

It is understood and agreed by all parties hereto that the provision contained herein shall supersede any provisions to the contrary in the Oil, Gas and Mineral Lease described herein; however, in all other respects, the Lease and the prior provisions thereto shall remain in full force and effect and the undersigned does hereby adopt, ratify and confirm such Lease.

FURTHER, the provisions hereof shall be binding upon the parties hereto, their respective heirs, legatees, devisees, personal representatives, successors and assigns.

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

L23567

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. Deputy

TR#17

EXECUTED this 10TH day of June, 1998

**LESSOR:**

Melvin Draehn

Melvin Draehn SS# [redacted]

**LESSEE:**

**CHESAPEAKE OPERATING, INC.**

By: _____

Title: Sr. Vice President - Land and Legal

**STATE OF TEXAS** }{
}{
**COUNTY OF WASHINGTON** }{

This instrument was acknowledged before me on this 10TH day of June 1998 by Melvin Draehn.

Gary C. Mitchell

Notary Public, State of Texas
Notary's Printed Name: _____
My Commission Expires: _____

GARY C. MITCHELL
Notary Public, State of Texas
My Commission Expires 10-07-00

**STATE OF OKLAHOMA** }{
}{
**COUNTY OF OKLAHOMA** }{

This instrument was acknowledged before me on this 6 day of July, 1998
by Henry Hood as Sr. Vice President Land and Legal of Chesapeake Operating, Inc..

Angela Wiley-Lair

Notary Public, State of Oklahoma
Notary's Printed Name: Angela Wiley-Lair
My Commission Expires: 11/17/2002

ANGELA WILEY-LAIR NOTARY PUBLIC STATE OF OKLAHOMA CANADIAN COUNTY

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

VOL 599 PAGE 031

FILED FOR RECORD
ASHINGTON COUNTY, TX

'98 JUL 14 PM 12 00

Beth A. Rothermel
WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

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

JUL 15 1998

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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By Deborah Krause
Deputy

Chas 11hr

VOL 802 PAGE 612

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
8658 Oklahoma City, OK 73154

# PAID UP OIL AND GAS LEASE

THIS LEASE AGREEMENT is made as of the 1st day of August, 19 95, between

AQUILA F. RIGGINS and wife PATRICIA RIGGINS 017419
RT. 1 BOX 430-C, 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):

**12.0 acres** of land located in the JOHN CARRINGTON SURVEY, A-120 and being the same landdescribed in a Warranty Deed dated July 14,1995 from the Abundant Life Community Church, a Texas Corporation, to Aqulia F. Riggins et ux and recorded in Volume 790 Page 632 of the Deed Records of Washington County, Texas.

Notwithstanding anything contained herein to the contrary, the amount of royalty shall be **3/16..**

Lessee shall conduct no surface operations without prior written consent of Lessor.

Shelby F 3/16

in the county of Washington, State of Texas, containing 12.0 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 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 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.

TX/670574-000

MAY 03 1999

A CERTIFIED COPY issued
Beth Rothermel, County Clerk
Washington County, TX. AB Deputy

Tr# 18

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 ducuments 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~~ xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

**LESSOR (WHETHER ONE OR MORE)** | **SS NO. OR TAX ID**

Aquila F. Riggins — SS# [redacted]

Patricia Riggins — SS# [redacted]

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF WASHINGTON }

This instrument was acknowledged before me on the 23rd day of August, 19 95,
by Aquila F. Riggins and wife Patricia Riggins

Fritz R. Holmstrom
Notary Public, State of Texas
Notary's name (printed): FRITZ R. HOLMSTROM
Notary's commission expires: Notary Public, State of Texas My Commission Expires AUGUST 24, 1998

**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**

**FILED**
AT 10:15 A.M.
OCT 23 1995
Beth A. Rothermel
BETH ROTHERMEL
COUNTY CLERK, WASHINGTON COUNTY, TX

STATE OF TEXAS
COUNTY OF WASHINGTON

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

OCT 24 1995

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

by _____
Clerk (or 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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By April Griffey
Deputy

APRIL GRIFFEY

L 2367

4863

# AMENDMENT AND EXTENSION OF OIL, GAS AND MINERAL LEASE

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

**WHEREAS,** a certain Oil, Gas & Mineral Lease dated August 1, 1995 was executed by and between Aquila F. Riggins and wife, Patricia Riggins, as Lessors, and CHESAPEAKE OPERATING, INC., as Lessee, recorded in Volume 802 , Page 612, of the Official Records of Washington County, Texas, ("the Lease"), covering the following described land in said County & State:

12.0 acres of land, more or less, a part of the J. Carrington Survey, A-120, Washington County, Texas, and being the same land described in that certain Warranty Deed dated July 14, 1995 from the Abundant Life Community Church, a Texas Corporation, To Aqulia F. Riggins, et ux and recorded in Volume 790, Page 632 of the Deed Records of Washington County, Texas.

**WHEREAS,** the Lease provides it shall be in force for a primary term of three (3) years from the effective date thereof, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or the Lease is otherwise maintained in effect pursuant to the provisions hereof; and

**WHEREAS,** Lessor and Chesapeake desire to amend the Lease as follows:

1.) To allow and provide for an extension of 3 years or until August 1, 2001 and so long thereafter as oil and gas is produced in paying quantities from said land or land pooled therewith.

**WHEREAS,** the parties to the Lease now desire to extend the same as hereinafter set forth.

**NOW, THEREFORE,** for good and valuable consideration in hand paid to the undersigned by Chesapeake Operating, Inc., on behalf of itself and it's assigns, the receipt and sufficiency of which is hereby acknowledged, the undersigned do hereby amend the Lease to allow and provide for an extension of the Lease for an additional or second primary term of three (3) years from the end of the first primary term hereof, or until August 1, 2001 and as long thereafter as oil and gas is produced from said land or land pooled therewith. In addition, Lessee hereby exercised its option provided by the Amendment herein by paying or tendering to the Lessor or Lessor's credit in their depository bank, the sum of $10.00 dollars and other valuable consideration before the expiration of the primary term hereof.

It is understood and agreed by all parties hereto that the provision contained herein shall supersede any provisions to the contrary in the Oil, Gas and Mineral Lease described herein; however, in all other respects, the Lease and the prior provisions thereto shall remain in full force and effect and the undersigned does hereby adopt, ratify and confirm such Lease.

FURTHER, the provisions hereof shall be binding upon the parties hereto, their respective heirs, legatees, devisees, personal representatives, successors and assigns.

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

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

TRT 18

EXECUTED this 17TH day of June, 1998

**LESSOR:**

Aquila F. Riggins SS#[redacted]

Patricia Riggins SS#[redacted]

**LESSEE:**

**CHESAPEAKE OPERATING, INC.**

By: Henry J. Hood

Title: Senior Vice President-Land and Legal

**STATE OF TEXAS** }{
}{
**COUNTY OF WASHINGTON** }{

This instrument was acknowledged before me on this 17TH day of June, 1998 by Aquila F. Riggins and wife, Patricia Riggins.

Notary Public, State of Texas
Notary's Printed Name: _____
My Commission Expires: _____

GARY C. MITCHELL
Notary Public, State of Texas
My Commission Expires 10-07-00

**STATE OF OKLAHOMA** }{
}{
**COUNTY OF OKLAHOMA** }{

This instrument was acknowledged before me on this 10th day of July, 1998 by Henry J. Hood, Senior Vice President-Land and Legal as of Chesapeake Operating, Inc..

Notary Public, State of Oklahoma
Notary's Printed Name: Sandra L. Mathis
My Commission Expires: May 5, 2002

SANDRA L. MATHIS
NOTARY PUBLIC
IN AND FOR
STATE OF
OKLAHOMA
OKLAHOMA COUNTY

FILED FOR RECORD
WASHINGTON COUNTY, TX
98 JUL 20 PM 1 30

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 21 1998

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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By April Griffey
Deputy

APRIL GRIFFEY

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

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

# PAID UP OIL AND GAS LEASE

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THIS LEASE AGREEMENT is made as of the 29th day of June, 19 95, between
WESLEY BRYAN SPARKS and wife, LAURA JEAN SPARKS
P. O. Box 278
Brenham, Texas 77834
as Lessor (whether one or more),
and CHESAPEAKE OPERATING, INC., 6205 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):

11.917 acres located in the John Carrington Survey, A-120 and being the same land described in a Deed dated April 5, 1994, from Brenham National Bank to Wesley Bryan Sparks, et ux and recorded in Volume 730, page 489 of the Deed Records of Washington County, Texas.

FOR ADDITIONAL PROVISIONS OF THIS LEASE, SEE AN ADDENDUM ATTACHED HERETO AND MADE A PART HEREOF.

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

Shelby

in the county of Washington, State of Texas, containing 11.917 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.

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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 FSB, Brenham, 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.

TX 1670117-000

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MAY 03 1999

A CERTIFIED COPY issued
Beth Rothermel, County Clerk
Washington County, TX. Deputy

TR #19

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**

Wesley Bryan Sparks [redacted]

WESLEY BRYAN SPARKS

Laura Jean Sparks [redacted]

LAURA JEAN SPARKS

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF } WASHINGTON

This instrument was acknowledged before me on the 30th day of June, 1995,
by Wesley Bryan Sparks.

DEBRA CURTIS
NOTARY PUBLIC
STATE OF TEXAS
My Commission Expires 1-12-99

Debra Curtis
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 30th day of June, 1995,
by Laura Jean Sparks

DEBRA CURTIS
NOTARY PUBLIC
STATE OF TEXAS
My Commission Expires 1-12-99

Debra Curtis
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 MAY 03 1995
Beth Rothermel, County Clerk
Washington County, TX. Deputy

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS & MINERAL LEASE, DATED JUNE 29, 1995, BY AND BETWEEN **WESLEY BRYAN SPARKS and wife, LAURA JEAN SPARKS**, 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, sulphur, lignite, uranium, fissionable materials and all bentonite, fullers earth, and other claylike substances. It is specifically understood and agreed that this lease covers only oil, gas 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 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. Notwithstanding anything contained herein to the contrary, it is expressly agreed and understood that in the event that Lessee elects to pool or unitize and pools and/or unitizes any of the leased premises, then all of the leased premises shall be included in such 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 (3) 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. 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

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

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. The failure of Lessee to timely tender shut-in royalties shall cause a termination of the leasehold estate without any requirement of notice to Lessee.

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. It is agreed and understood that the size of any gas unit formed that includes the leased premises herein shall be limited to the total number of acres prescribed or permitted by the Texas Railroad Commission in order to achieve maximum production.

21. In the event any damages are occasioned to the leased premises including to houses, buildings, fences, wells, roads, gates, cattleguards, terraces, culverts, bridges, and other improvements, cattle and other livestock, growing crops, trees, and grasses from such operations as may be conducted by Lessee (including, without

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Beth Rothermel, County Clerk
Washington County, TX. AG Deputy

limitation, operations on adjacent lands or lands within the vicinity of the leased premises), Lessee shall be obligated to pay and reimburse Lessors for all such damages within ninety (90) days from and after the date such damage occurs. This provision shall in no manner be construed to modify or waive paragraph 25 herein precluding Lessee from the use of or operations upon the surface of the leased premises for any purpose.

22. Lessee, Lessee's agents, employee 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 purposes any portion of the leased premises.

23. The operations of the Lessee shall be conducted in such manner that Lessee shall prevent the contamination of any and all soil, and of any and all surface and subsurface waters in, under or on said leased premises, whether in surface tanks or any other type of storage, in creek beds, in river beds, and any and all surface and subsurface water bearing strata or formations by virtue of Lessee's drilling, development and production operations. This provision shall in no manner be construed to modify or waive paragraph 25 herein precluding Lessee from the use of or operations upon the surface of the leased premises for any purpose. Lessor shall not be responsible for any violations 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 by Lessee of environmental or hazardous waste of any kind or character. LESSEE, ITS SUCCESSORS AND ASSIGNS, AGREE TO INDEMNIFY AND HOLD LESSOR AND LESSOR'S HEIRS AND ASSIGNS HARMLESS FROM ANY AND ALL LIABILITY, CLAIMS, DEMANDS, ACTIONS, LAWSUITS, CAUSES OF ACTION, DAMAGES (including, without limitation, exemplary damages) AND OTHER EXPENSES 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.

24. No water shall be used from any wells or ponds located upon the leased premises without the express written consent of Lessors.

25. Notwithstanding any other terms or provisions contained herein to the contrary, there shall be no use of the surface of the leased premises whatsoever for any type of operations (including, without limitation, drilling operations, storage tanks, pits and/or 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 leased premises 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.

26. 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 (1/5th) royalty; and where the fraction one-eighth (1/8) appears, the same is hereby amended to read one-fifth (1/5).

27. It is agreed and understood by and between Lessor and Lessee herein that upon 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

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Beth Rothermel, County Clerk
Washington County, TX. Deputy

includes all or any part of the leased premises. 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.

28. 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 proportionate reduction of bonuses and/or delay rentals which may thereafter 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 themselves 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 full 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; nor shall Lessee have any right to a credit against future payments of bonuses, rentals or royalties under the terms of this lease for any alleged prior overpayment by Lessee to Lessor. Lessee's sole remedy shall be to correct such future payments to be made to Lessor by Lessee under the proportionate reduction provisions of this lease so that future payments correspond to the actual mineral interest owned by Lessor.

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.

Wesley Bryan Sparks
WESLEY BRYAN SPARKS

Laura Jean Sparks
LAURA JEAN SPARKS

THE STATE OF TEXAS §
§
COUNTY OF WASHINGTON §

This instrument was acknowledged before me on this the 30th day of June, 1995, by WESLEY BRYAN SPARKS and wife, LAURA JEAN SPARKS.

DEBRA CURTIS
NOTARY PUBLIC
STATE OF TEXAS
My Commission Expires 1-12-99

Debra Curtis
NOTARY PUBLIC, STATE OF TEXAS

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

VOL 797 PAGE 69

FILED
AT 11:20 A.M.
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 0 6 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

MAY 0 3 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By April Griffey Deputy

APRIL GRIFFEY

$17.00 Check

L 22310

3066

# MEMORANDUM OF LEASE EXTENSION

**KNOW ALL MEN BY THESE PRESENTS:**

WHEREAS, Wesley Bryan Sparks and wife, Laura Jean Sparks ("Lessor") and Chesapeake Operating, Inc. ("Lessee") entered into that certain Oil, Gas and Mineral Lease ("Lease") dated June 29, 1995, covering 11.917 gross acres, more or less, located in Washington County, Texas, recorded in Volume 797, Page 64, 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.

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.

SANDRA K. ALVERSON NOTARY PUBLIC OKLAHOMA COUNTY OKLAHOMA

My commission expires: August 3, 1999

TX16701 7.000

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 12 1998

Beth Rothermel, County Clerk
Washington County, Texas

98 MAY 11 PM 3 12

WASHINGTON CO. CLERK

TR #101

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

MAY 0 3 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By April Griffey
Deputy

APRIL GRIFFEY

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

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

# PAID UP OIL AND GAS LEASE

242

THIS LEASE AGREEMENT is made as of the 17th day of November, 19 94, between

ERNEST GRIMM, JR. and wife, JUDY GRIMM
Route 1, Box 427-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):

19.691 acres, more or less, lying in the JOHN CARRINGTON LEAGUE, A-120, more fully described in Partition Deed dated January 22, 1990 from Evelyn Beck and Doris Maresh to Ernest Grimm, Jr., recorded in Volume 619 at Page 534 of the Deed Records of Washington County, Texas.

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

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

in the county of Washington, State of Texas, containing 19.691 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.

SB

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. AB Deputy

Tract 2a

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)**

Ernest Grimm Jr.
ERNEST GRIMM, JR

Judy Grimm
JUDY GRIMM

**SS NO. OR TAX ID**

[redacted]

[redacted]

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF } WASHINGTON

This instrument was acknowledged before me on the 22 day of November , 1994 ,
by Ernest Grimm, Jr. and Judy Grimm

JO ANN REICHLE
MY COMMISSION EXPIRES
March 16, 1998

Jo Ann Reichle
Notary Public, State of Texas
Notary's name (printed): JO ANN REICHLE
Notary's commission expires: 3-16-98

**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:
CHESAPEAKE [illegible] 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)

MAY 03 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 & LEASE DATED NOVEMBER 17, 1994 BY AND BETWEEN ERNEST GRIMM, JR. and wife, JUDY GRIMM AS LESSOR, and CHESAPEAKE OPERATING, INC., AS LESSEE.

1. This lease covers and includes only oil, gas, sulphur and the by-products 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 ores, uranium, sand, gravel, thorium and all other minerals of any kind or nature whatsoever not specifically included as aforesaid.

2. In the event a portion 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 lands 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 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, or other improvements as a result of operations of Lessee under the Lease, Lessee agrees to pay Lessor the actual amount of said loss. Lesse 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" appears in Paragraph 3 of the Lease, it is hereby amended to read "One-sixth."

5. Notwithstanding anything contained herein, no well shall be drilled within four hundred (400) feet of any residence or barn now on said land without Lessor's written consent.

6. With respect to wells pooled for vertical gas hereunder, such units shall not substantially exceed an area of 320 acres each plus a tolerance of 10% thereof, when the well or wells located thereon are completed above a depth of 9000 feet, and 640 acres each plus a tolerance of 10% thereof, when the well or wells located thereon are completed at a depth of 9000 feet or below, provided, however, that should a governmental authority having jurisdiction proscribe or permit the creation of gas units larger than those specified above for the drilling, or operation of a horizontal well at a regular location, or for obtaining the maximum allowable from any well to be drilled, drilling, or already drilled, gas units thereafter created may conform substantially in size with those proscribed or permitted by applicable regulations. Units pooled for oil hereunder shall conform to the Provisions of Paragraph 4 of the Lease.

7. Not withstanding anything contained herein to the contrary, Lessee shall not maintain this lease solely by the payment of shut-in royalties for more than two (2) consecutive years. Shut-in privileges are cumulative and may be exercised from time to time, but limited to a maximum of three (3) 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.

8. The foregoing typewritten provisions shall supercede and govern the printed text hereof, even when to the contrary, and shall inure to the benefit of, and be binding upon the parties hereto and their respective heirs, representatives, successors and assigns.

SIGNED FOR IDENTIFICATION:

Ernest Grimm Jr.
ERNEST GRIMM, JR.

Judy Grimm
JUDY GRIMM

WITNESS:

Jo Ann Reichle

Jo Ann Reichle

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. AG Deputy

[VOL 762 PAGE 770

FILED
AT 2:05 P M.
JAN 10 1995 80
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 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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By April Griffey Deputy

APRIL GRIFFEY

13.00pd. Chesapeake

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

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

# PAID UP OIL AND GAS LEASE

1063

THIS LEASE AGREEMENT is made as of the 17th day of November, 19 94, between ROBERT COTTLE and wife, JEANNE F.COTTLE
807 Lemm
Houston, TX 77373 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):

39.392 acres, more or less, lying in the JOHN CARRINGTON LEAGUE, A-120, more fully described in Warranty Deed dated August 14, 1992 from Doris Maresh and Evelyn Beck to Robert Cottle and wife, Jeanne F. Cottle, recorded in Volume 677 at Page 754 of the Deed Records of Washington County, Texas.

It is agreed and understood by Lessor and Lesse that all payments of every character, kind or nature, whether they be, but not limited to, bonus, rentals, royalties or shut-in royalties shall be made to COTTLE & SON WINERY, INC. at the address first mentioned above or the the depository as named herein.

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

in the county of Washington, State of Texas, containing 39.392 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 Bank One
at 303 N. Market, 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.

SB

A CERTIFIED COPY issued MAY 03 1995
Beth Rothermel, County Clerk
Washington County, TX. [illegible] Deputy

Tract #21

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)**

PAY COTTLE & SON WINERY, INC.

Robert Cottle

ROBERT COTTLE

Jeanne F. Cottle

JEANNE F. COTTLE

**SS NO. OR TAX ID**

ID: [redacted]

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF } HARRIS

This instrument was acknowledged before me on the 7TH day of ~~November~~ DECEMBER, 19 94,
by Robert Cottle and wife, Jeanne F. Cottle

Beverly J. Fetter

Notary Public, State of Texas
Notary's name (printed): BEVERLY J. FETTER
Notary's commission expires: 2-20-98

BEVERLY J. FETTER
NOTARY PUBLIC, STATE OF TEXAS
MY COMMISSION EXPIRES
FEB. 20, 1998

**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)

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

EXHIBIT"A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND & LEASE DATED NOVEMBER 17, 1994
BY AND BETWEEN ROBERT COTTLE and wife, JEANNE F. COTTLE
AS LESSOR, and CHESAPEAKE OPERATING, INC., AS LESSEE.

1. This lease covers and includes only oil, gas, sulphur and the by-products 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 ores, uranium, sand, gravel, thorium and all other minerals of any kind or nature whatsoever not specifically included as aforesaid.

2. In the event a portion 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 lands 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 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, or other improvements as a result of operations of Lessee under the Lease, Lessee agrees to pay Lessor the actual amount of said loss. Lesse 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" appears in Paragraph 3 of the Lease, it is hereby amended to read "One-sixth."

5. Notwithstanding anything contained herein, no well shall be drilled within four hundred (400) feet of any residence or barn now on said land without Lessor's written consent.

6. With respect to wells pooled for vertical gas hereunder, such units shall not substantially exceed an area of 320 acres each plus a tolerance of 10% thereof, when the well or wells located thereon are completed above a depth of 9000 feet, and 640 acres each plus a tolerance of 10% thereof, when the well or wells located thereon are completed at a depth of 9000 feet or below, provided, however, that should a governmental authority having jurisdiction proscribe or permit the creation of gas units larger than those specified above for the drilling, or operation of a horizontal well at a regular location, or for obtaining the maximum allowable from any well to be drilled, drilling, or already drilled, gas units thereafter created may conform substantially in size with those proscribed or permitted by applicable regulations. Units pooled for oil hereunder shall conform to the Provisions of Paragraph 6 of the Lease.

7. Not withstanding anything contained herein to the contrary, Lessee shall not maintain this lease solely by the payment of shut-in royalties for more than two (2) consecutive years. Shut-in privileges are cumulative and may be exercised from time to time, but limited to a maximum of three (3) 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.

8. The foregoing typewritten provisions shall supercede and govern the printed text hereof, even when to the contrary, and shall inure to the benefit of, and be binding upon the parties hereto and their respective heirs, representatives, successors and assigns.

SIGNED FOR IDENTIFICATION:

Robert Cottle
ROBERT F. COTTLE

Jeanne F. Cottle
JEANNE F. COTTLE

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. TB Deputy

FILED

AT 12:00 P M.

FEB - 6 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

FEB 0 7 1995

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

$13.00 Chesapeake

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

MAY 0 3 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By April Griffey
Deputy

APRIL GRIFFEY

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

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

8277 Record & Return To:
Chesapeake Operating, Inc
P.O. Box 18496
Oklahoma City, OK 73154

# PAID UP OIL AND GAS LEASE

017318

THIS LEASE AGREEMENT is made as of the 18th day of July, 19 95, between

CHARLES W. DIERKING and wife JANELL DIERKING
RT.1 BOX 428, BRENHAM, TEXAS 77833 as Lessor (whether one or more),

and CHESAPEAKE OPERATING, INC. 6205 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):

**2.92 acres** of land located in the JOHN CARRINGTON SURVEY A-120 and being the same land described in a Warranty Deed dated April 2,1975 from Gladys E. Kiecke to Charles W. Dierking recorded in Volume 334 Page 733 of the Deed Records of Washington County, Texas.

Notwithstanding anything contained herein to the contrary, the amount of royalty shall be 1/6 .

Shelby

in the county of Washington, State of Texas, containing 2.92 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 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 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.

TX 1670550-000

A CERTIFIED COPY issued MAY 03 1996
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

Tx #20

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)**

Charles W. Dierking

**SS NO. OR TAX ID**

SS# [redacted]

Janell Dierking

SS# [redacted]

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF } WASHINGTON

This instrument was acknowledged before me on the 10th day of ~~July~~ August, 1995, by Charles W. Dierking and Janell Dierking.

WANDA GREGOR
Notary Public, State of Texas
My Commission Expires 12-23-95

Wanda Gregor
Notary Public, State of Texas
Notary's name (printed): Wanda Gregor
Notary's commission expires: 12-10-95

**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:

FILED
AT 12:45 P M.
OCT - 9 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 10 1995

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

By _____
Clerk (or 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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By April Griffey
Deputy

APRIL GRIFFEY

VOL 0699 PAGE 026

L 23424

## AMENDMENT AND EXTENSION OF OIL, GAS AND MINERAL LEASE

4653

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

**WHEREAS,** a certain Oil, Gas & Mineral Lease dated July 18th, 1995 was executed by and between Charles W. Dierking and wife, Janell Dierking, as Lessors, and CHESAPEAKE OPERATING, INC., as Lessee, recorded in Volume 801, Page 175, of the Official Records of Washington County, Texas, ("the Lease"), covering the following described land in said County & State:

2.92 acres, more or less, a part of the J. Carrington Survey, A-120 and being the same land described in that certain Deed dated April 2, 1975 from Gladys E. Kiecke to Charles W. Dierking and recorded in Volume 334 at Page 733 of the Deed Records of Washington County, Texas.

**WHEREAS,** the Lease provides it shall be in force for a primary term of three (3) years from the effective date thereof, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or the Lease is otherwise maintained in effect pursuant to the provisions hereof; and

**WHEREAS,** Lessor and Chesapeake desire to amend the Lease as follows:

1.) To allow and provide for an extension of 2 years or until July 18th, 2000 and so long thereafter as oil and gas is produced in paying quantities from said land or land pooled therewith.

**WHEREAS,** the parties to the Lease now desire to extend the same as hereinafter set forth.

**NOW, THEREFORE,** for good and valuable consideration in hand paid to the undersigned by Chesapeake Operating, Inc., on behalf of itself and it's assigns, the receipt and sufficiency of which is hereby acknowledged, the undersigned do hereby amend the Lease to allow and provide for an extension of the Lease for an additional or second primary term of two (2) years from the end of the first primary term hereof, or until July 18th, 2000 and as long thereafter as oil and gas is produced from said land or land pooled therewith. In addition, Lessee hereby exercised its option provided by the Amendment herein by paying or tendering to the Lessor or Lessor's credit in their depository bank, the sum of $100.00 dollars and other valuable consideration before the expiration of the primary term hereof.

It is understood and agreed by all parties hereto that the provision contained herein shall supersede any provisions to the contrary in the Oil, Gas and Mineral Lease described herein; however, in all other respects, the Lease and the prior provisions thereto shall remain in full force and effect and the undersigned does hereby adopt, ratify and confirm such Lease.

FURTHER, the provisions hereof shall be binding upon the parties hereto, their respective heirs, legatees, devisees, personal representatives, successors and assigns.

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

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

L23567

Trtl22

EXECUTED this 12 day of June, 1998

**LESSOR:**

Charles W. Dierking SS# [redacted]

Janell Dierking SS# [redacted]

**LESSEE:**

**CHESAPEAKE OPERATING, INC.**

By: _____

Title: Senior Vice President - Land and Legal

**STATE OF TEXAS** }{
}{
**COUNTY OF WASHINGTON** }{

This instrument was acknowledged before me on this 12th day of June, 1998 by Charles W. Dierking and wife, Janell Dierking.

Janet L. Mantey
Notary Public, State of Texas
Notary's Printed Name: Janet L. Mantey
My Commission Expires: 5-16-2002

JANET L. MANTEY
Notary Public, State of Texas
My Commission Expires 05-16-2002

**STATE OF OKLAHOMA** }{
}{
**COUNTY OF OKLAHOMA** }{

This instrument was acknowledged before me on this 2 day of July, 1998
by Henry Hood as Sr. Vice President - Land and Legal of Chesapeake Operating, Inc.

Angela Wiley-Lair
Notary Public, State of Oklahoma
Notary's Printed Name: Angela Wiley-Lair
My Commission Expires: 11/17/2000

NOTARY PUBLIC OKLAHOMA CANADIAN COUNTY ANGELA WILEY-LAIR

MAY 03 1999

A CERTIFIED COPY issued _____
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

FILED FOR RECORD
WASHINGTON COUNTY, TX

'98 JUL 14 PM 12 00

Beth A. Rothermel

WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

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

JUL 15 1998

Beth A. Rothermel

Beth Rothermel, County Clerk
Washington County, Texas

Cherryvale

JANET L. MANTEY
Notary Public, State of Texas
My Commission Expires 08-16-2002

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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By April Griffey Deputy

APRIL GRIFFEY

VOL 803 PAGE 844

OIL, GAS & MINERAL LEASE

PROD 88 (REV 8/93)
PAID UP

8993

THIS LEASE AGREEMENT is made effective the 22nd day of July, 19 95,

between JOHN N. GREEN, and wife, LINDA J. GREEN

as Lessor (whether one or more), whose address is Rt. 1, Box 427, Brenham, Texas 77833,

and UNION PACIFIC RESOURCES COMPANY, as Lessee,

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

1. Description. Lessor, in consideration of TEN AND NO/100 AND OTHER GOOD AND VALUABLE CONSIDERATIONS---------- Dollars ($ 10.00 & OGVC----------), in hand 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, pro 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:

Tract One: 2.317 acres, more or less, out of the John Carrington Survey, A-120, of Washington County, Texas, and being more fully described in that certain Deed, dated October 18, 1968, from Bob Miller to John N. Green, and being recorded in Volume 281, Page 41, of the Deed Records of Washington County, Texas.

Tract Two: 8.006 acres, more or less, out of the John Carrington Survey, A-120, of Washington County, Texas, and being more fully described in that certain Deed, dated April 23, 1977, from Ernest Draehn to John N. Green, and being recorded in Volume 353, Page 597, of the Deed Records of Washington County, Texas.

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 10.323 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 (1/6th) 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 pric 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 product 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 o covered minerals, the royalty shall be One-sixth (1/6th) of the net proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) less a proporionate part of ad valorem taxes and production, severance, or other excise taxes and (c) if during or after the primary term one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut-in or production therefrom is not being sold by Lessee for a period of 90 consecutive days, then Lessee may pay shut-in royalty of one dollar per acre of land then covered by this lease, such payment to be made to Lessor on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in and it shall be considered that such well is producing in paying quantities for all purposes hereof during any period for which such shut-in royalty is tendered; provided that if this lease is otherwise being maintained by the payment of rentals or by operations, or if a well or wells on the leased premises is producing in paying quantities, no shut-in royalty shall be due until the end of the 90-day period next following the end of the rental period or the cessation of such operations or production, as the case may be. Lessee shall have free use of oil, gas, water, and other substances produced from said land, except water from Lessor's wells or ponds, for all operations hereunder, and Lessor's royalty shall be computed after deducting any so used.

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

5. Pooling. Lessee shall have the continuing and recurring right, but not the obligation, to pool all or any part of the leased premises or interest therein with any other lands, leases or interests, as to any or all depths or zones, and as to any or all covered minerals, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently explore, develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands, leases or interests. A unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for an oil well which is a horizontal completion or a gas well shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that larger units may be formed for an oil well or a gas well, whether or not horizontally completed, in order to conform to any well spacing or density pattern permitted by any governmental authority having jurisdiction over such matters. The terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or by regulations of the governmental authority which has jurisdiction over such matters. The term "horizontal completion" shall mean an oil well or a gas well in which the horizontal component of the 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 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

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk



TR#12

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

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

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

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

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

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

11. **Breach or Default.** An alleged breach or default by Lessee of any obligation hereunder or the failure of Lessee to satisfy any condition or limitation contained herein shall not work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part, and no litigation shall be initiated by Lessor with respect to any alleged breach or default by Lessee hereunder, for a period of at least ninety (90) days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy or commence to remedy the breach or default within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so. Nothing in this instrument or in the relationship created hereby shall be construed to establish a fiduciary relationship, a relationship of trust or confidence or a principal - agent relationship between Lessor and Lessee for any purpose. SEE "ADDENDUM" ATTACHED HERETO AND MADE A PART HEREOF FOR PARAGRAPHS 12 THRU 17.

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

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

SS# [redacted]

SS# [redacted]

**LESSOR:**

John N. Green
JOHN N. GREEN

Linda J. Green
LINDA J. GREEN

STATE OF TEXAS )
) ss.
COUNTY OF WASHINGTON )

This instrument was acknowledged before me this 25th day of September, 1995, by JOHN N. GREEN and wife, LINDA J. GREEN.

John Renaud
Notary Public

My Commission Expires:
8-7-1999

JOHN RENAUD
MY COMMISSION EXPIRES
August 7, 1999

JOHN RENAUD
MY COMMISSION EXPIRES
August 7, 1999

STATE OF _____ )
) ss.
COUNTY OF _____ )

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

Notary Public

My Commission Expires:

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

"ADDENDUM"

THIS "ADDENDUM" IS ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS AND MINERAL LEASE DATED, JULY 22, 1995 BY AND BETWEEN JOHN N. GREEN, and wife, LINDA J. GREEN, AS "LESSOR", AND UNION PACIFIC RESOURCES COMPANY, AS "LESSEE".

12. If at the end of the primary term of this Lease, 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 or production from such unit or units will maintain this Lease in force only as to land included in such unit or units, any land not so held by production or operations at the end of the primary term of this Lease shall revert to Lessor free and clear of the terms of this Lease, with exception that in the event Lessee is, at the end of the primary term, engaged in drilling a well on the land herein leased, that such entire Lease shall remain in force and effect so long as continuous drilling operations are being carried on, on such property, and such continuous drilling operations shall be construed to mean that no more that ninety (90) days shall elapse between the completion, or abandonment as a dry hole, of any oil and/or gas well and the commencement of operations for the drilling of a subsequent well on such property.

13. Anything contained herein to the contrary notwithstanding, this lease cannot be held in force solely by the payment of shut-in gas royalty payments after the end of the primary term for more than three (3) consecutive years or from time to time not to exceed an aggregate of three (3) years.

14. Lessee shall be responsible for an 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 shall not permit any salt water, oil, or other deleterious substances from any well to flow onto or over or to stand on Lessor's land, and Lessee shall take necessary action to confine all such substances to pits adjoining the wells. Lessee also agrees to promptly remove from the premises all salt water, oil and/or other debris of every kind and character, that may be practicable.

17. Lessee is hereby given the option, to be exercised prior to the date of which this lease or any portion thereof would expire in accordance with its terms and provisions, 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 of the additional consideration of the sum of Fifty Dollars ($50.00) per acre for each acre so extended, which payment shall cover the two (2) years of the extended term. Lessor hereby acknowledges that there will be no Rentals due to extend the lease nor during the extended period.

**SIGNED FOR IDENTIFICATION:** John N. Green
JOHN N. GREEN

Linda J. Green
LINDA J. GREEN

A CERTIFIED COPY Issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. PWS Deputy

VOL 803 PAGE 847

FILED
AT 3:45 P M.
NOV - 3 1995
Beth A. Rothermel
BETH ROTHERMEL
COUNTY CLERK, WASHINGTON COUNTY, TX

STATE OF TEXAS
COUNTY OF WASHINGTON

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

NOV 0 6 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

MAY 0 3 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By Peggy Wagers
Deputy

PEGGY WAGERS

13.00 pd. nu+

1099

**MEMORANDUM OF OIL, GAS AND MINERAL LEASE EXTENSION**

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

WHEREAS, Union Pacific Resources Company is the owner of the Oil, Gas and Mineral Lease dated July 22, 1995, recorded in Volume 803, Page 844, Official Records, Washington County, Texas from John N. Green and wife, Linda J. Green, as Lessor, to Union Pacific Resources Company, as Lessee, covering:

10.323 acres of land, more or less, part of the John Carrington Survey, A-120, 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, John N. Green and wife, Linda J. Green, do hereby acknowledge receipt of Union Pacific Resources Company's Check No. 10261741 for said additional payment to extend the primary term for an additional two (2) years from July 22, 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 24th day of February, 1998.

John N. Green
JOHN N. GREEN SS# [redacted]
1250 Salem Rd.
Brenham, Texas 77833

Linda J. Green
LINDA J. GREEN SS# [redacted]

INDIVIDUAL ACKNOWLEDGMENT

State of Texas }

County of Washington }

This instrument was acknowledged before me on this 24th day of February, 1998 by JOHN N. GREEN and wife, LINDA J. GREEN.

Mary Kay Smedstad
Notary Public, State of Texas

MARY KAY SMEDSTAD
Notary Public, State of Texas
My Commission Expires 11-30-99

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 26 1998

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

FILED FOR RECORD
'98 FEB 25 AM 8 48
Beth A. Rothermel
WASHINGTON CO. CLERK

TR#23

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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By April Griffey
Deputy

APRIL GRIFFEY

VOL 798 PAGE 778

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

7584

THIS LEASE AGREEMENT is made as of the 18th day of July, 19 95, between Susie Martin aka Susie M. Martin, a widow 016619

Address: P.O. Box 455, Brenham, TX 77834 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):

4.4 acres of land located in the JOHN CARRINGTON SURVEY, A-120 and being the same land described in a Warranty Deed dated March 1,1963 from Gilbert F. Kiecke to L.C. Martin and recorded in Volume 246 Page 24 of the Deed records of Washington County, Texas.

Notwithstanding anything contained herein to the contrary, Lessee agrees that without Lessor's express written consent, it will conduct no surface operations upon the herein leased premises.

Notwithstanding anything contained to the contrary, the amount of royalty shall be 1/6. Shelby

in the county of Washington, State of Texas, containing 4.4 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 011828 Guaranty Federal Bank
2000 S. Market, 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.

TX1670336-000

1/6

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. AG Deputy

TR#24

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 |
|---|---|---|
| | Susie Martin | [redacted] |
| | Susie Martin aka Susie M. Martin, a widow | |

ACKNOWLEDGEMENT

STATE OF TEXAS }
COUNTY OF } WASHINGTON

This instrument was acknowledged before me on the 18th day of July, 19 95,
by Susie Martin aka Susie M. Martin, a widow.

Jiff 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 ,

**FILED**
AT 12:20 P M.
SEP 18 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 19 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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By _____ Deputy

APRIL GRIFFEY

L 23655

## AMENDMENT AND EXTENSION OF OIL, GAS AND MINERAL LEASE

4858

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

**WHEREAS,** a certain Oil, Gas & Mineral Lease dated July 18, 1995 was executed by and between Susie Martin aka Susie M. Martin, a widow as Lessor, and CHESAPEAKE OPERATING, INC., as Lessee, recorded in Volume 798, Page 778, of the Official Records of Washington County, Texas, ("the Lease"), covering the following described land in said County & State:

4.4 acres of land, more or less, a part of the J. Carrington Survey, A-120 and being the same land described in that certain Deed dated March 1, 1963 from Gilbert F. Kiecke to L.C. Martin and recorded in Volume 246 at Page 24 of the Deed Records of Washington County, Texas.

**WHEREAS,** the Lease provides it shall be in force for a primary term of three (3) years from the effective date thereof, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or the Lease is otherwise maintained in effect pursuant to the provisions hereof; and

**WHEREAS,** Lessor and Chesapeake desire to amend the Lease as follows:

1.) To allow and provide for an extension of 2 years or until July 18, 2000 and so long thereafter as oil and gas is produced in paying quantities from said land or land pooled therewith.

**WHEREAS,** the parties to the Lease now desire to extend the same as hereinafter set forth.

**NOW, THEREFORE,** for good and valuable consideration in hand paid to the undersigned by Chesapeake Operating, Inc., on behalf of itself and it's assigns, the receipt and sufficiency of which is hereby acknowledged, the undersigned do hereby amend the Lease to allow and provide for an extension of the Lease for an additional or second primary term of two (2) years from the end of the first primary term hereof, or until July 18, 2000 and as long thereafter as oil and gas is produced from said land or land pooled therewith. In addition, Lessee hereby exercised its option provided by the Amendment herein by paying or tendering to the Lessor or Lessor's credit in their depository bank, the sum of $10.00 dollars and other valuable consideration before the expiration of the primary term hereof.

It is understood and agreed by all parties hereto that the provision contained herein shall supersede any provisions to the contrary in the Oil, Gas and Mineral Lease described herein; however, in all other respects, the Lease and the prior provisions thereto shall remain in full force and effect and the undersigned does hereby adopt, ratify and confirm such Lease.

FURTHER, the provisions hereof shall be binding upon the parties hereto, their respective heirs, legatees, devisees, personal representatives, successors and assigns.

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

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

L 23655

EXECUTED this 18th day of June, 1998

**LESSOR:**

Susie M Martin

Susie Martin aka Susie M. Martin, a widow SS# [redacted]

**LESSEE:**

**CHESAPEAKE OPERATING, INC.**

By: _____
Henry J. Hood

Title: Senior Vice President-Land and Legal

**STATE OF TEXAS** }{
}{
**COUNTY OF WASHINGTON** }{

This instrument was acknowledged before me on this 18th day of June, 1998 by Susie Martin aka Susie M. Martin, a widow.

Cheryl Gaskamp

Notary Public, State of Texas
Notary's Printed Name: Cheryl Gaskamp
My Commission Expires: 10-07-2001

CHERYL GASKAMP
Notary Public
STATE OF TEXAS
My Comm. Exp. 10-07-2001

**STATE OF OKLAHOMA** }{
}{
**COUNTY OF OKLAHOMA** }{

This instrument was acknowledged before me on this 10th day of July, 1998
by Henry J. Hood, Senior Vice President-Land and Legal of Chesapeake Operating, Inc..

Sandra L. Mathis

Notary Public, State of Oklahoma
Notary's Printed Name: Sandra L. Mathis
My Commission Expires: May 5, 2002

SANDRA L. MATHIS
NOTARY
PUBLIC
IN AND FOR
STATE OF
OKLAHOMA
OKLAHOMA COUNTY

FILED FOR RECORD
WASHINGTON COUNTY, TX
'98 JUL 20 PM 1 29

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 21 1998

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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By April Griffey
Deputy

APRIL GRIFFEY

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

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

# PAID UP OIL AND GAS LEASE

7329

THIS LEASE AGREEMENT is made as of the 18th day of July, 19 95, between

0164455 RICHARD M. CORN and wife MARY CORN
P.O. BOX 2392, BRENHAM, TEXAS 77833 as Lessor (whether one or more),
and CHESAPEAKE OPERATING, INC. 6205 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):

**4.494 acres** of land located in the JOHN CARRINGTON SURVEY, A-120 and being the same land described in a Warranty Deed dated March 24,1994 from D.B. Morgan to Richard M. Corn and recorded in Volume 775 Page 821 of the Deed Records of Washington County, Texas.

Record & Return To
Chesapeake Operating,
P.O. Box 18496
Oklahoma City, OK 73

Notwithstanding anything contained herein to the contrary, the amount of royalty shall be 1/6 .

Shelby

in the county of Washington, State of Texas, containing 4.494 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 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 Lesser's credit in

Pay directly to lessor

at 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.

Tx 1670281-000

MAY 03 1999

A CERTIFIED COPY issued
Beth Rothermel, County Clerk
Washington County, TX. AG Deputy

TR05AA

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**

Richard M Corn SS# [redacted]
Richard M. Corn

Mary Corn SS# [redacted]
Mary Corn

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF } WASHINGTON

This instrument was acknowledged before me on the 19 day of JULY , 19 95 ,
by Richard M. Corn and wife Mary Corn

Jo Ann Reichle
Notary Public, State of Texas
Notary's name (printed): JO ANN Reichle
Notary's commission expires: 3-16-98

JO ANN REICHLE
MY COMMISSION EXPIRES
March 16, 1998

**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 }

**FILED**
AT 11:00 a.M.
SEP 11 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 12 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

MAY 0 3 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By April Griffey
Deputy

APRIL GRIFFEY

5035

L23878

# AMENDMENT AND EXTENSION OF OIL, GAS AND MINERAL LEASE

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

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

**WHEREAS,** a certain Oil, Gas & Mineral Lease dated July 18, 1995 was executed by and between Richard M. Corn and wife, Mary Corn as Lessors, and CHESAPEAKE OPERATING, INC., as Lessee, recorded in Volume 797, Page 792, of the Official Records of Washington County, Texas, ("the Lease"), covering the following described land in said County & State:

4.494 acres, more or less, a part of the J. Carrington Survey, A-120 and being the same land described in a Warranty Deed dated March 24, 1994 from D.B. Morgan to Richard M. Corn, and recorded in Volume 775 Page 821 of the Deed Records of Washington County, Texas.

**WHEREAS,** the Lease provides it shall be in force for a primary term of three (3) years from the effective date thereof, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or the Lease is otherwise maintained in effect pursuant to the provisions hereof; and

**WHEREAS,** the original Lessor in the Lease did sell and convey 2.236 acres out of the above-described property to Iris L. Pitts by Warranty Deed dated April 15, 1996 and recorded in Volume 821, Page 79, Official Records, Washington County, Texas, leaving original Lessor with 2.258 acres.

**WHEREAS,** Lessor and Chesapeake desire to amend the Lease as follows:

1.) To allow and provide for an extension of 2 years or until July 18, 2000 and so long thereafter as oil and gas is produced in paying quantities from said land or land pooled therewith.

**WHEREAS,** the parties to the Lease now desire to extend the same as hereinafter set forth.

**NOW, THEREFORE,** for good and valuable consideration in hand paid to the undersigned by Chesapeake Operating, Inc., on behalf of itself and it's assigns, the receipt and sufficiency of which is hereby acknowledged, the undersigned do hereby amend the Lease to allow and provide for an extension of the Lease for an additional or second primary term of two (2) years from the end of the first primary term hereof, or until July 18, 2000 and as long thereafter as oil and gas is produced from said land or land pooled therewith. In addition, Lessee hereby exercised its option provided by the Amendment herein by paying or tendering to the Lessor or Lessor's credit in their depository bank, the sum of $10.00 dollars and other valuable consideration before the expiration of the primary term hereof.

It is understood and agreed by all parties hereto that the provision contained herein shall supersede any provisions to the contrary in the Oil, Gas and Mineral Lease described herein; however, in all other respects, the Lease and the prior provisions thereto shall remain in full force and effect and the undersigned does hereby adopt, ratify and confirm such Lease.

FURTHER, the provisions hereof shall be binding upon the parties hereto, their respective heirs, legatees, devisees, personal representatives, successors and assigns.

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. AG Deputy

L23878

EXECUTED this 24th day of June, 1998

**LESSOR:**

Richard M. Corn SS# [redacted]

Mary Corn SS# [redacted]

**LESSEE:**

**CHESAPEAKE OPERATING, INC.**

By: BS

Title: Sr. Vice-President, Land and Legal

**STATE OF TEXAS** }{
}{
**COUNTY OF WASHINGTON** }{

This instrument was acknowledged before me on this 24TH day of June, 1998 by Richard M. Corn and wife, Mary Corn.

Notary Public, State of Texas
Notary's Printed Name:
My Commission Expires:

GARY C. MITCHELL
Notary Public, State of Texas
My Commission Expires 10-07-00

**STATE OF OKLAHOMA** }{
}{
**COUNTY OF OKLAHOMA** }{

This instrument was acknowledged before me on this 13 day of July, 1998 by Henry Hood as Sr. Vice-President, Land and Legal of Chesapeake Operating, Inc.

Notary Public, State of Oklahoma
Notary's Printed Name: Angela Wiley-Lair
My Commission Expires: 1/17/00

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. Deputy

VOL 0900 PAGE 432 FILED FOR RECORD
WASHINGTON COUNTY, TX

'98 JUL 27 PM 12 06

Beth A. Rothermel
WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

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

JUL 28 1998

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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By April Griffey
Deputy

APRIL GRIFFEY

pd 11. Check#

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

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

L26493

# PAID UP OIL AND GAS LEASE

7629

THIS LEASE AGREEMENT is made as of the 26 day of September, 19 98, between **Alma Durow, a widow, whose address is 2349 6th Avenue, Port Arthur, Texas 77642**

as Lessor (whether one or more), and **CHESAPEAKE EXPLORATION LIMITED PARTERNERSHIP, an Oklahoma Limited Partnership, P.O. Box 18496, Oklahoma City, OK 73154-0496** 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):

**2.162 acres of land, more or less, situated in the John Carrington Survey, A-120, and being more particulary described in that certain Warranty Deed dated January 12, 1968 from Edward W. Sanders to M. J. Durow, and recorded in Volume 274, Page 447, Deed Records of Washington County, Texas.**

**Lessor hereby excepts from this lease any and all rights to the use of the surface of the leased premises for any purpose, notwithstanding any language herein contained to the contrary.**

**Notwithstanding anything to the contrary, all references mentioned to a one-eighth (1/8) royalty are hereby amended to read one-sixth (1/6) royalty.**

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

in the county of WASHINGTON, State of TEXAS, containing 2.162 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 address listed above 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 MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. [illegible] Deputy

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VOL 0910 PAGE 904

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 |
|---|---|---|
| Amber Kelly | Alma Durow | [redacted] |
| Becky Ann Bickford | Alma Durow | |

**ACKNOWLEDGEMENT**

STATE OF TEXAS
COUNTY OF Jefferson

This instrument was acknowledged before me on the 13th day of October, 19 98, by Alma Durow

ANGIE TOLBERT
NOTARY PUBLIC
State of Texas
Comm. Exp. 08-21-99

Angie Tolbert
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:

Chesapeake 11/98

**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 MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

FILED FOR RECORD
WASHINGTON COUNTY, TX

'98 NOV 9 PM 12 00

Beth A. Rothermel
WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

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

NOV 10 1998

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 Volume 910, Page 903, of the Official Records in my office. I hereby certify on

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By April Griffey
Deputy

APRIL GRIFFEY

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

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

# PAID UP OIL AND GAS LEASE

016283

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THIS LEASE AGREEMENT is made as of the 26th day of June, 19 95, between ROSS D. HELTON AND ALTHENE HELTON, husband and wife
P. O. Box 1712
Brenham, Texas 77834 as Lessor (whether one or more),
and CHESAPEAKE OPERATING, INC. 6205 North Western, Oklahoma City, OK 73188
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):

4.72 acres located in the John Carrington Survey, A-120 being the same land described in a Warranty Deed dated September 27, 1979, from Precision Homes to Ross D. Helton et ex and recorded in Vol. 386, Page 571 of the Deed Records of Washington County, Texas.

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

Notwithstanding anything to the contrary, the royalty shall be 1/6.

Shelby

in the county of Washington, State of Texas, containing 4.72 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

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✓ BRENHAM NATIONAL BAK

at ✓ 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.

TX1670240-000

MAY 03 1995

A CERTIFIED COPY issued
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

TR#38

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**

Ross D. Helton SS# [redacted]

Ross D. Helton

Althene Helton SS# [redacted]

Althene Helton

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF WASHINGTON }

This instrument was acknowledged before me on the 10th day of July, 1995.
by Ross D. Helton

CARL GREINER
Notary Public
State of Texas
Commission Expires 7-26-97

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

#1100 Cheques

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF WASHINGTON }

This instrument was acknowledged before me on the 10th day of July, 1995.
by Althene Helton

CARL GREINER
Notary Public
State of Texas
Commission Expires 7-26-97

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

**CORPORATE ACKNOWLEDGEMENT**

STATE OF TEXAS }

FILED
AT 11:20 A.M.
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

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

MAY 0 3 1998

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By _____ Deputy

APRIL GRIFFEY

5033

L 23899

**AMENDMENT AND EXTENSION OF OIL, GAS AND MINERAL LEASE**

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

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

**WHEREAS,** a certain Oil, Gas & Mineral Lease dated June 26, 1995 was executed by and between Ross D. Helton and wife, Althene Helton, as Lessors, and CHESAPEAKE OPERATING, INC., as Lessee, recorded in Volume 797 , Page 83, of the Official Records of Washington County, Texas, ("the Lease"), covering the following described land in said County & State:

4.72 acres of land, more or less, a part of the J. Carrington Survey, A-120, Washington County, Texas, and being the same land described in that certain Warranty Deed dated September 27, 1979 from Precision Homes to Ross D. Helton, et ux Althene Helton and recorded in Volume 386, Page 571 of the Deed Records of Washington County, Texas.

**WHEREAS,** the Lease provides it shall be in force for a primary term of three (3) years from the effective date thereof, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or the Lease is otherwise maintained in effect pursuant to the provisions hereof; and

**WHEREAS,** the original Lessor in the Lease did sell and convey the above-described property to Billy W. Barnes, et ux Doris Jean Barnes (hereinafter collectively referred to as "Lessors") by Warranty Deed dated May 17, 1996 recorded in Volume 874, Page 131, Official Records of Washington County, Texas.

**WHEREAS,** Lessor and Chesapeake desire to amend the Lease as follows:

1.) To allow and provide for an extension of 2 years or until June 26, 2000 and so long thereafter as oil and gas is produced in paying quantities from said land or land pooled therewith.

**WHEREAS,** the parties to the Lease now desire to extend the same as hereinafter set forth.

**NOW, THEREFORE,** for good and valuable consideration in hand paid to the undersigned by Chesapeake Operating, Inc., on behalf of itself and it's assigns, the receipt and sufficiency of which is hereby acknowledged, the undersigned do hereby amend the Lease to allow and provide for an extension of the Lease for an additional or second primary term of two (2) years from the end of the first primary term hereof, or until June 26, 2000 and as long thereafter as oil and gas is produced from said land or land pooled therewith. In addition, Lessee hereby exercised its option provided by the Amendment herein by paying or tendering to the Lessor or Lessor's credit in their depository bank, the sum of $10.00 dollars and other valuable consideration before the expiration of the primary term hereof.

It is understood and agreed by all parties hereto that the provision contained herein shall supersede any provisions to the contrary in the Oil, Gas and Mineral Lease described herein; however, in all other respects, the Lease and the prior provisions thereto shall remain in full force and effect and the undersigned does hereby adopt, ratify and confirm such Lease.

FURTHER, the provisions hereof shall be binding upon the parties hereto, their respective heirs, legatees, devisees, personal representatives, successors and assigns.

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. AG Deputy

TR#28

EXECUTED this 19TH day of June, 1998

**LESSOR:**

Billy W. Barnes SS# [redacted]

Doris Jean Barnes SS# [redacted]

**LESSEE:**

**CHESAPEAKE OPERATING, INC.**

By: _____ BS

Title: Sr. Vice-President, Land and Legal

**STATE OF TEXAS** }{
}{
**COUNTY OF WASHINGTON** }{

This instrument was acknowledged before me on this 19TH day of June, 1998 by Billy W. Barnes and wife, Doris Jean Barnes.

_____
Notary Public, State of Texas
Notary's Printed Name: _____
My Commission Expires: _____

GARY C. MITCHELL
Notary Public, State of Texas
My Commission Expires 10-07-00

**STATE OF OKLAHOMA** }{
}{
**COUNTY OF OKLAHOMA** }{

This instrument was acknowledged before me on this 13 day of July, 1998
by Henry Hood as Sr. Vice - President, Land and Legal of Chesapeake Operating, Inc..

_____
Notary Public, State of Oklahoma
Notary's Printed Name: Angela Wiley-Lair
My Commission Expires: 1/17/00

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

VOL 0900 PAGE 426

FILED FOR RECORD
WASHINGTON COUNTY, TX

'98 JUL 27 PM 12 05

Beth A. Rothermel
WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

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

JUL 28 1998

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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By April Griffey
Deputy

APRIL GRIFFEY

pd 11.00 Chesapeake

Aucers 88 (4-89)—Paid Up
640 Acres Pooling Provision

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

# PAID UP OIL AND GAS LEASE

6917

011514

THIS LEASE AGREEMENT is made as of the 26th day of June, 19 95, between DONALD WAYNE WENDLER AND ROSALIE WENDLER, husband and wife
1313 Laurine St.
Brenham, Texas 77833 as Lessor (whether one or more), and CHESAPEAKE OPERATING, INC. 6205 North Western, Oklahoma City, OK 73188 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):

5.0 acres located in the John Carrington Survey, A-120 and being the same land described in a Warranty Deed dated March 25, 1988, from Wayne B. Guthrie et ux to Donald Wayne Wendler et ux recorded in Vol. 580, Page 724 of the Deed Records of Washington County, Texas.

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

See Addendum attached.

Notwithstanding anything to the contrary, the royalty shall be 1/6.

Shelby

in the county of Washington, State of Texas, containing 5.0 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.

011756

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in ✓ Prime Bank-Washington Co. at ✓ 200 W. Vulcan, 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.

TX1675116-000

5/4

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. AG Deputy

Tr # 29

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**

✓ Donald Wayne Wendler SS# [redacted]
Donald Wayne Wendler

✓ Rosalie Wendler SS# [redacted]
Rosalie Wendler

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF Washington }

This instrument was acknowledged before me on the ✓ 3rd day of ✓ July, 1995,
by Donald Wayne Wendler

L. J. LACINA, JR.
Notary Public, State of Texas
My Commission Expires 11-27-96

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 ✓ 3rd day of ✓ July, 1995,
by Rosalie Wendler

L. J. LACINA, JR.
Notary Public, State of Texas
My Commission Expires 11-27-96

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)

MAY 03 1999

A CERTIFIED COPY issued _____
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

ADDENDUM

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS AND MINERAL LEASE DATED JUNE 26, 1995, BY AND BETWEEN DONALD WAYNE WENDLER AND WIFE, ROSALIE WENDLER, AS LESSOR AND CHESAPEAKE OPERATING, INC., AS LESSEE, COVERING 5.0 ACRES OUT OF THE JOHN CARRINGTON SURVEY, A-120 IN WASHINGTON COUNTY, TEXAS.

Notwithstanding any provisions to the contrary in the foregoing Lease, it is understood and agreed by Lessor and Lessee that:

1. It is understood and agreed by the parties hereto that this lease covers only oil and gas and associated liquid or liquefiable hydrocarbons. All coal, lignite, gravel and fissionable materials are reserved to the Lessors herein.

2. Notwithstanding any provisions hereof to the contrary, if a part of the leased premises is included within a pool or proration units the entire leased premises must be included in such pool or proration units.

3. It is understood and agreed by the parties hereto that no surface operations shall be conducted on the herein leased premises and no production and/or gathering facilities shall be constructed on the herein leased premises by Lessee without the express written consent of Lessor, which will not be unreasonably withheld.

4. Notwithstanding anything contained herein to the contrary, it is agreed and understood that the Lessee's right to maintain this lease in force after the primary term by shut-in gas well payments shall not continue for any one shut-in period of more than two (2) years or in reoccurring periods not to exceed three (3) years in the aggregate.

5. In the event of conflict between the terms of this rider and the printed form of this lease, the terms of this rider shall supersede the terms of the printed form.

SIGNED FOR IDENTIFICATION:

Donald Wayne Wendler
DONALD WAYNE WENDLER

Rosalie Wendler
ROSALIE WENDLER

FILED
AT 11:00 A M.
AUG 28 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 29 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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By April Griffey Deputy
APRIL GRIFFEY

Record & Re... Chesapeake Op...ating, Inc
P.O. Box ...496
Oklahoma City, ... 73154

VOL 0900 PAGE 397

5023

L 24145

# AMENDMENT AND EXTENSION OF OIL, GAS AND MINERAL LEASE

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

**WHEREAS,** a certain Oil, Gas & Mineral Lease dated June 26, 1995 was executed by and between Donald Wayne Wendler and Rosalie Wendler, husband and wife, as Lessors, and CHESAPEAKE OPERATING, INC., as Lessee, recorded in Volume 796, Page 76, of the Official Records of Washington County, Texas, ("the Lease"), covering the following described land in said County & State:

> 5.0 acres of land located in the John Carrington Survey, A-120 and being the same land described in a Deed dated March 25, 1988, from Wayne B. Guthrie et ux to Donald Wayne Wendler et ux and recorded in Volume 580, Page 724 of the Deed Records of Washington County, Texas.

**WHEREAS,** the Lease provides it shall be in force for a primary term of three (3) years from the effective date thereof, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or the Lease is otherwise maintained in effect pursuant to the provisions hereof; and

**WHEREAS,** Lessor and Chesapeake desire to amend the Lease as follows:

1.) To allow and provide for an extension of two (2) years or until June 26, 2000, and so long thereafter as oil and gas is produced in paying quantities from said land or land pooled therewith.

**WHEREAS,** the parties to the Lease now desire to extend the same as hereinafter set forth.

**NOW, THEREFORE,** for good and valuable consideration in hand paid to the undersigned by Chesapeake Operating, Inc., on behalf of itself and it's assigns, the receipt and sufficiency of which is hereby acknowledged, the undersigned do hereby amend the Lease to allow and provide for an extension of the Lease for an additional or second primary term of two (2) years from the end of the first primary term hereof, or until June 26, 2000, and as long thereafter as oil and gas is produced from said land or land pooled therewith. In addition, Lessee hereby exercised its option provided by the Amendment herein by paying or tendering to the Lessor or Lessor's credit in their depository bank, the sum of $10.00 dollars and other valuable consideration before the expiration of the primary term hereof.

It is understood and agreed by all parties hereto that the provision contained herein shall supersede any provisions to the contrary in the Oil, Gas and Mineral Lease described herein; however, in all other respects, the Lease and the prior provisions thereto shall remain in full force and effect and the undersigned does hereby adopt, ratify and confirm such Lease.

FURTHER, the provisions hereof shall be binding upon the parties hereto, their respective heirs, legatees, devisees, personal representatives, successors and assigns.

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy
APRIL GRIFFEY

Tr#29

EXECUTED this 24th day of June, 1998

**LESSOR:**

Donald Wayne Wendler
Donald Wayne Wendler SS# [redacted]

Rosalie Wendler
Rosalie Wendler SS# [redacted]

**LESSEE:**

**CHESAPEAKE OPERATING, INC.**

By: _____ BS

Title: SENIOR VICE PRESIDENT - Land & Legal

**STATE OF TEXAS** }{
}{
**COUNTY OF WASHINGTON** }{

This instrument was acknowledged before me on this 24th day of June, 1998 by Donald Wayne Wendler and Rosalie Wendler, husband and wife.

Cindy Reimer
Notary Public, State of Texas
Notary's Printed Name: _____
My Commission Expires: _____

CINDY REIMER
NOTARY PUBLIC
State of Texas
Comm. Exp. 02-09-2001

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy
APRIL GRIFFEY

**STATE OF OKLAHOMA** }{
}{
**COUNTY OF OKLAHOMA** }{

This instrument was acknowledged before me on the 30th day of July, 1998,
by
of Chesapeake Operating, Inc.
corporation, on behalf of said corporation.

Sandra Mathis
Notary Public, State of Oklahoma
Notary's name (printed): Sandra L. Mathis
Notary's commission expires: 5/5/2002

SANDRA L. MATHIS NOTARY PUBLIC IN AND FOR STATE OF OKLAHOMA OKLAHOMA COUNTY

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 28 1998

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

FILED FOR RECORD
WASHINGTON COUNTY, TX
'98 JUL 27 PM 12 01
WASHINGTON CO. CLERK
BY

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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By April Griffey Deputy

APRIL GRIFFEY

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

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

# PAID UP OIL AND GAS LEASE

6167

THIS LEASE AGREEMENT is made as of the 26th day of June, 19 95, between WALTER N. GREEN AND RUTH GREEN, husband and wife
Rt. 1 Box 63-A
Brenham, Texas 77833
as Lessor (whether one or more), and CHESAPEAKE OPERATING, INC., 6205 North Western, Oklahoma City, OK 73188 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):

5.0 acres located in the John Carrington Survey, A-120 and being the same land described in a Warranty Deed dated July 29, 1992, from Betty Hegemeyer to Walter N. Green et ux and recorded in Vol. 690, Page 348 of the Deed Records of Washington County, Texas.

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

Notwithstanding anything to the contrary, the royalty shall be 1/6.

in the county of Washington, State of Texas, containing 5.0 Shelby 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 Lesser'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.

MAY 03 1999
A CERTIFIED COPY issued
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

TRH 30

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**

Walter N. Green SS# [redacted]

Walter N. Green

Ruth Green SS# [redacted]

Ruth Green

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF } Washington

This instrument was acknowledged before me on the 19th day of July, 1995,
by Walter N. Green

Doris Walenta
Notary Public, State of Texas
Notary's name (printed): DORIS WALENTA
Notary's commission expires: 3/29/98

DORIS WALENTA
Notary Public, State of Texas
My Commission Expires 03-29-1998

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF } Washington

This instrument was acknowledged before me on the 19th day of July, 1995,
by Ruth Green

Doris Walenta
Notary Public, State of Texas
Notary's name (printed): DORIS WALENTA
Notary's commission expires: 3/29/98

DORIS WALENTA
Notary Public, State of Texas
My Commission Expires 03-29-1998

**CORPORATE ACKNOWLEDGEMENT**

STATE OF TEXAS }

**FILED**

AT 11:30 A.M.
AUG -7 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 08 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

MAY 0 3 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By April Griffey
Deputy

APRIL GRIFFEY

L23657

# AMENDMENT AND EXTENSION OF OIL, GAS AND MINERAL LEASE

4859

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

**WHEREAS,** a certain Oil, Gas & Mineral Lease dated June 26, 1995 was executed by and between a Walter N. Green and wife, Ruth Green, as Lessors, and CHESAPEAKE OPERATING, INC., as Lessee, recorded in Volume 792 , Page 813, of the Official Records of Washington County, Texas, ("the Lease"), covering the following described land in said County & State:

5.0 acres of land, more or less, a part of the J. Carrington Survey, A-120, Washington County, Texas, and being the same land described in that certain Warranty Deed dated July 29, 1992 from Betty Hegemeyer to Walter N. Green, et ux and recorded in Volume 690, Page 348 of the Deed Records of Washington County, Texas.

**WHEREAS,** the Lease provides it shall be in force for a primary term of three (3) years from the effective date thereof, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or the Lease is otherwise maintained in effect pursuant to the provisions hereof; and

**WHEREAS,** Lessor and Chesapeake desire to amend the Lease as follows:

1.) To allow and provide for an extension of 3 years or until June 26, 2001 and so long thereafter as oil and gas is produced in paying quantities from said land or land pooled therewith.

2.) To delete the royalty of one-sixth (1/6) as provided for in the Lease and to substitute the royalty of three-sixteenths (3/16) therefore; and

**WHEREAS,** the parties to the Lease now desire to extend the same as hereinafter set forth.

**NOW, THEREFORE,** for good and valuable consideration in hand paid to the undersigned by Chesapeake Operating, Inc., on behalf of itself and it's assigns, the receipt and sufficiency of which is hereby acknowledged, the undersigned do hereby amend the Lease to allow and provide for an extension of the Lease for an additional or second primary term of three (3) years from the end of the first primary term hereof, or until June 26, 2001 and as long thereafter as oil and gas is produced from said land or land pooled therewith, and to delete the royalty of one-sixth (1/6) as provided for in the Lease and to substitute the royalty of three-sixteenths (3/16) therefore. In addition, Lessee hereby exercised its option provided by the Amendment herein by paying or tendering to the Lessor or Lessor's credit in their depository bank, the sum of $10.00 dollars and other valuable consideration before the expiration of the primary term hereof.

It is understood and agreed by all parties hereto that the provision contained herein shall supersede any provisions to the contrary in the Oil, Gas and Mineral Lease described herein; however, in all other respects, the Lease and the prior provisions thereto shall remain in full force and effect and the undersigned does hereby adopt, ratify and confirm such Lease.

FURTHER, the provisions hereof shall be binding upon the parties hereto, their respective heirs, legatees, devisees, personal representatives, successors and assigns.

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

A CERTIFIED COPY issued MAY 11 1999
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

Tr# 30

EXECUTED this 23rd day of June, 1998

**LESSOR:**

Walter N. Green

Walter N. Green, Individually and as widower of Ruth Green SS# [redacted]

**LESSEE:**

**CHESAPEAKE OPERATING, INC.**

By: _____

Henry J. Hood

Title: Senior Vice President-Land and Legal

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

MAY 11 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By _____ Deputy

**STATE OF TEXAS** }{
}{
**COUNTY OF WASHINGTON** }{

This instrument was acknowledged before me on this 23rd day of June, 1998 by Walter N. Green.

_____
Notary Public, State of Texas
Notary's Printed Name: _____
My Commission Expires: _____

GARY C. MITCHELL
Notary Public, State of Texas
My Commission Expires 10-07-00

**STATE OF OKLAHOMA** }{
}{
**COUNTY OF OKLAHOMA** }{

This instrument was acknowledged before me on this 10th day of July, 1998 by Henry J. Hood, Senior Vice President-Land and Legal of Chesapeake Operating, Inc..

_____
Notary Public, State of Oklahoma
Notary's Printed Name: Sandra L. Mathis
My Commission Expires: May 5, 2002

SANDRA L. MATHIS
NOTARY PUBLIC
IN AND FOR
STATE OF
OKLAHOMA
OKLAHOMA COUNTY

FILED FOR RECORD
WASHINGTON COUNTY, TX
98 JUL 20 PM 1 29

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 21 1998

Beth Rothermel, County Clerk
Washington County, Texas

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

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

# PAID UP OIL AND GAS LEASE

7574

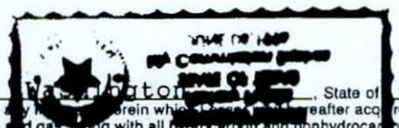
THIS LEASE AGREEMENT is made as of the 13 day of July, 19 95, between H.R. Wieghat
016214 1314 spring stuebner Rd. Spring,Texas 77373
as Lessor (whether one or more), and Chesapeake Operating Inc. 6206 North Western Oklahoma city,Okla 73118 as Lessee. All printed portions of this lease were prepared 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 12.480 acres, more or less a part of the J. Carringhton survey A-120 Washington County, Texas and being the same land described in that certain deed dated March 8,1978 from H. R. Wieghat to Ronald Byrne and wife Linda Byrne and recorded in Vol.362 Pg.935 of the deed records of Washington County,Texas.

It is agreed and understood by the lessor and lessee, that where the fraction 1/8th. appears in this lease, it shall be deemed to read 1/6th.

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



in the county of Washington, State of Texas, containing 12.480 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. 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 Direct to lessor at address above.
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.

TX1670206-000

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

T#31

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 H.R. Wieghat | [redacted] |
| | H.R. Wieghat | S.S.# |

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF } Washington

This instrument was acknowledged before me on the 20 day of July, 19 95,
by H.R. Wieghat

Dennis W. Mann
Notary Public, State of Texas
Notary's name (printed): Dennis W. Mann
Notary's commission expires: 6-9-96

DENNIS W. MANN
Notary Public
State of Texas
My Commission Expires
JUNE 09, 1996

**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**

FILED
AT 12:20 P M.
SEP 18 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 19 1995

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

Clerk (or 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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By April Griffey
Deputy

APRIL GRIFFEY

JUL 1 3 1998

**AMENDMENT AND EXTENSION OF OIL, GAS AND MINERAL LEASE**

L25058

6199

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

**WHEREAS,** a certain Oil, Gas & Mineral Lease dated July 13, 1995 was executed by and between H. R. Wieghat, as Lessor, and CHESAPEAKE OPERATING, INC., as Lessee, recorded in Volume 798, Page 745, of the Official Records of Washington County, Texas, ("the Lease"), covering the following described land in said County & State:

> Being 12.480 acres, more or less a part of the J. Carrington survey A-120 Washington County, Texas and being the same land described in that certain deed dated March 8, 1978 from H. R. Wieghat to Ronald Byrne and wife Linda Byrne and recorded in Vol. 362 Pg. 935 of the deed records of Washington County, Texas.

**WHEREAS,** the Lease provides it shall be in force for a primary term of three (3) years from the effective date thereof, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or the Lease is otherwise maintained in effect pursuant to the provisions hereof; and

**WHEREAS,** Lessor and Chesapeake desire to amend the Lease as follows:

1.) To allow and provide for an extension of two (2) years or until July 13, 2000, and so long thereafter as oil and gas is produced in paying quantities from said land or land pooled therewith.

**WHEREAS,** the parties to the Lease now desire to extend the same as hereinafter set forth.

**NOW, THEREFORE,** for good and valuable consideration in hand paid to the undersigned by Chesapeake Operating, Inc., on behalf of itself and it's assigns, the receipt and sufficiency of which is hereby acknowledged, the undersigned do hereby amend the Lease to allow and provide for an extension of the Lease for an additional or second primary term of two (2) years from the end of the first primary term hereof, or until July 13, 2000, and as long thereafter as oil and gas is produced from said land or land pooled therewith. In addition, Lessee hereby exercised its option provided by the Amendment herein by paying or tendering to the Lessor or Lessor's credit in their depository bank, the sum of $10.00 dollars and other valuable consideration before the expiration of the primary term hereof.

It is understood and agreed by all parties hereto that the provision contained herein shall supersede any provisions to the contrary in the Oil, Gas and Mineral Lease described herein; however, in all other respects, the Lease and the prior provisions thereto shall remain in full force and effect and the undersigned does hereby adopt, ratify and confirm such Lease.

FURTHER, the provisions hereof shall be binding upon the parties hereto, their respective heirs, legatees, devisees, personal representatives, successors and assigns.

A CERTIFIED COPY issued MAY 0 3 1999
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

TR#31

EXECUTED this 10th day of July, 1998

**LESSOR:**

H. R. Wieghat
H. R. Wieghat SS# [redacted]

**LESSEE:**

**CHESAPEAKE OPERATING, INC.**

By: _____

Title: Senior Vice President-Land and Legal

**STATE OF TEXAS** }{
}{
**COUNTY OF ~~WASHINGTON~~ HARRIS** }{

This instrument was acknowledged before me on this 10th day of July, 1998 by H. R. Wieghat

Larry Goodwin
Notary Public, State of Texas
Notary's Printed Name: LARRY GOODWIN
My Commission Expires: 7-3-2001

LARRY GOODWIN
Notary Public, State of Texas
My Commission Expires
JULY 3, 2001

**STATE OF OKLAHOMA** }{
}{
**COUNTY OF OKLAHOMA** }{

This instrument was acknowledged before me on the 21st day of July, 1998 by Henry J. Hood, Senior Vice President-Land and Legal of Chesapeake Operating, Inc. a an Oklahoma corporation, on behalf of said corporation.

Sandra L. Mathis
Notary Public, State of Oklahoma
Notary's name (printed): Sandra L. Mathis
Notary's commission expires: May 5, 2002

SANDRA L. MATHIS NOTARY PUBLIC IN AND FOR STATE OF OKLAHOMA OKLAHOMA COUNTY

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

FILED FOR RECORD
'98 SEP 9 PM 12 54
WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

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

SEP 10 1998

Beth Rothermel, County Clerk
Washington County, Texas

P.O. #3(11)
Chesapeake Operating
P.O. Box 18496
Oklahoma City, Okla 73154

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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By April Griffey
Deputy

APRIL GRIFFEY

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

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

# PAID UP OIL AND GAS LEASE

RECORD & RET
CHESAPEAKE
P.O. BOX
OKLAHOMA CITY, OK

9726

THIS LEASE AGREEMENT is made as of the 1st day of October, 1994, between
FLOYD ADDICKS and wife, SUZANNE ADDICKS
Route 1, Box 60
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):

6.89 acres, more or less, lying in the JOHN CARRINGTON LEAGUE, A-120, more fully described in Warranty Deed dated May 17, 1978 from Ted L. Stephenson and Becky Stephenson, recorded Volume 365 at Page 331 of the Deed Records of Washington County, Texas.

It is understood that the royalty provided for in this lease is one-sixth (1/6th and where the fraction one-eighth (1/8th appears in the printed for same shall read one-sixth (1/6th).

Lessee shall not conduct any drilling operations or maintain any surface equipment, buildings, tank batteries, etc. on the land covered hereby without Lessors consent.

in the county of Washington, State of Texas, containing 6.89 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 Lesser's credit in
BANK ONE, N.A.
at 303 North Market, 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 MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. PW Deputy

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TR# 32

VOL 761 PAGE 382

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 ducuments 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 |
|---|---|---|
| | Floyd Addicks<br>FLOYD ADDICKS | [redacted] |
| | Suzanne Addicks<br>SUZANNE ADDICKS | [redacted] |

11.60pd Chesapeake

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF WASHINGTON }

This instrument was acknowledged before me on the 2nd day of November, 19 94,
by Floyd Addicks and Suzanne Addicks

JANET AUBILL
Notary Public
State Of Texas
My Comm. Exp. Aug. 17, 1996

Janet Aubill
Notary Public, State of Texas
Notary's name (printed): JANET Aubill
Notary's commission expires: 8-17-96

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF }

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

Notary Public, State of Texas

FILED
AT 4:20 P.M.
DEC 27 1994
Gertrude Lehrmann
GERTRUDE LEHRMANN
COUNTY CLERK, WASHINGTON COUNTY, TEXAS

STATE OF TEXAS
COUNTY OF WASHINGTON

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

JAN 04 1995

Gertrude Lehrmann
Gertrude Lehrmann, 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

MAY 0 3 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By Peggy Wagers
Deputy

PEGGY WAGERS

Producers 88 (7-69)
With 640 Acres Pooling Provision

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

# OIL, GAS AND MINERAL LEASE

1217

THIS AGREEMENT made this 24th day of November, 19 94, between VICTOR J. ZDUNKEWICZ and wife, MARY ROSE ZDUNKEWICZ

012863

Lessor (whether one or more), whose address is: 5634 Westerdale, Fulshear, TX 77441-9619

and CHESAPEAKE OPERATING, INC., 6206 North Western, Oklahoma City, OK 73118, Lessee, WITNESSETH:

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

64.624 acres, more or less, lying in the JOHN CARRINGTON LEAGUE, A-120, more fully described in Special Warranty Deed dated September 3, 1993 from The Brenham National Bank to Victor J. Zdunkewicz et ux, recorded in Volume 709 at Page 419 of the Deed Records of Washington County, Texas, LESS AND EXCEPT 36.256 acres, more or less, more fully described in Warranty Deed dated June 3, 1994 from Victor J. Zdunkewicz et ux to Donald W. Spiess et ux, recorded in Volume 737 at Page 123 of the Deed Records of Washington County, Texas, leaving a residual of 28.368 acres, more or less.

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

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

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus, delay rental or other payment hereunder, said land shall be deemed to contain 28.368 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus and agrees to accept the delay rental as lump sum consideration for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of ten (10) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

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

4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance; provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas, other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement, are required under any governmental rule or order, for the drilling or operation of a well at a regular location, or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each such separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any delay rental and shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interests in land not covered by this lease. Neither shall it impair the right of lessee to release as provided in paragraph 5 hereof, except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. If operations are not conducted on said land on or before the first anniversary date hereof, this lease shall terminate as to both parties, unless lessee on or before said date shall, subject to the further provisions hereof, pay or tender to lessor or to lessor's credit in the First National Bank of Rosenberg Bank at 2910 Avenue H, Rosenberg, TX 77471, or its successors, which shall continue as the depository, regardless of changes in ownership of delay rental, royalties, or other moneys, the sum of $ 28.37, which shall operate as delay rental and cover the privilege of deferring operations for one year from said date. In like manner and upon like payments or tenders, operations may be further deferred for like periods of one year each during the primary term. If at any time that lessee pays or tenders delay rental, royalties, or other moneys, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender such rental, royalties, or other moneys, in the manner herein specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to lessor or to a depository bank on or before the last date for payment. Said delay rental shall be apportionable as to said land on an acreage basis, and a failure to make proper payment or tender of delay rental as to any portion of said land or as to any interest therein shall not affect this lease as to any portion of said land or as to any interest therein as to which proper payment or tender is made. Any payment or tender which is made in an attempt to make proper payment, but which is erroneous in whole or in part as to parties, amounts, or depository shall nevertheless be sufficient to prevent termination of this lease and to extend the time within which operations may be conducted in the same manner as though a proper payment had been made; provided, however, lessee shall correct such error within thirty (30) days after lessee has received written notice thereof from lessor. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest. If this lease is so released as to all minerals and horizons under a portion of said land, the delay rental and other payments computed in accordance therewith shall thereupon be reduced in the proportion that the acreage released bears to the acreage which was covered by this lease immediately prior to such release.

6. 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 on its anniversary date next following the ninetieth day after such discontinuance unless on or before such anniversary date lessee either (1) conducts operations or (2) commences or resumes the payment or tender of delay rental; provided, however, if such anniversary date is at the end of the primary term, or if there is no further anniversary date of the primary term, this lease shall terminate at the end of such 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 11 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, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

SB

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. PLS Deputy

To # 22

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

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

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

10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not), or no interest therein, then the royalties, delay rental, and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

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

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

Victor J. Zdunkewicz [redacted]
LESSOR VICTOR J. ZDUNKEWICZ SS. OR TAX I.D. NO.

Mary Rose Zdunkewicz [redacted]
LESSOR MARY ROSE ZDUNKEWICZ SS. OR TAX I.D. NO.

**ACKNOWLEDGEMENT**

STATE OF TEXAS
COUNTY OF FORT BEND

This instrument was acknowledged before me on the 7th day of December, 1994,
by Victor J. Zdunkewicz and wife, Mary Rose Zdunkewicz

MARY LYNN DENTON
MY COMMISSION EXPIRES
November 5, 1998

Notary Public, State of
Notary's name (printed): Mary Lynn Denton
Notary's commission expires: 11-05-98

**ACKNOWLEDGEMENT**

STATE OF
COUNTY OF

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

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

Producers 88 (7/69)
with 640 Acres Pooling Provision

No.

**Oil, Gas and Mineral Lease**

FROM

TO

Dated , 19

No. Acres

County,

Term

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

County Clerk
By , Deputy

When recorded return to
Record & Return To:
Chesapeake Operating, Inc.
P.O. Box 18496
Oklahoma City, OK 73154-0496

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. PW Deputy

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND & LEASE DATED NOVEMBER 24, 1994 BY AND BETWEEN VICTOR J. ZDUNKEWICZ and wife, MARY ROSE ZDUNKEWICZ, AS LESSOR, and CHESAPEAKE OPERATING, INC., AS LESSEE.

15. This lease covers and includes only oil, gas, sulphur and the by-products 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 ores, uranium, sand, gravel, thorium and all other minerals of any kind or nature whatsoever not specifically included as aforesaid.

16. In the event a portion 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 lands 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 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.

17. Should Lessor suffer damage to livestock, water wells, fences, roads, personal property, or other improvements as a result of operations of Lessee under the Lease, Lessee agrees to pay Lessor the actual amount of said loss. Lesse 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.

18. Wherever the fraction "one-eighth" appears in Paragraph 3 of the Lease, it is hereby amended to read "One-sixth."

19. Lessee shall not conduct any drilling operations or maintain any surface equipment, tank batteries, buildings, etc. within a radius of 400 feet from a point on the approximate center of the highest elevation on the land covered hereby without Lessor's written consent.

20. Lessee shall have the right and power to pool and unitize, for horizontal drainhole wells as such wells are defined or recognized by the Railroad Commission of Texas ("Commission"), all or part of the lands covered by this lease with any other land for oil or gas to form pooled units of such size as may be permitted by the Commission for the assignment of acreage to the horizontal drainhole well or wells in question. In exercising its pooling rights for horizontal drainhole wells under this paragraph, Lessee shall file of record in the county where the lands to be pooled are located a written declaration describing the unit and stating the effective date of pooling. Lessee shall have the recurring right, but not the obligation to revise any unit formed for drainhole wells 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 Commission, or to conform to any productive acreage determination made by such agency. In making such a revision, Lesse shall file of record in the county where the lands are located 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 under this paragraph shall be adjusted accordingly as of the effective date for any unit for horizontal drainhole wells under this paragraph or any revision thereof shall be the date set forth as the effective date by Lesse in the written declaration that is filed of record for such unit or revision thereof.

21. Not withstanding anything contained herein to the contrary, Lessee shall not maintain this lease solely by the payment of shut-in royalties for more than two (2) consecutive years. Shut-in privileges are cumulative and may be exercised from time to time, but limited to a maximum of three (3) 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.



A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. PW Deputy

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND & LEASE DATED NOVEMBER 24, 1994 BY AND BETWEEN VICTOR J. ZDUNKEWICZ and wife, MARY ROSE ZDUNKEWICZ, AS LESSOR, and CHESAPEAKE OPERATING, INC., AS LESSEE.

22. With respect to wells pooled for vertical gas hereunder, such units shall not substantially exceed an area of 320 acres each plus a tolerance of 10% thereof, when the well or wells located thereon are completed above a depth of 9000 feet, and 640 acres each plus a tolerance of 10% thereof, when the well or wells located thereon are completed at a depth of 9000 feet or below, provided, however, that should a governmental authority having jurisdiction proscribe or permit the creation of gas units larger than those specified above for the drilling, or operation of a horizontal well at a regular location, or for obtaining the maximum allowable from any well to be drilled, drilling, or already drilled, gas units thereafter created may conform substantially in size with those proscribed or permitted by applicable regulations. Units pooled for oil hereunder shall conform to the Provisions of Paragraph 4 of the Lease.

23. 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's credit in the above-named depository bank, the sum of ten dollars ($10.00) per net mineral acre covered by this lease before the expiration of the primary term hereof. No rental shall be due for the first year of the second primary term.

24. The foregoing typewritten provisions shall supercede and govern the printed text hereof, even when to the contrary, and shall inure to the benefit of, and be binding upon the parties hereto and their respective heirs, representatives, successors and assigns.

SIGNED FOR IDENTIFICATION:

Victor J. Zdunkewicz

VICTOR J. ZDUNKEWICZ

Mary Rose Zdunkewicz

MARY ROSE ZDUNKEWICZ

FILED
AT 1:35 P M.
FEB 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 FEB 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

MAY 03 1999
BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By Peggy Wagers Deputy
PEGGY WAGERS

[VOL 805 PAGE 716

AMENDMENT OF OIL, GAS AND MINERAL LEASE

9329

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

THAT, WHEREAS, heretofore, under date of November 24, 1994, Victor J. Zdunkewicz and wife, Mary Rose Zdunkewicz, as Lessors, did execute and deliver to Chesapeake Operating, Inc., Oklahoma City, Oklahoma, as Lessee, an Oil, Gas and Mineral Lease, recorded in Volume 770, Page 781 of the Deed Records of Washington County, covering certain lands situated in Washington County, Texas and described as follows, to-wit:

> 64.624 acres, more or less, lying in the JOHN CARRINGTON LEAGUE, A-120, more fully described in Special Warranty Deed dated September 3, 1993 from The Brenham National Bank to Victor J. Zdunkewicz et ux, recorded in Volume 709 at Page 419 of the Deed Records of Washington County, Texas, LESS AND EXCEPT 36.256 acres, more or less, more fully described in Warranty Deed dated June 3, 1994 from Victor J. Zdunkewicz et ux to Donald W. Spiess et ux, recorded in Volume 737 at Page 123 of the Deed Records of Washington County, Texas, leaving a residual of 28.368 acres, more or less.

WHEREAS, Lessors and Lessee desire to amend the Oil, Gas and Mineral Lease heretofore described by reducing the primary term from ten (10) years to three (3) years.

THEREFORE, in consideration of the premises and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessors, Victor J. Zdunkewicz and wife, Mary Rose Zdunkewicz, and Lessee, Chesapeake Operating, Inc. Do hereby agree and declare that said Oil, Gas and Mineral Lease shall be, and the same is hereby reformed, amended and/or corrected by reducing the primary term of said lease from ten (10) years to three (3) years. Lessors do further hereby ratify and confirm said lease as herein reformed and amended and do hereby grant, lease and let exclusively unto Lessee, its successors and assigns, the land hereinabove described, subject to all terms and provision of said lease and any amendments thereto.

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

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. PW Deputy

WITNESS our hands this 6 of November, 1995,

but to be effective as of November 24, 1995.

**FILED**
AT 10:25 A.M.
NOV 20 1995
Beth A. Rothermel
BETH ROTHERMEL
COUNTY CLERK, WASHINGTON COUNTY, TX

LESSORS

Victor J Zdunkewicz

Mary Rose Zdunkewicz

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 21 1995

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

LESSEE

CHESAPEAKE OPERATING, INC.

By:
Title: V.P.

ACKNOWLEDGMENTS

STATE OF TEXAS )
)
COUNTY OF Fort Bend )

SHERRY D. GRAY
MY COMMISSION EXPIRES
July 31, 1999

This instrument was acknowledged before me on the 6 day of November, 1995, by Victor J. Zdunkewicz.

Sherry D. Gray
Notary Public, State of Texas

My Commission Expires:
July 31, 1999

STATE OF TEXAS )
)
COUNTY OF Fort Bend )

SHERRY D. GRAY
MY COMMISSION EXPIRES
July 31, 1999

This instrument was acknowledged before me on the 6 day of November, 1995, by Mary Rose Zdunkewicz.

Sherry Gray
Notary Public, State of Texas

My Commission Expires:
July 31, 1999

STATE OF OKLAHOMA )
)
COUNTY OF OKLAHOMA )

This instrument was acknowledged before me on the 22nd day of November, 1995, by Tom L. Ward, Vice-President of Chesapeake Operating, Inc.

Beverly Brown
Notary Public

My Commission Expires
7-17-99

BEVERLY BROWN
NOTARY PUBLIC
IN AND FOR STATE OF OKLAHOMA
OKLAHOMA COUNTY

f:\ccs\forms\kease,amd

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

MAY 0 3 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By Peggy Wagers
Deputy

PEGGY WAGERS

7627

**MEMORANDUM OF LEASE EXTENSION**

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

L 26695

**KNOW ALL MEN BY THESE PRESENTS:**

WHEREAS, Victor J. Zdunkewicz and wife, Mary Rose Zdunkewicz ("Lessor") and Chesapeake Operating, Inc. ("Lessee") entered into that certain Oil, Gas and Mineral Lease ("Lease") dated November 24, 1995, covering 28.368 gross acres, more or less, located in the John Carrington League, A-120, Washington County, Texas, recorded in Volume 770, Page 781, 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 Exploration Limited Partnership or Chesapeake Operating, Inc. ("Chesapeake"), is the present owner of the lease and as such 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 * 4 day of * November, 1998.

CHESAPEAKE OPERATING, INC.

Henry Hood, Senior Vice President, Land & Legal

CHESAPEAKE EXPLORATION LIMITED PARTNERSHIP
BY: CHESAPEAKE OPERATING, INC, SOLE GENERAL PARTNER

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. & Chesapeake Exploration Limited Partnership and he acknowledged to me that he executed the foregoing instrument in and for the purposes and consideration therein expressed on this the * 4th day of * November, 1998 on behalf of said corporation & said partnership

Patti C. Schlegel

PATTI A. SCHLEGEL NOTARY PUBLIC Comm. Exp. 8-12-00 STATE OF OKLAHOMA OKLAHOMA COUNTY

My commission expires: _____

TX1670666-000

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. RJ Deputy

To #33

FILED FOR RECORD
WASHINGTON COUNTY, TX

'98 NOV 9 PM 12 00

Beth A. Rothermel
WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

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

NOV 10 1998

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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By Peggy Wagers Deputy

PEGGY WAGERS

Chesapeake 94

FORM 70451-A 8-97

VOL 0900 PAGE 192

# PAID-UP
# OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made and entered into this 25th day of June, 19 98, between 4977

Donald W. Spiess and wife, Gwen Spiess

hereinafter called "Lessor" (whether one or more), whose post office address is 1706 Niebuhr, Brenham, Texas 77833

and MARATHON OIL COMPANY, hereinafter called "Lessee", whose post office address is P. O. Box 3128, Houston, Texas 77253.

1. Lessor, in consideration of ten and no/100's and other valuable consideration Dollars ($10.00) in hand paid, receipt of which is hereby acknowledged, of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets, exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, mining and operating for and producing oil, gas and all other minerals, injecting gas, waters, other fluids, air and other gaseous substances into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, electric transmission lines, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land in Washington County, Texas, to wit:

36.256 acres, more or less, located in the JOHN CARRINGTON LEAGUE, A-120, and being the same land described in that certain Warranty Deed dated June 3, 1994 from Victor J. Zdunkewicz et ux, recorded in Volume 737, Page 123 of the Deed Records of Washington County, Texas.

**SEE EXHIBIT "A" FOR ADDITIONAL PROVISIONS ATTACHED HERETO AND MADE A PART HEREOF.**

Notwithstanding any particular description, it is nevertheless the intention of Lessor to include within this lease, and Lessor does hereby lease, not only the land so described but also any and all other land owned or claimed by Lessor in the herein named survey or surveys, or in adjoining surveys, and adjoining the herein described land up to the boundaries of the abutting landowners, the leased lands being hereinafter referred to as "said land." For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 36.256 acres, whether actually containing more or less. Lessor agrees to execute any supplemental instrument(s) requested by Lessee for a more complete or accurate description of said land or instrument(s) to perfect title deficiencies.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three ( 3 ) years from this date (called "primary term"), and as long thereafter as oil, gas or other mineral is produced from said physical land or land with which said land or any part thereof is pooled, or this lease is maintained by virtue of some other provision hereof.

3. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term.

4. The royalties to be paid by Lessee are: (a) on oil and on other liquid hydrocarbons saved at the well, 1/5th of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected with Lessor's interest in either case bearing its proportion of any expense for treating oil to make it marketable as crude and Lessee having the option, at any time or from time to time, to purchase Lessor's oil at the well, paying therefore the lawful market price on the date of purchase for oil of like grade and gravity prevailing for the field nearest where such oil is produced; (b) on gas, including casinghead gas and all gaseous substances, produced from said land and sold by Lessee, 1/5th of the amount realized from such sale thereof; after deduction of a proportionate part of the production, severance and other excise taxes and the cost incurred by Lessee in delivering, processing, compressing, or otherwise making such gas or other substances merchantable; (c) on gas, including casinghead gas and all gaseous substances, produced from said land and used off said land by Lessee and not benefiting Lessor, the market value at the mouth of the well of 1/5th of the gas so used off said land; (d) on all minerals mined and marketed, 1/5th, either in kind or value at the well or mine, at Lessee's election, except that on sulphur the royalty shall be One Dollar ($1.00) per long ton; and (e) if at any time while there is a gas well or wells on the said land or land pooled therewith (for the purposes of this clause (e) the term "gas well" shall include wells capable of producing natural gas, condensate, distillate or any gaseous substance and wells classified as gas wells by any governmental authority) and such well or wells are shut-in, and this lease is not being maintained otherwise as provided herein, this lease shall nevertheless remain in force and effect following the shutting-in of the well(s), whether it be during or after the primary term (unless released by Lessee), and it shall be considered that gas is being produced from the land covered by this lease. When the lease is continued in force in this manner and the well or wells are shut-in for a period of at least ninety (90) consecutive days, Lessee shall pay or tender as an advanced annual royalty to the parties who at the time of such payment would be entitled to receive royalty hereunder if the well were producing, or deposit to their credit in the Pay direct to Lessor at above address bank (Account No. ), $1.00 per net acre for the acreage then held under this lease by the party making such payment or tender. The first payment of such sum shall be made on or before either; (1) ninety (90) days from the date such well or wells are shut-in; (2) ninety (90) days from the effective date for inclusion of said land or a portion thereof within a unit on which is located a shut-in gas well; or (3) ninety (90) days from the date this lease ceases to be otherwise maintained as provided herein, whichever is the later date, and it shall be considered that gas is being produced from said land in paying quantities within the meaning of Paragraph 2 hereof for one (1) year from the date of such payment, and in like manner subsequent advance annual royalty payments may be made or tendered and it will be considered that gas is being produced from said land in paying quantities within the meaning of said Paragraph 2 during any annual period for which such royalty is so paid or tendered; such advanced annual royalty payment shall be credited against any royalty accruing to the owners thereof on any production from said land during any annual period for which such advanced annual payment has been made. Lessee's failure to pay or tender or to pay or tender properly or timely any such sum as royalty shall render Lessee liable for the amount due but it shall not operate to terminate this lease. All royalty interests, whether or not owned by the undersigned, shall be paid out of the royalty as provided for in said lease.

5. 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 at its sole discretion deems it necessary or proper to do in order to develop or operate prudently 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 term "horizontal completion" means a well in which the horizontal component of the gross completion interval in the reservoir is at least one hundred (100) feet. 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, completion, 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, completion 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. 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. Also each such drilling or production unit, when limited to any one or more formations and to any one or more of the minerals therein or produced therefrom, may from time to time be enlarged and extended by Lessee to include additionally any other formation or formations and any other mineral or minerals therein or produced therefrom. In making such a revision, Lessee shall file or 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. Lessee may place and use on each unit created hereunder common measuring and reworking tanks for production from such unit. 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.

6. If, at the expiration of the primary term, oil, gas or other mineral is not being produced from said land or land pooled therewith but Lessee is then engaged in operations for drilling, mining or reworking of any well or mine thereon or shall have completed a dry hole thereon within ninety (90) days prior to the end of the primary term, this lease shall remain in force so long as operations on said well or for the drilling or reworking of an additional well are commenced and prosecuted (whether on the same or successive wells) with no cessation of more than ninety (90) consecutive days, and, if they result in production, so long thereafter as oil, gas or other mineral is produced from said land or land pooled therewith. If, after the expiration of the primary term of this lease and after oil, gas or other mineral is produced from said land or land pooled therewith, production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within ninety (90) days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than ninety (90) consecutive days, and if they result in the production of oil, gas or other mineral, so long thereafter as oil, gas or other mineral is produced from said land or land pooled therewith. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within two hundred (200) feet of and draining said land, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances. The judgment of the Lessee, when not fraudulently exercised, in carrying out the purpose of this lease shall be conclusive.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder including repressuring, pressure maintenance, cycling and secondary recovery operations, and the royalty shall be computed after deducting any so used. Any structures and facilities placed on said land by Lessee for operations hereunder and any well or wells on said land drilled or used for the injection of salt water or other fluids may also be used for Lessee's operations on other lands in the same area. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's consent.

TX-33081

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. [illegible] Deputy

TR# 34

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, representatives, successors and assigns, but no change or division in ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No such change or division in the ownership of the land or royalties shall be binding upon Lessee for any purpose until such person acquiring any interest has furnished Lessee with the instrument or instruments, or certified copies thereof, constituting the chain of title from the original Lessor. An assignment of this lease, in whole, or in part, shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder, and, if Lessee or assignee of part or parts hereof shall fail to comply with any provision of this lease, such default shall not affect this lease insofar as it covers a part of said land upon which Lessee or any assignee thereof shall not be in default. Should more than six parties become entitled to royalties hereunder, Lessee may require the appointment of a single agent to receive payment for all and may withhold payment until such appointment has been made.

9. When drilling or other operations are delayed or interrupted by storm, flood or other act of God, fire, war, rebellion, insurrection, riot, strikes, differences with workmen, unavailability of material or equipment, failure of carriers to transport or furnish facilities for transportation, some order, requisition or necessity of the government or as a result of any cause whatsoever beyond the control of the Lessee, the time of such delay or interruption shall not be counted against Lessee, anything in this lease to the contrary notwithstanding. All express or implied covenants of this lease shall be subject to all Federal and State laws. Executive orders, rules or regulations and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages for failure to comply therewith if compliance is prevented by, or if such failure is the result of, any such law, order, rule or regulation. If from such causes Lessee is prevented from conducting drilling or reworking operations on, or producing oil or gas from said land or land pooled therewith, the time while Lessee is so prevented shall not be counted against Lessee, and this lease shall be extended for a period of time equal to that during which such Lessee is so prevented from conducting drilling or reworking operations on, or producing oil or gas from said land or land pooled therewith, notwithstanding any other provision hereof.

10. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty (60) days after receipt of notice in which to commence the compliance with the obligations imposed by virtue of this instrument. After the discovery of oil, gas or other mineral in paying quantities on said land, Lessee shall reasonably develop the acreage retained hereunder, but in discharging this obligation it shall in no event be required to drill more than one (1) well per forty (40) acres, plus an acreage tolerance not to exceed ten per cent (10%) of forty (40) acres of the area retained hereunder and capable of producing oil in paying quantities and one (1) well per six hundred forty (640) acres, plus an acreage tolerance not to exceed ten per cent (10%) of six hundred forty (640) acres of the area retained hereunder and capable of producing gas or other mineral in paying quantities.

11. Lessor hereby warrants and agrees to defend the title to said land, and agrees that Lessee, at its option, may discharge any tax, mortgage or other lien upon said land in the event of default of payment by Lessor, and in the event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in the event of failure of title, it is agreed that, if Lessor owns an interest in said land less than the entire fee simple estate, whether stated hereinabove as a whole or partial interest, then the royalties to be paid Lessor shall be reduced proportionately. All royalty interest covered by this lease (whether or not owned by lessor) shall be paid out of the royalty herein provided. Should any one or more of the parties named hereinabove as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

12. Lessee, its successors and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or Lessor's heirs, representatives, successors and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, express or implied, of this agreement as to the acreage so surrendered, and thereafter the advance annual royalties payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

IN WITNESS WHEREOF, this instrument is executed as of the date above written.

Donald W. Spiess

Gwen Spiess

SS # [redacted]

SS# [redacted]

## ACKNOWLEDGMENT

THE STATE OF TEXAS

COUNTY OF Washington

This instrument was acknowledged before me on July 8 1998 by Donald W. Spiess and wife, Gwen Spiess.

MYRA NOWICKI
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp. 12-27-98

Myra Nowicki
Notary Public Signature

## CORPORATE ACKNOWLEDGMENT

THE STATE OF TEXAS

COUNTY OF _____

This instrument was acknowledged before me on _____ by _____ of _____

_____, a(an) _____ corporation.

_____
Notary Public Signature

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. RS Deputy

**EXHIBIT A**

Attached to and made a part of the certain Oil, Gas and Mineral Lease dated June 25, 1998, by and between, DONALD W. SPIESS and wife, GWEN SPIESS, as Lessor and MARATHON OIL COMPANY, as Lessee.

13. The provisions of the hereinafter paragraphs shall supersede and govern the provisions of the printed form text of this Lease and shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, representatives, successors and assigns.

14. In the event a portion or portions of the land described in this Lease is pooled or unitized with other land, lease or leases, so as to form a pooled unit or units, operations on, completion of a well upon, or production from such unit or units, shall maintain this lease in effect only as to the portion or portions of the land described in this lease which is included in such unit or units. As to any portion or portions of the land described in this Lease not included in said pooled unit or units, this Lease shall terminate at the end of the primary term unless otherwise maintained in force and effect as provided for by the provisions of this Lease.

15. 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.

16. With respect to wells pooled for vertical gas hereunder, such units shall not substantially exceed an area of 320 acres each plus a tolerance of 10% thereof, when the well or wells located thereon are completed above a depth of 9,000 feet, and 640 acres plus a tolerance of 10% thereof, when the well or wells located thereon are completed at a depth of 9,000 feet or below, provided, however, that should a government authority having jurisdiction prescribe or permit the creation of gas units larger than those specified above for the drilling, or operation of a horizontal well at a regular location, or for obtaining the maximum allowable from any well to be drilled, drilling, or already drilled, gas units thereafter created may conform substantially in size with those prescribed or permitted by applicable regulations. Units pooled for oil hereunder shall conform to the provisions of paragraph 5 of the printed form text of this Lease.

17. Not withstanding anything contained herein to the contrary, Lessee shall not maintain this Lease solely by the payment of shut-in royalties for more than two (2) consecutive years. Shut-in privileges are cumulative and may be exercised from time to time, but limited to a maximum of three (3) 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.

SIGNED FOR IDENTIFICATION

Donald W. Spiess

Gwen Spiess

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 1998

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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
BY Deputy
PEGGY WAGERS

FILED FOR RECORD
WASHINGTON COUNTY, TX
'98 JUL 24 AM 11 31
WASHINGTON CO. CLERK

VOL 0900 PAGE 184

# PAID-UP
# OIL, GAS AND MINERAL LEASE

4974

THIS AGREEMENT made and entered into this 26th day of June, 19 98, between

Rosemarie E. Lichtenberg, a widow and Kai S. Lichtenberg, dealing herein with his separate property

hereinafter called "Lessor" (whether one or more), whose post office address

is 550 FM 109, Brenham, Texas 77833

and MARATHON OIL COMPANY, hereinafter called "Lessee", whose post office address is P. O. Box 3128, Houston, Texas 77253.

1. Lessor, in consideration of ten and no/100's and other valuable consideration Dollars ($10.00) in hand paid, receipt of which is hereby acknowledged, of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets, exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, mining and operating for and producing oil, gas and all other minerals, injecting gas, waters, other fluids, air and other gaseous substances into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, electric transmission lines, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land in Washington County, Texas, to wit:

7.09 acres of land, more or less, located in the JOHN CARRINGTON SURVEY, A-120, and being the same land described in a Warranty Deed dated July 24, 1987 from Frank G. Pomykal et ux to Heinz D. Lichtenberg as recorded in Volume 567, Page 88 of the Deed Records of Washington County, Texas.

Notwithstanding any particular description, it is nevertheless the intention of Lessor to include within this lease, and Lessor does hereby lease, not only the land so described but also any and all other land owned or claimed by Lessor in the herein named survey or surveys, or in adjoining surveys, and adjoining the herein described land up to the boundaries of the abutting landowners, the leased lands being hereinafter referred to as "said land." For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 7.09 acres, whether actually containing more or less. Lessor agrees to execute any supplemental instrument(s) requested by Lessee for a more complete or accurate description of said land or instrument(s) to perfect title deficiencies.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three ( 3 ) years from this date (called "primary term"), and as long thereafter as oil, gas or other mineral is produced from said physical land or land with which said land or any part thereof is pooled, or this lease is maintained by virtue of some other provision hereof.

3. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term.

4. The royalties to be paid by Lessee are: (a) on oil and on other liquid hydrocarbons saved at the well, 3/16ths of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected with Lessor's interest in either case bearing its proportion of any expense for treating oil to make it marketable as crude and Lessee having the option, at any time or from time to time, to purchase Lessor's oil at the well, paying therefore the lawful market price on the date of purchase for oil of like grade and gravity prevailing for the field nearest where such oil is produced; (b) on gas, including casinghead gas and all gaseous substances, produced from said land and sold by Lessee, 3/16ths of the amount realized from such sale thereof; after deduction of a proportionate part of the production, severance and other excise taxes and the cost incurred by Lessee in delivering, processing, compressing, or otherwise making such gas or other substances merchantable; (c) on gas, including casinghead gas and all gaseous substances, produced from said land and used off said land by Lessee and not benefiting Lessor, the market value at the mouth of the well of 3/16ths of the gas so used off said land; (d) on all minerals mined and marketed, 3/16ths either in kind or value at the well or mine, at Lessee's election, except that on sulphur the royalty shall be One Dollar ($1.00) per long ton; and (e) if at any time while there is a gas well or wells on the said land or land pooled therewith (for the purposes of this clause (e) the term "gas well" shall include wells capable of producing natural gas, condensate, distillate or any gaseous substance and wells classified as gas wells by any governmental authority) and such well or wells are shut-in, and this lease is not being maintained otherwise as provided herein, this lease shall nevertheless remain in force and effect following the shutting-in of the well(s), whether it be during or after the primary term (unless released by Lessee), and it shall be considered that gas is being produced from the land covered by this lease. When the lease is continued in force in this manner and the well or wells are shut-in for a period of at least ninety (90) consecutive days, Lessee shall pay or tender as an advanced annual royalty to the parties who at the time of such payment would be entitled to receive royalty hereunder if the well were producing, or deposit to their credit in the Pay direct to Lessor at above address bank (Account No. ), $1.00 per net acre for the acreage then held under this lease by the party making such payment or tender. The first payment of such sum shall be made on or before either; (1) ninety (90) days from the date such well or wells are shut-in; (2) ninety (90) days from the effective date for inclusion of said land or a portion thereof within a unit on which is located a shut-in gas well; or (3) ninety (90) days from the date this lease ceases to be otherwise maintained as provided herein, whichever is the later date, and it shall be considered that gas is being produced from said land in paying quantities within the meaning of Paragraph 2 hereof for one (1) year from the date of such payment, and in like manner subsequent advance annual royalty payments may be made or tendered and it will be considered that gas is being produced from said land in paying quantities within the meaning of said Paragraph 2 during any annual period for which such royalty is so paid or tendered; such advanced annual royalty payment shall be credited against any royalty accruing to the owners thereof on any production from said land during any annual period for which such advanced annual payment has been made. Lessee's failure to pay or tender or to pay or tender properly or timely any such sum as royalty shall render Lessee liable for the amount due but it shall not operate to terminate this lease. All royalty interests, whether or not owned by the undersigned, shall be paid out of the royalty as provided for in said lease.

5. 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 at its sole discretion deems it necessary or proper to do in order to develop or operate prudently 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 term "horizontal completion" means a well in which the horizontal component of the gross completion interval in the reservoir is at least one hundred (100) feet. 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, completion, 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, completion 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. 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. Also each such drilling or production unit, when limited to any one or more formations and to any one or more of the minerals therein or produced therefrom, may from time to time be enlarged and extended by Lessee to include additionally any other formation or formations and any other mineral or minerals therein or produced therefrom. In making such a revision, Lessee shall file or 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. Lessee may place and use on each unit created hereunder common measuring and reworking tanks for production from such unit. 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.

6. If, at the expiration of the primary term, oil, gas or other mineral is not being produced from said land or land pooled therewith but Lessee is then engaged in operations for drilling, mining or reworking of any well or mine thereon or shall have completed a dry hole thereon within ninety (90) days prior to the end of the primary term, this lease shall remain in force so long as operations on said well or for the drilling or reworking of an additional well are commenced and prosecuted (whether on the same or successive wells) with no cessation of more than ninety (90) consecutive days, and, if they result in production, so long thereafter as oil, gas or other mineral is produced from said land or land pooled therewith. If, after the expiration of the primary term of this lease and after oil, gas or other mineral is produced from said land or land pooled therewith, production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within ninety (90) days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than ninety (90) consecutive days, and if they result in the production of oil, gas or other mineral, so long thereafter as oil, gas or other mineral is produced from said land or land pooled therewith. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within two hundred (200) feet of and draining said land, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances. The judgment of the Lessee, when not fraudulently exercised, in carrying out the purpose of this lease shall be conclusive.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks, for all operations hereunder including repressuring, pressure maintenance, cycling and secondary recovery operations, and the royalty shall be computed after deducting any so used. Any structures and facilities placed on said land by Lessee for operations hereunder and any well or wells on said land drilled or used for the injection of salt water or other fluids may also be used for Lessee's operations on other lands in the same area. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's consent.

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Beth Rothermel, County Clerk
Washington County, TX. PLS Deputy

TR # 35

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, representatives, successors and assigns, but no change or division in ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No such change or division in the ownership of the land or royalties shall be binding upon Lessee for any purpose until such person acquiring any interest has furnished Lessee with the instrument or instruments, or certified copies thereof, constituting the chain of title from the original Lessor. An assignment of this lease, in whole, or in part, shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder, and, if Lessee or assignee of part or parts hereof shall fail to comply with any provision of this lease, such default shall not affect this lease insofar as it covers a part of said land upon which Lessee or any assignee thereof shall not be in default. Should more than six parties become entitled to royalties hereunder, Lessee may require the appointment of a single agent to receive payment for all and may withhold payment until such appointment has been made.

9. When drilling or other operations are delayed or interrupted by storm, flood or other act of God, fire, war, rebellion, insurrection, riot, strikes, differences with workmen, unavailability of material or equipment, failure of carriers to transport or furnish facilities for transportation, some order, requisition or necessity of the government or as a result of any cause whatsoever beyond the control of the Lessee, the time of such delay or interruption shall not be counted against Lessee, anything in this lease to the contrary notwithstanding. All express or implied covenants of this lease shall be subject to all Federal and State laws. Executive orders, rules or regulations and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages for failure to comply therewith if compliance is prevented by, or if such failure is the result of, any such law, order, rule or regulation. If from such causes Lessee is prevented from conducting drilling or reworking operations on, or producing oil or gas from said land or land pooled therewith, the time while Lessee is so prevented shall not be counted against Lessee, and this lease shall be extended for a period of time equal to that during which such Lessee is so prevented from conducting drilling or reworking operations on, or producing oil or gas from said land or land pooled therewith, notwithstanding any other provision hereof.

10. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty (60) days after receipt of notice in which to commence the compliance with the obligations imposed by virtue of this instrument. After the discovery of oil, gas or other mineral in paying quantities on said land, Lessee shall reasonably develop the acreage retained hereunder, but in discharging this obligation it shall in no event be required to drill more than one (1) well per forty (40) acres, plus an acreage tolerance not to exceed ten per cent (10%) of forty (40) acres of the area retained hereunder and capable of producing oil in paying quantities and one (1) well per six hundred forty (640) acres, plus an acreage tolerance not to exceed ten per cent (10%) of six hundred forty (640) acres of the area retained hereunder and capable of producing gas or other mineral in paying quantities.

11. Lessor hereby warrants and agrees to defend the title to said land, and agrees that Lessee, at its option, may discharge any tax, mortgage or other lien upon said land in the event of default of payment by Lessor, and in the event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in the event of failure of title, it is agreed that, if Lessor owns an interest in said land less than the entire fee simple estate, whether stated hereinabove as a whole or partial interest, then the royalties to be paid Lessor shall be reduced proportionately. All royalty interest covered by this lease (whether or not owned by lessor) shall be paid out of the royalty herein provided. Should any one or more of the parties named hereinabove as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

12. Lessee, its successors and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or Lessor's heirs, representatives, successors and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, express or implied, of this agreement as to the acreage so surrendered, and thereafter the advance annual royalties payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

IN WITNESS WHEREOF, this instrument is executed as of the date above written.

Rosemarie E. Lichtenberg

SS # [redacted]

Kai S. Lichtenberg

SS# [redacted]

## ACKNOWLEDGMENT

THE STATE OF TEXAS

COUNTY OF Washington

This instrument was acknowledged before me on June 26th 1998 by Rosemarie E. Lichtenberg and Kai S. Lichtenberg.

HEIDI M. GROSS
MY COMMISSION EXPIRES
June 22, 2001

Heidi M. Gross

Notary Public Signature

## CORPORATE ACKNOWLEDGMENT

THE STATE OF TEXAS

COUNTY OF _____

This instrument was acknowledged before me on _____ by _____ of _____

_____, a(an) _____ corporation.

_____

Notary Public Signature

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 1998

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

FILED FOR RECORD
WASHINGTON COUNTY, TX
'98 JUL 24 AM 11 31
WASHINGTON CO. CLERK

RETURN TO:
Marathon Oil Company
P.O Box 130849
Tyler TX 75713
ATTN Lisa Culpepper

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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By Peggy Wagers Deputy

PEGGY WAGERS

VOL 788 PAGE 529

PROD 88 (REV 8/93)
PAID UP

# OIL, GAS & MINERAL LEASE

THIS LEASE AGREEMENT is made effective the 1st day of July, 1995,

between EARL BRIGHT, a/k/a Earl L. Bright, and wife, VIOLA BRIGHT

5142

as Lessor (whether one or more), whose address is Route 1, Box 56, Brenham, Texas 77833,

and UNION PACIFIC RESOURCES COMPANY, as Lessee,

whose address is 801 Cherry Street, Fort Worth, Texas 76102. All printed portions of this lease were prepared 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 DOLLARS AND OTHER GOOD AND VALUABLE CONSIDERATION---------- Dollars ($10.00 & OGVC---------- ), in hand paid, of the royalties herein provided and the covenants herein contained, hereby grants, leases and lets exclusively to Lessee, for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith including helium, carbon dioxide and other commercial gases as well as hydrocarbon gases (referred to herein as "covered minerals"), the following described land (the "leased premises") in Washington County, Texas, to-wit:

**16.41** acres of land, more or less, out of the JOHN CARRINGTON LEAGUE, A-120, Washington County, Texas and being more fully described in that certain Warranty Deed dated September 20, 1974 from LUCILLE ELLEN HALL, Individually and as Independent Executrix under the will and of the Estate of J. Ray Hall, deceased, to EARL L. BRIGHT and wife, VIOLA BRIGHT, and recorded in Volume 331 at Page 200 of the Deed Records of Washington County, Texas.

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 16.41---- 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



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Beth Rothermel, County Clerk
Washington County, TX. [illegible] Deputy

TR#36

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

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

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

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

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

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

11. **Breach or Default.** An alleged breach or default by Lessee of any obligation hereunder or the failure of Lessee to satisfy any condition or limitation contained herein shall not work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part, and no litigation shall be initiated by Lessor with respect to any alleged breach or default by Lessee hereunder, for a period of at least ninety (90) days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy or commence to remedy the breach or default within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so. Nothing in this instrument or in the relationship created hereby shall be construed to establish a fiduciary relationship, a relationship of trust or confidence or a principal - agent relationship between Lessor and Lessee for any purpose. SEE **"ADDENDUM"** ATTACHED HERETO AND MADE A PART HEREOF FOR PARAGRAPHS 12 THRU 17.

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

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

SS#: [redacted]

SS#: [redacted]

**LESSOR:**

Earl Bright
EARL BRIGHT, a/k/a Earl L. Bright

Viola Bright
VIOLA BRIGHT

STATE OF TEXAS )
) ss.
COUNTY OF WASHINGTON )

This instrument was acknowledged before me this 3rd day of July, 1995, by EARL BRIGHT, a/k/a Earl L. Bright, and wife, VIOLA BRIGHT.

KENNETH W. NIPPERT
Notary Public, State of Texas
My Commission Expires
OCT. 23, 1995

Kenneth W. Nippert
Notary Public

My Commission Expires:
October 23, 1995

STATE OF _____ )
) ss.
COUNTY OF _____ )

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

_____
Notary Public

My Commission Expires:

_____

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

## "ADDENDUM"

THIS **"ADDENDUM"** IS ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS AND MINERAL LEASE DATED JULY 1, 1995 BY AND BETWEEN **EARL BRIGHT, A/K/A EARL L. BRIGHT, AND WIFE, VIOLA BRIGHT,** AS "LESSOR", AND **UNION PACIFIC RESOURCES COMPANY,** AS "LESSEE".

12. If at the end of the primary term of this Lease, 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 or production from such unit or units will maintain this Lease in force only as to land included in such unit or units, any land not so held by production or operations at the end of the primary term of this Lease shall revert to Lessor free and clear of the terms of this Lease, with exception that in the event Lessee is, at the end of the primary term, engaged in drilling a well on the land herein leased, that such entire Lease shall remain in force and effect so long as continuous drilling operations are being carried on, on such property, and such continuous drilling operations shall be construed to mean that no more that ninety (90) days shall elapse between the completion, or abandonment as a dry hole, of any oil and/or gas well and the commencement of operations for the drilling of a subsequent well on such property.

13. Anything contained herein to the contrary notwithstanding, this lease cannot be held in force solely by the payment of shut-in gas royalty payments after the end of the primary term for more than three (3) consecutive years or from time to time not to exceed an aggregate of three (3) years.

14. Lessee shall be responsible for an 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.

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. PLS Deputy

VOL 788 PAGE 532

UPRC 13.00

FILED
AT 3:30 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 0 6 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

MAY 0 3 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By Peggy Wagers Deputy

PEGGY WAGERS

**MEMORANDUM OF OIL, GAS AND MINERAL LEASE EXTENSION** 0909

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

WHEREAS, Union Pacific Resources Company is the owner of the Oil, Gas and Mineral Lease dated July 1, 1995, recorded in Volume 788, Page 529, Official Records, Washington County, Texas from Earl Bright and wife, Viola Bright, as Lessor, to Union Pacific Resources Company, as Lessee, covering:

16.41 acres of land, more or less, part of the John Carrington Survey, A-120, 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, Earl Bright and wife, Viola Bright, do hereby acknowledge receipt of Union Pacific Resources Company's Check No. 10261717 for said additional payment to extend the primary term for an additional two (2) years from July 1, 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 16th day of February, 1998.

Earl Bright [redacted]
EARL BRIGHT
601 FM 109
Brenham, Texas 77833

Viola Bright [redacted]
VIOLA BRIGHT

INDIVIDUAL ACKNOWLEDGMENT

State of Texas }

County of Washington }

This instrument was acknowledged before me on this 16th day of February, 1998 by EARL BRIGHT and wife, VIOLA BRIGHT.

Mary Kay Smedstad
Notary Public, State of Texas

MARY KAY SMEDSTAD
Notary Public, State of Texas
My Commission Expires 11-30-99

FILED FOR RECORD
WASHINGTON COUNTY, TX
'98 FEB 17 AM 9
WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

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

FEB 18 1998

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

TR # 36

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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By Peggy Wagers
Deputy

PEGGY WAGERS

VOL 797 PAGE 190

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

7199

# PAID UP OIL AND GAS LEASE

016222

THIS LEASE AGREEMENT is made as of the 12th day of July, 19 95, between PAUL J. GOOCH AND L. ELISABETH GOOCH, TRUSTEE OR SUCCESSOR TRUSTEE OF THE GOOCH FAMILY TRUST, RT.1 BOX 54, 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):

**2.6 acres** of land located in the JOHN CARRINGTON SURVEY, A-120 and being the same land described in a Warranty Deed from Darrell Blum to Paul J. Gooch dated March 17,1980 and recorded in Volume 390 Page 458 of the Deed Records of Washington County, Texas, to which deed and the record thereof is hereby made for a more complete description of said land.

Notwithstanding anything contained herein to the contrary, there is to be no drilling operations on said land and the royalty amount shall be 1/6.

Shelby

in the county of Washington, State of Texas, containing 2.6 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 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 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.

TX1670210.000

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

TR# 37

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**

The Gooch Family Trust

Paul J. Gooch

Paul J. Gooch, Trustee — SS# [redacted]

L. Elisabeth Gooch

L. Elisabeth Gooch — SS# [redacted]

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF WASHINGTON }

This instrument was acknowledged before me on the 17th day of August, 19 95,
by Paul J. Gooch, Trustee and L. Elisabeth Gooch, Trustee

P. T. BURNS II NOTARY PUBLIC STATE OF TEXAS EXPIRES SEPT. 12, 1997

P.T. Burns II
Notary Public, State of Texas
Notary's name (printed): P.T. Burns II
Notary's commission expires: 9.12.97

**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 )

**FILED**

AT 11:20 A.M.

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 0 6 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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By Peggy Wagers Deputy

PEGGY WAGERS

VOL 0925 PAGE 087

TX1670210-000

LB 574 PAGE 370

L27784

# AMENDMENT AND EXTENSION OF OIL, GAS AND MINERAL LEASE

NO. 838492

2095 FILED 2-1-99 TIME 12:04 PM

Dana Badeaux DEPUTY CLERK

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

**WHEREAS,** a certain Oil, Gas & Mineral Lease dated July 12, 1995 was executed by and between a Paul J. Gooch and L. Elisabeth Gooch, Trustee or Successor Trustee of the Gooch Family Trust as Lessors, and CHESAPEAKE OPERATING, INC., as Lessee, recorded in Volume 737 , Page 190, of the Official Records of Washington County, Texas, ("the Lease"), covering the following described land in said County & State:

2.6 acres of land, more or less, a part of the J. Carrington Survey, A-120, Washington County, Texas, and being the same land described in that certain Warranty Deed dated March 17, 1980 from Darrell Blum to Paul J. Gooch and recorded in Volume 390, Page 458 of the Deed Records of Washington County, Texas.

**WHEREAS,** the Lease provides it shall be in force for a primary term of three (3) years from the effective date thereof, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or the Lease is otherwise maintained in effect pursuant to the provisions hereof; and

**WHEREAS,** Lessor and Chesapeake desire to amend the Lease as follows:

1.) To allow and provide for an extension of 3 years or until July 12, 2001 and so long thereafter as oil and gas is produced in paying quantities from said land or land pooled therewith.

**WHEREAS,** the parties to the Lease now desire to extend the same as hereinafter set forth.

**NOW, THEREFORE,** for good and valuable consideration in hand paid to the undersigned by Chesapeake Operating, Inc., on behalf of itself and it's assigns, the receipt and sufficiency of which is hereby acknowledged, the undersigned do hereby amend the Lease to allow and provide for an extension of the Lease for an additional or second primary term of three (3) years from the end of the first primary term hereof, or until July 12, 2001 and as long thereafter as oil and gas is produced from said land or land pooled therewith. In addition, Lessee hereby exercised its option provided by the Amendment herein by paying or tendering to the Lessor or Lessor's credit in their depository bank, the sum of $10.00 dollars and other valuable consideration before the expiration of the primary term hereof.

It is understood and agreed by all parties hereto that the provision contained herein shall supersede any provisions to the contrary in the Oil, Gas and Mineral Lease described herein; however, in all other respects, the Lease and the prior provisions thereto shall remain in full force and effect and the undersigned does hereby adopt, ratify and confirm such Lease.

FURTHER, the provisions hereof shall be binding upon the parties hereto, their respective heirs, legatees, devisees, personal representatives, successors and assigns.

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

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. PW Deputy

TR#37

EXECUTED this 23RD day of June, 1998

**LESSORS:**

The Gooch Family Trust

Paul J. Gooch

By: Paul J. Gooch, Trustee SS#[redacted]

L. Elisabeth Gooch

By: L. Elisabeth Gooch, Trustee SS#[redacted]

**LESSEE:**

**CHESAPEAKE OPERATING, INC.**

By: _____

Title: Senior Vice President-Land and Legal

**STATE OF TEXAS** }{
}{
**COUNTY OF WASHINGTON** }{

This instrument was acknowledged before me on this 23RD day of June, 1998 by Paul J. Gooch and wife, L. Elisabeth Gooch, Trustees of The Gooch Family Trust.

Gary C. Mitchell

Notary Public, State of Texas
Notary's Printed Name: _____
My Commission Expires: _____

GARY C MITCHELL
Notary Public, State of Texas
My Commission Expires 10-07-00

**STATE OF OKLAHOMA** }{
}{
**COUNTY OF OKLAHOMA** }{

This instrument was acknowledged before me on this 21st day of July, 1998
by Henry J. Hood, Senior Vice President-Land and Legal of Chesapeake Operating, Inc..

Sandra L. Mathis

Notary Public, State of Oklahoma
Notary's Printed Name: Sandra L. Mathis
My Commission Expires: May 5, 2002

STATE OF LOUISIANA
PARISH OF ST. LANDRY

I hereby certify that the above and foregoing is a true and correct copy of the Original Act No. 83492, as same appears of record in this Office in Mortgage Book No. Lease, page ___ thru page ___ incl., and in Conveyance Book 574, page 370 thru 371 incl. of date 2-1-99, at 8:24 o'clock A M.

In witness whereof, I have hereunto set my hand and affixed the seal of this Office at Opelousas, St. Landry Parish, Louisiana, this the 6 day of April, A.D., 19 99

Deputy Clerk

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. PW Deputy

FILED FOR RECORD
WASHINGTON COUNTY, TX

99 APR 13 AM 10:51

BETH A. ROTHERMEL
WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

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

APR 14 1999

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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By Peggy Wagers Deputy

PEGGY WAGERS

#11 Chesapeake

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

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

L 23782

# PAID UP OIL AND GAS LEASE

4866

THIS LEASE AGREEMENT is made as of the 23 day of June, 19 98, between **Mack W. Moris and wife Betty Ann Morris, whose address is Rt. 1 Box 19, 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):

**49.285 acres located in the John Carrington Survey, A-120, Washington County, Texas, to wit:**

**First Tract: 0.58 acres described in a Deed from Edgar Kiecke et al to Mack W. Morris and recorded in Volume 304, Page 684.**

**Second Tract: 41.47 acres described in a Deed from Edgar Kiecke to Mack W. Morris and recorded in Volume 333, Page 625.**

**Third Tract: 2.755 acres described in a Deed from Dorothy K. Morris to Mack W. Morris and recorded in Volume 609, Page 266.**

**Fourth Tract: 4.48 acres described in a Deed from the Executor of Dorothy K. Morris, Deceased, to Mack W. Morris and recorded in Volume 759, Page 68, all being duly recorded in the Deed Records of Washington County, Texas.**

**See EXHIBIT "A" attached hereto and made a part hereof for additional provisions.**

in the county of WASHINGTON, State of TEXAS, containing 49.285 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 Brenham National Bank at 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.

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. [illegible] Deputy

TR #38

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**

Mack W. Morris [redacted]

Betty Ann Morris [redacted]

**ACKNOWLEDGEMENT**

STATE OF TEXAS
COUNTY OF WASHINGTON

This instrument was acknowledged before me on the 24th day of June, 19 98, by Mack W. Morris, and wife Betty Ann Morris

JASON BOYD LANE
Notary Public, State of Texas
My Commission Expires
NOV. 6, 2001

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)

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. RW Deputy

EXHIBIT "A"

ATTACHED HERETO AND MADE A PART HEREOF THAT CERTAIN Oil, Gas and Mineral Lease dated June 23, 1998, by and between Mack W. Morris and wife, Betty Ann Morris, as LESSOR and CHESAPEAKE OPERATING, INC., as LESSEE.

15. In the event a portion or portions of said land herein leased is pooled or unitized with other land so as to form a pooled unit, operations on, a 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, only to the expiration of the primary term.

16. Notwithstanding anything to the contrary herein contained, Lessor agress that without Lessor's prior written consent, it will not conduct drilling operations on the surface of the lands herein leased.

17. Wherever the royalty interest "one-eighth (1/8)" appears in the printed form of this lease, the same is hereby deleted and the royalty interest "three-sixteenth (3/16)" is hereby substituted therefor.

Signed for identification:

Mack W. Morris

Mack W. Morris

Betty A. Morris

Betty Ann Morris

FILED FOR RECORD
WASHINGTON COUNTY, TX
'98 JUL 20 PM 1 30
Beth A. Rothermel
WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

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

JUL 21 1998

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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By Peggy Wagers Deputy
PEGGY WAGERS

VOL 780 PAGE 96

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

3217

THIS LEASE AGREEMENT is made as of the 20th day of December, 1994, between

FLORENCE MAE RINN and husband, LEELAND R. RINN
Route 1, Box 52
Brenham, TX 77833

0131 95

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):

TRACT 1: 52.182 acres, more or less, lying in the JOHN CARRINGTON LEAGUE, A-120 more fully described in Gift Deed dated November 3, 1977 from Meta Henske to Florence Mae Rinn and husband Leeland R. Rinn, Recorded in Volume 359 at Page 197 of the Deed Records of Washington County, Texas.

TRACT 2: 4.100 acres, more or less, lying in the JOHN CARRINGTON LEAGUE, A-120, more fully described in Gift Deed dated January 9, 1978 from Meta Henske to Florence Mae Rinn, recprded in Volume 361 at Page 97 of the Deed Records of Washington, County, Texas.

Wherever the fraction one-eighth appears in paragraph 3 of the lease hereof, it is hereby amended to read one-sixth.

in the county of Washington, State of Texas, containing 56.282 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

Bank One, N.A.
303 N. Market, Brenham, TX 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.

A CERTIFIED COPY issued MAY 03 1999
Beth Rothammel, County Clerk
Washington County, TX. _____ Deputy

To #39

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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)**

Florence Mae Rinn
FLORENCE MAE RINN

Leeland R. Rinn
LEELAND R. RINN

**SS NO. OR TAX ID**

[redacted]

[redacted]

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF } Washington

This instrument was acknowledged before me on the 23rd day of December, 1994,
by Florence Mae Rinn and husband Leeland R. Rinn

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

BEN RAGSDALE
MY COMMISSION EXPIRES
December 2, 1998

**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 .

**FILED**

AT 2:45 P M.
APR 24 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 25 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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By Peggy Wagers Deputy

PEGGY WAGERS

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

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

9319

# PAID UP OIL AND GAS LEASE

THIS LEASE AGREEMENT is made as of the 14th day of July, 19 95, between

017199

MARIE THOMAS

RT. 1 BOX 47, BRENHAM, TEXAS 77833 as Lessor (whether one or more),

and CHESAPEAKE OPERATING,INC., 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):

**2.0 acres** of land located in the JOHN CARRINGTON SURVEY, A-120 and being the same land described in a Warranty Deed dated November 18,1946 from Edgar G. Kiecke to Perry Lee Thomas and recorded in Volume 148 Page 572 of the Deed Records of Washington County, Texas.

Nothwithstanding anything contained herein to the contrary, the amount of royalty shall be 1/6..

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

in the county of Washington, State of Texas, containing 2.0 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 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 Lesser's credit in

Pay directly to lessor

at 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.

TX 1670559-000

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. PW Deputy

TRT 40

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 |
|---|---|---|
| | Marie Thomas | SS# [redacted] |
| | Marie Thomas | |

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF WASHINGTON }

This instrument was acknowledged before me on the 19th day of July, 19 95,
by Marie Thomas

CINDY A. SCHULZE
Notary Public, State of Texas
My Commission Expires 12/01/98

Cindy A. Schulze
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

**FILED**

AT 10:25 a.m.
NOV 20 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 21 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

MAY 0 3 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By Peggy Wagers
Deputy

PEGGY WAGERS

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VOL 0899 PAGE 699

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# AMENDMENT AND EXTENSION OF OIL, GAS AND MINERAL LEASE

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

**WHEREAS,** a certain Oil, Gas & Mineral Lease dated July 14, 1995 was executed by and between Marie Thomas, as Lessor, and CHESAPEAKE OPERATING, INC., as Lessee, recorded in Volume 805, Page 679, of the Official Records of Washington County, Texas, ("the Lease"), covering the following described land in said County & State:

2.0 acres of land located in the John Carrington Survey, A-120 and being the same land described in a Warranty Deed dated November 18, 1946 from Edgar G. Kiecke to Perry Lee Thomas and recorded in Volume 148, Page 572 of the Deed Records of Washington County, Texas.

**WHEREAS,** the Lease provides it shall be in force for a primary term of three (3) years from the effective date thereof, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or the Lease is otherwise maintained in effect pursuant to the provisions hereof; and

**WHEREAS,** Lessor and Chesapeake desire to amend the Lease as follows:

1.) To allow and provide for an extension of two (2) years or until July 14, 2000, and so long thereafter as oil and gas is produced in paying quantities from said land or land pooled therewith.

**WHEREAS,** the parties to the Lease now desire to extend the same as hereinafter set forth.

**NOW, THEREFORE,** for good and valuable consideration in hand paid to the undersigned by Chesapeake Operating, Inc., on behalf of itself and it's assigns, the receipt and sufficiency of which is hereby acknowledged, the undersigned do hereby amend the Lease to allow and provide for an extension of the Lease for an additional or second primary term of two (2) years from the end of the first primary term hereof, or until July 14, 2000, and as long thereafter as oil and gas is produced from said land or land pooled therewith. In addition, Lessee hereby exercised its option provided by the Amendment herein by paying or tendering to the Lessor or Lessor's credit in their depository bank, the sum of $10.00 dollars and other valuable consideration before the expiration of the primary term hereof.

It is understood and agreed by all parties hereto that the provision contained herein shall supersede any provisions to the contrary in the Oil, Gas and Mineral Lease described herein; however, in all other respects, the Lease and the prior provisions thereto shall remain in full force and effect and the undersigned does hereby adopt, ratify and confirm such Lease.

FURTHER, the provisions hereof shall be binding upon the parties hereto, their respective heirs, legatees, devisees, personal representatives, successors and assigns.

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

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. RW Deputy

Tot 40

EXECUTED this ____ day of _____, 1998

**LESSOR:**

Marie Thomas SS [redacted]
Marie Thomas SS# 454-22-7700

_____

**LESSEE:**

**CHESAPEAKE OPERATING, INC.**

By:_____

Title:_____

**STATE OF TEXAS** }{
}{
**COUNTY OF WASHINGTON** }{

This instrument was acknowledged before me on this 25th day of June, 1998 by Marie Thomas

JOHN W. SEE, III NOTARY PUBLIC STATE OF TEXAS MARCH 22 EXPIRES 1999

_____
Notary Public, State of Texas
Notary's Printed Name: John W. See, III
My Commission Expires: 3-22-98

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. RW Deputy

**STATE OF OKLAHOMA** }{
}{
**COUNTY OF OKLAHOMA** }{

This instrument was acknowledged before me on the _____ day of _____, 1998,
by
of Chesapeake Operating, Inc.
corporation, on behalf of said corporation.

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

FILED FOR RECORD
WASHINGTON COUNTY, TX
'98 JUL 20 PM 1 30
Beth A. Rothermel
WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

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

JUL 21 1998

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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By Peggy Wagers Deputy
PEGGY WAGERS

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

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

# PAID UP OIL AND GAS LEASE

7570

THIS LEASE AGREEMENT is made as of the 29th day of June, 19 95, between

01643 GLENWOOD VIERUS and wife BETTY JANE VIERUS
Rt. 1, Box 46
Brenham, Texas 77833

as Lessor (whether one or more), and CHESAPEAKE OPERATING, INC., 6205 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):

**2.70 acres** of land located in the JOHN CARRINGTON SURVEY, A-120 and being the same land described in a Deed dated March 5, 1966, from Maxine Chaloupka to Glenwood Vierus et ux and recorded in Volume 264 Page 281 of the Deed Records of Washington County, Texas.

Notwithstanding anything contained herein to the contrary, the amount of royalty shall be ~~xx/xx~~ 3/16 .

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

in the county of Washington, State of Texas, containing 2.70 gross acres, more or less (including any interests that 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 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.

TX1670191-000

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. PW Deputy

TO #11

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**

Glenwood Vierus — SS# [redacted]

Betty Jane Vierus — SS# [redacted]

**ACKNOWLEDGEMENT**

STATE OF TEXAS
COUNTY OF WASHINGTON

This instrument was acknowledged before me on the 20 day of July, 19 95,
by Glenwood Vierus

Notary Public, State of Texas
Notary's name (printed): Dennis W. Mann
Notary's commission expires: 6-8-96

DENNIS W MANN
Notary Public
STATE OF TEXAS
My Commission Expires
JUNE 08, 1996

**ACKNOWLEDGEMENT**

STATE OF TEXAS
COUNTY OF WASHINGTON

This instrument was acknowledged before me on the 20 day of July, 19 95,
by Betty Jean Vierus

Notary Public, State of Texas
Notary's name (printed): Dennis W. Mann
Notary's commission expires: 6-8-96

DENNIS W MANN
Notary Public
STATE OF TEXAS
My Commission Expires
JUNE 08, 1996

**CORPORATE ACKNOWLEDGEMENT**

STATE OF TEXAS
COUNTY OF

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

**FILED**
AT 12:20 P M.
SEP 18 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 19 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

MAY 0 3 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By Peggy Wagers
Deputy

PEGGY WAGERS

5256

L2 4324

# AMENDMENT AND EXTENSION OF OIL, GAS AND MINERAL LEASE

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

**WHEREAS,** a certain Oil, Gas & Mineral Lease dated June 29, 1995 was executed by and between Glenwood Vierus and wife, Betty Jane Vierus, as Lessors, and CHESAPEAKE OPERATING, INC., as Lessee, recorded in Volume 798 , Page 737, of the Official Records of Washington County, Texas, ("the Lease"), covering the following described land in said County & State:

2.70 acres of land, more or less, a part of the J. Carrington Survey, A-120, Washington County, Texas, and being the same land described in that certain Deed dated March 5, 1966 from Maxine Chaloupka to Glenwood Vierus, et ux and recorded in Volume 264, Page 281 of the Deed Records of Washington County, Texas.

**WHEREAS,** the Lease provides it shall be in force for a primary term of three (3) years from the effective date thereof, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or the Lease is otherwise maintained in effect pursuant to the provisions hereof; and

**WHEREAS,** Lessor and Chesapeake desire to amend the Lease as follows:

1.) To allow and provide for an extension of 2 years or until June 29, 2000 and so long thereafter as oil and gas is produced in paying quantities from said land or land pooled therewith.

**WHEREAS,** the parties to the Lease now desire to extend the same as hereinafter set forth.

**NOW, THEREFORE,** for good and valuable consideration in hand paid to the undersigned by Chesapeake Operating, Inc., on behalf of itself and it's assigns, the receipt and sufficiency of which is hereby acknowledged, the undersigned do hereby amend the Lease to allow and provide for an extension of the Lease for an additional or second primary term of two (2) years from the end of the first primary term hereof, or until June 29, 2000 and as long thereafter as oil and gas is produced from said land or land pooled therewith. In addition, Lessee hereby exercised its option provided by the Amendment herein by paying or tendering to the Lessor or Lessor's credit in their depository bank, the sum of $10.00 dollars and other valuable consideration before the expiration of the primary term hereof.

It is understood and agreed by all parties hereto that the provision contained herein shall supersede any provisions to the contrary in the Oil, Gas and Mineral Lease described herein; however, in all other respects, the Lease and the prior provisions thereto shall remain in full force and effect and the undersigned does hereby adopt, ratify and confirm such Lease.

FURTHER, the provisions hereof shall be binding upon the parties hereto, their respective heirs, legatees, devisees, personal representatives, successors and assigns.

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

A CERTIFIED COPY issued MAY 0 3 1999
Beth Rothermel, County Clerk
Washington County, TX. PW Deputy

TR#41

It is understood and agreed by all parties hereto that the provision contained herein shall supersede any provisions to the contrary in the Oil, Gas and Mineral Lease described herein; however, in all other respects, the Lease and the prior provisions thereto shall remain in full force and effect and the undersigned does hereby adopt, ratify and confirm such Lease.

FURTHER, the provisions hereof shall be binding upon the parties hereto, their respective heirs, legatees, devisees, personal representatives, successors and assigns.

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

A CERTIFIED COPY issued MAY 0 3 1999
Beth Rothermel, County Clerk
Washington County, TX. RW Deputy

EXECUTED this 7th day of June, 1998

**LESSOR:**

Glenwood Vierus SS# [redacted]

Betty Jane Vierus SS# [redacted]

**LESSEE:**

**CHESAPEAKE OPERATING, INC.**

By: _____

Title: Senior Vice President-Land and Legal

**STATE OF TEXAS** }{
}{
**COUNTY OF WASHINGTON** }{

This instrument was acknowledged before me on this 7th day of June, 1998 by Glenwood Vierus and wife, Betty Jane Vierus.

Linda Tiemann
Notary Public, State of Texas
Notary's Printed Name: Linda Tiemann
My Commission Expires: 7-21-00

LINDA TIEMANN
Notary Public, State of Texas
My Commission Expires 7-21-00

**STATE OF OKLAHOMA** }{
}{
**COUNTY OF OKLAHOMA** }{

This instrument was acknowledged before me on this 21st day of July, 1998 by Henry J. Hood, Senior Vice President-Land and Legal of Chesapeake Operating, Inc..

Sandra L. Mathis
Notary Public, State of Oklahoma
Notary's Printed Name: Sandra L. Mathis
My Commission Expires: May 5, 2002

SANDRA L. MATHIS NOTARY PUBLIC IN AND FOR STATE OF OKLAHOMA OKLAHOMA COUNTY

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

VOL 0901 PAGE 254

FILED FOR RECORD
WASHINGTON COUNTY, TX

'98 AUG 3 AM 11 56

WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

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

AUG 04 1998

Beth Rothermel, County Clerk
Washington County, Texas

#11 Chesapeake

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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By _____ Deputy

PEGGY WAGERS

NOTARY PUBLIC STATE OF OKLAHOMA

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

251

THIS LEASE AGREEMENT is made as of the 29th day of October, 19 94, between
HOWARD KIECKE and wife, ELVERDA D. KIECKE, aka Elverda Kiecke
Route 1, Box 10
Brenham, TX 77833
as Lessor (whether one or more), and CHESAPEAKE OPERATING, INC., 6205 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):

TRACT 1: 78.6 acres, more or less, lying in the JOHN CARRINGTON LEAGUE, A-120, more fully described in Gift Deed dated October 21, 1975 from Annie Kiecke to Howard Kiecke, recorded in Volume 614 at Page 704 of the Deed Records of Washington County, Texas. LESS AND EXCEPT 6.060 acres, more or less, more fully described in Warranty Deed dated July 23, 1992 from Howard Kiecke and wife, Elverda D. Kiecke to Randy D. Ullrich and wife, Marilyn S. Ullrich, recorded in Volume 676 at Page 238 of the Deed Records of Washington County, Texas.

TRACT 2: 4.144 acres, more or less, lying in the JOHN CARRINGTON LEAGUE, A-120, more fully described in Warranty Deed dated October 5, 1994 from Elverda Kiecke and husband, Howard Kiecke to Janie Wellman, recorded in Volume 752 at Page 319 of the Deed Records of Washington County, TX 77833

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

in the county of Washington, State of Texas, containing 76.684 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 Lesser's credit in
Prime Bank
at 200 W. Vulcan, 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.

SB

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. PW Deputy

TR #42

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 ducuments 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**

Howard Kiecke — [redacted]
HOWARD KIECKE

Elverda D. Kiecke — [redacted]
ELVERDA D. KIECKE

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF } WASHINGTON

This instrument was acknowledged before me on the 10th day of November, 19 94,
by Howard Kiecke and Elverda D. Kiecke

WANDA GREGOR
Notary Public, State of Texas
My Commission Expires 12-23-95

Wanda Gregor
Notary Public, State of Texas
Notary's name (printed): Wanda Gregor
Notary's commission expires: 12-23-95

**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)

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

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. PW Deputy

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND & LEASE DATED OCTOBER 29, 1994 BY AND BETWEEN HOWARD KIECKE and wife, ELVERDA D. KIECKE aka Elverda Kiecke AS LESSOR, and CHESAPEAKE OPERATING, INC., AS LESSEE.

1. This lease covers and includes only oil, gas, sulphur and the by-products 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 ores, uranium, sand, gravel, thorium and all other minerals of any kind or nature whatsoever not specifically included as aforesaid.

2. In the event a portion 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 lands 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 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, or other improvements as a result of operations of Lessee under the Lease, Lessee agrees to pay Lessor the actual amount of said loss. Lesse 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" appears in Paragraph 3 of the Lease, it is hereby amended to read "One-sixth."

5. Notwithstanding anything contained herein, no well shall be drilled within four hundred (400) feet of any residence or barn now on said land without Lessor's written consent.

6. With respect to wells pooled for vertical gas hereunder, such units shall not substantially exceed an area of 320 acres each plus a tolerance of 10% thereof, when the well or wells located thereon are completed above a depth of 9000 feet, and 640 acres each plus a tolerance of 10% thereof, when the well or wells located thereon are completed at a depth of 9000 feet or below, provided, however, that should a governmental authority having jurisdiction proscribe or permit the creation of gas units larger than those specified above for the drilling, or operation of a horizontal well at a regular location, or for obtaining the maximum allowable from any well to be drilled, drilling, or already drilled, gas units thereafter created may conform substantially in size with those proscribed or permitted by applicable regulations. Units pooled for oil hereunder shall conform to the Provisions of Paragraph 4 of the Lease.

7. Not withstanding anything contained herein to the contrary, Lessee shall not maintain this lease solely by the payment of shut-in royalties for more than two (2) consecutive years. Shut-in privileges are cumulative and may be exercised from time to time, but limited to a maximum of three (3) 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.

8. The foregoing typewritten provisions shall supercede and govern the printed text hereof, even when to the contrary, and shall inure to the benefit of, and be binding upon the parties hereto and their respective heirs, representatives, successors and assigns.

SIGNED FOR IDENTIFICATION:

Howard Kiecke
HOWARD KIECKE

Elverda D. Kiecke
ELVERDA D. KIECKE

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. Deputy

VOL 762 PAGE 804

**FILED**

AT 2:05 P M.

JAN 10 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

JAN 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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By Peggy Wagers Deputy

PEGGY WAGERS

13.00 pd. Chesapeake

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

COPY

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

# PAID UP OIL AND GAS LEASE

THIS LEASE AGREEMENT is made as of the 18th day of March, 19 99, between Dr. Christopher G. Dalrymple
P O Box 2350
Brenham, Texas 77834 as Lessor (whether one or more), and Chesapeake Exploration Limited Partnership, An Oklahoma Limited Partnership, PO 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):

0.2693 acres of land, more or less, being out of the J. Carrington Survey, A-120 and being the same property as described in that certain Warranty Deed dated December 28, 1984 from Dr. Henry Ford and Wife, Jane Ford to Dr. Christopher G. Dalrymple recorded in Volume 495, Page 201 of the Official Records of Washington County, Texas.

Wherever the fraction One-Eighth (1/8) Royalty appears in this lease it shall now read Three-Sixteenths (3/16) Royalty.

Lessee is granted no right to use the surface of the leased premises, For drilling or other usage, the terms of this Lease not withstanding. (AV)

in the county of Washington, State of Texas, containing .2693 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 Two (2) 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 Mail To Lessor At 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.

Tract 13

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 ducuments 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 |
|---|---|---|
| | Dr. Christopher G. Dalrymple | SS# [redacted] |

ACKNOWLEDGEMENT

STATE OF TEXAS
COUNTY OF WASHINGTON
This instrument was acknowledged before me on the 29th day of MARCH, 1999,
by Dr. Christopher G. Dalrymple.

CYNTHIA A. GIEBLER
NOTARY PUBLIC
State of Texas
Comm. Exp. 03-26-2002

Cynthia A. Giebler
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
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 reco
In Book _____, Page _____, of the _____ records of this office.

By _____
Clerk (or 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

# PAID UP OIL AND GAS LEASE 9036

017670

THIS LEASE AGREEMENT is made as of the 20th day of July, 19 95, between LENARD LEHMANN AND WIFE, RUTH LEHMANN
603 Spinn
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):

2.0 acres, located in the JOHN CARRINGTON SURVEY, A-120 and being the same land described in a Deed dated October 10, 1970, from Melvin Henske to Lenard Lehmann and wife, Ruth Lehmann and recorded in Volume 301, Page 480 of the Deed Records of Washington County, Texas.

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

Notwithstanding anything contained herein to the contrary, the amount of royalty shall be 1/6.

Shelby

in the county of Washington, State of Texas, containing 2.0 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 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.

√.

1/6

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 1670642-000

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. [illegible] Deputy

TR # 44

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.

11.00 pd. Chg prepare

**WITNESSES AND/OR ATTESTATIONS:**

**LESSOR (WHETHER ONE OR MORE)**

Lenard Lehmann

Lenard Lehmann

**SS NO. OR TAX ID**

SS# [redacted]

Ruth Lehmann

Ruth Lehmann

SS# [redacted]

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF } Washington

This instrument was acknowledged before me on the 13th day of September, 1995,

by ~~Lenard Lehmann~~

CARL GREINER
Notary Public
State of Texas
Commission Expires 7-26-97

Carl Greiner

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 13th day of September, 1995,

by Ruth Lehmann

CARL GREINER
Notary Public
State of Texas
Commission Expires 7-26-97

Carl Greiner

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

**FILED**

AT 1:45 P M.

NOV - 6 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 07 1995

Beth A. Rothermel

Beth Rothermel, County Clerk
Washington County, Texas

in Book _____, Page _____, of the _____ records.

By _____
Clerk (or 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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By Peggy Wagers
Deputy

PEGGY WAGERS

VOL 0899 PAGE 032

L23568

## AMENDMENT AND EXTENSION OF OIL, GAS AND MINERAL LEASE

4655

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

**WHEREAS,** a certain Oil, Gas & Mineral Lease dated July 20th, 1995 was executed by and between Lenard Lehmann and wife, Ruth Lehnmann, as Lessors, and CHESAPEAKE OPERATING, INC., as Lessee, recorded in Volume 804, Page 31, of the Official Records of Washington County, Texas, ("the Lease"), covering the following described land in said County & State:

2.0 acres, more or less, a part of the J. Carrington Survey, A-120 and being the same land described in that certain Deed dated October 10, 1970 from Melvin Henske to Lenard Lehmann and wife, Ruth Lehmann and recorded in Volume 301 at Page 480 of the Deed Records of Washington County, Texas.

**WHEREAS,** the Lease provides it shall be in force for a primary term of three (3) years from the effective date thereof, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or the Lease is otherwise maintained in effect pursuant to the provisions hereof; and

**WHEREAS,** Lessor and Chesapeake desire to amend the Lease as follows:

1.) To allow and provide for an extension of 2 years or until July 20, 2000 and so long thereafter as oil and gas is produced in paying quantities from said land or land pooled therewith.

**WHEREAS,** the parties to the Lease now desire to extend the same as hereinafter set forth.

**NOW, THEREFORE,** for good and valuable consideration in hand paid to the undersigned by Chesapeake Operating, Inc., on behalf of itself and it's assigns, the receipt and sufficiency of which is hereby acknowledged, the undersigned do hereby amend the Lease to allow and provide for an extension of the Lease for an additional or second primary term of two (2) years from the end of the first primary term hereof, or until July 20, 2000 and as long thereafter as oil and gas is produced from said land or land pooled therewith. In addition, Lessee hereby exercised its option provided by the Amendment herein by paying or tendering to the Lessor or Lessor's credit in their depository bank, the sum of $10.00 dollars and other valuable consideration before the expiration of the primary term hereof.

It is understood and agreed by all parties hereto that the provision contained herein shall supersede any provisions to the contrary in the Oil, Gas and Mineral Lease described herein; however, in all other respects, the Lease and the prior provisions thereto shall remain in full force and effect and the undersigned does hereby adopt, ratify and confirm such Lease.

FURTHER, the provisions hereof shall be binding upon the parties hereto, their respective heirs, legatees, devisees, personal representatives, successors and assigns.

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

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. PW Deputy

L23568

TR#44

EXECUTED this 11th day of June, 1998

**LESSOR:**

Lenard Lehmann O.K.
Lenard Lehmann SS# [redacted]

Ruth Lehmann OK
Ruth Lehmann SS# [redacted]

**LESSEE:**

**CHESAPEAKE OPERATING, INC.**

By: _____

Title: Sr. Vice President - Land and Legal

**STATE OF TEXAS** }{
}{
**COUNTY OF WASHINGTON** }{

This instrument was acknowledged before me on this 11th day of June, 1998 by Lenard Lehmann and Ruth Lehmann.

Gary C. Mitchell
Notary Public, State of Texas
Notary's Printed Name: _____
My Commission Expires: _____

GARY C. MITCHELL
Notary Public, State of Texas
My Commission Expires 10-07-00

**STATE OF OKLAHOMA** }{
}{
**COUNTY OF OKLAHOMA** }{

This instrument was acknowledged before me on this 6 day of July, 1998 by Henry Hood as Sr. Vice President Land and Legal of Chesapeake Operating, Inc..

Angela Wiley-Lair
Notary Public, State of Oklahoma
Notary's Printed Name: Angela Wiley-Lair
My Commission Expires: 1/17/2000

ANGELA WILEY-LAIR NOTARY PUBLIC CANADIAN COUNTY OKLAHOMA

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. PW Deputy

FILED FOR RECORD
WASHINGTON COUNTY, TX

'98 JUL 14 PM 12 00

Beth A. Rothermel
WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

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

JUL 15 1998

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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By Peggy Wagers Deputy

PEGGY WAGERS

Chas 11/98

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

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

# PAID UP OIL AND GAS LEASE

7589

THIS LEASE AGREEMENT is made as of the 29th day of June, 1995, between

JIMMIE DREYER
2101 N. BERLIN RD., 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):

**0.581 acres** of land located in the JOHN CARRINGTON SURVEY, A-120 and being the same land described in a Warranty Deed dated September 1,1977, from Dorothy K. Morris, Individually and as Executor of the Estate of E.G. Kiecke (Deceased) to Jimmie Dreyer and recorded in Volume 357 Page 291 of the Deed Records of Washington County, Texas.

Notwithstanding anything contained herein to the contrary, the amount of royalty shall be 1/6.

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

in the county of Washington, State of Texas, containing 0.581 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 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 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.

TX1670241-000

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. PW Deputy

Tract 4

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.

| XWITNESSES AND/OR ACKNOWLEDGMENTSX | LESSOR (WHETHER ONE OR MORE) | SS NO. OR TAX ID |
|---|---|---|
| | ✓ Jimmie Dreyer | SS# [redacted] |
| | Jimmie Dreyer | |

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF } WASHINGTON

This instrument was acknowledged before me on the ✓ 22nd day of August , 1995 ,

by ~~Jimmie Dreyer~~

PAM MUEGGE
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp. 5-24-99

✓ Pam Muegge
Notary Public, State of Texas
Notary's name (printed): Pam Muegge
Notary's commission expires: 5-24-99

**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

Chea

**FILED**

AT 12:20 P M.
SEP 18 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 19 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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By Peggy Wagers
Deputy

PEGGY WAGERS

# AMENDMENT AND EXTENSION OF OIL, GAS AND MINERAL LEASE

5937

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

**WHEREAS,** a certain Oil, Gas & Mineral Lease dated June 29, 1995 was executed by and between Jimmie Dreyer, as Lessor, and CHESAPEAKE OPERATING, INC., as Lessee, recorded in Volume 798, Page 792, of the Official Records of Washington County, Texas, ("the Lease"), covering the following described land in said County & State:

> 0.581 acres of land located in the John Carrington Survey, A-120 and being the same land described in a Warranty Deed dated September 1, 1977, from Dorothy K. Morris, Individually and as Executor of the Estate of E. G. Kiecke (deceased) to Jimmie Dreyer and recorded in Volume 357, Page 291 of the Deed Records of Washington County, Texas.

**WHEREAS,** the Lease provides it shall be in force for a primary term of three (3) years from the effective date thereof, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or the Lease is otherwise maintained in effect pursuant to the provisions hereof; and

**WHEREAS,** Lessor and Chesapeake desire to amend the Lease as follows:

1.) To allow and provide for an extension of two (2) years or until June 29, 2000, and so long thereafter as oil and gas is produced in paying quantities from said land or land pooled therewith.

**WHEREAS,** the parties to the Lease now desire to extend the same as hereinafter set forth.

**NOW, THEREFORE,** for good and valuable consideration in hand paid to the undersigned by Chesapeake Operating, Inc., on behalf of itself and it's assigns, the receipt and sufficiency of which is hereby acknowledged, the undersigned do hereby amend the Lease to allow and provide for an extension of the Lease for an additional or second primary term of two (2) years from the end of the first primary term hereof, or until June 29, 2000, and as long thereafter as oil and gas is produced from said land or land pooled therewith. In addition, Lessee hereby exercised its option provided by the Amendment herein by paying or tendering to the Lessor or Lessor's credit in their depository bank, the sum of $10.00 dollars and other valuable consideration before the expiration of the primary term hereof.

It is understood and agreed by all parties hereto that the provision contained herein shall supersede any provisions to the contrary in the Oil, Gas and Mineral Lease described herein; however, in all other respects, the Lease and the prior provisions thereto shall remain in full force and effect and the undersigned does hereby adopt, ratify and confirm such Lease.

FURTHER, the provisions hereof shall be binding upon the parties hereto, their respective heirs, legatees, devisees, personal representatives, successors and assigns.

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

BS/167 L24158

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. RD Deputy

Tr # 45

EXECUTED this 28th day of July, 1998

**LESSOR:**

Jimmie Dreyer SS [redacted]

**LESSEE:**

**CHESAPEAKE OPERATING, INC.**

By: BS

Title: Sr. Vice President, Land and Legal

**STATE OF TEXAS** }{
}{
**COUNTY OF WASHINGTON** }{

This instrument was acknowledged before me on this 28th day of July, 1998 by Jimmie Dreyer

PAM MUEGGE
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp. 5-24-99

Pam Muegge
Notary Public, State of Texas
Notary's Printed Name: Pam Muegge
My Commission Expires: 5-24-99

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. RS Deputy

**STATE OF OKLAHOMA** }{
}{
**COUNTY OF OKLAHOMA** }{

This instrument was acknowledged before me on the 17 day of August 1998,
by Henry Hood, Sr. Vice President, Land and Legal
of Chesapeake Operating, Inc.
corporation, on behalf of said corporation.

Notary Public, State of Oklahoma
Notary's name (printed): Angela Kelley-Lair
Notary's commission expires: 4/17/2000

FILED FOR RECORD
'98 AUG 31 PM 12 41
WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

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

SEP 0 1 1998

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

MAY 0 3 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By Peggy Wagers Deputy

PEGGY WAGERS

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

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

L 23782
4866

# PAID UP OIL AND GAS LEASE

THIS LEASE AGREEMENT is made as of the 23 day of June, 19 98, between **Mack W. Moris and wife Betty Ann Morris, whose address is Rt. 1 Box 19, 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):

**49.285 acres located in the John Carrington Survey, A-120, Washington County, Texas, to wit:**

**First Tract: 0.58 acres described in a Deed from Edgar Kiecke et al to Mack W. Morris and recorded in Volume 304, Page 684.**

**Second Tract: 41.47 acres described in a Deed from Edgar Kiecke to Mack W. Morris and recorded in Volume 333, Page 625.**

**Third Tract: 2.755 acres described in a Deed from Dorothy K. Morris to Mack W. Morris and recorded in Volume 609, Page 266.**

**Fourth Tract: 4.48 acres described in a Deed from the Executor of Dorothy K. Morris, Deceased, to Mack W. Morris and recorded in Volume 759, Page 68, all being duly recorded in the Deed Records of Washington County, Texas.**

**See EXHIBIT "A" attached hereto and made a part hereof for additional provisions.**

in the county of WASHINGTON, State of TEXAS, containing 49.285 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 Brenham National Bank at 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.

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. PW Deputy

TR #46

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 welts, 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**

Mack W. Morris

[redacted]

Betty Ann Morris

[redacted]

**ACKNOWLEDGEMENT**

STATE OF TEXAS
COUNTY OF WASHINGTON

This instrument was acknowledged before me on the 24th day of June, 19 98, by Mack W. Morris, and wife Betty Ann Morris

JASON BOYD LANE
Notary Public, State of Texas
My Commission Expires
NOV. 6, 2001

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 _____ } 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 MAY 0 3 1999
Beth Rothermel, County Clerk
Washington County, TX. RS Deputy

EXHIBIT "A"

ATTACHED HERETO AND MADE A PART HEREOF THAT CERTAIN Oil, Gas and Mineral Lease dated June 23, 1998, by and between Mack W. Morris and wife, Betty Ann Morris, as LESSOR and CHESAPEAKE OPERATING, INC., as LESSEE.

15. In the event a portion or portions of said land herein leased is pooled or unitized with other land so as to form a pooled unit, operations on, a 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, only to the expiration of the primary term.

16. Notwithstanding anything to the contrary herein contained, Lessor agress that without Lessor's prior written consent, it will not conduct drilling operations on the surface of the lands herein leased.

17. Wherever the royalty interest "one-eighth (1/8)" appears in the printed form of this lease, the same is hereby deleted and the royalty interest "three-sixteenth (3/16)" is hereby substituted therefor.

Signed for identification:

Mack W. Morris

Mack W. Morris

Betty A. Morris

Betty Ann Morris

FILED FOR RECORD
WASHINGTON COUNTY, TX
'98 JUL 20 PM 1 30
Beth A. Rothermel
WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

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

JUL 21 1998

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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By Peggy Wagers
Deputy

PEGGY WAGERS

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

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

# PAID UP OIL AND GAS LEASE

8827

THIS LEASE AGREEMENT is made as of the 20th day of July, 19 95, between V.T. VIOLET R. TULP 017862
Rt. 1, Box 45
Brenham, Texas 77833 as Lessor (whether one or more),
and CHESAPEAKE OPERATING, INC., 6205 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):

**1.06 acres** located in the JOHN CARRINGTON SURVEY, A-120 and being the same land described in a Deed dated December 29, 1973, from Dorothy K. Morris to Violet R. Tulp and recorded in Volume 324, Page 721 of the Deed Records of Washington County, Texas.

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

Notwithstanding anything contained herein to the contrary, the amount of royalty shall be 1/6.

Shelby

in the county of Washington, State of Texas, containing 1.06 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 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.

TX1670685-000

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. PWS Deputy

TR#47

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 |
|---|---|---|
| | Violet F. Tulp | [redacted] |
| | Violet F. Tulp | SS# |

11.00 Pd Chesapeake

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF } Washington

This instrument was acknowledged before me on the 5th day of September, 19 95,
by ~~Violet F. Tulp~~

CARL GREINER
Notary Public
State of Texas
Commission Expires 7-26-97

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:

**FILED**

AT 10:25 A M.
OCT 30 1995
80
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 31 1995

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

in Book_____, Page _____, of the _____ records of this office.

By_____
Clerk (or 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

MAY 0 3 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By Peggy Wagers Deputy

PEGGY WAGERS

# AMENDMENT AND EXTENSION OF OIL, GAS AND MINERAL LEASE

5595

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

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

**WHEREAS,** a certain Oil, Gas & Mineral Lease dated July 20, 1995, was executed by and between Violet F. Tulp, as Lessor, and CHESAPEAKE OPERATING, INC., as Lessee, recorded in Volume 803, Page 203, of the Official Records of Washington County, Texas, ("the Lease"), covering the following described land in said County & State:

1.06 acres, more or less, a part of the J. Carrington Survey, A-120, Washington County, Texas, and being the same land described in that Certain Deed dated December 29, 1973 from Dorothy K. Morris to Violet R. Tulp and recorded in Volume 324 at Page 721 of the Deed Records of Washington County, Texas.

**WHEREAS,** the Lease provides it shall be in force for a primary term of three (3) years from the effective date thereof, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or the Lease is otherwise maintained in effect pursuant to the provisions hereof; and

**WHEREAS,** Lessor and Chesapeake desire to amend the Lease as follows:

1.) To allow and provide for an extension of 2 years or until July 20, 2000 and so long thereafter as oil and gas is produced in paying quantities from said land or land pooled therewith.

**WHEREAS,** the parties to the Lease now desire to extend the same as hereinafter set forth.

**NOW, THEREFORE,** for good and valuable consideration in hand paid to the undersigned by Chesapeake Operating, Inc., on behalf of itself and it's assigns, the receipt and sufficiency of which is hereby acknowledged, the undersigned do hereby amend the Lease to allow and provide for an extension of the Lease for an additional or second primary term of two (2) years from the end of the first primary term hereof, or until Jluy 20, 2000 and as long thereafter as oil and gas is produced from said land or land pooled therewith. In addition, Lessee hereby exercised its option provided by the Amendment herein by paying or tendering to the Lessor or Lessor's credit in their depository bank, the sum of $10.00 dollars and other valuable consideration before the expiration of the primary term hereof.

It is understood and agreed by all parties hereto that the provision contained herein shall supersede any provisions to the contrary in the Oil, Gas and Mineral Lease described herein; however, in all other respects, the Lease and the prior provisions thereto shall remain in full force and effect and the undersigned does hereby adopt, ratify and confirm such Lease.

FURTHER, the provisions hereof shall be binding upon the parties hereto, their respective heirs, legatees, devisees, personal representatives, successors and assigns.

A CERTIFIED COPY Issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. PD Deputy

L24720 BS/167

Tr#47

EXECUTED this 17 day of June, 1998

**LESSOR:**

Violet F. Tulp

Violet F. Tulp SS# [redacted]

**LESSEE:**

**CHESAPEAKE OPERATING, INC.**

By: _____ BS

Title: _____

**STATE OF TEXAS** }{
}{
**COUNTY OF WASHINGTON** }{

This instrument was acknowledged before me on this 17 day of June 1998 by Violet F. Tulp.

Amy B. Kohring
Notary Public, State of Texas
Notary's Printed Name: Amy B. Kohring
My Commission Expires: 7-17-2000

AMY B. KOHRING
NOTARY PUBLIC
State of Texas
Comm. Exp 07-17-2000

**STATE OF OKLAHOMA** }{
}{
**COUNTY OF OKLAHOMA** }{

This instrument was acknowledged before me on this 5th day of August, 1998
by Henry G. Hood as Senior Vice President - Land and Legal of Chesapeake Operating, Inc..

Sandra L. Mathis
Notary Public, State of Olkahoma
Notary's Printed Name: Sandra L. Mathis
My Commission Expires: May 5, 2002

SANDRA L. MATHIS
NOTARY
PUBLIC
IN AND FOR
STATE OF
OKLAHOMA
OKLAHOMA COUNTY

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 18 1998

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

FILED FOR RECORD
WASHINGTON COUNTY, TX
98 AUG 17 PM 1 21
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

MAY 0 3 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By Peggy Wagers Deputy

PEGGY WAGERS

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

VOL 773 PAGE 569

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

1806

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 20th day of December, 1994, between META HENSKE
2404 Airline Drive
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.

0131 TH

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):

2.593 acres, more or less, lying in the JOHN CARRINGTON LEAGUE, A-120, more fully described in Gift Deed dated January 9, 1978 from Meta Henske to Florence Mae Rinn and husband, Leeland R. Rinn, recorded in Volume 361 at Page 97 of the Deed Records of Washington County, Texas.

Wherever the fraction one-eighth appears in paragraph 3 of the lease hereof, it is hereby amended to read one-sixth.

LESSEE SHALL NOT CONDUCT ANY DRILLING OPERATIONS OR MAINTAIN ANY SURFACE EQUIPMENT ON THE LAND COVERED HEREBY WITHOUT LESSOR'S WRITTEN CONSENT.

in the county of Washington, State of Texas, containing 2.593 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 Bank One. N.A.
at 303 North Market, 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.

SB

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. PWS Deputy

TRT #43

6. 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 |
|---|---|---|
| | Meta Henske | [redacted] |
| | META HENSKE | |

11.00 pd. Chesapeake

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF } WASHINGTON

This instrument was acknowledged before me on the 23rd day of December, 1994,
by Meta Henske

BEN RABSDALE
MY COMMISSION EXPIRES
December 2, 1998

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**

**FILED**
AT 2:45 P M.
MAR - 6 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 MAR 0 7 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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By Peggy Wagers
Deputy

PEGGY WAGERS

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

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

# PAID UP OIL AND GAS LEASE

10128

THIS LEASE AGREEMENT is made as of the 18th day of July, 19 95, between 017315
GARETH L. VIERUS and wife CATHY VIERUS
Rt. 1, Box 430-A
Brenham, Texas 77833 as Lessor (whether one or more),
and CHESAPEAKE OPERATING, INC., 6205 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):

**1.326 acres** located in the JOHN CARRINGTON SURVEY, A-120, and being the same land described in a Deed dated November 20, 1987, from Boetcher Building Center to Gareth L. Vierus and wife and recorded in Volume 574, Page 201 of the Deed Records of Washington County, Texas.

Notwithstanding anything contained herein to the contrary, the amount of royalty shall be 1/6.

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

in the county of Washington, State of Texas, containing 1.326 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.

Shelby

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 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.

TX 1670564-000

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Beth Rothermel, County Clerk
Washington County, TX. Deputy

TR#49

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**

Gareth L. Vierus — SS# [redacted]

Cathy Vierus — SS# [redacted]

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF } Washington

This instrument was acknowledged before me on the 25TH day of AUGUST, 1995, by Gareth L. Vierus

JAMES C. ROBERTS
MY COMMISSION EXPIRES
September 4, 1996

James C. Roberts
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 25TH day of AUGUST, 1995, by Cathy Vierus

JAMES C. ROBERTS
MY COMMISSION EXPIRES
September 4, 1996

James C. Roberts
Notary Public, State of Texas
Notary's name (printed):
Notary's commission expires:

**CORPORATE ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF }

$114.00 Chesapeake

**FILED**
AT 10:30 A.M.
DEC 27 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

DEC 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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS

By _____
Deputy

L 23844

# AMENDMENT AND EXTENSION OF OIL, GAS AND MINERAL LEASE

4868

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

**WHEREAS,** a certain Oil, Gas & Mineral Lease dated July 18, 1995 was executed by and between Gareth L. Vierus, and wife Cathy Vierus, as Lessors, and CHESAPEAKE OPERATING, INC., as Lessee, recorded in Volume 809, Page 237, of the Official Records of Washington County, Texas, ("the Lease"), covering the following described land in said County & State:

> 1.326 acres located in the John Carrington Survey, A-120, and being the same land described in a Deed dated November 20, 1987, from Boetcher Building Center to Gareth L. Vierus and wife and recorded in Voume 574, Page 201 of the Deed Records of Washington County, Texas.

**WHEREAS,** the Lease provides it shall be in force for a primary term of three (3) years from the effective date thereof, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or the Lease is otherwise maintained in effect pursuant to the provisions hereof; and

**WHEREAS,** Lessor and Chesapeake desire to amend the Lease as follows:

1.) To allow and provide for an extension of two (2) years or until July 18, 2000, and so long thereafter as oil and gas is produced in paying quantities from said land or land pooled therewith.

**WHEREAS,** the parties to the Lease now desire to extend the same as hereinafter set forth.

**NOW, THEREFORE,** for good and valuable consideration in hand paid to the undersigned by Chesapeake Operating, Inc., on behalf of itself and it's assigns, the receipt and sufficiency of which is hereby acknowledged, the undersigned do hereby amend the Lease to allow and provide for an extension of the Lease for an additional or second primary term of two (2) years from the end of the first primary term hereof, or until July 18, 2000, and as long thereafter as oil and gas is produced from said land or land pooled therewith. In addition, Lessee hereby exercised its option provided by the Amendment herein by paying or tendering to the Lessor or Lessor's credit in their depository bank, the sum of $10.00 dollars and other valuable consideration before the expiration of the primary term hereof.

It is understood and agreed by all parties hereto that the provision contained herein shall supersede any provisions to the contrary in the Oil, Gas and Mineral Lease described herein; however, in all other respects, the Lease and the prior provisions thereto shall remain in full force and effect and the undersigned does hereby adopt, ratify and confirm such Lease.

FURTHER, the provisions hereof shall be binding upon the parties hereto, their respective heirs, legatees, devisees, personal representatives, successors and assigns.

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

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

TR# 49

EXECUTED this 25th day of June, 1998

**LESSOR:**

Gareth L. Vierus
Gareth L. Vierus SS#[redacted]

Cathy Vierus
Cathy Vierus SS#[redacted]

**LESSEE:**

**CHESAPEAKE OPERATING, INC.**

By: _____
Henry J. Hood
Title: Senior Vice President-Land and Legal

**STATE OF TEXAS** }{
}{
**COUNTY OF WASHINGTON** }{

This instrument was acknowledged before me on this 25th day of June, 1998 by Gareth L. Vierus and wife Cathy Vierus

JASON BOYD LANE
Notary Public, State of Texas
My Commission Expires
NOV. 6, 2001

_____
Notary Public, State of Texas
Notary's Printed Name: _____
My Commission Expires: _____

A CERTIFIED COPY issued MAY 03 1999
Beth Rothermel, County Clerk
Washington County, TX. _____ Deputy

**STATE OF OKLAHOMA** }{
}{
**COUNTY OF OKLAHOMA** }{

This instrument was acknowledged before me on the 10th day of July, 1998,
by Henry J. Hood, Senior Vice President-Land and Legal
of Chesapeake Operating, Inc.
corporation, on behalf of said corporation.

RAL. MATHIS
TARY
IC
OR
OF
LAHOMA
HOMA COUNTY

Notary Public, State of Oklahoma
Notary's name (printed): Sandra L. Mathis
Notary's commission expires: May 5, 2002

FILED FOR RECORD
WASHINGTON COUNTY, TX
'98 JUL 20 PM 1 31
WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

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

JUL 21 1998

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

MAY 03 1999

BETH ROTHERMEL
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By Deputy

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

# PAID UP OIL AND GAS LEASE

247

THIS LEASE AGREEMENT is made as of the 11th day of November, 19 94, between
DOROTHY LOUISE MENKE
603 South Charles
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):

22.797 acres, more or less, lying in the JOHN CARRINGTON LEAGUE, A-120, and 17.000 acres, more or less, lying in the JAMES COOPER LEAGUE, A-35, more fully described in Partition Deed dated April 15, 1982 between Herbert Hueske, Jr. and Dorothy Louise Menke, recorded in Volume 433 at Page 795 of the Deed Records of Washington County, Texas.

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

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

in the county of Washington, State of Texas, containing 39.797 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 South 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.

SB

A CERTIFIED COPY ISSUED MAY 05 1999
Beth Rothermel, County Clerk
Washington County, TX. TK Deputy

TR # 57

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 |
|---|---|---|
| | Dorothy Louise Menke | [redacted] |
| | DOROTHY LOUISE MENKE | |

**ACKNOWLEDGEMENT**

STATE OF TEXAS }
COUNTY OF } AUSTIN

This instrument was acknowledged before me on the 14th day of November, 19 94,
by Dorothy Louise Menke.

BEE MIKESKA
NOTARY PUBLIC
State of Texas
Comm. Exp. 07-11-95

Bee Mikeska
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 }
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 MAY 05 1999
Beth Rothermel, County Clerk
Washington County, TX. TK Deputy

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND & LEASE DATED NOVEMBER 11, 1994
BY AND BETWEEN DOROTHY LOUISE MENKE
AS LESSOR, and CHESAPEAKE OPERATING, INC., AS LESSEE.

1. This lease covers and includes only oil, gas, sulphur and the by-products 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 ores, uranium, sand, gravel, thorium and all other minerals of any kind or nature whatsoever not specifically included as aforesaid.

2. In the event a portion 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 lands 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 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, or other improvements as a result of operations of Lessee under the Lease, Lessee agrees to pay Lessor the actual amount of said loss. Lesse 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" appears in Paragraph 3 of the Lease, it is hereby amended to read "One-sixth."

5. Notwithstanding anything contained herein, no well shall be drilled within four hundred (400) feet of any residence or barn now on said land without Lessor's written consent.

6. With respect to wells pooled for vertical gas hereunder, such units shall not substantially exceed an area of 320 acres each plus a tolerance of 10% thereof, when the well or wells located thereon are completed above a depth of 9000 feet, and 640 acres each plus a tolerance of 10% thereof, when the well or wells located thereon are completed at a depth of 9000 feet or below, provided, however, that should a governmental authority having jurisdiction proscribe or permit the creation of gas units larger than those specified above for the drilling, or operation of a horizontal well at a regular location, or for obtaining the maximum allowable from any well to be drilled, drilling, or already drilled, gas units thereafter created may conform substantially in size with those proscribed or permitted by applicable regulations. Units pooled for oil hereunder shall conform to the Provisions of Paragraph 4 of the Lease.

7. Not withstanding anything contained herein to the contrary, Lessee shall not maintain this lease solely by the payment of shut-in royalties for more than two (2) consecutive years. Shut-in privileges are cumulative and may be exercised from time to time, but limited to a maximum of three (3) 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.

8. The foregoing typewritten provisions shall supercede and govern the printed text hereof, even when to the contrary, and shall inure to the benefit of, and be binding upon the parties hereto and their respective heirs, representatives, successors and assigns.

SIGNED FOR IDENTIFICATION:

Dorothy Louise Menke
DOROTHY LOUISE MENKE

A CERTIFIED COPY issued MAY 05 1999
Beth Rothermel, County Clerk
Washington County, TX. Deputy

VOL 762 PAGE 788

**FILED**

AT 2:05 P M.

JAN 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

JAN 1 1 1995

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

13.00 pd. Chesapeake

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

BETH ROTHERMEL MAY 0 5 1999
COUNTY CLERK
WASHINGTON COUNTY, TEXAS
By Tricia Kuhlmann
Deputy

File No. MF-100659

Release

Date Filed: 5/11/99

David Dewhurst, Commissioner

By Jeff Rogers

a series of notes given by Wendt & Pennington to Mrs M.C.Gee, and each for the sum of Five Hundred Dollars, and were duly transfered to Mrs Emily Hueske by H.L .Luedemann by Transfer of Vendor's Lien duly recorded in Volume 71, page 421, Washington County Records. Said notes dated Sept 16, 1911, and bearing interest from Jan 1, 1912, at the rate of six per centum per annum, together with an attorney's fee of ten per cent upon principal and interest if placed in the hands of an attorney for collection, after maturity, or if suit is brought on same, Said notes having been executed in part payment for the following described tract of land situated in the County of Washington, State of Texas, being 636 acres of land out of the S.F. Austin Survey, see Deed Records Volume 61, page 292, Washington County, Texas. And I also hereby bargain, sell and convey unto the said Blinn Memorial College all of the right, title and interest owned or held by me in said land by virtue of said notes herein conveyed and assigned. Said land and notes being fully set out and described in a deed duly executed by Mrs. M.C..Gee to the said _____ and recorded in Volume 61, page 292 Record of Deeds for Washington County, Texas, which is referred to and made a part hereof for further description. TO HAVE AND TO HOLD unto the said Blinn Memorial College heirs and assigns, the above described notes together with all and singular the contract lien, vendors lien, rights, equities, titles and interest in said land, which I have by virtue of being the legal holder and owner of said notes. And I do hereby covenant that said notes the first and only lien on said land and that all payments, offsets and credits to which said notes are entitled do appear on the back of said notes. It is expressly understood that no recourse is to be had against me as assignor or surety for the payment of such notes. And I hereby authorize the said Blinn Memorial College heirs and assigns to release the said vendor's lien on payment of said notes by duly executed release.

Witness my hand this 11 day of March A.D.1924.

Mrs Emily Hueske

By Fred Hueske
Agent.

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) Before me, the undersigned authority in and for Washington County, Texas, on this day personally appeared Fred Hueske known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein set out.

Given under my hand and seal of office, this 11 day of March 1924.

Seal. A.J. Wendt, District Clerk
Washington Co Texas.

Filed for record this 12th day of March A.D.1924, at 2 O'clock P.M.Green Morgan,CCOWCO.
Recorded March 14th A.D.1924, at 10:30 O'clock A.M.Green Morgan,By Bertha Wigand Deputy.

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DEED-- JOHN KIECKE ET AL TO WASHINGTON COUNTY.

THE STATE OF TEXAS }
COUNTY OF WASHINGTON } KNOW ALL MEN BY THESE PRESENTS: That we, John Kiecke, Will C. Kiecke, Edgar Kiecke, Louis Kiecke, Arthur W. Kiecke, Albert Kiecke, Gilbert Kiecke, Louise Hueske, joined by her husband, Robert Hueske, all of Washington County, Texas, and Robert Kiecke, of Fort Bend County, Texas, all constituting the sole surviving heirs at law of Mrs. Bettie Kiecke, deceased, and inheriting under will from her, duly probated in the County court of Washington County, Texas, for and in consideration of the sum of Nine Hundred & 00/100 ($900 00) Dollars, cash in hand to us paid, by Washington County, the receipt of which is hereby acknowledged and confessed, it being understood, that the said Gilbert Kiecke, is a minor, and he

is to receive his $100 00 out of said consideration, as soon as he reaches his majority, and executes to the said Washington county, a quit-claim deed to his interest in the property hereinafter described, Have Granted, sold and Conveyed, and by these Presents, do Grant, Sell and convey, unto the said J.H.Chappell, County Judge, of the county of Washington, and State of Texas, all that certain tract or parcel of land, lying and being situated in Washington county, Texas, and a part of the John Carrington League, and described by metes and bounds as follows: Beginning at a point in the West line of the Mrs Bettie Kiecke homestead tract, where the proposed road intersects said tract, thence in an easterly direction crossing said tract in a straight line, and crossing the GC&SF Ry at a point to be selected later by sd R R Co., & the Commissioner's court, of Washington Co.,Texas, this road to have a width of 60 ft across said Kiecke tract of land and will contain 4 acres, said grantors agree to furnish the county with extra dirt at the underpass to construct the fills at same; 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 J.H. Chappell, County Judge, his successors and assigns in office forever; and we do hereby bind ourselves, our heirs executors, and administrators, to Warrant and Forever Defend, all and singular, the said promises unto the said J.H. Chappell, County Judge, his successors in office and assigns, against every person whomsoever lawfully claiming or to claim the same, or any part thereof;

Witness our hands, at Brenham, Texas, this the 13th day of October, A.D.1923.

Will C. Kiecke
Edgar Kiecke
Jno H. Kiecke
Robt Hueske
Louise Hueske
Albert F. Kiecke
Louis Kiecke
Robert Kiecke
Gilbert P. Kiecke
Arthur W. Kiecke.

$1.00 Rev.

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

Given under my hand and seal of office, this the 13 day of Oct A.D. 1923.

W.B. Francis
Notary Public, Washington,County,Texas.

Seal.

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

Given under my hand and seal of office, this the 16 day of Oct A.D.1923.

Green Morgan, Clk Co Court Washington County, Texas.
By Bertha Wigand, Deputy.

Seal.

THE STATE OF TEXAS )
)
COUNTY OF WASHINGTON ) Before me the undersigned authority, in and for Washington County, Texas, on this day personally appeared Albert F. Kiecke & Louis Kiecke known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office, this the 23 day of Oct A.D.1923.

Green Morgan, CCCWCO.

Seal. By Bertha Wigand, Deputy.

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

Given under my hand and seal of office, this the 26 day of Oct A.D.1923.

S.Costa
Seal. Notary Public, Washington County, Texas/

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) Before me, the undersigned authority, on this day personally appeared Robert Hueske, and Louise Hueske, his wife, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they each executed the same for the purposes and consideration therein expressed, and the said Louisa Hueske, wife of the said Robert Hueske, having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said Louise Hueske, acknowledged such instrument to be her act and deed, and she declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office, this the 19 day of October, A.D.1923.

Green Morgan,
Seal. County Clerk, Washington Co., Texas.

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

Given under my hand and seal of office, this the 24th day of October, A.D.1923.

H.O. Schulz
Seal. Notary Public, Fort Bend Co. Texas.

THE STATE OF TEXAS )
COUNTY OF HARRIS ) Before me the undersigned authority, in and for Harris County, Texas, on this day personally appeared Arthur Kiecke known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office, this the 26th day of October, 1923 A.D.

M. Aldis
Seal. Notary Public Harris, County, Texas.

Filed for record this 13th day of Nov A.D.1923, at 4 O'clock P.M Green Morgan, CCCWCO.
Recorded Mar 14th A.D.1924, at 11 O'clock A.M. Green Morgan, By Bert L. Wigand Deputy.

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DEED-- RUDOLPH HECKMANN AND FRED SCHULZE TO WASHINGTON COUNTY.

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) KNOW ALL MEN BY THESE PRESENTS: That we, Rudolph Heckmann, and Fred Schulze of the County of Washington State of Texas for and in consideration of the sum of One Dollars to us in hand paid by Washington County, the receipt of which is hereby acknowledged; and the further consideration, of 249 fence post, and 11202 feet of barbed wire, furnished to Rudolph Heckmann, and 172 post and 7758 feet of barbed wire , furnished to Fred Schulze, have Granted, Sold and Conveyed, and by these presents do Grant, Sell and

DEED-- AUGUST KOLWES TO WASHINGTON COUNTY.

THE STATE OF TEXAS )
)
COUNTY OF WASHINGTON ) WHEREAS, Washington County,Texas, is desirous of constructing an improved road known as the Brenham-Muellersville Road Whereas, it is desired by said county to construct said road through and upon certain land now owned by us and to include in said road or the right-of-way therefore that part of such land so owned by us viz: A strip of land 30 ft on each side of the center line of the Brenham-Muellersville Road thru my place north of my improvements. The new location to be a projection of the old between Billie Rogge and Paul Engling place, and hit the Santa Fe at a point south of the arch on the Kiecke Estate; and, Whereas, it is thought by ____ that the construction of said road upon that part of _____ land above described would increase the value of _____ property; therefore, KNOW ALL MEN BY THESE PRESENTS: That August Kolwes & 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 18 day of July A.D. 1923.

The Co to furnish material for a 3 wire fence on each side of the road.

Aug. Kolwes
Mrs. Louise Kolwes.

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 10:30 O'clock A.M.Green Morgan,By Bertha Nygaard Deputy.

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DEED-- WM. APPLE TO WASHINGTON COUNTY.

THE STATE OF TEXAS )
)
COUNTY OF WASHINGTON ) Whereas, Washington County,Texas, is desirous of constructing an improved road Known as Brenham & Mullersvill 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 as owned by us viz: A strip of land 22 feet widw at my East corner and 5 ft wide my South cor along North side of the present old 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 Wm. Appel and wife of the county of Washington and the State of Texas, in consideration of the prospective increase in the value of our property by the construction of said road, and for the further consideration of the sum of $1.00 to me in hand paid by said county, the receipt of which is hereby acknowledged; have Granted, Sold, and Conveyed, and by these presents do Grant, Sell, and Convey unto Washington County,Texas, all of the land hereinabove described. TO HAVE AND TO HOLD the above described land, together with all and singular 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 19th day of July A.D.1923.

Alb.J. Lehmann
W.C.Draehn
F.W.Rosenbaum.

Wm. Appel
Louise Appel

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 10:30 O'clock A.M.Green Morgan,By Bertha Wigand Deputy.

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DEED-- HY BUSSE TO WASHINGTON COUNTY.

THE STATE OF TEXAS )
)
COUNTY OF WASHINGTON ) Whereas, Washington County, Texas, is desirous of constructing an improved road known as the Brenham-Muellersville Road; 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:
A strip of land along the South side of my place near Muellersville of such a width that there will be 30 ft from the South line of my place to the center line of the above road, except 54 steps at the east end of my line which is 30 ft and 57 ft at the extreme east end of my 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 Henry Bosse of the County of Washington and the State of Texas, in consideration of the prospective increase in the value of my property by the construction of said road, and for the further consideration of the sum of $1.00 to me in hand paid by said county, the receipt of which is hereby acknowledged; have Granted, Sold, and Conveyed, and by these presents do Grant, Sell, and Convey unto Washington County, Texas, all of the land hereinabove described. TO HAVE AND TO HOLD the above described land, together with all and singular , the rights and appurtenances thereto in 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 18 day of July A.D.1923.

Henry Busse

No Acknowledgement

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 O'clock A.M.Green Morgan,By Bertha Wigand Deputy.

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DEED-- MILES CRAVIN TO WASHINGTON COUNTY.

THE STATE OF TEXAS )
)
COUNTY OF WASHINGTON ) WHEREAS, Washington County, Texas, is desirous of constructing an improved road known as Brenham & Mullersville 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 alnd so owned by me viz: A strip of land 20 ft Wide along the North west line of my home place 40 ft from the center line of the proposed road; 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 I, Miles Craven of the County of Washington and the State of Texas, in consideration of the prospective increase in the value of my property by the construction of said road, and for the further consideration of the sum of $1.00 to me in hand paid by said county, the receipt of which is hereby acknowledged; have Granted, Sold and Conveyed, and by

recorded in Vol page , Deed Records for Washington County, Texas, to which reference is hereby made for all purposes. TO HAVE AND TO HOLD UNTO THE SAID PAUL MAass, his heirs and assigns, the above described Note, together with all and singular the contract lien, vendor's lien, rights, equities, title and interest in said land, which I have by virtue of being the original vendor in said deed and payee in said Note, and the legal holder and owner of said Note. And I hereby covenant that said note and the remaining series of eight Notes hereinbefore mentioned, are the first and only lien on said land, and that alll payments, offsets and credits to which said Note is entitled do appear on the back of said Note. It is expressly understood that no recourse is to be had against me as assignor or surety for the payment of such note. And I hereby authorize the said Paul Maass, his heirs and assigns, to release the said vendor's lien upon the payment of said Note, by duly executed release.

Witness my hand at Burton, Texas, this 16th day of February, A.D.1914 .

Alb. Kuehn

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) Before me, F.A. Homeyer, a Notary Public in and for Washington County, Texas, on this day personally appeared Alb. Kuehn, 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 16th day of February A.D.1924.

F.A. Homeyer
Notary Public in and for Washington County, Texas.

Seal.

Filed for record this 18th day of March A.D.1924, at 10 O'clock A.M.Green Morgan,CCCWCO.
Recorded March 19th A.D.1924, at 11:45 O'clock A.M.Green Morgan,By Bertha Wigand Deputy.

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DEED-- O.B. LEHMANN TO WASHINGTON COUNTY.

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) KNOW ALL MEN BY THESE PRESENTS: That I, Otto B. Lehmann, of the County of Washington, State of Texas, for and in consideration of the furnishing of three strands of wire, and a post every fifteen feet, the posts to be at least three inches in diameter at the tops, and the furthor consideration of the donating of all of the old road adjacent to his land this day abandoned as a road, by the County of Washington, have granted, sold and conveyed, and by these presents do grant, sell and convey unto the said County of Washington, all that certain tract or parcel of land situated in Washington County, Texas, and more fully described as follows: Beginning at Wm. Rogge's West corner and O.B. Lehmann's South corner in the South West line of the O.B. Lehmann tract. Thence N 47 W with said line 47½ feet to a stake for corner.Thence N 36½ E 850 feet pass 2 ½ feet to the North West of Wm. Rogge's North East corner, at 3,100 feet a stake in the West line of the old road for corner. Thence with said line S 21 W 193 feet to a stake for corner. Thence S 36½ W 2,064 feet to a point in the N.East line of the Wm. Rogge tract, 47½ feet S 47 E of his North East corner. Thence with said Rogge's line, S 47 E 47½ feet to his North East corner. Thence S 33½ W with division line between Rogge and Lehmann, 850 feet to the place of beginning, containing Two and 98/100 (2.98) acres of land. To have and to hold the above described premises, together with all and singular the rights and appurtenances thereto in anywise belonging, unto the said Washington County, 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 Washington County, against every person whomsoever lawfully claiming, or to claim the same or any part thereof.

Witness my hand at Brenham, Texas, this the day of January A.D.1924.

Otto B. Lehmann

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) Before me, the undersigned authority in and for Washington, County, Texas, on this day personally appeared Otto B. Lehmann, 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 at Brenham, Texas, this the 19 day of January A.D.1924.

Green Morgan,
CCCWCO.

Seal.

Filed for record this 22nd day of Jan. A.D.1924, at 4 O'clock P.M.Green Morgan,CCCWCO.
Recorded March 19th A.D.1924, at 12:20 O'clock P.M.Green Morgan,By Bertha Nigaard Deputy.

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DEED-- OTTO ZANDER TO WASHINGTON COUNTY.

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) KNOW ALL MEN BY THESE PRESENTS: That I, Otto Zander, of the County of Washington, State of Texas, for and in the consideration of the furnishing three strands of wire and a post to every fifteen feet on both sides of the road, the posts to be at least three inches in diameter at the tops, by the County of Washington, have granted, sold and conveyed, and by these presents do grant, sell and convey unto the said County of Washington , all that certain tract or parcel of land situated in Washington County,Texas, and more fully described as follows: Beginning at a point in Otto Zander's North East line, 47½ feet N. 47 W of the South corner of the O.B. Lehmann tract and the West corner of an 11.93 acre tract of William Rogge. Thence with said Zander's North East line S 47 E 50 feet to a point in said line, 2½ feet S 47 E of said Lehmann and Rogge corner. Thence S 41½ W 1,528 feet to the North Weast corner of Otto Zander's store.Thence N 47 W with said Zander's South West line , 50 feet to stake for corner, Thence N 41½ E 1,528 feet to the place of beginning, containing an area of One and ½ (1½) acres of land. To have and to hold the above described premises, together with all and singular the rights and appurtenances thereto in anywise belonging, unto the said Washington County, 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 Washington County, against every person whomsoever lawfully claiming, or to claim the same or any part thereof.

Witness my hand at Brenham, Texas, this the 18 day of January A.D.1924.

Otto Zander

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) Before me, the undersigned authority in and for Washington County, Texas, on this day personally appeared Otto Zander, 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 at Brenham, Texas, this the 18 day of January A.D.1924.

Green Morgan
CCCWCO.

Seal.

Filed for record this 22nd day of January A.D.1924, at 4 O'clock P.M.Green Morgan,CCCWCO.
Recorded March 19th A.D.1924, at 12:30 O'clock P.M.Green Morgan.By Bertha Nigaard Deputy.

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DEED-- [illegible] TO WASHINGTON COUNTY.

DEED-- WM ROGGE TO WASHINGTON COUNTY.

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) KNOW ALL MEN BY THESE PRESENTS: That I, William Rogge, of the County of Washington, State of Texas, for and in consideration of the furnishing three strands of wire and posts for every fifteen feet, the posts to be at least three inches in diameter at the tops, and the further consideration of the donating of all of the old road adjacent to the eleven acre tract now owned by me, by the County of Washington, have granted, sold and conveyed, and by these presents do grant, sell and convey unto the said County of Washington, all that certain tract or parcel of land situated in Washington, all that certain tract or parcel of land situated in Washington County, Texas, and more fully described as follows: Beginning at Wm. Rogge's West corner and O.B. Lehmann's South corner, in the South West line of the O.B. Lehmann tract. Thence N 33½ E with the division line between Rogge and Lehmann, 850 feet to Rogge's North East corner. Thence S 47 E with Rogge's North East line, 47½ feet to stake for corner. Thence S 36½ E 850 feet to a stake for corner, in Otto Zander's North East line. Thence with said line N 47 W 2½ feet to the place of beginning, containing One half (½) acre of land. To have and to hâld the above described premises, together with all and singular the rights and appurtenances thereto in anywise belonging, unto the said Washington County, 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 Washington County, against every person whomsoever lawfully claiming, or to claim the same or any part thereof.

Witness my hand at Brenham, Texas, this the day of January A.D.1924.

Wm. Rogge.

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) Before me, the undersigned authority in and for Washington County, Texas, on this day personally appeared William 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 at Brenham, Texas, this the 22 day of January A.D.1924.

Seal.

Green Morgan
CCCWCO.

Filed for record this 22nd day of Jan A.D.1924, at 4 O'clock P .M.Green Morgan,CCCWCO.
Recorded March 19th A.D.1924, at 3:15 O'clock P.M.Green Morgan,By Bertha Nygaard Deputy.

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DEED-- FRITZ ENGELADER TO WASHINGTON COUNTY TEXAS.

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) KNOW ALL MEN BY THESE PRESENTS: That I, Fritz Engelader, of the County of Washington State of Texas, for and in consideration of the sum of Fifty & No/100 ($50.00) Dollars, to me cash in hand paid by Washington County, Texas, the receipt of which is hereby acknowledged and confessed; have Granted, Sold and Conveyed, and by these presents do Grant, Sell and Convey, unto the said Washington County, Texas, of the County of Washington State of Texas, all that certain Beginning at a point in the south right of way & fence line 48' to south of the center line of State Highway No 20 in Washington County at Station 767+60 as shown on plans of this road as surveyed by the county engineer, this point also being in the south R. of W, and fence line of the old Brenham-Burton road at a point about 2000' East of Berlin; Thence along this same old R of way and fence line west 210; thence leaving the old R. of W. and fence line South 210 to an iron rod in ground; thence East 210' to an iron rod in the ground; thence North 210' to

to Warrant and forever Defend, all and singular the said premises unto the said Otto Arndt his heirs and assigns, against every person whomsoever lawfully claiming, or to claim the same, or any part thereof.

Witness our hands at Brenham, Texas, this 11th day of February A.D.1924.

Chester his X mark Nowak

Hodde Nowak.

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) Before me, the undersigned authority in and for Washington County, Texas, on this day personally appeared Chester Nowak and Hedwig Nowak his wife, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they each executed the same for the purposes and consideration therein expressed and the said Hedwig Nowak wife of the said Chester Nowak having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said Hedwig Nowak acknowledged such instrument to be her act and deed, and she declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office, this 31st day of March A.D.1924.

Seal.

W.B. Francis
Notary Public, Washington Co. Texas.

Filed for record this 14th day of June, A.D.1924, at 12 O'clock M. Green Morgan, CCCWCO.
Recorded June 14th A.D.1924, at 3:15 O'clock P.M. Green Morgan, By Bertha Morgan Deputy.

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DEED-- F.W. SCHROEDER & WIFE TO WASHINGTON COUNTY.

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) KNOW ALL MEN BY THESE PRESENTS: That We, F.W. Schroeder & wife Minnie Schroeder of the County of Washington State of Texas, for and in consideration of the sum of Two Hundred & Sixty Seven Dollars to us in hand paid by Wm. Rosenbaum and others, the receipt of which is hereby acknowledged have Granted, Sold and Conveyed, and by these presents do Grant, Sell and Convey, unto Washington County, 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 John Carrington League, and a part of the same 62 acres of land bought by us from Henry Meyer. Said Deed being of record in sd County records for Deeds in Vol 29 on page 247. This land is conveyed by us for public road purposes, and the center line of the strip of land hereby conveyed starts at the center line of the road running S. 43° W between the Rogge and Engeling farms. and to run across our farm in a North East direction to the Kolwes line- and to be 60 feet wide from one end to the other, and contains two acres of land more or less. 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 J.H.Chappell Co Judge and his Successors in sd office heirs and assigns forever; and we do hereby bind ourselves & our heirs, executors and administrators, to Warrant and forever Defend, all and singular the said premises unto the said J.H .Chappell Co Judge and his successors in sd office heirs and assigns, against every person whomsoever lawfully claiming, or to claim the same, or any part thereof.

Witness our hands at Brenham, Texas, this 12th day of Sept. A.D.1923.

F.W. Schroeder
Minna Schroeder.

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) Before me, W.B. Francis a Notary Public in and for Washington County, Texas, on this day personally appeared F.W. Schroeder 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 12 day of Sept.A.D.1923.

W.B. Francis
N.P. Washington Co. Tex.

Seal.

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

Given under my hand and seal of office, this the 12th day of Sept. 1923.

W.B. Francis
Notary Public in and for Washington County, Texas.

Seal.

Filed for record this 7th day of April A.D.1924, at 5 O'clock P.M.Green Morgan, CCCW.CO.
Recorded June 14th A.D.1924, at 4 O'clock P.M.Green Morgan, By Bertha Wiggand Deputy.

---

DEED-- MRS. L. ENAX TO J.H. CHAPPELL COUNTY JUDGE.

THE STATE OF TEXAS )
COUNTY OF WASHINGTON ) KNOW ALL MEN BY THESE PRESENTS: That I, Mrs. L. Enax, a feme sole, of the County of Washington State of Texas, for and in consideration of the sum of Two Hundred Five & 00/100 ($205.00) Dollars, to me paid, and secured to be paid, by Henry Schlottmann, et al, as follows: in cash, the receipt of which is hereby acknowledged and confessed, and the further consideration of 262 fence posts of standard size, and 11781 feet of barbed wire, necessary amount to build a three wire fence along the lines of the 40 ft road, herein described, also two gates to be furnished me at the expense for material, to said Washington county, the said county also agrees to place a suitable under pass at the branch easterly from my residence to be constructed in such a way as to freely permit my stock to pass from one place to the other, Washington county to furnish all material, and the said Henry Schlottmann, et al., to do the work in putting up the fence and gates, have Granted, Sold and Conveyed, and by these presents do Grant, Sell and Convey, unto the said J.H.Chappell, County Judge, of the County of Washington State of Texas, all that certain lot or parcel of land, lying and being situated in Washington county, Texas, and part of the W.E. Allcorn league, and part of the Wilkerson ½ League, and being a part of the same tract of land deeded me by Mrs. Elizabeth Zeiss, see deed records in vol 63, page 181, deed records of Washington county, Texas, with metes and bounds as follows, to-wit: Beginning at the souther_ corner of the tract, in the N W line of the W E Allcorn league, thence with the S.W. line of the tract, and the Longpoint road, N 47 W 10.08 vrs to corner, thence N 43 E running parallel with the said league line, 942 vrs to corner, thence S 47 E 10.08 cross said league line at 14.4 vrs to corner, thence S 43 W running parallel with said league line, and 12 feet SE thereof at 479 vrs to said Lehde line N 48 W 12 feet, or 4.32 vrs to his corner in the said league line, thence with said league line S 43 W 462.5 varas to the beginning corner, containing an area of two and five hundredths (2.05) of an acre, 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 J.H. Chappell, County Judge, and his successors in office, forever; and I do hereby bind myself, my heirs, executors and administrators, to Warrant and Forever Defend, all and singular the

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.

DEED 154

ght-of-way, at Sta. 204/00, of Washington County, Texas, in consideration of the sum of one llar and other good and valuable consideration in hand paid by the State of Texas, acting rough the State Highway Commission, receipt of which is hereby acknowledged, do by these esents grant, bargain, sell and convey unto the State of Texas, the free and uninterrupted se, liberty and privilege of the passage in, along, upon and across the following lands in shington County, Texas, owned by us, and being subject to:

(IMPORTANT NOTE: If no liens, easements or leases exist, insert the word, "None.")

en(s) held by_____ (Name) (Address)

sement(s) held by_____ (Name) (Address)

ase(s) held by_____ (Name) (Address)

d 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. Highy No. 388 (Muellersville Road), 15,855.1 ft. long and approximately 7.0 ft. wide, said strip land being all that portion lying between the present right-of-way line approximately 28 ft. om the center line of road and the proposed new right-of-way line 35 ft. from the center line road as established by the Texas Highway Department, said center line of road being partilarly described as follows: From Sta. 0/00, at Highway 36, to the Salem Road at Sta. 57/07.5: ginning at the center of the west end of the State Highway No. 36 concrete turnout slab at a. 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' the left is turned; Thence S 42° 23' W, 702.0 ft. to a P. I. at Sta. 57/00, where an angle 0° 35' to the left is turned; Thence S 41° 48' W, 7.5 ft. to a point opposite the East right-way line of the Salem Road at Sta. 57/07.5; the end of the first section to be widened. From ith Branch, at Sta. 102/52.4, to the beginning of the existing 80 ft. right-of-way at Sta. 4/00; Beginning at the center of the West end of the Smith Branch Bridge at Sta. 102/52.4; ence S 41° 34' W, 24.2 ft. to the P. C. of a 4° 00' circular curve to the left at Sta. 2/76.6; Thence around said curve, having a central angle of 9° 46', a distance of 244.2 ft. 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. 8/20, where an angle of 1° 22.5' to the right is turned; Thence S 33° 11' W, 1,625.0 ft. to P. I. at Sta. 124/45, where an angle of 0° 06' to the left is turned; Thence S 33° 05' W, ,257.8 ft. to the P. C. of a 2° 30' curve to the right at Sta. 177/02.8; Thence around said rve, having a central angle of 7° 48', a distance of 312.0 ft. to the P. T. of said curve at a. 180/14.8; Thence S 40° 53' W, 985.2 ft. to a P. I. at Sta. 190/00, where an angle of 1° ' to the right is turned; Thence S 41° 56' W, 1,400.0 ft. to a point opposite the beginning the 80 ft. right-of-way lines at Sta. 204/00, for the end of the second section to be widen-

For the purpose of opening, constructing and maintaining a permanent State Highway in, long, upon and across said premises, with the right and privilege at all times of the grantee erein, his or its agents, employees, workmen and representatives having ingress, egress, and gress 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 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 ulphur, 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 nefits 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. Kelvin Henske
Mrs. Annie Kiecke
Mr.Hy W Wiethat
Mrs. Lydia Wiethat
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.Hertha Ziegenbein
Mrs.Minnie Hueske
Ernst Gueldner
Mrs. Ernst Gueldner
Farmers Union Gin Corp.
By W H Wiesepape
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 Minnie 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

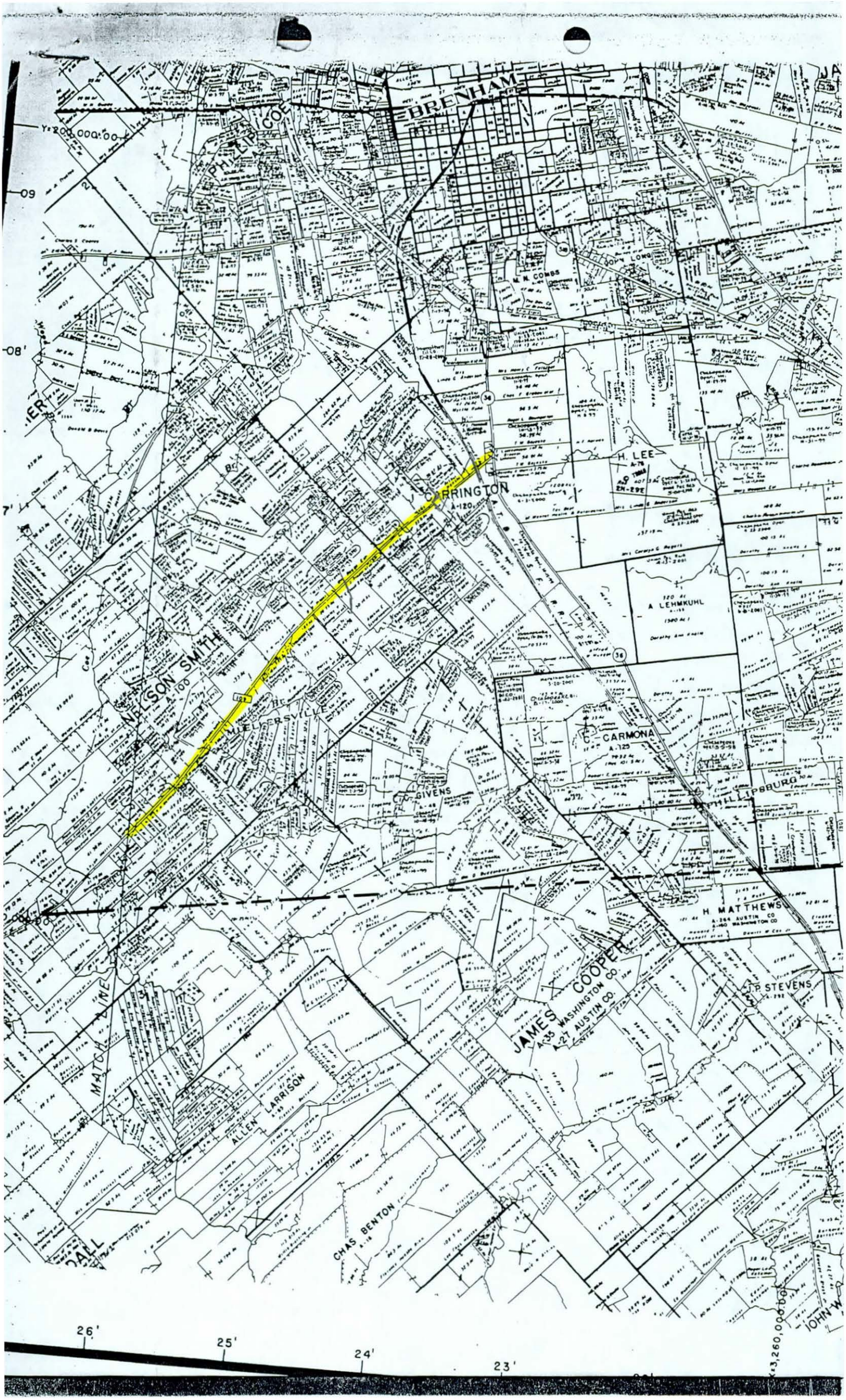
File No. MF100659

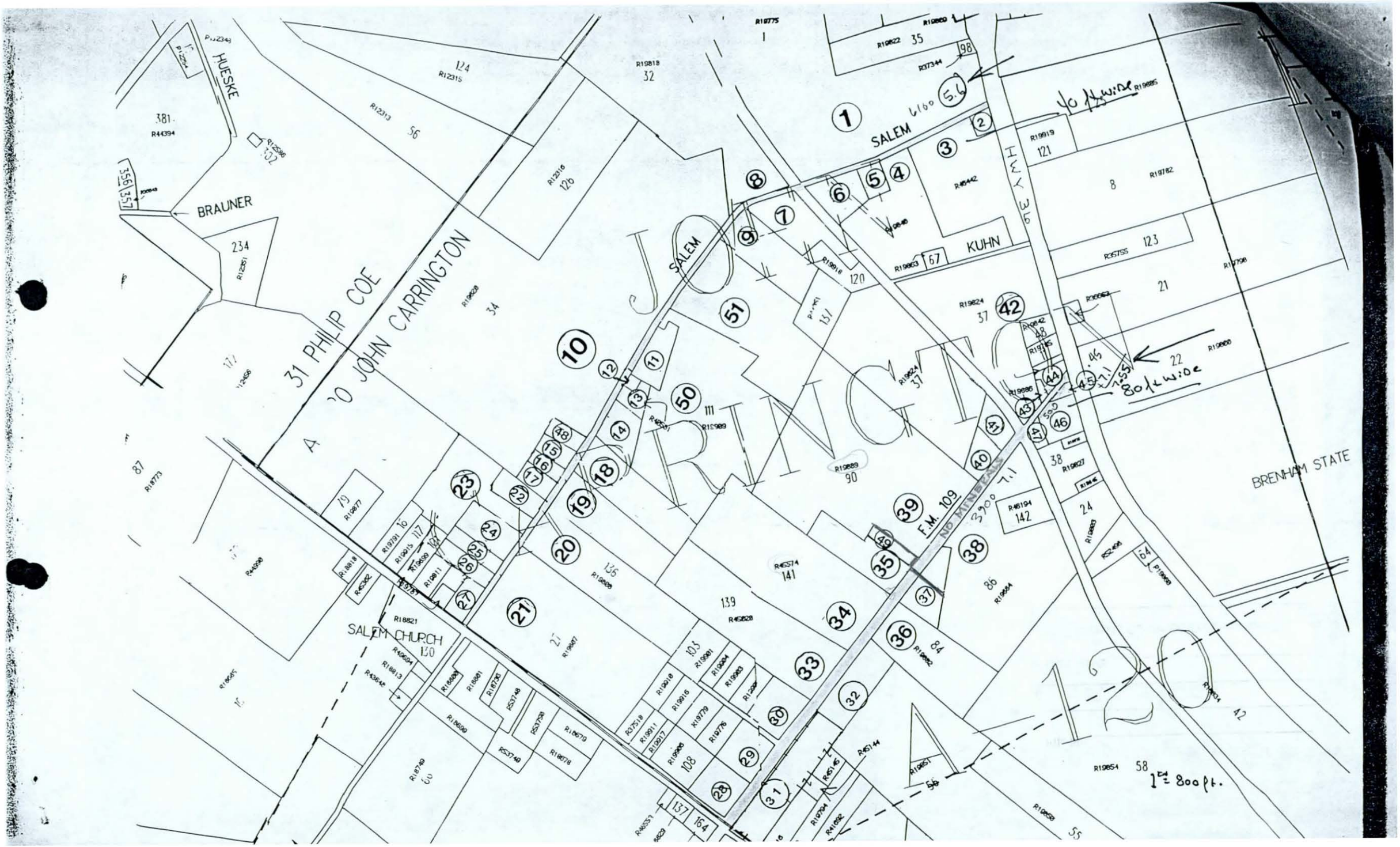
Deed

Date Filed: 5/11/99

David Dewhurst, Commissioner

By


BRENHAM
PHILIP COE
H. LEE
A-75
CARRINGTON
A-120
A LEHMKUHL
NELSON SMITH
A-100
MILLERSVILLE
GIVENS
C CARMONA
A-125
H MATTHEWS
A-264 AUSTIN CO
A-260 WASHINGTON CO
JAMES COOPER
A-33 WASHINGTON CO.
A-27 AUSTIN CO.
J P STEVENS
A-292
ALLEN LARRISON
A-51
CHAS BENTON
A-16
MATCH LINE
Y=200,000.00
X=3,260,000.00
26'
25'
24'
23'


HUESKE
BRAUNER
SALEM
SALEM
HWY 95
KUHN
31 PHILIP COE
A 'O JOHN CARRINGTON
SALEM CHURCH
F.M. 109
NO MINEFIELD
BRENHAM STATE
1" = 800 ft.

File No. MF100659

Slat

Date Filed: 5/11/99

David Dewhurst, Commissioner

By Sal Bryan

Ch[redacted]ake Exploration
Li[redacted] Partnership
[redacted]ation Letter to
[redacted]ase State Minerals
May 5, 1999

Index to map tracts
for leasing Salem
and FM 109 from
Highway 36 to FM 3456

J. Carrington Survey A-120
Washington County, Texas

| State Minerals Application Map Tract # | Lease & Extension Vol/Page | Mineral Interest Owner(s) |
|---|---|---|
| | | |
| #1 | 901/021 | American Lighting Standards Corp. |
| #2 | 921/141 | Ravis Key et ux. |
| #4 | 788/550 | Perry L. Thomas, III.et ux |
| #3 | 788/550 | Alvin Krenek et ux |
| #5 | 812/387<br>920/459 | Salem Volunteer Fire Department |
| #6 | 922/395 | John R. Slayton et ux. |
| #6 | 793/059<br>895/130 | Larry Tegeler, Trustee |
| #7 | 921/139 | Ervin M. Kuecker |
| #8 | 759/226 | Albert F. Hueske et ux. |
| #9 & #50 | 766/217 | Herbert F. Hueske, II et ux. |
| #10 | 772/563 | Mary Ann Hueske aka Mary Ann Marshall |
| #10 | 762/789 | Milton Fred Hueske et ux |
| #10 | 762/793 | Luther John Hueske et ux |
| #10 | 762/797 | Milton R. Hueske et ux |
| #11 | 797/199<br>901/246 | Roger R. Draehn et ux |
| #12 | 799/563<br>899/707 | Royce Allen Draehn et ux |
| #13 | 799/573<br>901/243 | Clarice Pollard |
| #14 | 913/268 | Patrick Kelly et ux |
| #15 | 914/722 | Terry N. Oertli |
| #16 | 798/743<br>899/029 | Melvin Draehn |
| #17 | 802/612<br>899/697 | Aquila F. Riggins et ux |
| #18 | 797/064<br>892/009 | Wesley Bryan Sparks et ux |
| #19 | 762/767 | Ernest Grimm, Jr.et ux. |
| #20 | 770/200 | Robert Cottle et ux |
| #21 | 801/175<br>899/026 | Charles W. Dierking et ux |
| #22 | 803/844<br>884/493 | John N. Green et ux |
| #23 | 798/778<br>899/684 | Susie M. Martin |
| #25 & #26 | 797/792<br>900/430 | Richard M. Corn et ux |
| #27 | 910/903 | Alma Durow |

Chesapeake Exploration Limited Partnership
Application Letter to Lease State Minerals
May 5, 1999

Index to map tracts for leasing Salem and FM 109 from Highway 36 to FM 3456

J. Carrington Survey A-120
Washington County, Texas

| State Minerals Application Map Tract # | Lease & Extension Vol/Page | Mineral Interest Owner(s) |
|---|---|---|
| | | |
| #28 | 797/083<br>900/424 | Ross D. Helton et ux |
| #29 | 796/076<br>900/397 | Donald Wayne Wendler et ux |
| #30 | 792/813<br>899/686 | Walter N. Green et ux |
| #31 | 798/745<br>904/717 | H.R. Wieghat |
| #32 | 761/381 | Floyd Addicks et ux |
| #33 | 770/781<br>910/898 | Victor J. Zdunkewicz et ux |
| #34 | 900/192 | Donald w. Spiess et ux |
| #35 | 900/184 | Rosemaire E. Lichternberg & Kai S. Lichtemberg |
| #36 | 788/529<br>883/712 | Earl Bright et ux |
| #37 | 797/190<br>925/087 | Paul J. Gooch & Elisabeth Gooch, Trustee |
| #38 & #46 | 899/704 | Mack W. Morris et ux |
| #39 | 780/096 | Florence Mae Rinn et vir |
| #40 | 805/679<br>899/699 | Marie Thomas |
| #41 | 798/737<br>901/252 | Gleenwood Vierus et ux |
| #42 | 762/801 | Howard Kiecke et ux |
| #43 | Unrecorded | Dr. Christopher G. Dalrymple |
| #44 | 804/031<br>899/032 | Lenard Lehmann et ux |
| #45 | 798/792<br>903/610 | Jimmie Dreyer |
| #46 | See Tr. #38 | Mack W. Morris et ux |
| #47 | 803/203<br>902/325 | Violet F. Tulp |
| #48 | 773/569 | Meta Henske |
| #49 | 809/237<br>899/710 | Gareth L. Vierus et ux |
| #50 | See Tr. #9 | Herbert F. Hueske, II et ux. |
| #51 | 762/785 | Dorothy Louise Menke |
| | | |
| | | **NOTE: Entries with a single Vol./Pg listed below 900 have a 5 year primary term that has not expired. Dual entries indicate Lease and Extension.** |

File No. MF100659

Mineral Owners

Date Filed: 5/11/99

David Dewhurst, Commissioner

By

# CREW LAND RESEARCH

2630 FOUNTAINVIEW, SUITE 212 • HOUSTON, TX 77057 • (713) 784-5263 • FAX: 784-1711

May 11, 1999

Mr. Drew Reid, Landman
Texas General Land Office
Lease Administration
1700 N. College Ave., RM 640
Austin, Texas 78701

FM 109. 7.55
Salem Rd. 5.6
total 13.15 Ac

200.00
1/5
2 yr Paid-up
Shut in - 25.00

RE: FM 109, Washington County, Texas

Dear Mr. Reid:

Enclosed are copies of all Deeds and Right-of-Ways I could find in the records of the Washington County Clerk which cover the above referenced roads. Chesapeake Exploration Limited Partnership would like to lease FM 109 and Salem Road from Highway 36 to FM 3456 Road. Enclosed is a map depicting the portion of the roadways that Chesapeake Exploration Limited Partnership will lease from the State of Texas.

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. MF100659

Letter

Date Filed: 5/11/99

David Dewhurst, Commissioner

By

# CREW LAND RESEARCH

2630 FOUNTAINVIEW, SUITE 212 • HOUSTON, TX 77057 • (713) 784-5263 • FAX: 784-1711

May 11, 1999

Mr. Drew Reid, Landman
Texas General Land Office
Lease Administration
1700 N. College Ave., RM 640
Austin, Texas 78701

Dear Mr. Reid:

Chesapeake Exploration Limited Partnership et al, is presently drilling a Horizontal Well in the James Carrington Survey, A-120 Washington County, Texas. Chesapeake anticipates that the portions of FM 109 and Salem Road lying between Highway 36 on the East and FM 3456 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 portions of Salem Road and FM 109 as stated above and depicted on the enclosed map.

Enclosed are Certified Copies of the relevant Oil, Gas and Mineral Leases and non-certified copies of Assignments. The Working Interest Owners have entered an Area of Mutual Interest and Join Operating Agreement. These companies have agreed to cross convey any interest not covered by the enclosed assignments. Chesapeake Operating, Inc. Chesapeake Exploration Limited Partnership, Belco Energy, Marthon Oil Company and Union Pacific Resources are the owners of all the leasehold interests, in all tracts, next to the subject roadways.

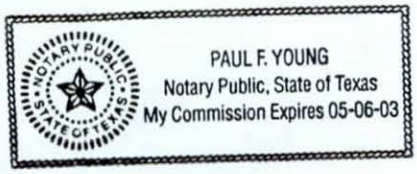
I with this certify that the working interest owners have paid all bonuses for leases belonging to mineral owners next to this Right of Way. The maxium bonus consideration was Two Hundred Dollars ($200) per net mineral acre. The largest royalty received by any of these owners is one-fifth (1/5) of eight-eights (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 11th day of May, 1999.

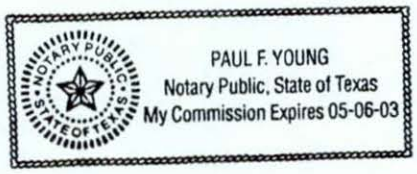



Notary Public in and for the State of Texas

THE STATE OF TEXAS

COUNTY OF WASHINGTON

Before me, the undersigned authority, on the 11th day of May, 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

File No. MF100659

Letter

Date Filed: 5/11/99

David Dewhurst, Commissioner

By

# MEMORANDUM

Texas General Land Office • David Dewhurst • Commissioner

**To:** Linda Fisher / School Land Board

**From:** Drew Reid / Minerals Leasing

**Date:** May 18, 1999

**Re:** Applications To Lease Highway Right-of-Way

---

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

2669.45

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. MF100659

GO Memo

Date Filed: 5/18/99

David Dewhurst, Commissioner

By

HROW Lease
Revised 10/89

# The State of Texas

Austin, Texas

**PAID-UP**
**OIL AND GAS LEASE NO. M-100659**
**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 Six Hundred Thirty and 00/100 Dollars ($2,630.00),** 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:

> **13.15** 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 **13.15** 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 **$25.00**. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

David Dewhurst

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 and Salem Road

13.15 acres of land, more or less, situated in the John Carrington League, A-120, in Washington County, Texas and being the same land described in the following Deeds Records in the Deed Records of Washington County, Texas:

1. Deed from O.B. Lehmann to Washington County, Texas dated 1/19/24 and recorded in V.80, P.391, of the Deed Records of Washington County, Texas.

2. Deed from Otto Zander to Washington County, Texas dated 1/18/24 and recorded in V.80, P.392, of the Deed Records of Washington County, Texas.

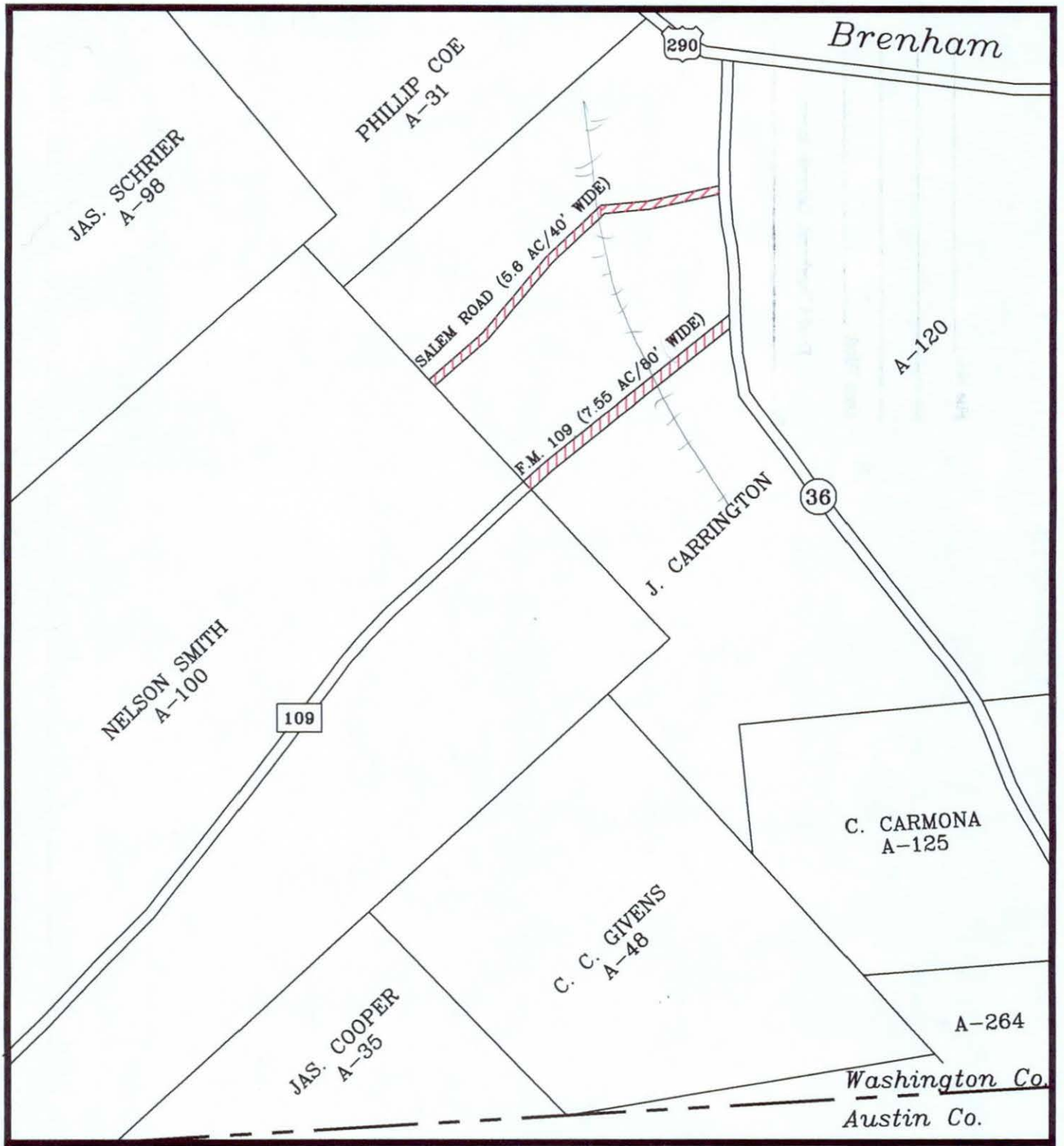
3. Deed from Wm. Rogge to Washington County, Texas dated 1/22/24 and recorded in V.80, P.393, of the Deed Records of Washington County, Texas.

4. Deed from F.W. Schroder et ux to Washington County, Texas dated 9/12/23 and recorded in V.80, P.567, of the Deed Records of Washington County, Texas.

5. Deed from Wm. Appel et al to Washington County, Texas dated 5/10/48 and recorded in V.154, P.495, of the Deed Records of Washington County, Texas.

6. Deed from John Kiecke et al to Washington County, Texas dated 10/13/23 and recorded in V.80, P.376, of the Deed Records of Washington County, Texas.

7. Deed from Wm. Appel et al to Washington County, Texas dated 7/19/24 and recorded in V.80, P.571, of the Deed Records of Washington County, Texas.




FM 109-Salem Rd\ft\06-99

MAP SHOWING

A PORTION OF F.M. 109 AND SALEM ROAD

13.15 ACRES

APPROXIMATELY 1/2 MILE S OF BRENHAM

WASHINGTON COUNTY

File No. MF100659

Lease

Date Filed: 6/21/99

David Dewhurst, Commissioner

By

*CHESAPEAKE OPERATING, INC.*

No. *187243*

203319 STATE OF TEXAS - M100659

| ACCT DATE | VOUCHER NUMBER | INVOICE DATE | INVOICE NUMBER | DESCRIPTION OR GROSS AMOUNT DISCOUNT | NET AMOUNT |
|---|---|---|---|---|---|
| 06/99 | 606534 | 06/28/99 | 062899 | SHELBY PROSPECT LSE BNS/SHE | 2,669.45 |
| | | | | 99054127 | |
| | | | | ** TOTAL FOR CHECK | 2,669.45 |

170

**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 - M100656
State of Texas Lease – M100659

Dear Mr. Ried:

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

Angela Ports
Land Technician

:amp

Enclosure

S:\BAR\Washington\State of Texas001.doc

File No. MF100659

Letter + Payments

Date Filed: 7/9/99

David Dewhurst, Commissioner

By Lil Bagley

RECEIVED
99 JUL 13 AM 10:11
GENERAL RESOURCES

5.3.00

DECLARATION OF POOLED UNIT
**SALEM UNIT**

4778

STATE OF TEXAS )
) KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF WASHINGTON )

This Declaration of Pooled Unit is executed to be effective as of October 7, 1998, 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.

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. 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.

2. Description of Unit Area. The Unit Area (herein so called) shall consist of **916.42 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 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 **"Salem 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 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

**Chesapeake Investments**, an Oklahoma Limited Partnership

By: _____
Aubrey K. McClendon,
Sole General Partner

**TLW Investments Inc.**

By: _____
Tom L. Ward, President

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

**Chesapeake Investments**, an Oklahoma Limited Partnership

By: _____
Aubrey K. McClendon,
Sole General Partner

**TLW Investments Inc.**

By: _____
Tom L. Ward, President

ACKNOWLEDGMENTS

STATE OF OKLAHOMA )
) ss:
COUNTY OF OKLAHOMA )

BEFORE me, the undersigned, a Notary Public in and for said County and State, on this 10th day of August, 1999, 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

NOTARY SEAL PUBLIC
PAMELA S. BROWN
Oklahoma County
Notary Public in and for
State of Oklahoma
My commission expires Jan. 11, 2002.

STATE OF OKLAHOMA )
) ss:
COUNTY OF OKLAHOMA )

BEFORE me, the undersigned, a Notary Public in and for said County and State, on this 10th day of August, 1999, 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

NOTARY SEAL PUBLIC
PAMELA S. BROWN
Oklahoma County
Notary Public in and for
State of Oklahoma
My commission expires Jan. 11, 2002.

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 _____, 1999, 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, and on behalf of said 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 August, 1999, 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 August, 1999, 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 13th day of August, 1999, 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, and on behalf of said 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.

D. J. Graham
Notary Public

My Commission expires:

_____

D. J. GRAHAM
MY COMMISSION EXPIRES
December 7, 2002

STATE OF TEXAS )
) ss:
COUNTY OF TARRANT )

BEFORE me, the undersigned, a Notary Public in and for said County and State, on this _____ day of _____, 1999, personally appeared _____, as attorney-in-fact for **Union Pacific Resources Company**, and on behalf of said corporation, 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 16th day of August, 1999, personally appeared Aubrey K. McClendon, Sole General Partner of **Chesapeake Investments**, 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 partnership, 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

NOTARY SEAL PUBLIC
PAMELA S. BROWN
Oklahoma County
Notary Public in and for
State of Oklahoma
My commission expires Jan. 11, 2002.

STATE OF OKLAHOMA )
) ss:
COUNTY OF OKLAHOMA )

BEFORE me, the undersigned, a Notary Public in and for said County and State, on this 12th day of August, 1999, personally appeared Tom L. Ward, President of **TLW Investments 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.

Deborah J. Richardson
Notary Public

My Commission expires:

2-13-00

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NOTARY SEAL PUBLIC
DEBORAH J. RICHARDSON
Oklahoma County
Notary Public in and for
State of Oklahoma
My commission expires Feb. 13, 2000.

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**EXHIBIT "A"**

ATTACHED HERETO AND MADE A PART OF THAT CERTAIN DECLARATION OF POOLED UNIT DATED EFFECTIVE AS OF OCTOBER 7, 1998, INSOFAR AND ONLY INSOFAR AS THE LEASES PERTAIN TO THE **SALEM UNIT**

| LESSOR | LEGAL DESCRIPTION (FROM LEASE) | GROSS ACRES ON LEASE | LESSEE | LEASE NO. | RECORDED BK/PAGE | LEASE DATE | NOTES |
|---|---|---|---|---|---|---|---|
| Arnold, Gloria Kay | 83.9 acres, more or less, out of the Phillip Coe Survey A-31 and John Carrington Survey A-120, as referenced in said lease | 83.900000 | UPRC | TX1671376-002 | 867/323 | 11/15/97 | Memorandum of Lease Extension recorded - 870/459 |
| Corn, Richard M./Mary | 4.494 acres, more or less, out of the John Carrington Survey A-120, as referenced in said lease | 4.494000 | COI | TX1670281-000 | 797/792 | 07/18/95 | Amendment and Extension recorded - 900/430<br>Amendment and Extension recorded - 899/716 |
| Dierking, Charles/Janell | 2.92 acres, more or less, out of the John Carrington Survey A-120, as referenced in said lease | 2.920000 | COI | TX1670550-000 | 801/175 | 07/18/95 | Amendment and Extension recorded - 899/26 |
| Draehn, Melvin | 2.0 acres, more or less, out of the John Carrington Survey A-120, as referenced in said lease | 2.000000 | COI | TX1670333-000 | 798/743 | 07/18/95 | Amendment and Extension recorded - 899/29 |
| Draehn, Roger R./Joyce | 4.96 acres, more or less, out of the John Carrington Survey A-120, as referenced in said lease | 4.960000 | COI | TX1670417-000 | 797/199 | 07/07/95 | Amendement and Extension recorded - 901/246 |
| Draehn, Royce Allen/Hilee | 1.714 acres, more or less, out of the John Carrington Survey A-120, as referenced in said lease | 1.714000 | COI | TX1670562-000 | 799/563 | 07/07/95 | Amendement and Extension recorded - 899/707 |
| Durrow, Alma | 2.162 acres, more or less, out of the John Carrington Survey A-120, as referenced in said lease | 2.162000 | COI | TX1671431-000 | 910/903 | 09/26/98 | |
| Eckert, Franklin | 5.0 acres, more or less, out of the John Carrington Survey A-120, as referenced in said lease | 5.000000 | UPRC | TX1671368-000 | 866/919 | 08/13/97 | |
| Ehrlund, Kimberly Ann | 122.0 acres, more or less, out of the Phillip Coe Survey A-31, as referenced in said lease | 122.000000 | UPRC | | 759/448 | 11/22/94 | Memorandum of Lease Extension recorded - 871/620 |
| Ehrlund, Mark Rodeck | 122.0 acres, more or less, out of the Phillip Coe Survey A-31, as referenced in said lease | 122.000000 | UPRC | | 759/446 | 11/22/94 | Memorandum of Lease Extension recorded - 871/744 |
| Faske, Carroll/Margaret Z. | 1.0 acres, more or less, out of the John Carrington Survey A-120, as referenced in said lease | 1.000000 | COI | TX1671490-000 | 913/883 | 10/01/98 | |

| LESSOR | LEGAL DESCRIPTION (FROM LEASE) | GROSS ACRES ON LEASE | LESSEE | LEASE NO. | RECORDED BK/PAGE | LEASE DATE | NOTES |
|---|---|---|---|---|---|---|---|
| Fritz, Annie Marie | 34.395 acres, more or less, out of the John Carrington Survey A-120, as referenced in said lease | 34.395000 | COI | TX1670602-000 | 761/400 | 10/21/94 | |
| Fritz, Eugene/Ruth C. | 36.645 acres, more or less, out of the Phillip Coe Survey A-31, as referenced in said lease | 36.645000 | COI | TX1670611-000 | 760/561 | 10/19/94 | |
| Fritz, Eugene/Ruth C. | 1.0 acre, more or less, out of the Survey A-, as referenced in said lease | 1.000000 | UPRC | TX1671372-000 | 873/637 | 10/24/97 | |
| Goeke, Burgess Dewayne/Ruth | 37.259 acres, more or less, out of the John Carrington Survey A-120, as referenced in said lease | 37.250000 | COI | TX1670728-000 | 762/51 | 11/07/94 | |
| Green, John N./Linda Jane | 10.323 acres, more or less, out of the John Carrington Survey A-120, as referenced in said lease | 10.323000 | UPRC | TX1671359-000 | 803/844 | 07/22/95 | Memorandum of Lease Extension recorded - 884/493 |
| Grimm, Ernest (Jr.)/Judy | 19.691 acres, more or less, out of the John Carrington Survey A-120, as referenced in said lease | 19.691000 | COI | TX1670834-000 | 762/767 | 11/17/94 | |
| Herzog, Leroy/Gloria Jean | 2.0 acres, more or less, out of the John Carrington Survey A-120, as referenced in said lease | 2.000000 | COI | TX1670395-000 | 799/594 | 08/02/95 | Amendment and Extension recorded - 899/38 |
| Hueske, Albert F./Willie Mae | 47.258 acres, more or less, out of the John Carrington Survey A-120, as referenced in said lease | 47.258000 | COI | TX1670450-000 | 759/226 | 10/10/94 | Subject to non-participating royalty interests (2) |
| Hueske, Herbert (II) (a/k/a Herbert F. Hueske, Jr.) | 125.7008 acres, more or less, out of the Nelson Smith League A-100, James Cooper League A-35, C.C. Givens Survey A-48 and John Carrington League A-120, as referenced in said lease | 125.700800 | COI | TX1670835-001 | 766/217 | 11/17/94 | |
| Hueske, Herbert (Jr.) (a/k/a Herbert F. Hueske, II) | .406 acres, more or less, out of the J. Carrington Survey A-120, as referenced in said lease | 0.406000 | CELP | | | 06/29/99 | |
| Hueske, Luther John/Katie R. | 267.249 acres, more or less, out of the Phillip Coe Survey A-31 and John Carrington Survey A-120, as referenced in said lease | 267.249000 | COI | TX1670499-001 | 762/793 | 10/07/94 | |
| Hueske, Milton Fred/Linda | 259.735 acres, more or less, out of the Phillip Coe Survey A-31 and John Carrington Survey A-120, as referenced in said lease | 259.735000 | COI | TX1670499-002 | 762/789 | 10/07/94 | |

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| LESSOR | LEGAL DESCRIPTION (FROM LEASE) | GROSS ACRES ON LEASE | LESSEE | LEASE NO. | RECORDED BK/PAGE | LEASE DATE | NOTES |
|---|---|---|---|---|---|---|---|
| Hueske, Milton R./Mary Dell | 259.384 acres, more or less, out of the Phillip Coe Survey A-31 and John Carrington Survey A-120, as referenced in said lease | 259.384000 | COI | TX1670499-003 | 762/797 | 10/07/94 | |
| Johnson, Julie Landgraf | 1.6 acres, more or less, out of the Phillip Coe Survey, A-31, as referenced in said lease | 1.60000 | CELP | TX1671412-000 | 913/277 | 10/21/98 | |
| Kelley, Patrick/Pamela | 1.097 acres, more or less, out of the John Carrington Survey, A-120, as referenced in said lease | 1.09700 | COI | TX1671498-000 | 913/208 | 10/29/98 | |
| Kiecke, Elverda/Howard | 76.684 acres, more or less, out of the John Carrington Survey A-120, as referenced in said lease | 76.684000 | COI | TX1670617-000 | 762/801 | 10/29/94 | |
| Klussman, Raymond O./Gloria Ann | 2.99 acres, more or less, out of the John Carrington Survey A-120, as referenced in said lease | 2.990000 | COI | TX1670551-000 | 800/326 | 07/18/95 | Amendment and Extension recorded - 899/702 |
| Kuecker, Ervin M. | 7.298 acres, more or less, out of the John Carrington Survey, A-120, as referenced in said lease | 7.298000 | CELP | TX1671509-000 | 921/139 | 01/14/99 | |
| Kuecker, Mark/Rebecca | 4.32 acres, more or less, out of the John Carrington Survey A-120, as referenced in said lease | 4.320000 | COI | TX1670644-000 | 804/22 | 08/28/95 | Amendment and Extension recorded - 900/395 |
| Landgraf, Lisa Diane | 1.0 acres, more or less, out of the P.H. Coe Survey A-31, as referenced in said lease | 1.000000 | COI | TX1670318-000 | 790/571 | 07/21/95 | Amendment and Extension recorded - 906/940 |
| Lauter, Mary Lee | 1.0 acres, more or less, out of the Phillip Coe Survey A-31, as referenced in said lease | 1.000000 | COI | TX1671416-000 | 774/519 | 01/31/95 | |
| Lauter, Mary Lee | 34.395 acres, more or less, out of the Phillip Coe Survey A-31, as referenced in said lease | 34.395000 | COI | TX1671415-000 | 760/558 | 10/30/94 | |
| Loesch, Myrna Denice | 122.0 acres, more or less, out of the Phillip Coe Survey A-31, as referenced in said lease | 122.000000 | UPRC | | 761/276 | 11/22/94 | Memorandum of Lease Extension recorded - 872/157 |
| Makowsky, Katerina | 1.0 acres, more or less, out of the John Carrington Survey A-120, as referenced in said lease | 1.000000 | COI | TX1671442-000 | 912/296 | 10/01/98 | |
| Marshall, Mary Ann Hueske | 259.414 acres, more or less, out of the Phillip Coe Survey A-31 and John Carrington Survey A-120, as referenced in said lease | 259.414000 | COI | TX1670499-004 | 772/563 | 10/07/94 | |
| Martella, Sharon Faye | 83.90 acres, more or less, out of the Phillip Coe Survey A-31 and John Carrington Survey A-120, as referenced in said lease | 83.900000 | UPRC | TX1671376-003 | 867/326 | 11/15/97 | Amendment of Lease recorded - 870/847 |

| LESSOR | LEGAL DESCRIPTION (FROM LEASE) | GROSS ACRES ON LEASE | LESSEE | LEASE NO. | RECORDED BK/PAGE | LEASE DATE | NOTES |
|---|---|---|---|---|---|---|---|
| Martin, Susie M. | 4.40 acres, more or less, out of the John Carrington Survey A-120, as referenced in said lease | 4.400000 | COI | TX1670336-000 | 798/778 | 07/18/95 | Amendment and Extension recorded - 899/684 |
| Menke, Dorothy Louise | 22.797 acres, more or less, out of the John Carrington Survey, A-120; and 17.0 acres, more or less, out of the James Cooper League A-35, as referenced in said lease | 33.797000 | COI | TX1670757-000 | 762/785 | 11/11/94 | |
| Menn, Evelyn/Franklin | 83.90 acres, more or less, out of the Phillip Coe Survey A-31 and John Carrington Survey A-120, as referenced in said lease | 83.900000 | UPRC | TX1671376-001 | 866/916 | 08/14/97 | Amendment of Lease recorded 870/157 |
| Oertli, Terry | 1.274 acres, more or less, out of the John Carrington Survey A-120, as referenced in said lease | 1.274000 | COI | TX1671492-000 | 914/722 | 10/29/98 | Amendment and Extension recorded 899/29 |
| Pitts, Iris L. | 2.236 acres, more or less, out of the John Carrington Survey, A-120, as referenced in said lease | 2.236000 | COI | TX1671497-000 | 912/298 | 10/01/98 | |
| Pollard, Clarice | 4.00 acres, more or less, out of the John Carrington Survey A-120, as referenced in said lease | 4.000000 | COI | TX1670335-000 | 799/573 | 07/20/95 | Amendment and Extension recorded - 901/243 |
| Riggins, Aquila F./Patricia | 12.0 acres, more or less, out of the John Carrington Survey A-120, as referenced in said lease | 12.000000 | COI | TX1670574-000 | 802/612 | 08/01/95 | Amendment and Extension recorded - 899/697 |
| Rinn, Florence/Leeland R. | 56.282 acres, more or less, out of the Survey A-, as referenced in said lease | 56.282000 | COI | TX1670846-000 | 780/96 | 12/20/94 | |
| Rodenbeck, Alfred A./Helen B. | 15.98 acres, more or less, out of the Phillip Coe Survey A-31, as referenced in said lease | 15.980000 | COI | TX1670610-000 | 760/532 | 10/19/94 | |
| Rodenbeck, Kimberly Sue | 18.536 acres, more or less, out of the Phillip Coe Survey A-31, as referenced in said lease | 18.536000 | COI | TX1670609-000 | 760/529 | 10/19/94 | |
| Schoen, Karen | 2.636 acres, more or less, out of the John Carrington Survey A-120, as referenced in said lease | 2.636000 | COI | TX1671457-000 | 912/272 | 10/01/98 | |
| Sommerfeld, Lorna D. | 122.0 acres, more or less, out of the Phillip Coe Survey A-31, as referenced in said lease | 122.000000 | UPRC | | 759/456 | 11/22/94 | Memorandum of Lease Extension recorded - 872/619 |
| Sparks, Wesley Bryan/Laura Jean | 11.917 acres, more or less, out of the John Carrington Survey A-120, as referenced in said lease | 11.917000 | COI | TX1670117-000 | 797/64 | 06/29/95 | Memorandum of Lease Extension recorded - 892/9 |

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| LESSOR | LEGAL DESCRIPTION (FROM LEASE) | GROSS ACRES ON LEASE | LESSEE | LEASE NO. | RECORDED BK/PAGE | LEASE DATE | NOTES |
|---|---|---|---|---|---|---|---|
| State of Texas - M100659 | 13.15 acres, more or less, out of the John Carrington League, A-120, as referenced in said lease | 13.150000 | CELP | | | 06/21/99 | |
| Thomas, H.L./Darnell | .413 acres, more or less, out of the John Carrington Survey, A-120, as referenced in said lease | 0.413000 | COI | TX1671411-000 | 908/257 | 08/15/98 | |
| Ullrich, Randy/Marilyn S. | 6.06 acres, more or less, out of the John Carrington Survey A-120, as referenced in said lease | 6.060000 | COI | TX1671039-000 | 764/109 | 10/29/95 | |
| Vierus, Gareth L./Cathy | 1.326 acres, more or less, out of the John Carrington Survey A-120, as referenced in said lease | 1.326000 | COI | TX1670564-000 | 809/237 | 07/18/95 | Amendment and Extension recorded 899/710 |
| Weige, Donna Jean | 122.0 acres, more or less, out of the Phillip Coe Survey A-31, as referenced in said lease | 122.000000 | UPRC | | 759/454 | 11/22/94 | Memorandum of Lease Extension recorded - 872/28 |
| Wellman, Janie | 4.144 acres, more or less, out of the John Carrington Survey A-120, as referenced in said lease | 4.144000 | COI | TX1671414-001 | 762/38 | 10/31/94 | |
| Zdunkewicz, Victor J./Mary Rose | 28.368 acres, more or less, out of the John Carrington League A-120, as referenced in said lease | 28.368000 | COI | TX1670666-000 | 770/781 | 11/24/94 | Memorandum of Lease Extension recorded - 910/898<br>Amendment recorded - 805/716 |

**END OF EXHIBIT "A"**

06-11-01

CHESAPEAKE OPERATING, INC.
SALEM OL #1-H UNIT
916.42 ACRES
WASHINGTON COUNTY, TEXAS

Being 916.42 Acres of land, lying and being situated in Washington County, Texas, part of the P. H. Coe Survey, A-31, and part of the John Carrington Survey, A-120, and being more particularly described as follows:

BEGINNING at the most westerly northwest corner hereof on a southeast margin of F. M. Highway 332, common with the north corner of the V. R. Bartels tract, recorded in Volume 331, Page 532, Deed Records of Washington County, Texas (331/532, D.R.W.C., Tx.), a found 1-1/2" iron rod bears N 18° 35' 00" W, 1.29 feet;

THENCE, along the southeast margin of said highway, N 44° 11' 50" E, 1430.16 feet, to the beginning of a curve to the left, a found concrete highway monument bears N 31° 26' E, 5.84 feet;

THENCE, along said curve, having a radius of 367.12 feet, a central angle of 34° 59' 28", an arc length of 224.20 feet, and being subtended by a chord of N 26° 42' 06" E, 220.74 feet, to the intersection of said highway and the south margin of Industrial Blvd. with Hueske Lane;

THENCE, along the south margin of Industrial Blvd., as follows:
N 73° 06' 11" E, 271.01 feet, to a 1/2" iron rod found;
N 74° 38' 19" E, 285.25 feet, to a 1/2" iron rod found;
N 74° 33' 55" E, 1170.82 feet, to a fence angle; and
N 73° 05' 32" E, 256.45 feet, to an angle for the southwest corner of a Brenham Industrial Foundation tract (410/872, D.R.W.C., Tx.);

THENCE, along south lines of said Brenham Industrial Foundation tract, as follows:
N 73° 14' 32" E, 91.01 feet; N 73° 18' 52" E, 358.06 feet;
N 70° 35' 49" E, 663.34 feet; N 74° 05' 19" E, 175.39 feet;
N 74° 31' 04" E, 622.49 feet; and N 56° 45' 20" E, 50.30 feet, to the southeast corner of said Brenham Industrial Foundation tract and the southwest corner of a called 5.557 acre tract (407/773, D.R.W.C.,Tx.);

THENCE, along the south line of said tract called 5.557 acres, N 74° 08' 27" E, 641.12 feet, to the north corner hereof on the west margin of the B. N. & S. F. Railway Company right-of-way;

THENCE, along a west line of said railroad, S 16° 27' 59" E, 1196.02 feet;

THENCE, N 42° 31' 11" E, 72.93 feet, to corner in the center of said railroad;

THENCE, along east lines hereof, in the center of said railroad as follows:
S 16° 27' 59" E, 1090.15 feet, to a P.C. of a curve to the left;
Along said curve to the left having a radius of 2801.15 feet, an arc length of 1062.53 feet, a central angle of 21° 44' 00", being subtended by a chord of S 27° 19' 59" E, 1056.17 feet, to the P. T. of said curve;
S 38° 11' 59" E, 3433.00 feet, to a P.C. of a curve to the right; and
Along said curve to the right having a radius of 2860.45 feet, an arc length of 27.07 feet, a central angle of 0° 32' 32", being subtended by a chord of S 37° 55' 42" E, 27.07 feet, to an east corner hereof;

THENCE, departing from said railroad, as follows:
S 19° 56' 52" W, 731.86 feet, to a fence corner; and
S 38° 07' 34" E, 240.08 feet, to a corner in F. M. Highway 109;

CHESAPEAKE OPERATING, INC.
SALEM OL NO. 1-H

THENCE, in Highway 109, S 42° 35' 12" W, 1072.05 feet, to a south corner hereof in said highway;

THENCE, along southerly lines hereof, as follows:
N 48° 05' 53" W, 615.37 feet;
S 41° 54' 07" W, 182.94 feet;
N 47° 43' 54" W, 489.78 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.);
S 37° 09' 07" W, 287.90 feet;
N 48° 03' 55" W, 699.46 feet, to a 3/8" iron rod found;
N 47° 33' 46" W, 271.52 feet, to a fence corner for an interior corner hereof;
S 39° 24' 55" W, 624.46 feet, to a 3/8" iron rod found for the east corner of the Aquila F. Riggins tract (790/632, O.R.W.C.,Tx.);
N 43° 28' 31" W, 828.62 feet, to a 1/2" iron rod found; and
N 47° 47' 55" W, 476.76 feet, to a 1/2" iron rod found in the south margin of Salem Road for the north corner of said Riggins tract;

THENCE, severing said Riggins tract, the Wesley B. Sparks tract (730/489, O.R.W.C., Tx.), and the Victor J. Zdunkewicz tract (709/419, O.R.W.C.,Tx.), S 23° 51' 06" E, 2079.89 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 said Zdunkewicz tract;

THENCE, S 42° 23' 56" W, 477.37 feet, to the east corner of the Robert Cottle tract (677/754, O.R.W.C.,Tx.);

THENCE, along the east line of said Cottle tract, N 47° 35' 00" W, 1785.95 feet, to a 5/8" iron rod found on the south margin of Salem Road for the north corner of said Cottle tract and interior corner hereof;

THENCE, along said road margin, S 40° 00' 19" W, 1012.25 feet, to a south corner hereof in F.M. Highway 3456;

THENCE, in F. M. Highway 3456, as follows:
N 52° 16' 40" W, 50.04 feet;
N 47° 44' 37" W, 229.52 feet;
N 47° 52' 02" W, 170.44 feet;
N 47° 52' 30" W, 29.92 feet;
N 48° 59' 17" W, 199.92 feet;
N 46° 40' 19" W, 201.24 feet;
N 46° 40' 27" W, 177.52 feet;
N 46° 24' 08" W, 143.41 feet;
N 47° 51' 39" W, 302.87 feet;
N 47° 39' 10" W, 334.10 feet;
N 47° 58' 11" W, 595.94 feet; and
N 47° 50' 08" W, 269.63 feet, to a west corner of this unit tract in F. M. Highway 3456;

THENCE, severing the E. Menn, et al tract (185/449, D.R.W.C.,Tx.), N 42° 25' 24" E, 1479.82 feet, to an interior corner of this unit tract;

THENCE, as follows:
N 48° 04' 36" W, 666.67 feet;
N 80° 19' 36" W, 619.26 feet;
N 05° 44' 11" E, 48.42 feet;
N 25° 21' 01" W, 59.06 feet;
N 37° 02' 54" W, 52.62 feet;
N 16° 13' 26" W, 48.54 feet;

CHESAPEAKE OPERATING, INC.
SALEM OL NO. 1-H

N 01° 16' 00" W, 80.59 feet;
N 21° 08' 29" E, 92.67 feet;
N 36° 49' 58" E, 36.73 feet;
N 17° 31' 02" E, 52.39 feet;
N 50° 16' 13" W, 98.40 feet;
N 44° 19' 07" W, 663.89 feet;
N 85° 16' 15" W, 453.49 feet; and
N 18° 17' 31" W, 17.19 feet, to an iron pipe found for the southwest corner of the Lisa D. Landgraf tract (635/870, O.R.W.C.,Tx.);

THENCE, as follows:
N 18° 40' 47" W, 520.11 feet; and
N 18° 35' 00" W, 330.61 feet, to the PLACE OF BEGINNING, containing 916.42 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.

Dated this the 16th day of July, 1999.

STATE OF TEXAS REGISTERED DONALD W. LAMPE 1732 PROFESSIONAL LAND SURVEYOR

Donald W. Lampe
R.P.L.S. No. 1732

1720-99
1720DES2

FILED FOR RECORD
WASHINGTON COUNTY, TX
99 AUG 20 AM 11:29
BETH A. ROTHERMEL
WASHINGTON CO. CLERK

STATE OF TEXAS
COUNTY OF WASHINGTON

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

AUG 23 1999

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

**CHESAPEAKE OPERATING, INC.** **June 18, 1999**
**SALEM OL #1-H**
**994.89 ACRES**
**WASHINGTON COUNTY, TEXAS**
**John Carrington Survey, A-120, and P. H. Coe Survey, A-31**

**TRACT LISTING**

| TRACT | MINERAL OWNER(S) | ACREAGE | VOLUME/PAGE * |
|---|---|---|---|
| 1 | Mary L. Lauter | 1.00 Acre | 529/671 |
| 2 | Alfred A. Rodenbeck | 12.98 Acres | 657/840 |
| 3 | Alfred A. Rodenbeck | 2.86 Acres | 657/840 |
| 4 | Kimberly S. Rodenbeck | 19.85 Acres | 680/330, 719/852 |
| 5 | David R. Lauter, et al | 34.40 Acres | 778/649 |
| 6 | Milton R. Hueske, et al | 257.41 Acres | 389/225 |
| 6A | Luther J. Hueske | 7.86 Acres | 561/154 |
| 6B | Milton F. Hueske | 0.32 Acre | 357/691 |
| 7 | Annie M. Fritz | 34.35 Acres | 529/666 |
| 8 | Donna J. Weige, et al | 118.66 Acres | 872/028 |
| 9 | Eugene Fritz | 36.65 Acres | 529/686 |
| 10 | Eugene Fritz | 1.00 Acre | 224/272 |
| 11 | Clarice Pollard | 3.99 Acres | 261/221 |
| 12 | Royce Allen Draehn | 1.72 Acres | 550/085 |
| 13 | H. L. Thomas | 0.41 Acres | 860/408 |
| 14 | Roger R. Draehn | 4.42 Acres | 268/132, 630/312 |
| 15 | Washington County/State of Texas M-100659 | 5.86 Acres | 080/391, 080/392 080/393, 051/119 |
| 16 | Albert F. Hueske | 50.04 Acres | 221/225 |
| 17 | Ervin M. Kuecker, et al | 7.66 Acres | 158/578 |
| 18 | Mark Kuecker, et al | 4.88 Acres | 452/131 |
| 19 | Gareth L. Vierus | 1.33 Acres | 574/201 |
| 20 | Patrick Kelley | 1.10 Acres | 774/198 |
| 21 | Terry N. Oertli | 1.27 Acres | 623/084 |
| 22 | Melvin Draehn | 1.86 Acres | 162/552 |
| 23 | Charles W. Dierking | 2.90 Acres | 334/733 |
| 24 | John N. Green | 10.32 Acres | 281/041, 353/597 |
| 25 | Susie M. Martin | 4.49 Acres | 246/024 |
| 26 | Richard M. Corn | 4.51 Acres | 775/821 |
| 27 | Alma Durow | 2.19 Acres | 274/447 |
| 28 | Carroll C. Faske | 1.02 Acres | 557/832 |
| 29 | Katerina Makowsky | 0.97 Acre | 290/576 |
| 30 | Leroy Herzog | 1.99 Acres | 360/775 |
| 31 | Raymond O. Klussmann | 2.99 Acres | 388/470 |
| 32 | Karen Schoen | 2.63 Acres | 451/067 |

***CHESAPEAKE OPERATING, INC.***
*SALEM OL #1-H*
*TRACT LISTING (Continued)*

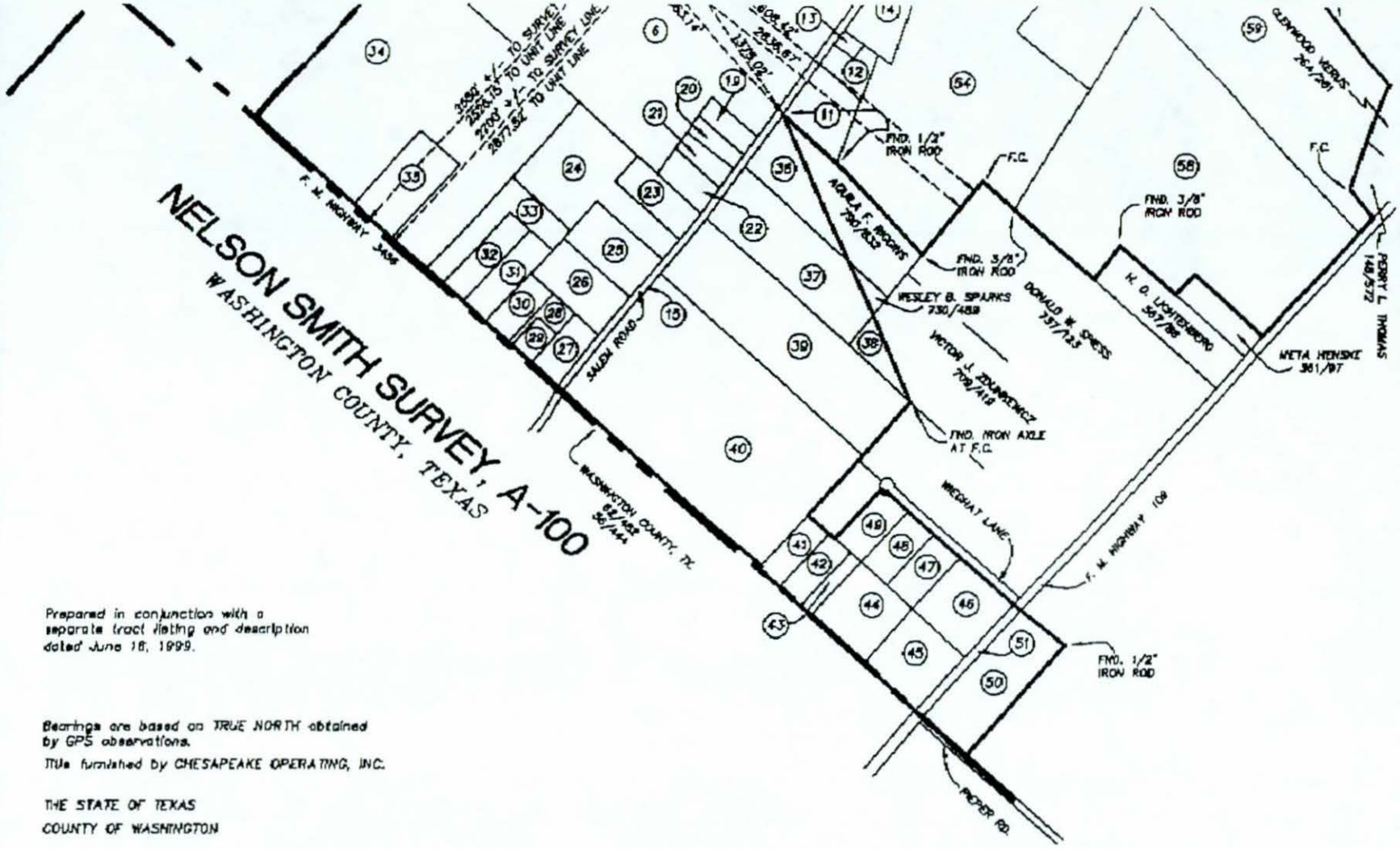
| | | | | |
|---|---|---|---|---|
| 33 | *Janie Wellmann* | | *4.23 Acres* | *752/319* |
| 34 | *Gloria K. Arnold, et al* | | *46.29 Acres* | *185/449* |
| 35 | *Franklin Eckert* | | *5.00 Acres* | *267/585* |
| 36 | *Aquila F. Riggins* | | *4.43 Acres* | *790/632* |
| 37 | *Wesley B. Sparks* | | *11.29 Acres* | *730/489* |
| 38 | *Victor J. Zdunkewicz* | | *1.62 Acres* | *709/419* |
| 39 | *Ernest Grimm, Jr.* | | *19.70 Acres* | *619/534* |
| 40 | *Robert Cottle* | | *40.60 Acres* | *677/754* |
| 41 | *Kim Greiffenstein* | | *2.12 Acres* | *627/170* |
| 42 | *Priscilla Teel Newman* | | *2.13 Acres* | *874/131* |
| 43 | *Jeffrey W. Davis* | | *1.05 Acres* | *900/549* |
| 44 | *Bobby G. Hardy* | | *5.19 Acres* | *702/680* |
| 45 | *Ross D. Helton* | | *5.24 Acres* | *386/571* |
| 46 | *Donald W. Wendler* | | *5.04 Acres* | *580/724* |
| 47 | *James D. Fox* | | *2.50 Acres* | *620/898* |
| 48 | *Leonard M. Wellbrock* | | *2.50 Acres* | *539/282* |
| 49 | *Ollie A. McMayon, II* | | *2.50 Acres* | *827/379* |
| 50 | *H. R. Wieghat* | | *8.29 Acres* | *362/935* |
| 51 | *Washington County/State of Texas* | M-100659 | *1.31 Acres* | *080/567* |
| 52 | *Lisa D. Landgraf* | | *1.00 Acre* | *635/870* |
| 53 | *Julie L. Johnson* | | *1.60 Acres* | *906/908* |
| 54 | *Herbert F. Hueske, Jr.* | | *47.23 Acres* | *433/795, 630/314* |
| 55 | *Dorothy L. Menke* | | *22.77 Acres* | *433/795* |
| 56 | *Herbert F. Hueske, Jr.* | | *7.95 Acres* | *433/795* |
| 57 | *Randy Ullrich* | | *6.06 Acres* | *676/238* |
| 58 | *Florence Rinn* | | *56.38 Acres* | *359/197, 361/097* |
| 59 | *Howard Kiecke* | | *34.98 Acre* | *614/704* |

*UNIT TOTAL 994.89 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 prepared by Donald W. Lampe Professional Land Surveyors, dated June 18, 1999.***

1
5.86
1.31
7.17

***1720/99***
***1720LIS1***




Prepared in conjunction with a separate tract listing and description dated June 18, 1999.

Bearings are based on TRUE NORTH obtained by GPS observations.

Title 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.– SALEM OL NO. 1–H WELL as staked on the ground under my direction during the month of September, 1998.

Dated this the 18th day of June, 1999.

Donald W. Lampe
R.P.L.S. No. 1732

STATE OF TEXAS REGISTERED DONALD W. LAMPE 1732 PROFESSIONAL LAND SURVEYOR

# AS DRILLED PLAT
## CHESAPEAKE OPERATING, INC.
## SALEM OL #1-H UNIT

P. H. COE SURVEY, A-31
JOHN CARRINGTON SURVEY, A-120
WASHINGTON COUNTY, TEXAS

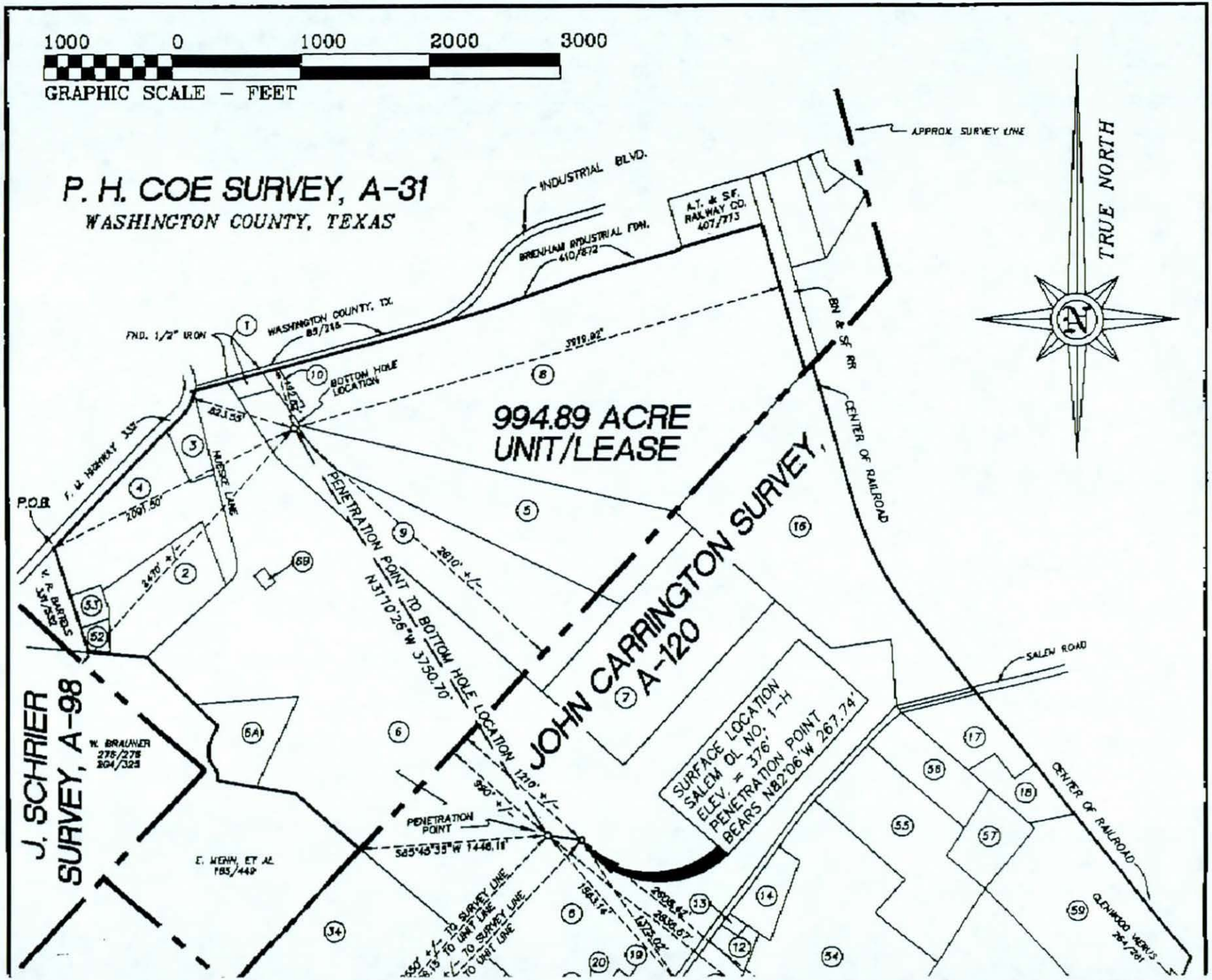
SALEM OL NO. 1–H UNIT surface location is approximately 2.5 miles southwest of Brenham, Washington County, Texas.

SURFACE LOC. – LATITUDE 30° 07' 51" N * LONGITUDE 96° 24' 39" W
BHL UPDIP – LATITUDE 30° 08' 23" N * LONGITUDE 96° 25' 05" W

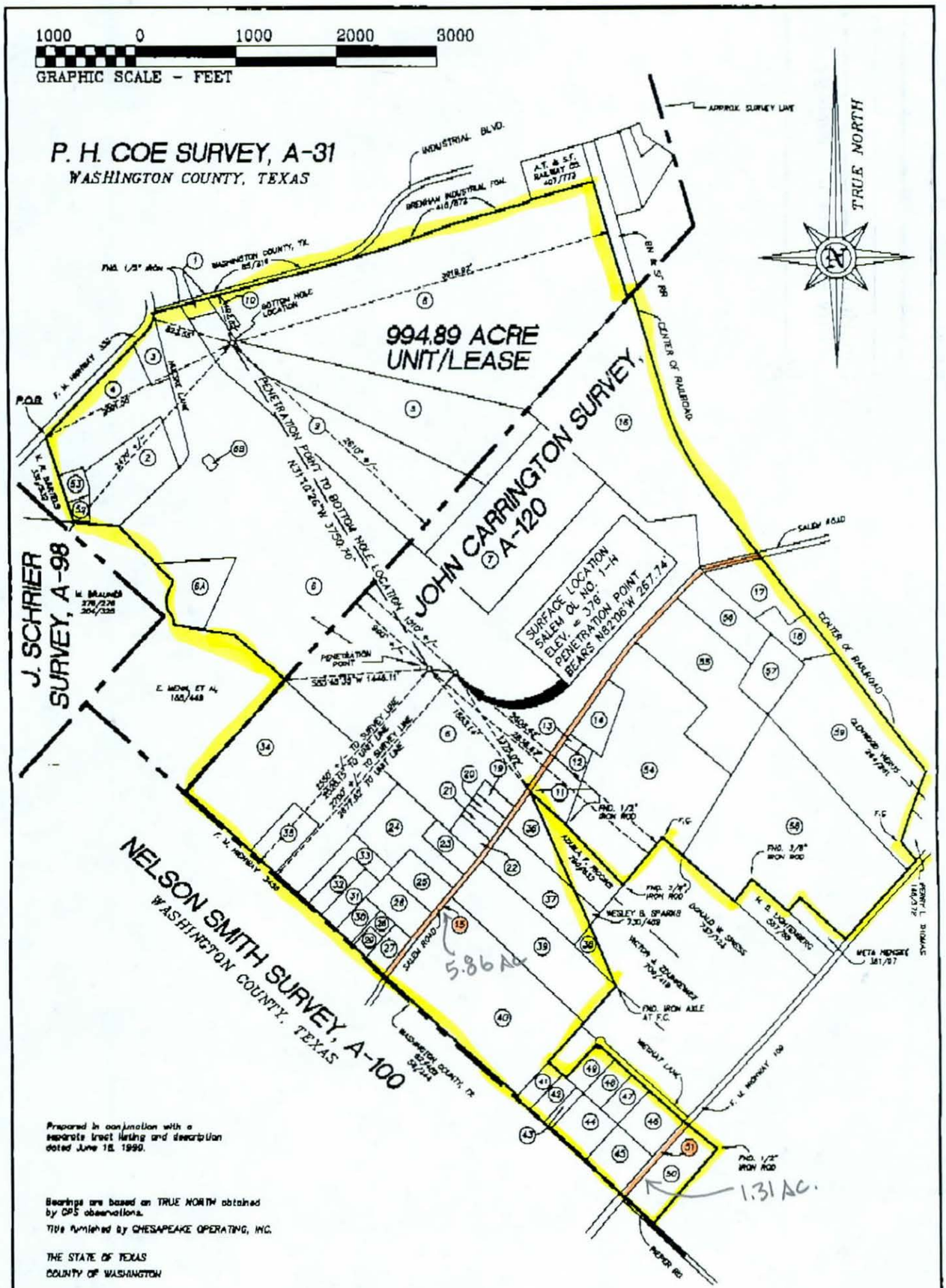

**DONALD W. LAMPE**
REGISTERED PROFESSIONAL
LAND SURVEYING
1406 WEST MAIN STREET
P. O. BOX 2037
BRENHAM, TEXAS 77834
(409) 836-6677 * FAX (409) 836-1177


W.O. 1720 RRC-SALEM-REV.DWG 1720CHES.CRD


02/08/01 11:43 FAX 4098361177 LAMPE SURVEYING 002




02/06/01 11:43 FAX 4098361177 LAMPE SURVEYING 003




Prepared in conjunction with a separate tract listing and description dated June 18, 1999.

Bearings are based on TRUE NORTH obtained by GPS observations.

Title 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.— SALEM OL NO. 1-H WELL as staked on the ground under my direction during the month of September, 1998.

Dated this the 18th day of June, 1999.

Donald W. Lampe
R.P.L.S. No. 1732

STATE OF TEXAS REGISTERED DONALD W. LAMPE 1732 PROFESSIONAL LAND SURVEYOR

## AS DRILLED PLAT
## CHESAPEAKE OPERATING, INC.
## SALEM OL #1-H UNIT

P. H. COE SURVEY, A-31
JOHN CARRINGTON SURVEY, A-120
WASHINGTON COUNTY, TEXAS

SALEM OL NO. 1-H UNIT surface location is approximately 2.5 miles southwest of Brenham, Washington County, Texas.

SURFACE LOC. — LATITUDE 30° 07' 51" N * LONGITUDE 96° 24' 39" W
BHL UPDIP — LATITUDE 30° 08' 23" N * LONGITUDE 96° 25' 05" W

**DONALD W. LAMPE**
REGISTERED PROFESSIONAL
LAND SURVEYING
1408 WEST MAIN STREET
P. O. BOX 2037
BRENHAM, TEXAS 77834
(409) 836-6677 * FAX (409) 836-1177

W.O. 1720 RRC-SALEM-REV.DWG 1720CHES.CRD

1720-99-1

File No. MF-100659

Declaration Of pooled unit

Date Filed: 10/11/99

Jerry E. Patterson, Commissioner

By _____

9 1/2

# DO NOT DESTROY

**UNIT AGREEMENT MEMO**
Unit No. 2927

Operator Chesapeake Operating Inc
Unit Name Hiram Unit
County _____
Effective Date _____
Unitized for: Oil ___ Gas ___ Oil & Gas ___

**1.** M.F. No. 100659
Area _____ Tr. 18
Sec. 3,47 Blk. ___ Survey _____
~~13.47~~/992.23 x 1/4 = .3313 %
.013253 x .25 = .003313

**2.** M.F. No. 100931
Area _____ Tr. 19
Sec. 9,69 Blk. ___ Survey _____
~~17.07~~/992.23 x 1/4 = .4283 %
.017133 x .25 = .004283

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

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

**REMARKS:**
HWY-ROW

| | |
|---|---|
| Prepared by: Marc A. Fuentes | Date 10-12-00 |
| Map & GIS updated by: | Date |
| Keyed into database by: | Date |

GLO-36-11-97

**DO NOT DESTROY**

**UNIT AGREEMENT MEMO**
Unit No. 7927

Operator Chesapeake Operating Inc
Unit Name Hiram Unit
County Washington
Effective Date _____
Unitized for: Oil ___ Gas ___ Oil & Gas ___

**1.** M.F. No. 100659
Area _____ Tr. 18
Sec. ___ Blk. ___ Survey _____
3.47/492.23 x 1/5 = .087425%
.003497 x .20 = .0006994

**2.** M.F. No. 100931 SL-029214
Area _____ Tr. 19
Sec. ___ Blk. ___ Survey _____
9.69/492.23 x 1/4 = .24415%
.009766 x .25 = .0024415

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

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

**REMARKS:**

.003141

| | |
|---|---|
| Prepared by: Marc G. Fuentes | Date 2-7-01 |
| Map & GIS updated by: | Date |
| Keyed into database by: M. Silva | Date 2-23-01 |

GLO-36-11-97

DECLARATION OF POOLED UNIT
HIRAM UNIT

2857

STATE OF TEXAS )
) KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF WASHINGTON )

This Declaration of Pooled Unit is executed to be effective as of January 11, 2000, 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.

RECITALS

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.

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. 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.

2. Description of Unit Area. The Unit Area (herein so called) shall consist of **992.23 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 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 "Hiram 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 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

ACKNOWLEDGMENTS

STATE OF OKLAHOMA )
) ss:
COUNTY OF OKLAHOMA )

BEFORE me, the undersigned, a Notary Public in and for said County and State, on this 11th day of April, 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

NOTARY SEAL PUBLIC
PAMELA S. BROWN
Oklahoma County
Notary Public in and for
State of Oklahoma
My commission expires Jan. 11, 2002

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

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 April, 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:

_____

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

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 April, 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 11th day of April, 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

NOTARY SEAL PUBLIC
PAMELA S. BROWN
Oklahoma County
Notary Public in and for
State of Oklahoma
My commission expires Jan 11, 2002

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:

_____

STATE OF TEXAS )
) ss:
COUNTY OF TARRANT )

BEFORE me, the undersigned, a Notary Public in and for said County and State, on this _____ day of _____, 2000, personally appeared _____, as 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.

_____
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 April, 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 14th day of April, 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.

D. J. GRAHAM
MY COMMISSION EXPIRES
December 7, 2002

D J Graham
_____
Notary Public

My Commission expires:

_____

STATE OF TEXAS )
) ss:
COUNTY OF TARRANT )

BEFORE me, the undersigned, a Notary Public in and for said County and State, on this _____ day of _____, 2000, personally appeared _____, as 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.

_____
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 April, 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 _____ 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:

_____

STATE OF TEXAS )
) ss:
COUNTY OF TARRANT )

BEFORE me, the undersigned, a Notary Public in and for said County and State, on this 28th day of April, 2000, personally appeared Andrew C. Ruddlesdin as 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:

_____

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

EXHIBIT "A"

ATTACHED HERETO AND MADE A PART OF THAT CERTAIN DECLARATION OF POOLED UNIT DATED EFFECTIVE AS OF JANUARY 11, 2000,
INSOFAR AND ONLY INSOFAR AS THE LEASES PERTAIN TO THE HIRAM UNIT

| LESSOR | LEGAL DESCRIPTION | LESSEE | LEASE NO. | RECORDED VOL/PAGE | LEASE DATE | NOTES |
|---|---|---|---|---|---|---|
| Baumgerten, Roger L. | 116.40 acres out of the Hiram Lee Survey A-76, as described in said lease | COI | TX1670722-000 | 773/513 | 11/02/94 | Amendment (939/625)<br>Memorandum of Lease Extension (941/720) |
| Bicknell, John D. | 410.00 acres out of the Hiram Lee Survey A-76, as described in said lease | COI | TX1670106-000 | 797/758 | 06/20/95 | Memorandum of Lease Extension (896/193)<br>Amendment (948/524) |
| Bicknell, John D. | 360.00 acres out of the Hiram Lee Survey A-76, as described in said lease | COI | TX1670235-000 | 797/761 | 05/25/95 | Memorandum of Lease Extension (890/644)<br>Amendment (948/527) |
| Blount, Steve A.<br>Shively/Deborah K. | 9.0 acres out of the Hiram Lee Survey A-76, as described in said lease | UPRC | TX1671389-001 | 790/567 | 07/05/95 | Extension (889/491)<br>Extension (889/493) |
| Boswell, Doris | 10.00 acres out of the Hiram Lee Survey A-76, as described in said lease | UPRC | | 888/946 | | |
| Boswell, Joseph M./Margarette A.<br>(Chris A./Annette Michels lease) | 10.00 acres out of the Hiram Lee Survey A-76, as described in said lease | UPRC | TX1671599-001 | 790/575 | 07/11/95 | Memorandum of Extension (886/793) |
| Bright, Earl (a/k/a Earl L. Bright)/Viola | 46.41 acres, more or less, out of the John Carrington League A-120, as described in said lease | UPRC | TX1671360-000 | 788/529 | 07/01/95 | Memorandum of Lease Extension (883/712) |
| Callahan, Deanna Reichwein | 5.154 acres out of the Hiram Lee Survey A-76, as described in said lease | UPRC | TX1671361-001 | 790/552 | 07/06/95 | Memorandum of Lease Extension (884/880) |
| Craigen, John William | .592 acres out of the Hiram Lee Survey A-76, as described in said lease | COI | TX1670106-005 | 797/58 | 07/05/95 | Memorandum of Lease Extension (898/141) |
| Craigen, John William (d/b/a Bilco Construction Company) | 2.089 acres out of the Hiram Lee Survey A-76, as described in said lease | COI | TX1670106-002 | 797/50 | 06/30/95 | Memorandum of Lease Extension (896/195) |
| Craigen, John William (d/b/a Bilco Construction Company) | 1.037 acres out of the Hiram Lee Survey A-76, as described in said lease | COI | TX1670106-004 | 797/46 | 06/30/95 | Memorandum of Lease Extension (896/197) |
| Craigen, John William/Lolette | 3.148 acres out of the Hiram Lee Survey A-76, as described in said lease | COI | TX1670106-003 | 797/54 | 06/30/95 | Memorandum of Extension (896/196) |
| Dougan, John H./Nanna Belle | 6.211 acres out of the Hiram Lee Survey A-76, as described in said lease | UPRC | TX1671362-001 | 790/555 | 07/08/95 | Memorandum of Lease Extension (884/883) |
| Dreyer, Jimmie | .581 acres, more or less, out of the John Carrington League A-120, as described in said lease | COI | TX1670241-000 | 798/792 | 06/29/95 | Amendment and Extension (903/610) |
| Freeman, Margie Morrow | 118.55 acres, more or less, out of the John Carrington League A-120, as described in said lease | CELP | TX1671558-000 | 929/522 | 04/23/99 | |

| LESSOR | LEGAL DESCRIPTION | LESSEE | LEASE NO. | RECORDED VOL/PAGE | LEASE DATE | NOTES |
|---|---|---|---|---|---|---|
| Gajeske, Michael J./Shirley | 8.50 acres out of the Hiram Lee Survey A-76, as described in said lease | COI | TX1670477-000 | 760/472 | 10/13/94 | Memorandum of Lease Extension (934/580) |
| Gajeske, T.W./Bernice | 107.9 acres out of the Hiram Lee Survey A-76, as described in said lease | COI | TX1670479-000 | 760/502 | 10/13/94 | Memorandum of Lease Extension (934/582) |
| Gajeske, T.W./Bernice | .958 acres out of the John Carrington Survey A-120, as described in said lease | COI | TX1671430-000 | 910/900 | 08/21/98 | |
| Grabarschick, Albert/Emble | 6.00 acres, more or less, out of the John Carrington League A-120, as described in said lease | COI | TX1670198-000 | 797/809 | 07/14/95 | Amendment and Extension (900/415) |
| Ham, Bob/Charlene | 3.244 acres out of the Hiram Lee Survey A-76, as described in said lease | UPRC | TX1671597-001 | 889/465 | 03/24/98 | |
| Januszewski, Tommie A./Kim J. | 5.0 acres out of the Hiram Lee Survey A-76, as described in said lease | UPRC | TX1671357-002 | 891/26 | 07/07/98 | |
| Kiecke, Howard/Alverda D. | 76.684 acres, more or less, out of the John Carrington League A-120, as described in said lease | COI | TX1670617-001 | 762/801 | 10/29/94 | Amendment (940/309)<br>Memorandum of Lease Extension (944/120) |
| Kobs, Floyd H./Ruby | 74.4 acres, more or less, out of the John Carrington League A-20, as described in said lease | COI | TX1670469-00 | 773/571 | 10/12/94 | Amendment (940/307)<br>Memorandum of Lease Extension (942/268)<br>Amendment (2856) |
| Ladewig, Delbert/Helen | .5 acres, more or less, out of the John Carrington League A-120, as described in said lease | COI | TX1670549-000 | 802/584 | 07/20/95 | Amendment and Extension (906/1) |
| Lopez, Paulino/Arcelia | 11.232 acres out of the Hiram Lee Survey A-76, as described in said lease | CELP | TX1670106-013 | 949/287 | 11/19/99 | |
| Luedemann, Harvey/Sue | 9.052 acres out of the Hiram Lee Survey A-76, as described in said lease | COI | TX1670106-010 | 800/332 | 07/18/95 | Memorandum of Lease Extension (898/144)<br>Amendment and Extension (954/825) |
| Morris, Mack/Betty Ann | 49.285 acres, more or less, out of the John Carrington League A-120, as described in said lease | COI | TX1671327-000 | 899/704 | 06/23/98 | |
| Pieper, Erwin A. (a/k/a Ervin A. Pieper)/Olivia | 79.288 acres, more or less, out of the John Carrington League A-120, as described in said lease | COI | TX1670742-000 | 762/775 | 11/07/94 | Ratification (959/532) |
| Reichwein, John K./Hariett H. | 5.0 acres out of the Hiram Lee Survey A-76, as described in said lease | UPRC | TX1671357-001 | 790/549 | 07/06/95 | Memorandum of Extension (884/881) |
| Rosenbaum, Doris K./Floyd<br>Porter, Peggy K./Charles | 62.00 acres, more or less, out of the John Carrington League A-120, as described in said lease | COI | TX1670758-000 | 769/321 | 11/13/94 | Amendment and Extension (945/511) |

| LESSOR | LEGAL DESCRIPTION | LESSEE | LEASE NO. | RECORDED VOL/PAGE | LEASE DATE | NOTES |
|---|---|---|---|---|---|---|
| Smith, James D.<br>(Clinton Giddings Anderson lease) | 200.00 acres out of the Hiram Lee Survey A-76, as described in said lease | COI | TX1670106-001 | 788/147 | 06/30/95 | Memorandum of Lease Extension (896/194) |
| Smith, Timothy Raymond/Diane Mae | 2.033 acres out of the Hiram Lee Survey A-76, as described in said lease | COI | TX1670106-011 | 803/926 | 07/12/95 | Memorandum of Extension (898/145) |
| State of Texas - M-100659 | 13.15 acres, more or less, out of the John Carrington League A-120, as described in said lease | COI | TX1671581-000 | | 06/21/99 | |
| State of Texas - M-100931 | 17 acres out of the J. Carrington Survey A-120, as described in said lease | CELP | | | | |
| Stolz, Allen R./Mary A.<br>(Floyd H./Ruby Kobs lease) | 74.4 acres, more or less, out of the John Carrington League A-20, as described in said lease | COI | TX1670469-000 | 773/571 | 10/12/94 | Amendment (940/307)<br>Memorandum of Lease Extension (942/268) |
| Torress, Nicholas G. | 4.466 acres out of the Hiram Lee Survey A-76, as described in said lease | COI | TX1670106-007 | 797/811 | 07/11/95 | Memorandum of Lease Extension (898/142) |
| Tulp, Violet | 1.06 acres, more or less, out of the John Carrington League A-120, as described in said lease | COI | TX1670685-00 | 803/203 | 07/20/95 | Amendment and Extension (902/325) |
| VanDyke, Bobby D./Carolyn Ruth | 6.765 acres out of the Hiram Lee Survey A-76, as described in said lease | UPRC | TX1670106-014 | 790/584 | 07/09/95 | Memorandum of Lease Extension (885/751) |
| Wellbrock, Barbara | 10.00 acres out of the Hiram Lee Survey A-76, as described in said lease | UPRC | TX1671382-001 | 888/380 | 07/10/98 | |
| Whiddon, W. E. | 17.992 acres out of the Hiram Lee Survey A-76 and the John Carrington Survey A-120, as described in said lease | COI | TX1670106-009 | 794/244 | 06/22/95 | Memorandum of Lease Extension (896/198) |
| Williams, George L. | 1.816 acres out of the Hiram Lee Survey A-76, as described in said lease | COI | TX1670106-008 | 797/164 | 07/12/95 | Memorandum of Lease Extension (898/143) |

END OF EXHIBIT "A"

VOL 0959 PAGE 835

EXHIBIT "B"

CHESAPEAKE OPERATING, INC. 1935-00
HIRAM NO. 1-H UNIT
992.23 ACRES
WASHINGTON COUNTY, TEXAS

Being 992.23 Acres of land, lying and being situated in Washington County, Texas, part of the H. Lee Survey, A-76, and the John Carrington Survey, A-120, and being more particularly described as follows:

BEGINNING at a concrete monument with brass cap found on a west line of the H. Lee Survey, A-76, common with an east line of the John Carrington Survey, A-120, for an interior corner of this unit tract, being a corner in the north line of a State of Texas tract called 200.00 acres, recorded in Volume 300, Page 82, Deed Records of Washington County, Texas (300/82, D.R.W.C.,Tx.), being the southeast corner of the T. W. Gajeske tract called 58.2 acres (240/106, D.R.W.C.,Tx.), and the southwest corner of the Alice Kolwes tract (214/339, D.R.W.C.,Tx.);

THENCE, along the south line of said Kolwes tract, N 78°43'24"E, 1600.11 feet, to a concrete monument with a brass cap found for the northeast corner of said State of Texas tract, and N 78° 34' 27" E, 652.98 feet, to a northeasterly corner hereof on the north line of an original W. E. Whiddon tract called 204.6 acres (339/821, D.R.W.C.,Tx.);

THENCE, severing said original tract called 204.6 acres, as follows:
S 55° 02' 26" E, 1257.30 feet;
S 11° 00' 27" E, 393.44 feet;
N 76° 17' 38"E, 212.46 feet;
N 85° 19' 05"E, at 124.37 feet pass a 3/8" iron rod found, at a total distance of 178.60 feet, to an exterior corner hereof on a north line of Anderson Lane (470/498, O.R.W.C.,Tx.); and
S 55° 02' 26"E, 1236.59 feet, to an interior corner hereof in the south line of said 204.6 acre tract, common with the north line of the John D. Bicknell tract called 360 acres (118/279, D.R.W.C.,Tx.);

THENCE, along said common line, N 78° 41' 53" E, 1080.41 feet, to a 1/2" iron rod found for the northeast corner of said Bicknell tract and for the southeast corner of said 204.6 acre tract in the west line of the Charlie Rosenbaum, Jr. tract (313/198, D.R.W.C.,Tx.);

THENCE, along the east line of said 360 acre tract, S 11° 01' 09"E, 452.76 feet, to an east corner hereof on said line;

THENCE, severing said 360 acre tract, S 33° 53' 55" W, 2449.01 feet, to a southeast corner hereof on the south line of said 360 acre tract;

THENCE, along said line S 78° 41' 12" W, 1776.44 feet, to an exterior corner hereof on said line;

THENCE, again severing said 360 acre tract, N 11° 18' 48" W, 2178.74 feet, to an interior corner hereof on the north line of said 360 acre tract;

THENCE, along said line, S 78° 41' 53" W, 2200.00 feet, to an interior corner hereof on the north line of said 360 acre tract;

THENCE, again severing said 360 acre tract, S 11° 18' 48" E, 2179.17 feet, to an exterior corner hereof in the south line of said 360 acre tract;

THENCE, along said line, S 78° 41' 12" W, 982.09 feet, to an interior corner hereof in the southwest line of State Highway 36;

CHESAPEAKE OPERATING, INC.
HIRAM NO. 1-H UNIT

THENCE, along said highway line, S 42° 12' 08" E, 484.81 feet, to an exterior corner hereof on said highway line at its intersection with the center of Pleasant Hill School Road;

THENCE, in said road, as follows:
S 42° 02' 53" W, 1467.51 feet; and
S 41° 33' 16" W, 509.46 feet, to a south corner hereof in said road;

THENCE, N 47° 56' 26" W, 4756.01 feet, through the Doris K. Rosenbaum tract (369/167, D.R.W.C.,Tx.), and through the Erwin A. Pieper tract (762/775, O.R.W.C.,Tx.), to a west corner hereof;

THENCE, through said Pieper tract and through the Earl L. Bright tract (331/200,D.R.W.C., Tx.), N 24° 12' 27" E, 760.17 feet, to the south corner of the Gooch Family Trust tract (390/458, D.R.W.C.,Tx.);

THENCE, N 27° 37' 25" E, 307.25 feet, to a 3/8" iron rod found for the east corner of said Gooch tract, common with an interior corner of the Mack W. Morris tract (333/625, D.R.W.C.,Tx.);

THENCE, N 47° 27' 46" W, 342.38 feet, and N 48° 29' 06" W, 60.01 feet, to a westerly exterior corner hereof in F. M. Highway 109;

THENCE, in F. M. Highway 109, N 42° 36' 15" E, 2543.52 feet, to an exterior corner hereof in the west line of State Highway 36, original 80' highway right-of-way (79/220, D.R.W.C.,Tx.);

THENCE, severing said original right-of-way of State Highway 36, N 79° 24' 52" E, 80.00 feet, to an interior corner hereof in the east line of said 80' highway right-of-way;

THENCE, along the east line of said original 80' highway right-of-way, N 10° 35' 08" W, 2004.58 feet, and N 11° 11' 08" W, 92.73 feet, to the most northern northwest corner hereof on said east line (79/183, D.R.W.C.,Tx.);

THENCE, N 79° 11' 15" E, at 596.83 feet pass a 1/2" iron rod found at the southeast corner of the Green Grain Inc., tract (454/277, D.R.W.C.,Tx.), at a total distance of 2912.32 feet, to a 1/2" iron rod found for the northeast corner of the Roger L. Baumgarten tract (289/116, D.R.W.C.,Tx.),being in the occupied west line of the H. Lee Survey, A-76, common with the east line of the J. Carrington Survey, A-120;

THENCE, along occupied west lines of said Alice Kolwes tract, S 10° 57' 09" E, 861.50 feet, to a fence corner, and S 10° 02' 28" E, 1721.75 feet, to the PLACE OF BEGINNING, containing 999.43 acres of land, Less, Save and Except, the following described tracts of land which total 7.20 acres, leaving a total of 992.23 acres of land.

LESS, SAVE AND EXCEPT:
Tract A
Burlington Northern and Santa Fe Railway Company
2.82 acres, Volume 44, Page 504, Deed Records of Washington County, Texas

Being 2.82 acres of land, lying and being situated in Washington County, Texas, part of the John Carrington Survey, A-120, and being more particularly described as follows:

COMMENCING at the south corner of the hereinabove described Chesapeake Operating, Inc. Hiram No. 1-H Unit, being in Pleasant Hill School Road;

THENCE, through said Hiram No. 1-H Unit, N 06° 39' 21" E, 1296.97 feet, to the south and BEGINNING CORNER of this tract;

THENCE, along a southwest line hereof, being a southwest line of the Burlington Northern and Santa Fe Railway Company right-of-way, N 36° 08' 56" W, 701.34 feet, to an iron railroad rail found for the west corner hereof and an exterior corner of said right-of-way;

THENCE, crossing said railroad right-of-way, N 53° 51' 04" E, 175.00 feet, to the north corner hereof, being an exterior corner of said right-of-way;

THENCE, along a northeast line hereof, being a northeast line of said railroad right-of-way, S 36° 08' 56" E, 701.34 feet, to the east corner hereof and an exterior corner of said right-of-way;

THENCE, crossing said right-of-way, S 53° 51' 04" W, 175.00 feet, to the PLACE OF BEGINNING, containing 2.82 acres of land.

AND LESS, SAVE AND EXCEPT:
Tract B
Burlington Northern and Santa Fe Railway Company
4.38 acres, Volume 44, Page 504, Deed Records of Washington County, Texas

Being 4.38 acres of land, lying and being situated in Washington County, Texas, part of the John Carrington Survey, A-120, and being more particularly described as follows:

COMMENCING at a found concrete monument with brass cap, being the Beginning Corner of the hereinabove described Chesapeake Operating, Inc. Hiram No. 1-H Unit;

THENCE, through said Hiram No. 1-H Unit, S 56° 43' 42" W, 3561.93 feet, to the north and BEGINNING CORNER of this tract;

THENCE, along east lines hereof, being along east lines of the Burlington Northern and Santa Fe Railway Company right-of-way, as follows:
S 16° 08' 56" E, 231.66 feet, to the beginning of a curve to the left; and
Along said curve through a central angle of 17° 54' 32", having a radius of 2821.62 feet, an arc length of 881.95 feet, and a chord which bears S 25° 06' 12" E, 878.36 feet, to the southeast corner hereof;

THENCE, S 55° 56' 32" W, 175.00 feet, to the southwest corner hereof in a west line of said railroad right-of-way in a curve of same;

THENCE, along west lines hereof and of said railroad right-of-way, as follows:
Along a curve to the right through a central angle of 17° 54' 32", having a radius of 2996.62 feet, an arc length of 936.65 feet, and a chord which bears N 25° 06' 12" W, 932.84 feet, to the end of said curve; and
N 16° 08' 56" W, 125.61 feet, to an iron railroad rail found for the northwest corner hereof;

THENCE, across said railroad right-of-way, as follows:
N 41° 38' 41" E, 147.73 feet; and N 45° 12' 16" E, 56.97 feet, to the PLACE OF BEGINNING, containing 4.38 acres of land.

Bearings are based on True North obtained by GPS observations.
Prepared in conjunction with a plat and tract listing of even date herewith.

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 from information of others furnished by Chesapeake Operating, Inc.

Dated this the 17th day of May, 2000.

Donald W. Lampe
R.P.L.S. No. 1732

STATE OF TEXAS
REGISTERED
DONALD W. LAMPE
1732
PROFESSIONAL
LAND SURVEYOR

*CHESAPEAKE OPERATING, INC.* *May 15, 2000*
*HIRAM #1-H UNIT*
*WASHINGTON COUNTY, TEXAS*
*Hiram Lee Survey, A-76, John Carrington Survey, A-120,*
*and Isaac Lee Survey, A-77*

*TRACT LISTING*

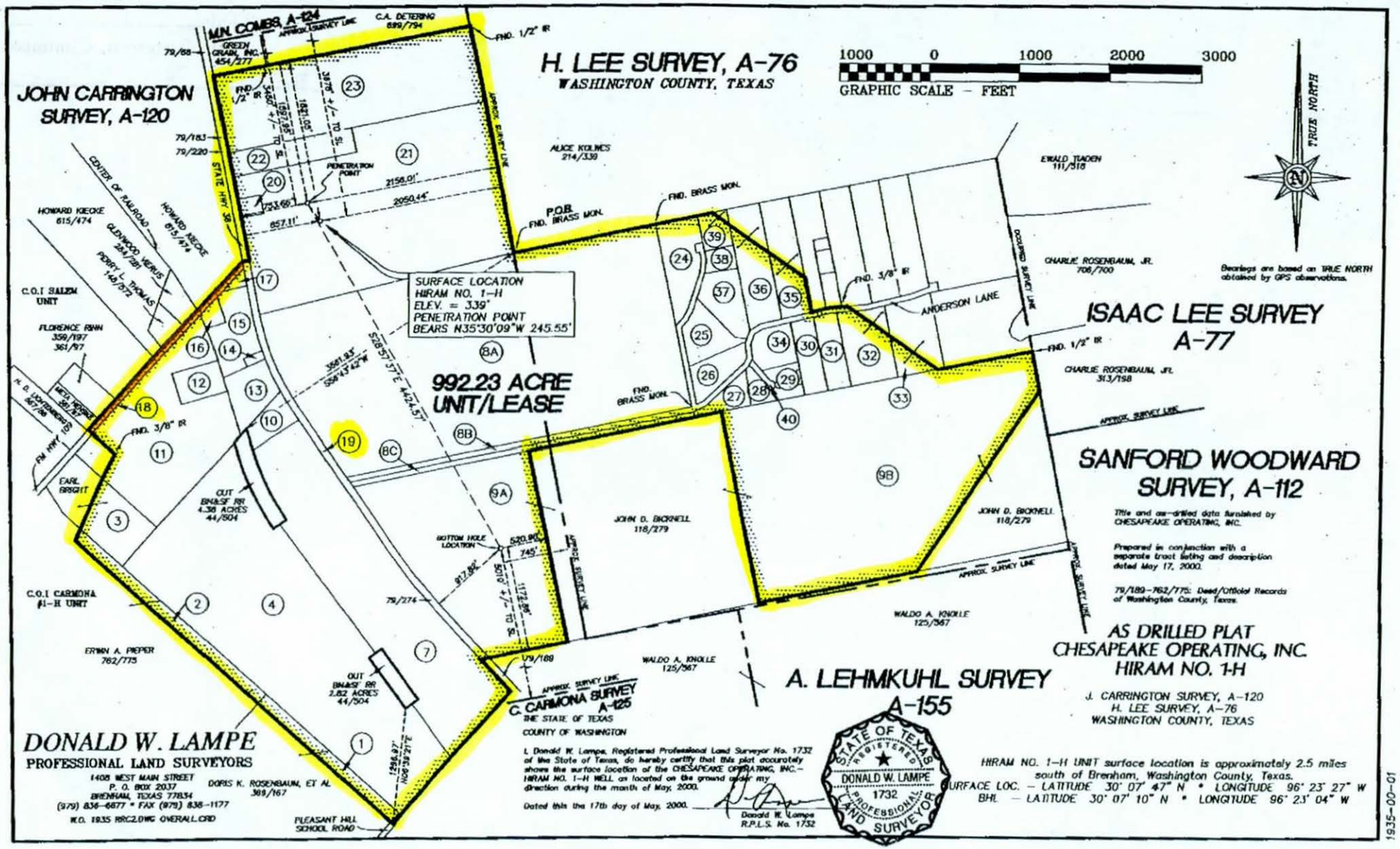
| TRACT | MINERAL OWNER(S) | ACREAGE | VOLUME/PAGE * |
|---|---|---|---|
| 1 | Doris K. Rosenbaum, et al | 6.43 Acres | 369/167 |
| 2 | Erwin A. Pieper | 8.79 Acres | 762/775 |
| 3 | Earl L. Bright | 9.81 Acres | 331/200 |
| 4 | Margie M. Freeman | 121.15 Acres | 281/252 |
| 5 | BN & SF RR | 2.82 Acres | 44/504 |
| 6 | BN & SF RR | 4.38 Acres | 44/504 |
| 7 | Floyd Kobs | 73.18 Acres | 515/843, 422/380 |
| 8A | John D. Bicknell, et al | 202.33 Acres | 125/26, 300/82 |
| 8B | John D. Bicknell, et al | 11.28 Acres | 125/26, 470/498 |
| 8C | John D. Bicknell, et al | 5.36 Acres | 125/26 |
| 9A | John D. Bicknell | 74.65 Acres | 118/279 |
| 9B | John D. Bicknell | 141.35 Acres | 118/279 |
| 10 | Allen R. Stolz | 4.00 Acres | 878/746 |
| 11 | Mack W. Morris | 42.93 Acres | 333/625 |
| 12 | Howard Kiecke | 4.38 Acres | 615/474 |
| 13 | Emble Grabarschick | 6.76 Acres | 193/85 |
| 14 | Delbert Ladewig | 0.51 Acre | 362/453 |
| 15 | Mack W. Morris | 8.42 Acres | 759/68, 795/386, 609/266, 304/684 |
| 16 | Violet F. Tulp | 1.23 Acres | 324/721 |
| 17 | Jimmie Dreyer | 0.63 Acre | 357/291 |
| 18 | Washington Co./State of Texas | 3.47 Acres | 80/376 |
| 19 | Washington Co./State of Texas | 9.69 Acres | 79/183, 79/189 79/220, 79/274 |
| 20 | T. W. Gajeske | 1.23 Acres | 487/813 |
| 21 | T. W. Gajeske | 108.61 Acres | 240/106, 249/508 |
| 22 | Michael J. Gajeske | 8.85 Acres | 473/224 |
| 23 | Roger L. Baumgarten | 58.26 Acres | 289/116 |
| 24 | Harvey Luedemann, et al | 9.06 Acres | 403/349 |
| 25 | J. H. Dougan, Jr., et al | 6.21 Acres | 413/193 |
| 26 | Deanna R. Callahan, et al | 5.15 Acres | 401/744 |
| 27 | Bob Ham, et al | 3.26 Acres | 356/755 |
| 28 | George L. Williams, et al | 1.83 Acres | 691/393 |
| 29 | Nicholas Torres, et al | 4.47 Acres | 778/178 |
| 30 | J. K. Reichwein, Jr., et al | 5.01 Acres | 423/714 |
| 31 | Tommie A. Januszewski, et al | 5.01 Acres | 423/410 |
| 32 | Barbara E. Wellbrock, et al | 8.69 Acres | 693/859 |
| 33 | Steve A. Blount, et al | 2.40 Acres | 790/567 |
| 34 | John W. Craigen, et al | 3.13 Acres | 472/207 |

*CHESAPEAKE OPERATING, INC.*
*HIRAM #1-H*
*TRACT LISTING (Continued)*
*Page 2 of 2*

| | | | |
|---|---|---|---|
| *35* | *Chris Michels, et al* | *4.39 Acres* | *692/376* |
| *36* | *Paulino Lopez, et al* | *8.10 Acres* | *886/705* |
| *37* | *Bobby D. Van Dyke, et al* | *6.77 Acres* | *653/239* |
| *38* | *T. R. Smith, et al* | *2.04 Acres* | *716/257* |
| *39* | *John W. Craigen, et al* | *2.82 Acres* | *538/367* |
| *40* | *John W. Craigen, et al* | *0.59 Acre* | *797/58* |
| | | ***Unit Total 999.43 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 dated May 15, 2000. Compiled by Donald W. Lampe Professional Land Surveyors from information of others furnished by Chesapeake Operating, Inc.*

*1935/00*
*1935LIST*




01/18/01 THU 09:27 FAX REVENUE

9/4

File No. MF-100659
Declaration of pooled unit
Date Filed: 10/12/00
Jerry E. Patterson, Commissioner
By

# DO NOT DESTROY

**UNIT AGREEMENT MEMO**
Unit No. 2848

Operator Chesapeake Exploration, L.P.
Unit Name Salem Unit
County Washington
Effective Date 6-21-99
Unitized for: Oil ___ Gas ___ Oil & Gas ___

**1.** M.F. No. 100659 (15)
Area ___ Tr. 1
Sec. 5.66 Blk. ___ Survey ___
13.15/916.42 x 1/5 .2869 %
.014349 x .20 = .002869

**2.** M.F. No. 100659
Area ___ Tr. 51
Sec. ___ Blk. ___ Survey ___
1.31 x ___ __.___ %

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

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

**REMARKS:**
HROW 5.6 acres, Salem Road ←
7.55 acres, F.M. 109
13.15
(57 UNIT TRACTS)

| | |
|---|---|
| Prepared by: Marc G. Fuentes | Date 3-23-00 |
| Map & GIS updated by: | Date |
| Keyed into database by: M.S.M.A | Date 4-4-00 |

GLO-36-11-97

# DO NOT DESTROY

**UNIT AGREEMENT MEMO**
Unit No. 2848

Operator Chesapeake Exploration, L.P.
Unit Name Salem Unit
County Washington
Effective Date 6-21-99
Unitized for: Oil ___ Gas ___ Oil & Gas ___

**1.** M.F. No. 100659
Area ___ Tr. 15
Sec. ___ Blk. ___ Survey ___
5.86/916.42 x 1/5 = .12798 %
.006394 x .20 = .0012788

**2.** M.F. No. 100659
Area ___ Tr. 51
Sec. ___ Blk. ___ Survey ___
1.31/912.42 x 1/5 = .0287 %
.001435 x .20 = .000287

**3.** M.F. No. 100659
Area ___ Tr. 51
Sec. ___ Blk. ___ Survey ___
1.31/912.42 x 1/5 = .0287 %
.001435 x .20 = .000287

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

**REMARKS:**

.001571

| | |
|---|---|
| Prepared by: Mara A. Austin | Date 2-7-01 |
| Map & GIS updated by: | Date 7-20-01 |
| Keyed into database by: M. Silva | Date 7-23-01 |

GLO-36-11-97

CHESAPEAKE OPERATING, INC.
SALEM OL #1-H UNIT
916.42 ACRES
WASHINGTON COUNTY, TEXAS

Being 916.42 Acres of land, lying and being situated in Washington County, Texas, part of the P. H. Coe Survey, A-31, and part of the John Carrington Survey, A-120, and being more particularly described as follows:

BEGINNING at the most westerly northwest corner hereof on a southeast margin of F. M. Highway 332, common with the north corner of the V. R. Bartels tract, recorded in Volume 331, Page 532, Deed Records of Washington County, Texas (331/532, D.R.W.C., Tx.), a found 1-1/2" iron rod bears N 18° 35' 00" W, 1.29 feet;

THENCE, along the southeast margin of said highway, N 44° 11' 50" E, 1430.16 feet, to the beginning of a curve to the left, a found concrete highway monument bears N 31° 26' E, 5.84 feet;

THENCE, along said curve, having a radius of 367.12 feet, a central angle of 34° 59' 28", an arc length of 224.20 feet, and being subtended by a chord of N 26° 42' 06" E, 220.74 feet, to the intersection of said highway and the south margin of Industrial Blvd. with Hueske Lane;

THENCE, along the south margin of Industrial Blvd., as follows:
N 73° 06' 11" E, 271.01 feet, to a 1/2" iron rod found;
N 74° 38' 19" E, 285.25 feet, to a 1/2" iron rod found;
N 74° 33' 55" E, 1170.82 feet, to a fence angle; and
N 73° 05' 32" E, 256.45 feet, to an angle for the southwest corner of a Brenham Industrial Foundation tract (410/872, D.R.W.C., Tx.);

THENCE, along south lines of said Brenham Industrial Foundation tract, as follows:
N 73° 14' 32" E, 91.01 feet; N 73° 18' 52" E, 358.06 feet;
N 70° 35' 49" E, 663.34 feet; N 74° 05' 19" E, 175.39 feet;
N 74° 31' 04" E, 622.49 feet; and N 56° 45' 20" E, 50.30 feet, to the southeast corner of said Brenham Industrial Foundation tract and the southwest corner of a called 5.557 acre tract (407/773, D.R.W.C.,Tx.);

THENCE, along the south line of said tract called 5.557 acres, N 74° 08' 27" E, 641.12 feet, to the north corner hereof on the west margin of the B. N. & S. F. Railway Company right-of-way;

THENCE, along a west line of said railroad, S 16° 27' 59" E, 1196.02 feet;

THENCE, N 42° 31' 11" E, 72.93 feet, to corner in the center of said railroad;

THENCE, along east lines hereof, in the center of said railroad as follows:
S 16° 27' 59" E, 1090.15 feet, to a P.C. of a curve to the left;

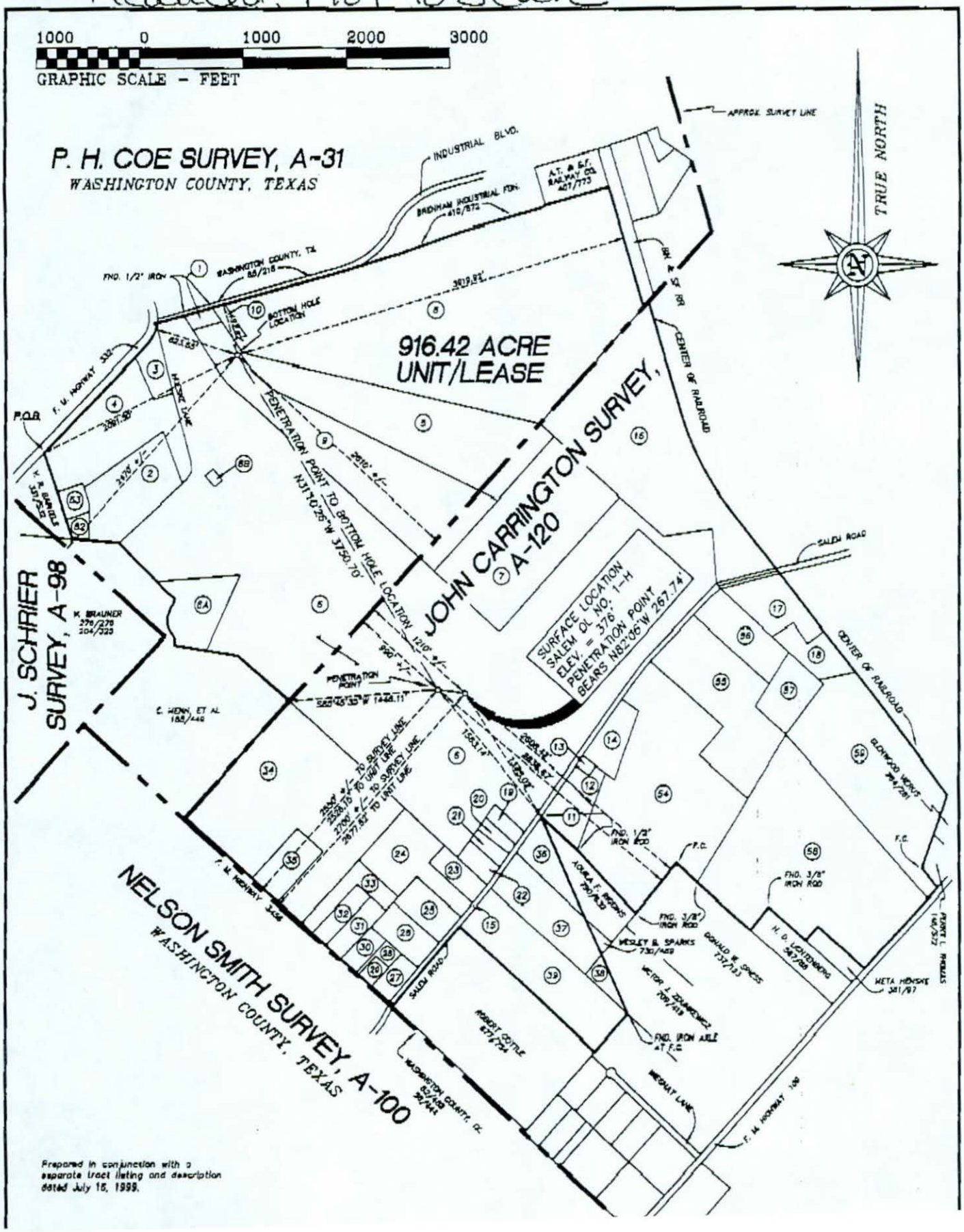
Along said curve to the left having a radius of 2801.15 feet, an arc length of 1062.53 feet, a central angle of 21° 44' 00", being subtended by a chord of S 27° 19' 59" E, 1056.17 feet, to the P. T. of said curve;
S 38° 11' 59" E, 3433.00 feet, to a P.C. of a curve to the right; and
Along said curve to the right having a radius of 2860.45 feet, an arc length of 27.07 feet, a central angle of 0° 32' 32", being subtended by a chord of S 37° 55' 42" E, 27.07 feet, to an east corner hereof;

THENCE, departing from said railroad, as follows:
S 19° 56' 52" W, 731.86 feet, to a fence corner; and
S 38° 07' 34" E, 240.08 feet, to a corner in F. M. Highway 109;

Patsy Waters

#2

Reduced, Not to Scale



Bearings are based on TRUE NORTH obtained by GPS observations.

Title furnished by CHESAPEAKE OPERATING, INC.

THE STATE OF TEXAS

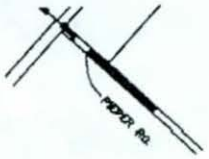
COUNTY OF WASHINGTON

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.- SALEM OL NO. 1-H WELL, as staked on the ground under my direction during the month of September, 1998.

Dated this the 15th day of July, 1999.

Donald W. Lampe
R.P.L.S. No. 1732

STATE OF TEXAS
REGISTERED
DONALD W. LAMPE
1732
PROFESSIONAL
LAND SURVEYOR




# AS DRILLED PLAT
# CHESAPEAKE OPERATING, INC
# SALEM OL #1-H UNIT

P. H. COE SURVEY, A-31
JOHN CARRINGTON SURVEY, A-120
WASHINGTON COUNTY, TEXAS


**DONALD W. LAMPE**
REGISTERED PROFESSIONAL
LAND SURVEYING
1408 WEST MAIN STREET
P. O. BOX 2037
BRENHAM, TEXAS 77834
(409) 836-6877 - FAX (409) 836-1177


W.O. 1729 RRC-SALEM-REV2.DWG 1720CHES.CRD

SALEM OL NO. 1-H UNIT surface location is approximately 2.5 miles southwest of Brenham, Washington County, Texas.

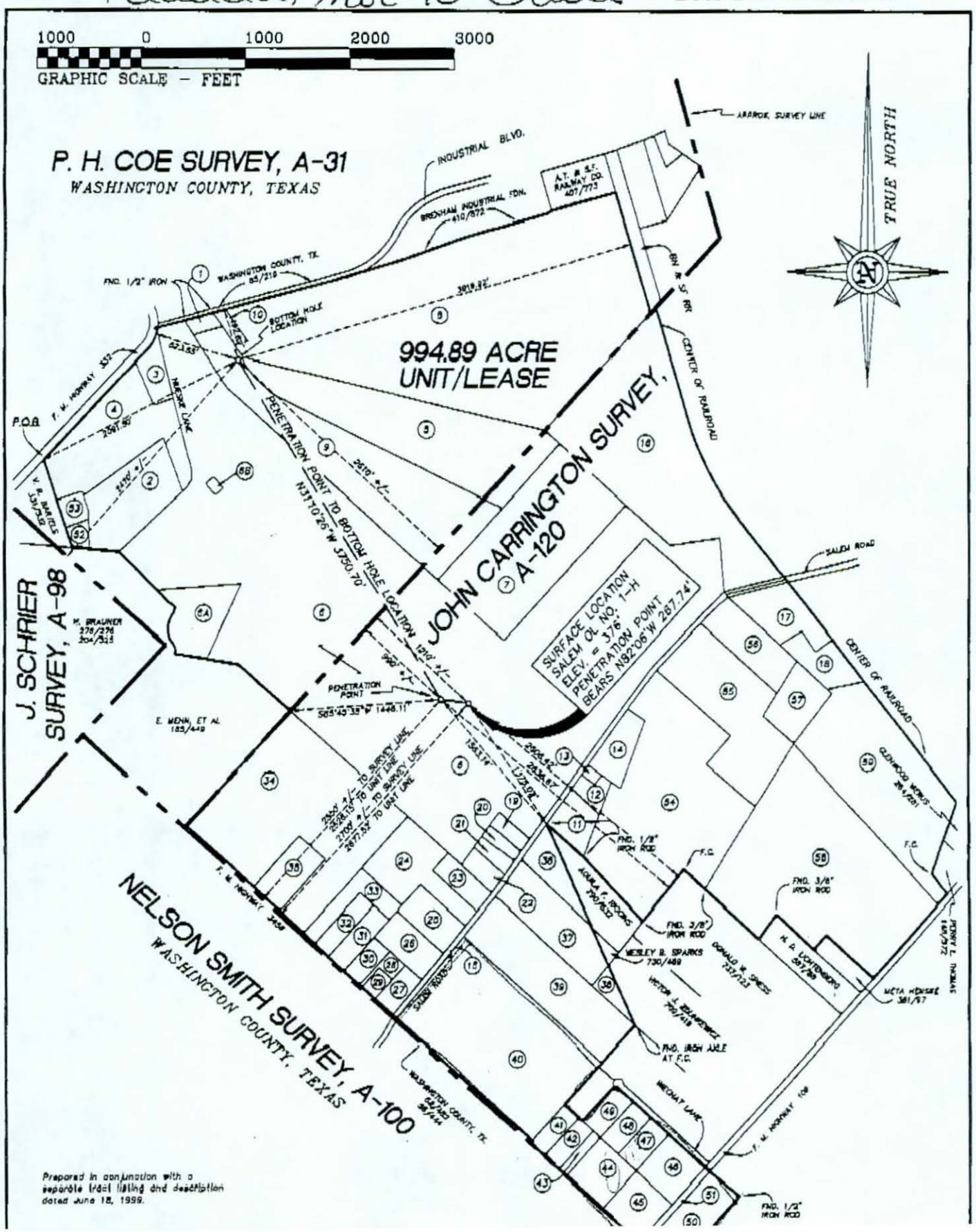
SURFACE LOC. - LATITUDE 30° 07' 51" N * LONGITUDE 96° 24' 39" W
BHL UPDIP - LATITUDE 30° 08' 23" N * LONGITUDE 96° 25' 05" W

1720-99-2

RECEIVED
JUN 2 9 1999
DIV. ORDER DEPT.

Reduced, not to Scale

#1




Prepared in conjunction with a separate tract listing and description dated June 18, 1999.

Out

Bearings are based on TRUE NORTH obtained by GPS observations.

Title, 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.- SALEM OL NO. 1-H WELL as staked on the ground under my direction during the month of September, 1998.

Dated this the 10th day of June, 1999.

Donald W. Lampe
R.P.L.S. No. 1732







# AS DRILLED PLAT
## CHESAPEAKE OPERATING, INC.
## SALEM OL #1-H UNIT

P. H. COE SURVEY, A-31
JOHN CARRINGTON SURVEY, A-120
WASHINGTON COUNTY, TEXAS

**DONALD W. LAMPE**
REGISTERED PROFESSIONAL
LAND SURVEYING
1408 WEST MAIN STREET
P. O. BOX 2037
BRENHAM, TEXAS 77834
(409) 836-6877 * FAX (409) 836-1177

W.O. 1720 RRC-SALEM-REV.DWG 1720CHES.CRD

SALEM OL NO. 1-H UNIT surface location is approximately 2.5 miles southwest of Brenham, Washington County, Texas.
SURFACE LOC. - LATITUDE 30° 07' 51" N * LONGITUDE 96° 24' 39" W
BHL UPDIP - LATITUDE 30° 08' 23" N * LONGITUDE 96° 25' 05" W

1720-99-1

**CHESAPEAKE OPERATING, INC.** **July 16, 1999**
**SALEM OL #1-H**
**916.42 ACRES**
**WASHINGTON COUNTY, TEXAS**
**John Carrington Survey, A-120, and P. H. Coe Survey, A-31**

## TRACT LISTING

| TRACT | MINERAL OWNER(S) | ACREAGE | VOLUME/PAGE * |
|---|---|---|---|
| 1 | Mary L. Lauter | 1.00 Acre | 529/671 |
| 2 | Alfred A. Rodenbeck | 12.98 Acres | 657/840 |
| 3 | Alfred A. Rodenbeck | 2.86 Acres | 657/840 |
| 4 | Kimberly S. Rodenbeck | 19.85 Acres | 680/330, 719/852 |
| 5 | David R. Lauter, et al | 34.40 Acres | 778/649 |
| 6 | Milton R. Hueske, et al | 257.41 Acres | 389/225 |
| 6A | Luther J. Hueske | 7.86 Acres | 561/154 |
| 6B | Milton F. Hueske | 0.32 Acre | 357/691 |
| 7 | Annie M. Fritz | 34.35 Acres | 529/666 |
| 8 | Donna J. Weige, et al | 118.66 Acres | 872/028 |
| 9 | Eugene Fritz | 36.65 Acres | 529/686 |
| 10 | Eugene Fritz | 1.00 Acre | 224/272 |
| 11 | Clarice Pollard | 3.99 Acres | 261/221 |
| 12 | Royce Allen Draehn | 1.72 Acres | 550/085 |
| 13 | H. L. Thomas | 0.41 Acres | 860/408 |
| 14 | Roger R. Draehn | 4.42 Acres | 268/132, 630/312 |
| 15 | Washington County/State of Texas | 5.86 Acres ✓ | 080/391, 080/392 080/393, 051/119 |
| 16 | Albert F. Hueske | 50.04 Acres | 221/225 |
| 17 | Ervin M. Kuecker, et al | 7.66 Acres | 158/578 |
| 18 | Mark Kuecker, et al | 4.88 Acres | 452/131 |
| 19 | Gareth L. Vierus | 1.33 Acres | 574/201 |
| 20 | Patrick Kelley | 1.10 Acres | 774/198 |
| 21 | Terry N. Oertli | 1.27 Acres | 623/084 |
| 22 | Melvin Draehn | 1.86 Acres | 162/552 |
| 23 | Charles W. Dierking | 2.90 Acres | 334/733 |
| 24 | John N. Green | 10.32 Acres | 281/041, 353/597 |
| 25 | Susie M. Martin | 4.49 Acres | 246/024 |
| 26 | Richard M. Corn | 4.51 Acres | 775/821 |
| 27 | Alma Durow | 2.19 Acres | 274/447 |
| 28 | Carroll C. Faske | 1.02 Acres | 557/832 |
| 29 | Katerina Makowsky | 0.97 Acre | 290/576 |
| 30 | Leroy Herzog | 1.99 Acres | 360/775 |
| 31 | Raymond O. Klussmann | 2.99 Acres | 388/470 |
| 32 | Karen Schoen | 2.63 Acres | 451/067 |

***CHESAPEAKE OPERATING, INC.***
***SALEM OL #1-H***
***TRACT LISTING (Continued)***

| | | | |
|---|---|---|---|
| 33 | *Janie Wellmann* | *4.23 Acres* | *752/319* |
| 34 | *Gloria K. Arnold, et al* | *46.29 Acres* | *185/449* |
| 35 | *Franklin Eckert* | *5.00 Acres* | *267/585* |
| 36 | *Aquila F. Riggins* | *4.43 Acres* | *790/632* |
| 37 | *Wesley B. Sparks* | *11.29 Acres* | *730/489* |
| 38 | *Victor J. Zdunkewicz* | *1.62 Acres* | *709/419* |
| 39 | *Ernest Grimm, Jr.* | *19.70 Acres* | *619/534* |
| 40 - 51 | *OMITTED* | | |
| 52 | *Lisa D. Landgraf* | *1.00 Acre* | *635/870* |
| 53 | *Julie L. Johnson* | *1.60 Acres* | *906/908* |
| 54 | *Herbert F. Hueske, Jr.* | *47.23 Acres* | *433/795, 630/314* |
| 55 | *Dorothy L. Menke* | *22.77 Acres* | *433/795* |
| 56 | *Herbert F. Hueske, Jr.* | *7.95 Acres* | *433/795* |
| 57 | *Randy Ullrich* | *6.06 Acres* | *676/238* |
| 58 | *Florence Rinn* | *56.38 Acres* | *359/197, 361/097* |
| 59 | *Howard Kiecke* | *34.98 Acre* | *614/704* |

*UNIT TOTAL 916.42 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 prepared by Donald W. Lampe Professional Land Surveyors, dated July 16, 1999.*

*1720/99*
*1720LIS2*

(10.)

File No. 100659

Pooling Agreement

Date Filed: 8-19-03

Jerry E. Patterson, Commissioner

By

TEXAS GENERAL LAND OFFICE
JERRY PATTERSON, COMMISSIONER

March 9, 2004

Chesapeake Operating, Inc.
PO Box 18496
Oklahoma City, OK 73154

Re: State Lease MF100659
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

Beverly Boyd, Lease Analyst
Mineral Leasing Division

# 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.

11.

File No. MF 100659

Division Order

Date Filed: 3/9/04

Jerry E. Patterson, Commissioner

By

# Chesapeake Energy Corporation

# FAX MEMO

Date: 1-18-02

Number of pages including cover sheet: 4

To:
Marc Fuentes
TX GLO

Phone:
Fax phone: 512-475-1543
CC:

From:
Tasha Chamberlain ☺
Chesapeake Energy Corp.
6100 N. Western Avenue
Oklahoma City, OK 73118
Email: nchamberlain@chkenergy.com
Phone: (405) 879-9470
Fax phone: (405) 879-9558

REMARKS: ☐ Urgent ☐ For your review ☐ Reply ASAP ☐ Please comment

Salem info.

☺

*CONFIDENTIALITY NOTICE*

**This facsimile transmission (and documents accompanying it) may contain confidential information belonging to the sender. The information is intended for the use of the individual or entity to whom this transmission is addressed. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, or the taking of any action in reliance on the contents of this information is strictly prohibited. If you have received this transmission in error, please immediately notify us by telephone to arrange the return of the documents. Thank you.**

**CHESAPEAKE OPERATING, INC.**
**SALEM OL #1-H**
**916.42 ACRES**
**WASHINGTON COUNTY, TEXAS**
**John Carrington Survey, A-120, and P. H. Coe Survey, A-31**

**July 16, 1999**

**TRACT LISTING**

| TRACT | MINERAL OWNER(S) | ACREAGE | VOLUME/PAGE * |
|---|---|---|---|
| 1 | Mary L. Lauter | 1.00 Acre | 529/671 |
| 2 | Alfred A. Rodenbeck | 12.98 Acres | 657/840 |
| 3 | Alfred A. Rodenbeck | 2.86 Acres | 657/840 |
| 4 | Kimberly S. Rodenbeck | 19.85 Acres | 680/330, 719/852 |
| 5 | David R. Lauter, et al | 34.40 Acres | 778/649 |
| 6 | Milton R. Hueske, et al | 257.41 Acres | 389/225 |
| 6A | Luther J. Hueske | 7.86 Acres | 561/154 |
| 6B | Milton F. Hueske | 0.32 Acre | 357/691 |
| 7 | Annie M. Fritz | 34.35 Acres | 529/666 |
| 8 | Donna J. Weige, et al | 118.66 Acres | 872/028 |
| 9 | Eugene Fritz | 36.65 Acres | 529/686 |
| 10 | Eugene Fritz | 1.00 Acre | 224/272 |
| 11 | Clarice Pollard | 3.99 Acres | 261/221 |
| 12 | Royce Allen Draehn | 1.72 Acres | 550/085 |
| 13 | H. L. Thomas | 0.41 Acres | 860/408 |
| 14 | Roger R. Draehn | 4.42 Acres | 268/132, 630/312 |
| 15 | Washington County/State of Texas | 5.86 Acres | 080/391, 080/392 080/393, 051/119 |
| 16 | Albert F. Hueske | 50.04 Acres | 221/225 |
| 17 | Ervin M. Kuecker, et al | 7.66 Acres | 158/578 |
| 18 | Mark Kuecker, et al | 4.88 Acres | 452/131 |
| 19 | Gareth L. Vierus | 1.33 Acres | 574/201 |
| 20 | Patrick Kelley | 1.10 Acres | 774/198 |
| 21 | Terry N. Oertli | 1.27 Acres | 623/084 |
| 22 | Melvin Draehn | 1.86 Acres | 162/552 |
| 23 | Charles W. Dierking | 2.90 Acres | 334/733 |
| 24 | John N. Green | 10.32 Acres | 281/041, 353/597 |
| 25 | Susie M. Martin | 4.49 Acres | 246/024 |
| 26 | Richard M. Corn | 4.51 Acres | 775/821 |
| 27 | Alma Durow | 2.19 Acres | 274/447 |
| 28 | Carroll C. Faske | 1.02 Acres | 557/832 |
| 29 | Katerina Makowsky | 0.97 Acre | 290/576 |
| 30 | Leroy Herzog | 1.99 Acres | 360/775 |
| 31 | Raymond O. Klussmann | 2.99 Acres | 388/470 |
| 32 | Karen Schoen | 2.63 Acres | 451/067 |

***CHESAPEAKE OPERATING, ...***
***SALEM OL #1-H***
***TRACT LISTING (Continued)***

| | | | |
|---|---|---|---|
| *33* | *Janie Wellmann* | *4.23 Acres* | *752/319* |
| *34* | *Gloria K. Arnold, et al* | *46.29 Acres* | *185/449* |
| *35* | *Franklin Eckert* | *5.00 Acres* | *267/585* |
| *36* | *Aquila F. Riggins* | *4.43 Acres* | *790/632* |
| *37* | *Wesley B. Sparks* | *11.29 Acres* | *730/489* |
| *38* | *Victor J. Zdunkewicz* | *1.62 Acres* | *709/419* |
| *39* | *Ernest Grimm, Jr.* | *19.70 Acres* | *619/534* |
| *40 - 51* | *OMITTED* | | |
| *52* | *Lisa D. Landgraf* | *1.00 Acre* | *635/870* |
| *53* | *Julie L. Johnson* | *1.60 Acres* | *906/908* |
| *54* | *Herbert F. Hueske, Jr.* | *47.23 Acres* | *433/795, 630/314* |
| *55* | *Dorothy L. Menke* | *22.77 Acres* | *433/795* |
| *56* | *Herbert F. Hueske, Jr.* | *7.95 Acres* | *433/795* |
| *57* | *Randy Ullrich* | *6.06 Acres* | *676/238* |
| *58* | *Florence Rinn* | *56.38 Acres* | *359/197, 361/097* |
| *59* | *Howard Kiecke* | *34.98 Acre* | *614/704* |
| | *UNIT TOTAL* | *916.42 ACRES* | |

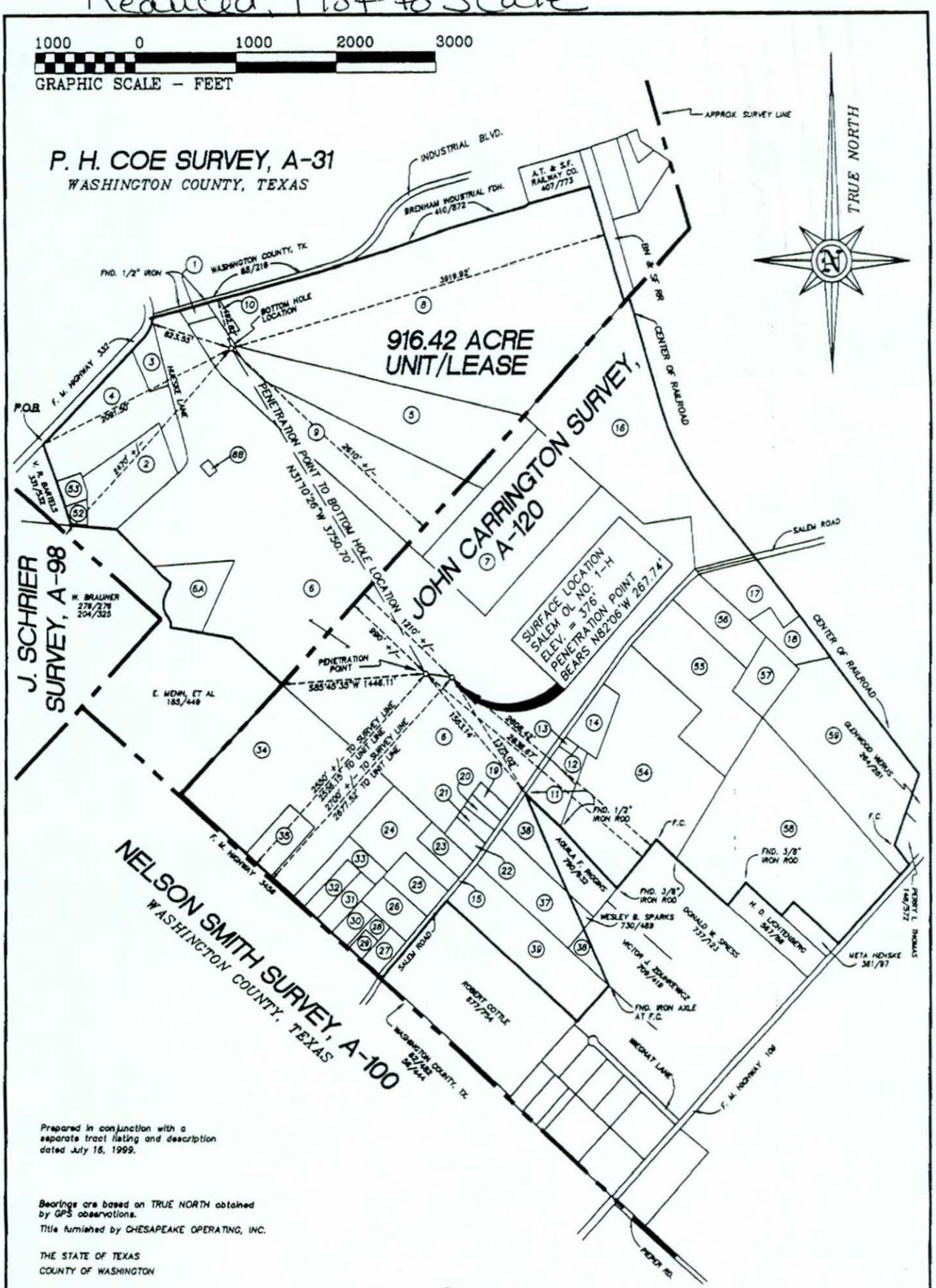
*Tract acreages subject to this Unit are from record and/or lease documents or scaled from the Unit Plat.*
**** All recording references - Volume & Pages (Vol./Pg.) are Deed or Official Records of Washington County, Texas.***
***Title furnished by Chesapeake Operating, Inc.***
***Prepared in conjunction with a separate survey plat and description prepared by Donald W. Lampe Professional Land Surveyors, dated July 16, 1999.***

*1720/99*
*1720LIS2*

Patsy Waters

#2

Reduced, Not to Scale




Prepared in conjunction with a separate tract listing and description dated July 16, 1999.

Bearings are based on TRUE NORTH obtained by GPS observations.

Title 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.– SALEM OL NO. 1–H WELL as staked on the ground under my direction during the month of September, 1998.

Dated this the 16th day of July, 1999.

Donald W. Lampe
R.P.L.S. No. 1732

STATE OF TEXAS REGISTERED DONALD W. LAMPE 1732 PROFESSIONAL LAND SURVEYOR

## AS DRILLED PLAT
## CHESAPEAKE OPERATING, INC.
## SALEM OL #1-H UNIT

P. H. COE SURVEY, A–31
JOHN CARRINGTON SURVEY, A–120
WASHINGTON COUNTY, TEXAS

**DONALD W. LAMPE**
REGISTERED PROFESSIONAL LAND SURVEYING
1408 WEST MAIN STREET
P. O. BOX 2037
BRENHAM, TEXAS 77834
(409) 836–6677 • FAX (409) 836–1177
W.O. 1720 RRC–SALEM–REV2.DWG 1720CHES.CRD

SALEM OL NO. 1–H UNIT surface location is approximately 2.5 miles southwest of Brenham, Washington County, Texas.
SURFACE LOC. – LATITUDE 30° 07' 51" N • LONGITUDE 96° 24' 39" W
BHL UPDIP – LATITUDE 30° 08' 23" N • LONGITUDE 96° 25' 05" W

1720–99–2

(12)

File No. 100659
unit agreement

Date Filed: 6-6-05

Jerry E. Patterson, Commissioner

By schou

TEXAS GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

July 7, 2005

Chesapeake Operating Inc
PO Box 18496
Oklahoma City, OK 73154

Re: State Lease MF100659
Carmona Unit 3H
322543

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

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

| 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: 640570 INT TYPE: 5 (1 = WI, 2 = RI, 3 = ORI)

PROPERTY: CARMONA 3H OWNER: **STATE OF TEXAS LSE NO M-100659**

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 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. |
|---|---|---|---|---|---|---|---|---|---|
| SR | | | .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

13.

File No. MF100659

Division Order

Date Filed: 7/7/05

Jerry E. Patterson, Commissioner

By

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 # 6025

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,

Beverly Boyd

Beverly Boyd
Mineral Leasing
Energy Resources
512-463-6521

# *Exhibit "A"*

| *GLO ID* | *County* | *Lease* |
|---|---|---|
| *6025* | *Washington* | MF-100659 |

6025

## ASSIGNMENT AND BILL OF SALE

3660

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



10-02-2

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).



20.02.2

**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 **Exibit 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



40.02.2

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.

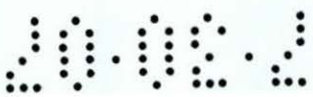
Grantor makes no, and expressly disclaims any, other warranty of title to the Assets. Grantor hereby assigns to Grantee all rights, claims, and causes of action on title warranties given or made by Grantor's predecessors (other than Affiliates of Grantor), to the extent Grantor may legally transfer such 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.



10.02.2

**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]



20.02.2

EXECUTED on the date first written above.

**Grantor:**

**ANADARKO E&P COMPANY LP**

By: _____
Albert L. Richey
Vice President, Corporate Development

**KERR-McGEE OIL & GAS ONSHORE LP**

By: _____
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



20.02.2

**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



20.02.2

**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



20.02.2

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 27th 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 27th 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: _____



20.02.2

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 X-A, L.P.**, a Delaware limited partnership, on behalf of the partnership this 27th 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 X-WI, L.P.**, a Delaware limited partnership, on behalf of the partnership this 27th 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: _____



20.02.2

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 27th day of June, 2007.

Witness my hand and official seal.

(SEAL)

MICHAEL W. MORGAN
Notary Public, State of Texas
My Commission Expires 09-22-2009

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 27th day of June, 2007.

Witness my hand and official seal.

(SEAL)

MICHAEL W. MORGAN
Notary Public, State of Texas
My Commission Expires 09-22-2009

Michael W. Morgan
Notary Public in and for
the State of Texas

(Printed Name of Notary)

My commission expires: _____



20.02.2

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 27th 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 27th 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: _____



20.05.2

## 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 |
|---|---|---|---|---|---|---|---|
| TX50698 | 001 | PFL PROPERTIES L.P | 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 DE'OLIVE | 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 . |



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**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 | AESC | Intracompany NGL Purchase Contract |
| | AEPC | ETC Texas Pipeline, LTD | NGL Cashout - ETC Email Agreement |
| 7545 | AEPC | AESC | Intracompany Gas Purchase Contract |
| 9419 | AEPC/AESC | ETC Texas Pipeline, LTD/ Oasis Pipeline, L P / ETC Katy Pipeline, LTD | ETC Cashout Letter Agreement |

The following interests in oil and gas wells, together with all contracts, equipment, records and other personal property related thereto that would constitute Contracts, Surface Contacts, 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 excepted 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 | 1.52898 | 1.17390 | 1.17390 |
| 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-148 UNIT#1 OIL | 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 | GLAESER UNIT #2 (B) | ANADARKO E & P COMPANY LP | 18.43265 | 15.21906 | 15.21906 |
| DEEP GIDDINGS | TX | AUSTIN | GLAESER UNIT 1 | ANADARKO E & P COMPANY LP | 18.43265 | 14.65004 | 14.65004 |
| CENTRAL GIDDINGS | TX | WASHINGTON | JOHNSTON A #1 RE | ADAMS RESOURCES | 15.00470 | 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 RF (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 | 82.24460 | 66.79615 | 66.79615 |
| BROOKELAND | TX | NEWTON | TEXACO FEE AMI #1H RE | ANADARKO E & P COMPANY LP | 30.94890 | 24.31550 | 24.31550 |

FILED FOR RECORD
2007 JUN 28 PM 12:01

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Return to:
EnerVest Management Partners, Ltd.
Attn: Land Department
1001 Fannin Street, Suite 800
Houston, Texas 77002-6707

ENERVEST

July 19, 2007

STATE OF TEXAS M-100659
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.

| Lessor | Lease Date | Lease No. |
|---|---|---|
| STATE OF TEXAS M-100659 | 6/21/1999 | TX50709.000 |

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

Carol Terrett
Senior Lease Analyst

enclosure

RECEIVED
07 JUL 30 AM 8:27

ENERVEST MANAGEMENT PARTNERS, LTD.
1001 FANNIN STREET, SUITE 800 • HOUSTON, TEXAS 77002-6707 • 713.659.3500 • FAX 713.659.3556

14.

File No. MF100659

Assignment

Date Filed: 7.31.07

Jerry E. Patterson, Commissioner

By EBK