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Scanned PTC 3-19-13

# The State of Texas

HROW Lease  
Revised 8/06



## Austin, Texas

PAID-UP  
OIL AND GAS LEASE NO. (MF 112593)  
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 **Apache Corporation**, whose address is **303 Veterans Airpark Lane, Suite 3000, Midland, TX 79705** hereinafter called "Lessee".

1. Lessor, in consideration of **Seven Thousand Two Hundred Forty Five 00/100 (\$ 7,245.00)** 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 **Glasscock** State of Texas, and is described as follows:

**20.70** of land, more or less, known as, situated in said **Glasscock** 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 **20.70** 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 years, from May 3rd, 2011** 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 **1/4** 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 **1/4** 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 casing head gas produced from said land (1) when sold by lessee **1/4** 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 **1/4** of such gas and casing head 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 **\$ 5.00 per acre**. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

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

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

4. POOLING: (a) Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons. Units pooled for oil hereunder shall not exceed 160 acres each in area, and units pooled for gas hereunder shall not exceed in area 640 acres each plus a tolerance often 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 there from 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.

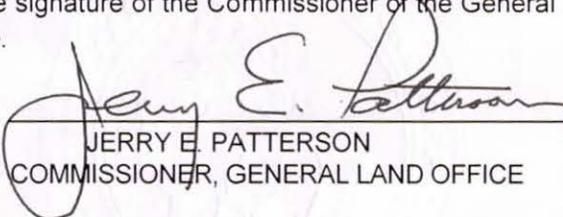
13. SURFACE: Notwithstanding anything herein to the contrary, it is agreed that Lessee will not conduct any exploration or drilling on the surface of the leased premises or use the surface in the exercise of any rights herein granted. Any development of said land shall be by means of a directional well 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 2,500 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 **double the shut-in royalty** 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 there under 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.

  
JERRY E. PATTERSON  
COMMISSIONER, GENERAL LAND OFFICE

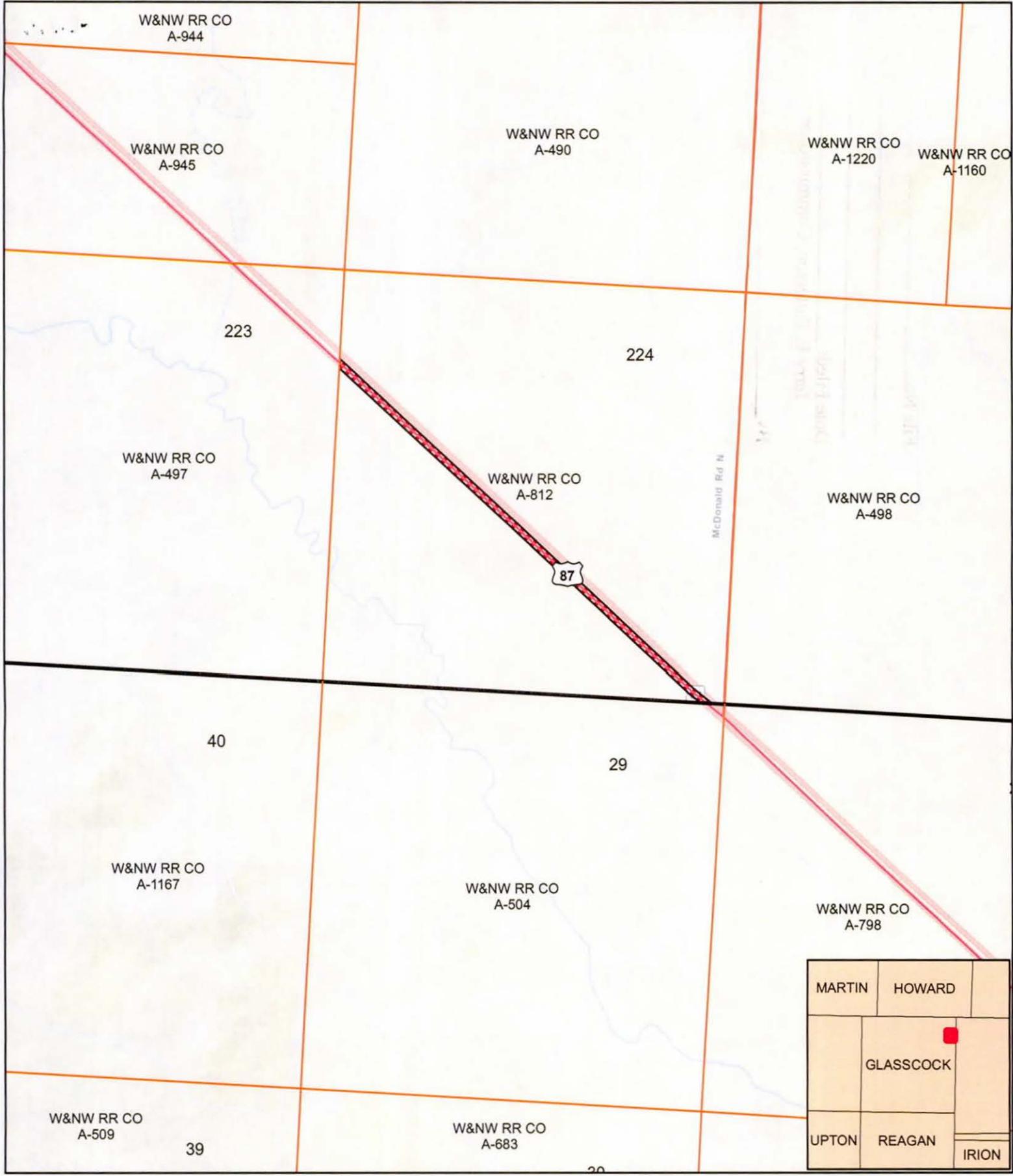
Approved:  
ML:   
DC:   
CC: 

Exhibit "A"

Attached hereto and made a part of a certain Oil and Gas Lease dated May 3, 2011, by and between the State of Texas, as lessor, and Apache Corp as lessee, covering acreage to be leased in Glasscock County, Texas, along SH-87.

20.70 acres of land, more or less, situated in Section 224, Block 29, W&NW RR Co. Survey. Said lands being described in the following deed filed in the Deeds of Record, Glasscock Co.

Deed from J. T. O'Barr et ux, to the State of Texas dated: 3/27/1936 and recorded in Vol. 45, P. 70, of the Deed Records of Glasscock, County, Texas



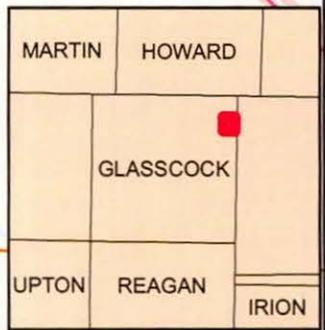
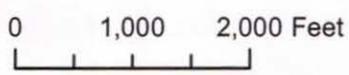
A Map showing a Buffer  
of State Hwy 87  
20.70 acres  
Gasscock County



The Texas General Land Office makes no representations or warranties regarding the accuracy or completeness of the information depicted on this map or the data from which it was produced. This map IS NOT suitable for navigational purposes and does not purport to depict or establish boundaries between private and public land.



Map Compiled by  
Zeke Guillen  
IS/BAS/GIS



1.  
File No. MF 112593

Lease

Date Filed: 4/7/11

Jerry E. Patterson, Commissioner

By [Signature]



# FACSIMILE

Texas General Land Office • Jerry Patterson • Commissioner

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**Date:**

**To:** *Andy Jones*

**Company:** *Veritas*

**Fax No.:**

**Phone No.:** *432-684-4741*

**Re:** HROW Lease #

*112593*

**Notes:**

**From:** Beverly Boyd

**Sender's Fax No.:** 512-475-1543

**Sender's Phone No.:** 512-463-6521

**Pages:** ~~6~~

**See attached HROW Lease; please remit bonus and processing fee, which is 1 1/2% of the bonus to:**

**George Martin  
Texas General Land Office  
Energy Resources  
PO Box 12873  
Austin, TX 78711-2873  
512-475-1512**

**Please include the above referenced lease number with your remittance.**

The information in this facsimile is intended only for the individual or entity named above. If the reader of this message is not the intended recipient, or the employee or agent responsible to deliver it to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you received this communication in error, please notify us immediately by telephone and return the original message to us at the address below via the U.S. Postal Service.

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1700 North Congress Ave. • Austin, Texas 78701-1495  
P.O. Box 12873 • Austin, Texas 78711-2873  
512-463-5001 • 1-800-998-4GLO



## FACSIMILE

Texas General Land Office • Jerry Patterson • Commissioner

---

**Date:**

To: *Andy Jones*  
Company: *Veritas*  
Fax No.: *432-684-4741*  
Phone No.:

From: **Beverly Boyd**  
Sender's Fax No.: **512-475-1543**  
Sender's Phone No.: **512-463-6521**  
Pages: ~~6~~

Re: HROW Lease #  
*112594 - Blasco Co*

**Notes:**

See attached HROW Lease; please remit bonus and processing fee, which is 1 1/2% of the bonus to:

George Martin  
Texas General Land Office  
Energy Resources  
PO Box 12873  
Austin, TX 78711-2873  
512-475-1512

Please include the above referenced lease number with your remittance.

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1700 North Congress Ave. • Austin, Texas 78701-1495  
P.O. Box 12873 • Austin, Texas 78711-2873  
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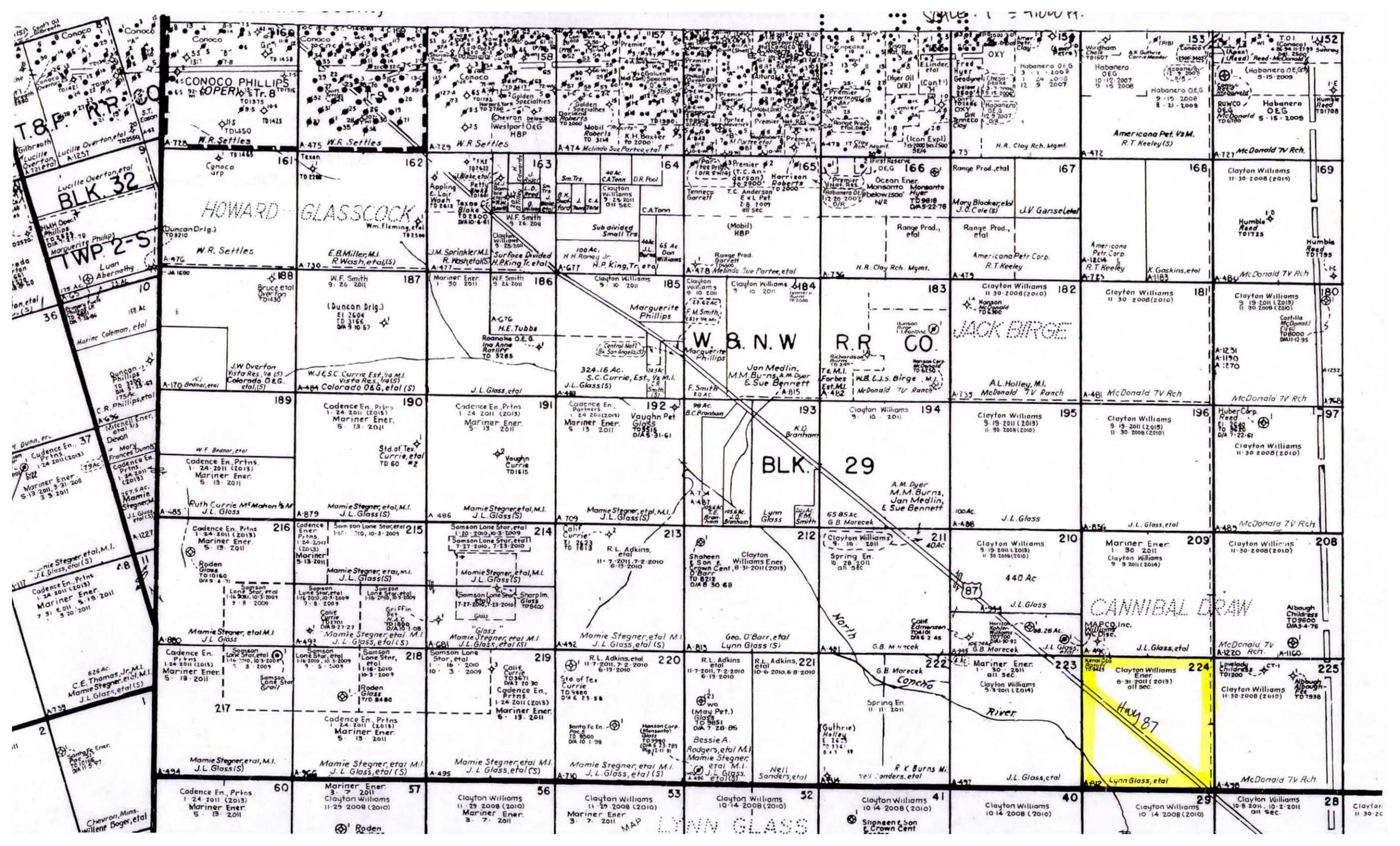
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Date Filed: 4/2/11

Jerry E. Patterson, Commissioner

By [Signature]



T. & P. R.R. CO.  
Lucille Overton, et al  
A-1251

BLK. 32  
TWP 2-S  
Abernathy

Marine Coleman, et al  
A-170

W.F. Smith  
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CONOCO PHILLIPS  
W.R. Settles  
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HOWARD GLASSCOCK  
Wm. Fleming, et al  
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MAP LYNN GLASS

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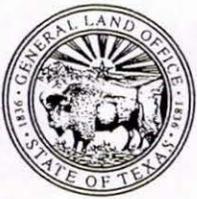
File No. MF 112593

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Date Filed: 4/7/11

Jerry E. Patterson, Commissioner

By [Signature]



# MEMORANDUM

Texas General Land Office • Jerry Patterson • Commissioner

## HIGHWAY RIGHT OF WAY LEASE CHECKLIST

STATE LEASE MF \_\_\_\_\_

LESSEE Apache Corporation  
Address 303 Veterans Airpark Lane, Suite 3000, Midland, TX

BONUS PER ACRE \$ 350<sup>00</sup> (Check for affidavit of consideration paid.) 79705

TOTAL CONSIDERATION \$ 7,245<sup>00</sup> PAID? Yes  No  WHEN? \_\_\_\_\_

ROYALTY 1/4 TERM 3 years

DATE OF LEASE 5/3/11

SHUT IN ROYALTY PER ACRE \$ 5<sup>00</sup> TOTAL ACRES 20.70

COUNTY Glasscock

ROAD NAME SH-87

FULL DESCRIPTION [Abstract, Block, Township, Section]  
Section 224, Block 29, W & N.W. Ry. Co.

EXHIBIT FOR LEASE PROVIDED? Yes  No  [Do not write on Exhibit.]

PLAT PROVIDED? Yes  No  Put sticky note on correct plat with MF #, acres, highway name, county, & abstract number for Zeke.

- Clip all adjoining leases together.
- Clip all deeds together.
- Give to Beverly to generate lease and docket.

4.

File No. MF 112593

Geo Mend

Date Filed: 9/7/11

Jerry E. Patterson, Commissioner

By: [Signature]

*[Faint handwritten notes]*

*[Faint handwritten notes]*

*[Faint handwritten notes]*



April 6, 2011

Mr. George Martin  
Texas General Land Office  
1700 N. Congress Ave., Suite 600  
Austin, TX 78701

RE: Oil, Gas and Mineral Lease

A 20.70 acre tract in Section 224, Block 29, W&NW RY Co. Sy., more fully described in Vol. 45, Pg. 70, dated March 27, 1936, by and between J.T. O'Barr and wife Willie O'Barr (Grantors) and the State of Texas (Grantee) of the Glasscock County Records.  
Glasscock County, Texas

Dear Mr. Martin,

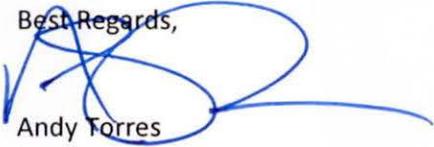
The county records of Glasscock County, Texas indicate that the State of Texas owns a mineral interest described in the above captioned lands. Veritas 321 Energy Partners, LP is presently leasing in this area for Apache Corporation, Successor Leasehold Owner to Mariner Energy, Inc., and desires to lease the State of Texas' mineral interest.

For your review, we have provided a Drilling and Division Order Title Opinion, Lease Purchase Reports, executed Oil & Gas leases and ratifications, and copies of payments made to each adjoining mineral owner to document the per acre bonus that was paid. In addition, we are submitting a plat for this tract which shows the State owned Highway Right of Way. (Please note that the scale for the plat is 1" = 4,000 ft.).

Please consider the land description above as the legal description to be used on the lease form. For your reference, we have enclosed a copy of the Right of Way Deed.

Upon your review a timely response would be greatly appreciated. Should you have any questions, please advise.

Best Regards,

  
Andy Torres  
Landman  
Ext. 121  
andytorres@veritas321.com

VERITAS 321 ENERGY PARTNERS, LP

009429

Commissioner of the TX General Land Office

4/4/2011

6000 · Land Brokerage:6030 · Recording/ Sec 224, Blk 29 W & NW RY Co Survey

100.00

11708673 ✓

121

(WNB) Veritas 321 EP APA DWD 80025



100.00

S,

File No. MF 112593

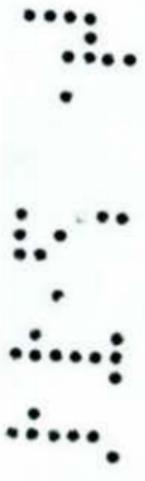
Letter & fee

Date Filed: 4/7/41

Jerry E. Patterson, Commissioner

By [Signature]

RECEIVED



*Amanda*

*Vol 45 p. 70*

70

STHEX

to me on the oath of -----) 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 27 day of March A.D. 1936.

(SEAL)

Clyde E. Thomas  
Notary Public, Howard County, Texas.

STATE OF TEXAS, }  
COUNTY OF HOWARD. }

Before me, Clyde E. Thomas, a notary public in and for said county and State, on this day personally appeared Willie A. O'Barr, wife of J. T. O'Barr, 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 Willie A. O'Barr acknowledged such instrument to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office, this the 27 day of March A.D. 1936.

(SEAL)

Clyde E. Thomas  
Notary Public, Howard County, Texas.

Filed for record April 20, 1936 at 4:00 o'clock P.M.

Recorded April 21, 1936 at 5:25 o'clock P.M.

J. B. Calmes  
County Clerk of Glasscock County, Texas.

(File # 1236)

STATE HIGHWAY DEPARTMENT OF TEXAS  
Right-of-Way Deed

STATE OF TEXAS }  
COUNTY OF GLASSCOCK }

KNOW ALL MEN BY THESE PRESENTS:

THAT We, J. T. O'Barr and wife Willie A. O'Barr of the County of Glasscock in the State of Texas, for and in consideration of the sum of One Thousand Nine Hundred Seven & 50/100 (\$1907.50) Dollars, to us cash in hand paid by the State of Texas, acting through the State Highway Commission, receipt of which is hereby acknowledged, have this day sold, and do by these presents grant, bargain, sell and convey unto the State of Texas all that certain tract or parcel of land situated in the County of Glasscock, State of Texas, and being a part of a survey known as Survey No. 224, Block No. 29, W.&N.Ry. Company, Certificate 3/722; and being a part of a tract of 640 acres conveyed by P.D. Burns, et al, to J. T. O'Barr by deed dated the 21st day of February, 1908, and recorded in Vol.6, Page 408 of the Deed Records of Glasscock County, Texas; said tract or parcel of land herein conveyed, being subject to lien (s) held by:

and being more particularly described as follows, to-wit:

A strip of land 100 feet wide on and across the land owned by J. T. O'Barr and wife Willie A. O'Barr, 50 feet on each side of and at right angles to the located center line of State Highway NO. 9 in Glasscock County, Texas, from Station 69/13.4 to Station 93/00; and a strip of land 200 feet wide on and across the land of the said J. T. O'Barr and wife Willie A. O'Barr, 150 feet on the right side of and 50 feet on the left side of and at right angles to the located center line from Station 93/00 to Station 118/00; and a strip of land 100 feet wide on and across the land of the said J. T. O'Barr and wife Willie A. O'Barr, 50 feet on each side of and at right angles to the located

center line from Station 118/00 to Station 134/28; said center line being described as follows:

BEGINNING at a point where the located center line of State Highway No.9 in Glasscock County, Texas, intersects the South line of W.& N.W.Ry. Company Survey No. 224, Block No. 29, said point being North 87 deg. 36 min. West 230.4 feet from an iron pin, the Southeast corner of said W.&N.W.Ry. Company Survey No. 224, Block No.29; THENCE North 49 deg. 23 min. West 8,514.6 feet to a point where the said center line intersects the West line of the said Survey No.224, said point being South 2 deg.24 min. West 1,157.2 feet from the Northwest corner of said W.& N.W.Ry. Company Survey No. 224, Block No.29. The tract of land herein conveyed contains 20.70 acres.

Reference is hereby made to the Right-of-Way Map of State Highway No.9 recorded in the Deed Records of Glasscock County, Texas

It is agreed that, as a part of the consideration herein, the Grantee shall remove and cause to be removed, without expense to grantors, all such fences, buildings and other obstructions from the property above described, and use reasonable care in the removal of the same as to preserve the value of the said fences, buildings and outhouses, if any, that the grantor may then take possession of same for his own use and benefit as he may see fit.

TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and hereditaments thereunto in anywise belonging unto the said State of Texas and its assigns;

And we do hereby bind ourselves our heirs, executors and administrators to forever warrant and defend the rights and title to said premises unto the said State of Texas against every person whomsoever lawfully claiming or to claim the same or any part thereof.

Witness our hands, this the 27 day of March, A.D. 1936.

J. T. O'Barr

Willie A. O'Barr

STATE OF TEXAS, )  
COUNTY OF HOWARD )

Before me, Clyde E. Thomas, a notary public in and for said county and State, on this day personally appeared J.T. O'Barr, known to me (or proved to me on the oath of \_\_\_\_\_) 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 27 day of March A.D. 1936.

(SEAL)

Clyde E. Thomas  
Notary Public, Howard County, Texas.

STATE OF TEXAS, )  
COUNTY OF HOWARD )

Before me, Clyde E. Thomas, a notary public in and for said county and State, on this day personally appeared Willie A. O'Barr, wife of \_\_\_\_\_, known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her husband and having the same fully explained to her, she the said Willie A. O'Barr acknowledged such instrument to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration

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STUBBY

therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office, this the 27th day of March A.D. 1936.

(SEAL)

Clyde E. Thomas  
Notary Public, Howard County, Texas.

Filed for record April 20th ~~April~~, 1936 at 4:00 o'clock P.M.

Recorded April 22, 1936 at 9:50 o'clock A.M.

*Ala. Calmes*  
County Clerk of Glasscock County, Texas.

(File # 1236)

STATE HIGHWAY DEPARTMENT OF TEXAS  
Right-of-Way Deed

STATE OF TEXAS }  
COUNTY OF GLASSCOCK }

KNOW ALL MEN BY THESE PRESENTS:

THAT I, George B. O'Barr, a single man, of the County of Glasscock in the State of Texas, for and in consideration of the sum of One Thousand Three Hundred Fifty Five & 93/100 (\$1355.93) Dollars, to me cash in hand paid by the State of Texas, acting through the State Highway Commission, receipt of which is hereby acknowledged, have this day sold, and do by these presents grant, bargain, sell and convey unto the State of Texas all that certain tract or parcel of land situated in the County of Glasscock, State of Texas, and being a part of a survey originally granted to J. T. O'Barr by Pat.No.109, Vol.104, Abstract No.487, and known as the East one half of Survey No. 193, Block No.29, W.&N.W.Ry. Company, and being a part of a tract of 320 acres conveyed by J. T. O'Barr and wife Willie A. O'Barr to George B. O'Barr by deed dated the 25th day of April, 1935, and recorded in Volume 42, Page 573 of the Deed Records of Glasscock County, Texas; said tract or parcel of land herein conveyed, being subject to lien (s) held by:

and being more particularly described as follows, to-wit:

A strip of land 150 feet wide on and across the land owned by George B. O'Barr, 100 feet on the right side of and 50 feet on the left side of and at right angles to the located center line of State Highway No. 9 in Glasscock County, Texas, from Station 270/05.2 to Station 277/00; and a strip of land 100 feet wide on and across the land owned by George B. O'Barr, 50 feet on each side of and at right angles to the located center line from Station 277/00 to Station 292/00; and a strip of land 150 feet wide on and across the land owned by George B. O'Barr, 100 feet on the right side of and 50 feet on the left side of and at right

angles to the located center line from Station 292/00 to Station 300/00; and a strip of land 100 feet wide on and across the land owned by George B. O'Barr, 50 feet on each side of and at right angles to the located center line from Station 300/00 to Station 305/08; said center line being described as follows:

BEGINNING at a point where the located center line of State Highway No.9 in Glasscock County, Texas, intersects the East line of W.&N.W.Ry.Company Survey No.193, Block No.29, said point being North 2 deg.24 min.East 2,256.0 feet from the Southeast corner of W.&N.W.Ry.Company Survey No.193, Block No.29; THENCE North 48 deg. 23 min.West 3,412.8 feet to a point where the said center line intersects the West line of the said George B. O'Barr property. The tract of land herein conveyed contains 9.45 acres.

Reference is hereby made to the Right-of-Way Map of State Highway No.9 recorded in the Deed Records of Glasscock County, Texas.

It is agreed that, as a part of the consideration herein, the Grantee shall remove and cause to be removed, without expense to grantors, all such fences, buildings and other obstructions from the property above described, and use reasonable care in the removal of the same so to preserve the value of the said fences, buildings and outhouses, if any, tha the grantor may then take possession of same for his own use and benefit as he may see fit.

6.

File No. MF 112593

Deed

Date Filed: 4/11  
Jerry E. Patterson, Commissioner

By [Signature]

4 5 6

**MICHAEL H. ATNIPP**

ATTORNEY AT LAW  
THE PETROLEUM BUILDING  
214 WEST TEXAS, SUITE 100  
MIDLAND, TEXAS 79701-4619

**COPY**

(432) 683-8510  
Fax (432) 687-3922

Email: mhatnipp@aol.com

January 25, 2011

Mr. Thomas McRae Sloan  
Apache Corporation  
2000 W. Sam Houston Pkwy. S., Suite 2000  
Houston, TX 77042-3622

**RE: DRILLING AND DIVISION ORDER TITLE OPINION ON THE  
FOLLOWING LANDS:**

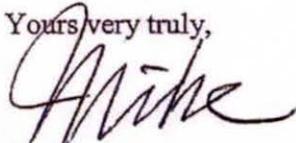
**SECTION 224, BLOCK 29, W&NW RY. CO. SURVEY, GLASSCOCK  
COUNTY, TEXAS.**

Dear Tom:

Based on the runsheet provide by Veritas 321 Energy Partners, LP, and an examination of the records of Glasscock County, Texas, enclosed is a Drilling and Division Order Title Opinion on the lands described above. I have also enclosed an invoice for services rendered.

After reviewing the Opinion and invoice, if there are questions or more information is needed, please let me know.

Yours/very truly,



Michael H. Atnipp

MHA/dmm

Encs.

cc/enc: Candyce Roybal  
Veritas 321 Energy Partners, LP  
P.O. Box 173  
Midland, TX 79702

**MICHAEL H. ATNIPP**

ATTORNEY AT LAW  
THE PETROLEUM BUILDING  
214 WEST TEXAS, SUITE 100  
MIDLAND, TEXAS 79701-4619

**COPY**

(432) 683-8510  
Fax (432) 687-3922

Email: mhatnipp@aol.com

January 25, 2011

Apache Corporation  
2000 W. Sam Houston Pkwy. South, Suite 2000  
Houston, Texas 77042-3622

Attention: Mr. Thomas McRae Sloan

**RE: DRILLING AND DIVISION ORDER TITLE OPINION ON THE  
FOLLOWING LANDS:**

**SECTION 224, BLOCK 29, W&NW RY. CO. SURVEY, GLASSCOCK  
COUNTY, TEXAS.**

---

Gentlemen:

You have requested a Drilling and Division Order Title Opinion on the lands described above. For purposes of rendering this Opinion, the following have been relied on and examined:

**PRIOR OPINIONS**

None.

**ABSTRACTS**

None.

**RUNSHEET AND COUNTY RECORDS**

1. A runsheet prepared by Veritas 321 Energy Partners, LP, purporting to identify all instruments affecting the ownership in the lands under examination filed of record in Glasscock County, Texas, for the time period sovereignty to December 7, 2010.
2. The direct and indirect indexes maintained by the Glasscock County Clerk's office, to identify instruments filed of record in Glasscock County, Texas, affecting the ownership in the lands under examination, which instruments were not identified in the runsheet described in 1. above. These indexes contain filings recorded up to and including January 21, 2011, at 8:00 a.m.
3. The records on file in the Glasscock County Clerk's office, identified in the runsheet described in 1. above, and any instruments found by the search of the indexes described in 2. above, insofar as those identified instruments affect the lands under examination.

Based on an examination of the foregoing, and subject to the Objections, Requirements, and Comments in this Opinion, title to the lands under examination, and all interests in them, are found to be owned as follows:

- A. ALL OF SECTION 224, BLOCK 29, W&NW RY. CO. SURVEY, GLASSCOCK COUNTY, TEXAS, SAVE AND EXCEPT FOR A TRACT OF LAND OWNED BY THE STATE OF TEXAS, BEING 20.70 ACRES DESCRIBED BY METES AND BOUNDS AT 45 DR 70.

SURFACE OWNERSHIP

- I. ALL OF SECTION 224, BLOCK 29, W&NW RY. CO. SURVEY, GLASSCOCK COUNTY, TEXAS, SAVE AND EXCEPT FOR THOSE TWO (2) TRACTS OF LAND OWNED BY THE STATE OF TEXAS, BEING 20.70 ACRES DESCRIBED BY METES AND BOUNDS AT 45 DR 70, AND 15.38 ACRES DESCRIBED BY METES AND BOUNDS AT 58 OPR 204, 213, AND 222.

James Lynn Glass and Helen Glass	3/5 of 8/8	.60000000
Estate of Stephen A. Williams, deceased See <b>Objection I.</b>	1/5 of 8/8	.20000000
Peggy Suehs See <b>Objection II.</b>	1/10 of 8/8	.10000000
Peggy Suehs, Trustee of the Family Trust created under the Will of H. A. Suehs, deceased See <b>Objection II.</b>	1/10 of 8/8	.10000000
<b>Totals:</b>	<b>8/8</b>	<b>1.00000000</b>

- II. A 15.38 ACRE TRACT OF LAND OUT OF SECTION 224, BLOCK 29, W&NW RY. CO. SURVEY, GLASSCOCK COUNTY, TEXAS, DESCRIBED BY METES AND BOUNDS AT 58 OPR 204, 213, AND 222.

State of Texas ALL

MINERAL OWNERSHIP

EXECUTIVE RIGHTS

James Lynn Glass and Helen Glass	3/5 of 8/8	.60000000
Estate of Stephen A. Williams, deceased (UNLEASED) See <b>Objection I.</b>	1/5 of 8/8	.20000000
Peggy Suehs (UNLEASED) See <b>Objection II.</b>	1/10 of 8/8	.10000000
Peggy Suehs, Trustee of the Family Trust created under the Will of H. A. Suehs, deceased (UNLEASED) See <b>Objection II.</b>	1/10 of 8/8	.10000000
<b>Totals:</b>	<b>8/8</b>	<b>1.00000000</b>

**RIGHTS TO BONUS AND RENTALS**

James Lynn Glass and Helen Glass	3/10 of 8/8	.30000000
George O. Smith	3/40 of 8/8	.07500000
Amy Louise O'Barr Smith See Objection III.	3/40 of 8/8	.07500000
Lynda Kay Sherland See Objection IV.	1/4 of 3/20 of 8/8	.03750000
Carol Jean Sowers See Objection IV.	1/4 of 3/20 of 8/8	.03750000
Janet Dean Dozier See Objection IV.	1/4 of 3/20 of 8/8	.03750000
Mary Teresa Groen See Objection IV.	1/4 of 3/20 of 8/8	.03750000
Estate of Stephen A. Williams, deceased See Objection I.	1/5 of 8/8	.20000000
Peggy Suehs See Objection II.	1/10 of 8/8	.10000000
Peggy Suehs, Trustee of the Family Trust created under the Will of H. A. Suehs, deceased See Objection II.	1/10 of 8/8	.10000000
<b>Totals:</b>	<b>8/8</b>	<b>1.00000000</b>

**ROYALTY OWNERSHIP**  
 (Based on the Terms of the  
 Oil and Gas Lease described below.)

James Lynn Glass and Helen Glass	3/10 of 22.5%	.06750000
George O. Smith	3/40 of 22.5%	.01687500
Amy Louise O'Barr Smith	3/40 of 22.5%	.01687500
Lynda Kay Sherland See Objection IV.	1/4 of 3/20 of 22.5%	.00843750
Carol Jean Sowers See Objection IV.	1/4 of 3/20 of 22.5%	.00843750
Janet Dean Dozier See Objection IV.	1/4 of 3/20 of 22.5%	.00843750
Mary Teresa Groen See Objection IV.	1/4 of 3/20 of 22.5%	.00843750
<b>Totals:</b>	<b>3/5 of 22.5%</b>	<b>.13500000</b>

**LEASEHOLD OWNERSHIP**  
 (Based on the terms of the  
 Oil and Gas Lease described below.)

**WORKING INTEREST**

	<u>Working Interest</u>	<u>Revenue Interest</u>
Apache Deepwater, LLC	3/5 of 8/8 (.60000000)	77.5% of 3/5 (.46500000)

**REVENUE OWNERSHIP SUMMARY**

Royalty Interest	.13500000
Unleased Mineral Interest	.40000000
Working Revenue Interest	<u>.46500000</u>
<b>Total</b>	<b>1.00000000</b>

**B. A 20.70 ACRE TRACT OF LAND OUT OF SECTION 224, BLOCK 29, W&NW RY. CO. SURVEY, GLASSCOCK COUNTY, TEXAS, DESCRIBED BY METES AND BOUNDS AT 45 DR 70.**

**SURFACE & MINERAL OWNERSHIP**

State of Texas (UNLEASED)	8/8	1.00000000
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**OIL AND GAS LEASE**

**Date:** January 30, 2008.  
**Recording:** Volume 120, page 720, Official Public Records of Glasscock County, Texas.  
**Lessor:** James Lynn Glass and Helen S. Glass, husband and wife  
**Lessee:** Mariner Energy, Inc.  
**Lands Covered:** Tract 1: E/2 Section 27, Block 30, W&NW RR Co. Survey;  
 Tract 2: All of Section 28, Block 30, W&NW RR Co. Survey;  
 Tract 3: E/2 of Section 193, Block 29, W&NW RR Co. Survey; and,  
 Tract 4: All of Section 224, Block 29, W&NW RR Co. Survey,  
 all in Glasscock County, Texas.  
**Primary Term:** Three (3) years. This is a Paid Up Lease.  
**Royalty:** Twenty-two and five tenths percent (22.5%) on oil and gas.  
**Special Provisions:** This appears to be the Lessors's form Lease and contains additional provisions not found in a "standard" commercially printed form oil and gas lease. These provisions are found throughout the Lease and some provisions can also be found in an attached Addendum to Oil, Gas and Mineral Lease. These additional provisions are not summarized in this Opinion.

**RATIFICATIONS OF OIL AND GAS LEASE**

**Ratification 1.**

**Date:** April 27, 2009.  
**Recording:** Volume 131, page 367, Official Public Records of Glasscock County, Texas.  
**Ratified by:** **George O. Smith**

**Ratification 2.**

**Date:** May 6, 2009.  
**Recording:** Volume 132, page 345, Official Public Records of Glasscock County, Texas.  
**Ratified by:** **Amy Louise O'Barr Smith**

**ASSIGNMENT OF OIL AND GAS LEASE**

By Merger evidenced by Certificate of Merger dated November 10, 2010, at 158 OPR 603, Mariner Energy, Inc. merged with and into Apache Deepwater LLC.

**EASEMENTS AND RIGHTS OF WAY**

1. By Right of Way dated October 16, 1928, at 29 DR 385, J. T. O'Barr granted Texas Electric Service Company a right of way and easement for electric transmission and distributing lines across the lands under examination.
2. By Right of Way Deed dated March 27, 1936, at 45 DR 70, J. T. O'Barr and wife, Willie A. O'Barr, conveyed to the State of Texas a strip of land 100 feet wide across part of Section 224, Block 29, W&NW Ry. Co. Survey, Glasscock County, Texas. This tract is described by metes and bounds in the Right of Way Deed, and contains 20.70 total acres, more or less.
3. By Right of Way dated September 15, 1964, at 115 DR 124, George O'Barr granted Texas Electric Service Company a right of way and easement for electric transmission and distribution lines across the lands under examination.
4. By Right of Way dated October 23, 1970, at 136 DR 256, George O'Barr granted Lo-Vaca Gathering Company a right of way and easement for pipeline purposes across the lands under examination.
5. By Right of Way dated August 11, 1972, at 140 DR 262, Herbert A. Suehs, M.D. granted Lone Star Gas Company a right of way and easement for pipeline purposes across the lands under examination.
6. By Right of Way dated July 31, 1972, at 140 DR 263, Eugene L. Smith, Individually and as Attorney for George O'Barr granted Lone Star Gas Company a right of way and easement for pipeline purposes across the lands under examination.
7. By Right of Way dated October 10, 1972, at 140 DR 305, Stephen A. Williams, MD granted Lone Star Gas Company a right of way and easement for pipeline purposes across the lands under examination.
8. By Right of Way dated August 26, 1974, at 151 DR 69, Eugene L. Smith, Independent Executor of the Estate of George B. O'Barr, deceased, granted Lo-Vaca Gathering Company a right of way and easement for pipeline purposes across the lands under examination.
9. By Right of Way dated December 28, 1988, at 270 DR 492, Dr. Stephen Williams granted Cabot Gas Supply Corporation a right of way and easement for pipeline purposes across the lands under examination.

10. By Right of Way dated September 22, 1988, at 270 DR 495, Eugene Smith granted Cabot Gas Supply Corporation a right of way and easement for pipeline purposes across the lands under examination.
11. By Right of Way dated September 25, 1988, at 270 DR 498, Evva I. Lowery granted Cabot Gas Supply Corporation a right of way and easement for pipeline purposes across the lands under examination.
12. By Right of Way dated October 8, 1988, at 270 DR 501, Dr. Herbert A. Suehs granted Cabot Gas Supply Corporation a right of way and easement for pipeline purposes across the lands under examination.
13. By Right of Way dated April 1, 1991, at 282 DR 139, Dr. Herbert A. Suehs granted The Cherokee Trust, Corestatesbank, NA Trustee a right of way and easement for pipeline purposes across the East Half (E/2) of Section 224, Block 29, W&NW Ry. Co. Survey, Glasscock County, Texas.
14. By Right of Way dated April 2, 1991, at 292 DR 144, Eugene L. Smith granted the Cherokee Trust, Corestatesbank, NA Trustee a right of way and easement for pipeline purposes across the East Half (E/2) of Section 224, Block 29, W&NW Ry. Co. Survey, Glasscock County, Texas.
15. By Right of Way dated March 31, 1991, at 282 DR 149, Evva I. Lowery granted the Cherokee Trust, Corestatesbank, NA Trustee a right of way and easement for pipeline purposes across the East Half (E/2) of Section 224, Block 29, W&NW Ry. Co. Survey, Glasscock County, Texas.
16. By Right of Way dated April 11, 1991, at 282 DR 220, Dr. Stephen A. Williams granted the Cherokee Trust, Corestatesbank, NA Trustee a right of way and easement for pipeline purposes across the East Half (E/2) of Section 224, Block 29, W&NW Ry. Co. Survey, Glasscock County, Texas.
17. By Right of Way dated May 2, 1993, at 301 DR 733, Eugene L. Smith granted Conoco Inc. a right of way and easement for pipeline purposes across the lands under examination.
18. By Right of Way dated May 12, 1993, at 301 DR 738, Evva Lowery granted Conoco Inc. a right of way and easement for pipeline purposes across the lands under examination.
19. By Right of Way dated April 28, 1993, at 301 DR 743, Dr. H. A. Suehs granted Conoco Inc. a right of way and easement for pipeline purposes across the lands under examination.
20. By Right of Way dated May 19, 1993, at 301 DR 748, Martin Guerrero, Sr. and Harry M. Whittington, as Co-Independent Executors of the Estate of Stephen A. Williams granted Conoco Inc. a right of way and easement for pipeline purposes across the lands under examination.
21. By Right of Way dated September 13, 1994, at 310 DR 751, Martin Guerrero, Sr. and Harry M. Whittington, as Co-Independent Executors of the Estate of Stephen A. Williams, deceased, granted Petroleum Fuels Company a right of way and easement for pipeline purposes across the lands under examination.
22. By Right of Way dated September 13, 1994, at 310 DR 757, Dr. Herbert A. Suehs granted Petroleum Fuels Company a right of way and easement for pipeline purposes across the lands under examination.
23. By Right of Way dated September 29, 1993, at 310 DR 763, Evva Lowery granted Petroleum Fuels Company a right of way and easement for pipeline purposes across the lands under examination.
24. By Right of Way dated September 29, 1993, at 310 DR 769, Eugene L. Smith granted Petroleum Fuels Company a right of way and easement for pipeline purposes across the lands under examination.

25. By Right of Way dated September 13, 1994, at 310 DR 775, Glasscock County, Texas granted Petroleum Fuels Company a right of way and easement for pipeline purposes across the lands under examination.
26. By Right of Way dated April 26, 1994, at 314 DR 74, Eugene Smith granted Valero Transmission, LP a right of way and easement for pipeline purposes across the lands under examination.
27. By Right of Way dated May 2, 1994, at 314 DR 78, Harry M. Whittington as Co-Independent Executor of the Estate of Stephen A. Williams, deceased, granted Valero Transmission, LP a right of way and easement for pipeline purposes across the lands under examination.
28. By Right of Way dated April 29, 1994, at 314 DR 82, Dr. H. A. Suehs granted Valero Transmission, LP a right of way and easement for pipeline purposes across the lands under examination.
29. By Right of Way dated May 25, 1994, at 314 DR 377, Evva Lowery granted Valero Transmission, LP a right of way and easement for pipeline purposes across the lands under examination.
30. By Right of Way dated July 5, 2001, at 57 OPR 689, Lynn Glass granted EPGT Texas Pipeline, LP a right of way and easement for pipeline purposes across the lands under examination.

#### PATENT

By Patent dated May 11, 1936, at Volume 1, page 488, Patent No. 13, Vol. 62-A, 640 acres being Section 224, Block 29, Cert. 3/722, was Patented to P. D. Burns.

#### LIENS AND ENCUMBRANCES

None.

#### TAXES

Information has been obtained from the Glasscock County Tax Assessor-Collector that indicates there are no delinquent ad valorem taxes due on the lands under examination as of the date of this Opinion, except for those taxes due from Peggy Suehs, Individually and as Trustee of the Family Trust created under the Will of H. A. Suehs, deceased. Peggy Suehs, Individually and as Trustee, is delinquent on taxes for the years 2007 through 2009, and as of the date of this Opinion, has not paid the taxes due for 2010. See **Objection V**.

#### OBJECTIONS AND REQUIREMENTS

##### **I.**

This concerns the surface and unleased mineral interests credited to the Estate of Stephen A. Williams, deceased. These interests are still credited to the Estate of Stephen A. Williams, deceased, even though Stephen A. Williams died in 1992, based on the terms of the Will of Stephen A. Williams, deceased.

The Probate Proceedings for the Estate of Stephen A. Williams, deceased, are recorded at 300 DR 91. The Proceedings state that Stephen A. Williams died on August 30, 1992. Stephen A. Williams' mineral interest in the lands under examination is included in his residuary estate because it was not specifically devised under his Will. The Will of Stephen A. Williams, deceased, grants Martin Guerrero, Sr. and Harry M. Whittington the power of appointment over

the residuary Estate of Stephen A. Williams, deceased. The Will also appoints Martin Guerrero, Sr. and Harry M. Whittington as Co-Independent Executors of the Estate of Stephen A. Williams, deceased. No conveyances of interest in the lands under examination from the Estate of Stephen A. Williams, deceased, or any party representing the Estate, were found of record.

Before his death, Stephen A. Williams owned a one-fifth (1/5) interest in all of Section 224, Block 29, W&NW Ry. Co. Survey, Glasscock County, Texas. Since no conveyances of interest in the lands under examination from the Estate of Stephen A. Williams, deceased, were found of record, the one-fifth (1/5) surface and mineral interest in the lands under examination owned by Stephen A. Williams before his death, are still credited to the Estate of Stephen A. Williams, deceased.

**Requirement:**

Advisory as to why the Estate of Stephen A. Williams, deceased, is credited with a surface and unleased mineral interest in the lands under examination.

**II.**

This concerns the non-executive mineral interests credited to Lynda Kay Sherland, Carol Jean Sowers, Janet Dean Dozier, and Mary Teresa Groen (the "Parties"). The Parties do not own any executive rights in the mineral estate in the lands under examination.

A Memorandum of Oil and Gas Lease is recorded at 126 OPR 550, which offers proof of an Oil and Gas Lease executed by the Parties covering the lands under examination in favor of Clayton Williams Energy, Inc. The Memorandum provides that the lease is dated August 31, 2008. Without further information, the oil and gas lease evidenced by the Memorandum of Oil and Gas Lease at 126 OPR 550 has no effect on the leasehold ownership in the lands under examination because the Parties do not have the authority to execute oil and gas leases.

James Lynn Glass and Helen Glass own the executive rights to the non-executive interests owned by the Parties. James Lynn Glass and Helen Glass have executed the Lease described in this Opinion and this Lease effectively covers the non-executive mineral interests owned by the Parties.

**Requirement:**

Advisory that the oil and gas lease evidenced by a Memorandum of Oil and Gas Lease at 126 OPR 550 does not affect the leasehold ownership in the lands under examination. To clear this apparent cloud on the title, obtain a Release of the oil and gas lease referenced by Memorandum of Oil and Gas Lease at 126 OPR 550 from the current leaseholders. Record the Release with the County Clerk's office of Glasscock County, Texas.

**III.**

This concerns the mineral and royalty interests credited to Amy Louise O'Barr Smith, and Ratification of Oil and Gas Lease number 2.

Amy Junek is the record owner of the interests credited to Amy Louise O'Barr Smith in this Opinion. Ratification of Oil and Gas Lease 2. is executed by Amy Louise O'Barr Smith. It is presumed that Amy Junek is the same person as Amy Louise O'Barr Smith.

**Requirement:**

Satisfy yourselves that Amy Junek is the same person as Amy Louise O'Barr Smith.

#### IV.

This concerns the surface and unleased mineral interest credited to Peggy Suehs, Individually, and Peggy Suehs as Trustee of the Family Trust created under the Will of H. A. Suehs, deceased. These two parties are the successors in interest to M. E. Suehs. No conveyances to M. E. Suehs of interest in Section 224, Block 29, W&NW Ry. Co. Survey, Glasscock County, Texas were found of record in the County Clerk's office of Glasscock County, Texas, but an Affidavit states that M. E. Suehs did, at one point, own interest in the lands under examination.

By Affidavit dated May 29, 1945, at 56 DR 142, George B. O'Barr, as Affiant, claimed to only own a three-fifths (3/5) interest in Section 224, Block 29, W&NW Ry. Co. Survey, Glasscock County, Texas. At the time of the Affidavit, the records of the County Clerk's office of Glasscock County, Texas reflected George B. O'Barr owned the entire interest in Section 224. The May 29, 1945 Affidavit states that J. T. O'Barr, predecessor in interest to George B. O'Barr, was in partnership with W. E. Williams, Chas. Rost, M. E. Suehs, and W. H. Cherry, when he purchased all of Section 224, even though the other names were not listed as Grantees in the Deed to J. T. O'Barr.

Before the Affidavit, conveyances had been made from Chas. Rost to J. T. O'Barr and W. H. Cherry to George O'Barr of all those Grantors' right, title and interest in Section 224. This means that based on the instruments found of record, and giving affect to the Affidavit, George B. O'Barr owned three-fifths (3/5), W. E. Williams owned one-fifth (1/5), and M. E. Suehs owned one-fifth (1/5) interest in Section 224, as of the date of the Affidavit.

Even though no conveyances to M. E. Suehs, of interest in the lands under examination were found of record in the County Clerk's office of Glasscock County, Texas, M. E. Suehs is recognized as having owned a one-fifth (1/5) interest in Section 224 because of the May 29, 1945 Affidavit. Now, Peggy Suehs, Individually, and Peggy Suehs, as Trustee of the Family Trust created under the Will of H. A. Suehs, deceased, are credited with this one-fifth (1/5) interest, in equal shares. M. E. Suehs, and his successors in interest, have executed several instruments found of record in the County Clerk's office of Glasscock County, Texas evidencing his and their ownership in the lands under examination.

#### Requirement:

Advisory as to why Peggy Suehs, Individually, and Peggy Suehs as Trustee of the Family Trust created under the Will of H. A. Suehs, deceased, are credited each with a one-tenth (1/10) surface and mineral interest in Section 224, Block 30, W&NW Ry. Co. Survey, Glasscock County, Texas.

#### V.

This concerns the unpaid ad valorem taxes owed by Peggy Suehs, Individually, and as Trustee of the Family Trust created under the Will of H. A. Suehs, deceased ("Peggy Suehs"). The taxes due for the years 2007 through 2010 for Peggy Suehs' interest in the lands under examination have not been paid. Taxes for the years 2007 through 2009 are now past due and delinquent.

If an oil and gas lease is taken from Peggy Suehs, or the party's successors in interest, the taxes owed should be paid. If the taxes are not paid, the tax lien against the interest could be foreclosed on and the property sold at tax sale. If the property is sold to a third party at tax sale, because the lien has attached to the property prior to a newly obtained oil and gas lease, the lease will no longer be valid.

**Requirement:**

If an oil and gas lease is taken from Peggy Suehs, Individually, and/or as Trustee of the Family Trust created under the will of H. A. Suehs, deceased, or either party's successors in interest, the ad valorem taxes owed by these parties should be brought current.

**VI.**

This concerns the Oil and Gas Lease described above. The terms of this Lease as to royalty, primary term, and lands covered have been identified. The balance of the terms are not summarized in this Opinion.

**Requirement:**

While not summarized in this Opinion, you should familiarize yourselves with the specific terms of the Lease to verify that your operations and activities on the Lease premises are conducted in such a manner so as to comply with the terms of the Lease, and maintain the Lease in full force and effect.

**VII.**

This concerns previously granted oil and gas leases. The lands that are the subject of this Opinion have been leased several times for oil and gas purposes. Based on an Affidavit of Non Production dated August 17, 1994, at 315 DR 548, all oil and gas leases prior to the Affidavit have expired by their own terms. No oil and gas leases covering interests in the lands under examination were found of record since August 17, 1994 until the current lease in favor of Mariner Energy, Inc. described above.

There were options to obtain oil and gas leases found of record dated December 15, 1994, at 322 DR 565 and December 8, 1994, at 322 DR 577, but no new leases were found of record since the August 17, 1994 Affidavit of Non Production.

**Requirement:**

You should satisfy yourselves that there is no production being obtained from a well on the lands under examination, and that there are no continuing operations on the lands under prior oil and gas leases which would serve to perpetuate any prior lease.

**VIII.**

This concerns the easements identified above.

**Requirement:**

When conducting operations on the lands, you should locate these easements on the ground and conduct your activities in such a manner so as not to interfere with the rights of the present owners of the easements.

**COMMENTS**

1. This Opinion does not cover questions of boundary, area, excess acreage, or conflicts with adjacent tracts or surveys which may only be determined by an actual survey.
2. This Opinion does not cover such matters as unrecorded production purchase contracts, unpaid bills for labor or materials which may ripen into mechanic's and materialmen's liens,

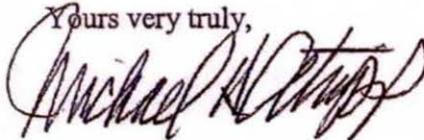
rights of persons in possession, if any, regulatory matters, or other matters not disclosed in the documents and records actually examined.

3. This Opinion does not attempt to address the question of potential liability for environmental contamination, which may be imposed upon any past, present, and/or subsequent owner or operator of the Property.

4. This Opinion is based on an uncertified runsheet, to identify instruments filed of record in Glasscock County, Texas, affecting the lands and interests that are the subject of this Opinion. As you are aware, there are inherent risks and limitations to a record examination based on a runsheet rather than abstracts. Recognizing this, you have requested this Opinion be prepared based on this type of record examination and have agreed that this Opinion is limited to the records actually examined in connection with rendering this Opinion.

5. This Opinion is rendered solely and exclusively for the benefit of the party to whom it is addressed and is not to be quoted in whole or in part, nor is it to be relied on by any other party, without the prior written consent of the undersigned.

Yours very truly,



Michael H. Atnipp

MHA/dmm

7.

File No. MF 112593

Little Opinion

Date Filed: 4/7/11  
Jerry E. Patterson, Commissioner

By [Signature]

A 547



# MARINER ENERGY, INC.

## LEASE PURCHASE OR MINERAL ACQUISITION REPORT

FINAL

DATE:	September 8, 2008	PROSPECT:	DEADWOOD
PREPARED BY:	VERITAS 321 ENERGY PARTNERS, LP (BR)	AFE #	072296
APPROVED BY:			

blue cell = formula inserted

### ASSIGNOR/LESSOR/GRANTOR:

JAMES LYNN GLASS AND HELEN S. GLASS, HUSBAND AND WIFE

### ASSIGNEE/LESSEE/GRANTEE:

MARINER ENERGY, INC.

### PROPERTY DESCRIPTION:

TRACT 1: E/2 SECTION 27, BLOCK 30, W&NW RR CO. SY.

TRACT 2: ALL OF SECTION 28, BLOCK 30, W&NW RR CO. SY.

TRACT 3: E/2 SECTION 193, BLOCK 29, W&NW RR CO. SY.

TRACT 4: ALL OF SECTION 224, BLOCK 29, W&NW RR CO. SY.

<input checked="" type="checkbox"/> NEW	<input type="checkbox"/> FEDERAL	<b>DOCUMENTS SUBMITTED:</b>	
<input type="checkbox"/> RENEWAL	<input type="checkbox"/> STATE	<input checked="" type="checkbox"/> ORIGINAL LEASE	<input type="checkbox"/> COMPLETED W9
<input type="checkbox"/> RATIFICATION	<input type="checkbox"/> GOVT. AGENCY	<input type="checkbox"/> MEMORANDUM OF LEASE	<input type="checkbox"/> MIN INT/GRSS ACS/NET ACS SPST
<input type="checkbox"/> EXTENSION	<input type="checkbox"/> FEE	<input type="checkbox"/> LEASE PLAT	<input type="checkbox"/> ORIGINAL PATENT
<input type="checkbox"/> AMENDED	<input checked="" type="checkbox"/> PAID-UP	<input type="checkbox"/> COPY OF DRAFT/CHECK	<input type="checkbox"/> RECEIPT OF CHECK
BOOK: 120	PAGE: 720	ENTRY/REGISTER/MICROFILM	COUNTY/PH-ST: GLASSCOCK, TX
DATE: January 30, 2008	EFFECTIVE DATE: January 30, 2008	EXPIRATION DATE: January 30, 2011	TERM (YRS): 3
MINERAL INTEREST: SEE EXHIBIT "A" ATTACHED	GROSS ACRES: 1,920.0000	NET ACRES: 562.0000	ROYALTY RATE: 0.22500000
CO. GWI: 1.00000000		CO. NET ACRES: 562.0000	SHUT-IN ROYALTY AMOUNT: \$2,810.00
BONUS PER ACRE: \$250.00	TOTAL COST OF LEASE: \$140,500.00	FIRST RENTAL DUE: N/A	RENTAL AMOUNT: N/A

<b>LESSOR(S):</b>	<b>INTEREST:</b>
NAME: James Lynn Glass and Helen S. Glass, Husband and Wife	SEE EXHIBIT "A" ATTACHED
CONTINUED:	
ADDRESS: 801 Overton Rd.	
ADDRESS:	
CITY ST ZIP: Big Spring, TX 79720	
TIN: James: [REDACTED] Helen: [REDACTED]	
PHONE, EMAIL:	
NAME:	
CONTINUED:	
ADDRESS:	
ADDRESS:	
CITY ST ZIP:	
TIN:	
PHONE, EMAIL:	
TOTAL INTEREST:	0.00000000

SEE ADDITIONAL PAGES OR ATTACHMENTS

### INSTRUCTIONS, SPECIAL PROVISIONS AND OBLIGATIONS:

SEE LEASE FOR DETAILS:  
 \*2 year shut-in royalty -\$5.00 per net acre  
 \*Pooling provision  
 \*Drainage Clause  
 \*Furnish all well info.  
 \*120 day cessation clause/ horizontal pugh in paragraph 11.  
 \*James Lynn Glass was paid a total bonus of \$519,225.00 and \$140,500.00 pertains to this particular lease. As well, the mineral interest and net acreage specified on this LPR pertain to this lease only.

# 3580

OIL AND GAS LEASE

This Agreement entered into this 30<sup>th</sup> day of January, 2008, between JAMES LYNN GLASS and HELEN S GLASS, Husband and wife (Lessor), whose address is, 801 Overton Rd. Big Spring, TX. 79720 and Mariner Energy Inc. (Lessee), whose address is 2000 W. Sam Houston Parkway South, Ste. 2000 Houston, TX. 77402.

1. Lessor in consideration of money paid, the receipt of which is acknowledged, and of the covenants and agreements of this lease, grants, leases and lets to Lessee, for the sole and only purpose of prospecting, drilling for and producing oil and gas, laying pipe lines, building tanks, storing oil, and building necessary structures to produce, save, store, treat and transport oil and gas products, the following lands situated in Glasscock County, Texas, to-wit:

**[See Exhibit "A" for land description]**

The herein above described land shall be considered for all purposes of this lease as containing exactly 1,920 acres, whether there be more or less.

2. Subject to its other provisions, this lease shall be for a term of three (3) years, (the "primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from the land under the provisions of this lease and the royalties are paid as hereinafter provided.

3. When production of oil and/or gas is secured, Lessee agrees to pay to Lessor royalties as follows:

(a) As a royalty on oil, which is defined as all hydrocarbons produced in a liquid form at the mouth of the well and also all condensate, distillate and other liquid hydrocarbons recovered from oil or gas runs through a separator or other equipment located on the land, twenty two and one half percent (22.5%) of the gross proceeds realized by Lessee from the sale of such oil at the point of sale.

(b) As a royalty on any gas, which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (a) above, produced from the land and sold or used off the premises or in the manufacture of gasoline or other product therefrom, the market value (calculated without deductions as described in paragraph 3(d) below) at the point of sale of twenty two and one half percent (22.5%) of the gas so sold or used. Lessee agrees that before any gas produced is sold or used off the land, it will be run, free of cost to Lessor, through an adequate oil and gas separator of conventional type or other equipment at least as efficient to the end that all liquid hydrocarbons recoverable from the gas by such means will be recovered. Lessee's obligation to run gas through a separator shall only be required if in Lessee's judgment it is economically feasible to do so.

(c) Anything in subparagraphs (a) and (b) above the contrary notwithstanding, Lessor may at any time, or from time to time, upon not less than sixty (60) days written notice to Lessee, require that payment of any royalties provided for herein be made in kind. If Lessor elects to take its royalty share in kind and separately dispose of the same, such production is to be delivered into facilities prepared by the Lessor at its cost, risk and expense. At such time or times as Lessor is not taking royalty gas in kind, the market value of gas sold at the wells by Lessee shall be conclusively presumed to be the price realized by Lessee for that gas.

(d) Anything in subparagraphs (a), (b) and (c) above the contrary notwithstanding, Lessee agrees that all royalties accruing under the lease (including those paid in kind) shall be without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting and otherwise making the oil, gas and other products produced from the land ready for sale or use. In the event that market value under this lease can only be determined after making the deductions described in this paragraph, then the value of the deductions shall be added to the market value for the purpose of calculating royalties under this lease.

(e) Lessor shall be entitled to twenty two and one half percent (22.5%) of any take or pay settlement or other settlement or of any incentive payment or other payment received by Lessee for the sale or production of oil or gas from the leased premises.

(f) Lessee covenants and agrees that Lessee shall be under the duty to exercise the utmost good faith in the disposition, sale and accounting for Lessor's royalty.

(g) Any other provision herein contained to the contrary notwithstanding, the payment of royalties is a condition of this lease and shall be the individual obligation of Lessee and all royalties shall be paid commencing one hundred twenty (120) days after the last day of the month in which the initial sale of oil or gas produced from the land occurs, on oil on or before sixty (60) days after the last day of each month during which oil is produced and on gas on or before ninety (90) days after the last day of each month during which gas is produced.

(h) The market value of all gas shall be determined at the point of sale and by reference to the gross heating value (measured in British Thermal Units) and quality of the gas. The market value used in the calculation of all royalty under this lease shall never be less than the total proceeds received by Lessee in connection with the sale, use or other disposition of the oil or gas produced or sold from the leased premises. If Lessee receives from a purchaser of oil or gas any reimbursement for all or any part of severance or production taxes, the proportionate part of the reimbursement shall be added to the total proceeds received by Lessee for purposes of this lease. If Lessee receives any reimbursement for any expenses of production, gathering, dehydration, separation, compression, transportation, treatment, processing, storage or marketing, then the proportionate part of any such reimbursement shall be added to the total proceeds received by Lessee for purposes of this subparagraph.

4. If at the end of the primary term or any time thereafter this lease is not otherwise being maintained in force, it shall nevertheless remain in force as long as Lessee engages in drilling or reworking operations reasonably calculated to obtain or restore production on the land without an interruption of more than sixty (60) consecutive days, and, if such operations result in the production of oil or gas or other substances covered by this lease as long thereafter, subject to the other provisions of this lease, as there is production in paying quantities. Drilling operations as defined herein shall mean the actual spudding of a well and drilling said well with due diligence to a depth sufficient to adequately test the objective formation proposed for said well.

5. Lessee shall have free use of oil and gas from the land for all operations authorized by this lease and the royalties shall be computed after deducting any so used.

6. The rights of either party may be assigned in whole or in part and the provisions of this lease shall extend to the heirs, executors, administrators, successors, and assigns, but no change or division in ownership of the land, rentals or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No such change or division in the ownership of the land, rentals 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 recorded copies thereof, constituting his chain of title from the original Lessor.

7. Lessee shall not be liable for delays or defaults in its performance of any agreement or covenant of this lease due to force majeure. The term "force majeure" as employed herein shall mean: any act of God including but not limited to storms, floods, washout;

landslides, and lightning; laws, acts, orders or requests of federal, state, municipal or other governments or governmental officers or agents under color of authority. If Lessee is required, ordered or directed by any federal, state or municipal law, executive order, rule, regulation or request enacted or promulgated under color of authority to cease drilling operations, reworking operations or producing operations, then until such time as such law, order, rule, regulation, request or force majeure is terminated and for a period of sixty (60) days after such termination each and every provision of this lease that might operate to terminate it or the estate conveyed by it shall be suspended and inoperative and this lease shall continue in full force. If any period of suspension occurs during the primary term, the time thereof shall be added to such term.

8. If Lessors owns an interest in the oil and gas in and under the land less than the entire fee simple estate, then the rentals and royalties provided for in this lease shall be reduced proportionately.

9. Lessee shall install and maintain all equipment and conduct all operations in an environmentally sound manner, in accordance with all applicable regulations of the Railroad Commission of Texas, the Texas Water Commission, and any other governmental authorities. Lessee shall not use, store or dispose of any hazardous materials on the land, except to the extent such substances are contemporaneously required for actual oil or gas operations on the land and any such substances shall be used, stored or disposed of in a safe manner, in compliance with all applicable governmental regulations. Lessee shall insure that all contractors comply with the terms of this paragraph. In the event Lessee is notified of any environmentally harmful or dangerous conditions on the land resulting from Lessee's operations, Lessee shall promptly take all actions required to clean-up and correct such dangerous or harmful conditions, in accordance with applicable law and regulations and sound engineering practices. Lessor shall have no responsibility to inspect or oversee Lessee's operations or to identify or correct any potentially harmful, dangerous or damaging conditions, and Lessor shall have no right to control Lessee's contractors. Neither Lessee nor any contractors shall have any right of contribution or indemnity from Lessor for any matters relating to Lessee's operations on the land or conditions on the land, regardless of whether such matters arise from Lessor's negligence.

10. Lessee agrees to indemnify, hold harmless and defend Lessor from all claims, demands, expenses, and causes of action arising out of or in connection with Lessee's operations on the land. Lessee's obligations hereunder being without limit, without regard to the cause or causes thereof, and without regard to the date of occurrence of the cause or causes thereof, and to include but not be limited to claims, demands, expenses and causes of action predicated upon the sole or concurrent negligence of Lessor.

11. At the end of the primary term, this lease shall terminate as to all of the above described land, except as to each proration unit allocated for production allowable purposes under the rules and regulations of the Railroad Commission of the State of Texas, or other governmental authority having jurisdiction to each well producing oil and/or gas in commercial quantities, and as to each such proration unit, as to all depths 100 feet below the base of the deepest formation from which such production is being obtained on such proration unit unless Lessee commences the actual drilling of an additional well within one hundred twenty (120) days of the last to occur of (i) the expiration of the primary term, or, (ii) the date that any well actually being drilled at the expiration of the primary term is completed as a well capable of producing oil and/or gas in commercial quantities or as a dry hole, and thereafter Lessee shall continuously develop the above described land with no more than one hundred twenty (120) days elapsing between the date one well is completed as a well capable of producing oil and/or gas in commercial quantities or as a dry hole and the date the actual drilling of the next succeeding well commences, until said land has been drilled to the density necessary to obtain the maximum production allowable per well under the rules and regulations of the Railroad Commission of Texas, or other governmental authority having jurisdiction. Upon the cessation of such continuous development, this lease shall terminate except as to each proration unit allocated as aforesaid, upon which a well is producing oil and/or gas in commercial quantities, and as to each such proration unit as to all depths 100 feet below the base of the deepest formation from which such production is being obtained on such proration unit. At the end of the primary term or the date that this lease shall expire as to any part hereof, whichever is later, Lessee shall select and designate a producing unit around each producing oil and gas well. Such designated units are to be as nearly as practical in the form of a square with the wellbore being as close to the center as possible. The acres in each unit are to be limited to or expanded to conform with the maximum area provided for or established directly or indirectly, in the applicable rules and regulations of the regulatory authority having jurisdiction of the premises with reference to the spacing of wells or the size of producing wells. A well shall be deemed to have been completed on the first to occur of (i) the date the completion or plugging report required by the Railroad Commission of the State of Texas or other governmental authority having jurisdiction is filed, or, (ii) thirty (30) days after the drilling rig that drilled the relevant well is released from the well locations.

12. If at the expiration of the primary term or at any time thereafter, there is located on the leased premises a well or wells capable of producing gas in paying quantities, and such gas is not produced for lack of a suitable market, and this lease is not otherwise being maintained in force and effect under the other terms and provisions hereof, Lessee may pay as royalty a sum of money equal to Five Dollars (\$5.00) per net mineral acre then subject to this lease, such payment shall be made directly to Lessor at Lessor's address prior to the expiration of the primary term of this lease or if the primary term has expired, prior to the shutting in of said well, within sixty (60) days after Lessee shuts in said well or ceases to produce gas therefrom or within sixty (60) days after this lease ceases to be maintained in force under its other provisions; and if such payment is made, this lease shall be considered to be a producing lease and such payment shall extend the term of this lease for a period of one (1) year from the date such payment or tender is made, and it will be considered under all provisions of this lease that gas is being produced from the leased premises during the annual period for which such royalty is paid or tendered as authorized above. In no event shall shut-in well payments maintain this lease in force for any one period of more than two (2) consecutive years without the prior written consent of Lessor.

13. 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 40 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 well is located), the date of such reclassification shall be considered as the date of cessation of production for purposes of applying the provisions of this lease covering additional drilling and reworking. The production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the

total gross acreage in the unit, but only to the extent that such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall, without the joinder of Lessor, have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority, or court order, or when to do so would, in the judgment of Lessee, promote the conservation of covered minerals in and under and that may be produced from the leased premises. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and the effective date of revision shall be the date of filing unless provided otherwise in such declaration. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly, and such adjustment shall be made effective as of the effective date of the revision. Lessee may at any time dissolve any unit formed hereunder by filing a written declaration describing the unit, and the effective date of dissolution shall be the date of filing unless provided otherwise in such declaration. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. As used herein the words "separate tract" means 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. Whether a unit is entirely within the leased premises or whether a portion of the land herein is pooled or unitized with other land so as to form a pooled unit or units, operations on, or production from such unit or units will maintain this lease in force only as to the land included in such unit or units. This lease, as to the land not included in such unit or units, may be maintained in force and effect by drilling or reworking operations on such acreage or production therefrom, in accordance with the terms and provisions hereof. In the event Lessee drills a well and elects to pool or unitize a portion of the leased premises, it is understood and agreed that at least one-half (1/2) of the pooled unit shall be comprised of acreage covered by this lease.

14. Lessee shall adequately protect the oil and gas under the land from drainage from adjacent lands, and shall drill as many wells as a prudent operator would drill under similar circumstances and to the depths necessary for effective protection against undue drainage by wells on adjacent lands. The term "adjacent lands" includes lands which have a common corner or corners with the land.

15. Lessee in conducting Lessee's operations shall comply with all laws, rules, and regulations of all governmental authorities having jurisdiction of the land and of Lessee's operations.

16. Lessee shall furnish Lessor with all well, drilling, completion and production data, reports, title opinions, logs and information when specifically requested by Lessor. Lessor agrees to maintain the confidentiality of such information during the period that this lease remains in effect or until such time as the information provided herein becomes a matter of public record.

17. This lease shall be binding upon and inure to the benefit of, Lessor and Lessee and their respective heirs, successors, legal representatives and assigns.

SEE ADDENDUM ATTACHED.

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

Lessor:

James Lynn Glass  
JAMES LYNN GLASS

Helen S. Glass  
HELEN S. GLASS

Lessee:

MARINER ENERGY, INC.

By: Judd A. Hansaw  
Sr. VP of Shelf and Onshore

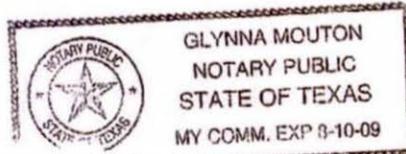
MR TMS

THE STATE OF TEXAS §  
COUNTY OF Howard §

This instrument was acknowledged before me this 4th day of Feb, 2008, by James Lynn Glass & Helen S. Glass

Glynn Mouton  
Notary Public, State of Texas

THE STATE OF TEXAS §  
COUNTY OF Harris §



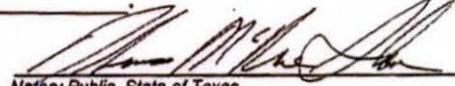
This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2008, by \_\_\_\_\_ as \_\_\_\_\_ of \_\_\_\_\_ on behalf of \_\_\_\_\_

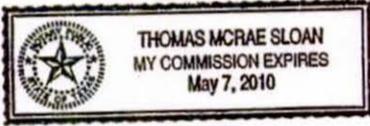
\_\_\_\_\_  
Notary Public, State of Texas

THE STATE OF TEXAS

COUNTY OF Harris

This instrument was acknowledged before me this 13<sup>th</sup> day of August, 2008,  
by Judd A. Hansen, Sr. VP. of Shelf & Onshore of Mariner Energy Inc., a Delaware Corporation, on behalf of said Corporation

  
\_\_\_\_\_  
Notary Public, State of Texas



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**Exhibit "A"**

Attached to and made a part of that certain Oil and Gas Lease dated January 30, 2008, from James Lynn Glass and wife, Helen S. Glass to Mariner Energy, Inc.

**Description of 1,920 acres, more or less, consisting of the following:**

**Tract 1:**

E/2 Section 27, Block 30, W&NW RR Co. Survey, containing 320 acres more or less.

**Tract 2:**

All of Section 28, Block 30, W&NW RR Co. Survey, containing 640 acres more or less.

**Tract 3:**

E/2 of Section 193, Block 29, W&NW RR Co. Survey, containing 320 acres more or less.

**Tract 4:**

All of Section 224, Block 29, W&NW RR Co. Survey, containing 640 acres more or less.

ADDENDUM TO OIL GAS AND MINERAL LEASE**Addendum to Oil and Gas Lease between James and Helen  
Glass, husband and wife, and Mariner Energy Inc.**

Notwithstanding anything contained herein to the contrary, the provisions of this Addendum shall control in the event of inconsistency or conflict, with the oil and gas lease attached hereto.

a. Lessee agrees to pay to Surface Owner in cash and in advance prior to drilling, reasonable surface damages for all of its operations hereunder. Lessee shall pay \$6,500.00 for each well location which shall include pad, pit and one tank battery and an additional \$1,500.00 for each tank battery which is not placed on a well location. Damages for each horizontal well drilled shall be \$6,500.00 and an additional \$1,500.00 for each tank battery which is not placed on a well location. Damages for new roadways and flowlines shall be calculated at a rate \$6.00 a rod for roadways and \$2.00 a rod for flowlines.

b. Lessee further agrees that neither he nor his employees, contractors, suppliers and agents shall bring any firearms on the leased premises. At such times as Lessee is not conducting operations on the leased premises, or is not transporting oil or other liquid hydrocarbons therefrom, he will keep all entry gates to the leased premises closed and locked; and that in the event of commercial production of oil and /or gas from the leased premises, that all cattle guards entering the premises, shall be locked and chained.

c. Lessee further agrees to consult with Surface Owner regarding location of all roads used or installed by Lessee. All cattle guards installed by Lessee will be in accordance with Surface Owner's reasonable specifications to be not less than 9' x 16' x 5' in size. Fence corners and fence braces installed by Lessee will be in accordance with Surface Owner's reasonable specifications, and shall be constructed so that there is a "Swing gate" which shall be lockable. All gates shall be constructed of 4 x 4' wire mesh, to be predator proof and in accordance with Surface Owner's reasonable specifications. Lessee further agrees that upon cessation of production, abandonment of the lease, release or termination of the lease, whichever occurs first, that all cattle guards, gates or fence posts installed by Lessee shall be turned over to the Surface Owner so that surface Owner shall have full rights and title thereto. It is further agreed that all roads used by Lessee shall be and remain private roads for all purposes.

d. Lessee may purchase fresh water from Surface Owner's existing water well located in Section 186, Block 29, W&NW RR Co. Sy., Glasscock County, Texas at a flat rate of \$5,000 per oil and gas well for water used during drilling and completing operations or Lessee may drill new water wells, no closer than 1,000' from any existing water wells, and use the water therefrom for drilling and completing operations. At surface owner's option, any water well drilled by Lessee, together with casing and related equipment, shall become the property of surface owner upon the conclusion of drilling and completing operations on the leased premises.

e. On land used for grazing, Lessee shall fence out all pump jacks for producing well sites and slush pits or other pits which the Lessee may create, or cause to be located on such land, so that fluids there or damaging substances thereof shall be wholly unavailable to livestock being grazed upon the above described lands or any part thereof.

f. Each drill site shall be cleaned and leveled by the Lessee as soon as reasonably possible after the completion of each well and in such a manner that the land will be returned to its former condition as nearly as possible under the circumstances. Lessee further agrees that all slush pits shall be filled and closed as promptly as possible.

g. The operations of Lessee on the leased premises shall be conducted in such a manner that the Lessee shall use reasonable and customary means to prevent the contamination of any and all waters in, on and under said land, whether in surface tanks or any other type of storage, in creek beds or river beds, and any and all surface and subsurface water bearing strata or formations by virtue of Lessee's drilling, development and production. Lessee shall prevent contamination of the surface of the above described lands from salt water or other contaminating substances flowing over or seeping onto such lands because of Lessee's operations.

h. It is further understood and agreed that Lessee, his successors and assigns in any and all operations, working and actions taken hereunder will conduct such operations, workings and actions in such a manner as to prevent soil erosion and soil loss.

i. Notwithstanding anything herein contained to the contrary, it is understood and agreed that Lessee shall have a reasonable time, but not to exceed 120 days after the expiration of the primary term or cessation of production or any

other fee determinable event, in which to remove all property and fixtures placed by Lessee on said land except as provided for herein.

j. Lessee, its heirs or assigns, agrees that all pits used in connection with its operations hereunder shall be lined with plastic to prevent contamination of any and all waters in, on and under said lands.

k. When this lease is abandoned by Lessee, Lessee, its successors and assigns, agree to plug all wells drilled on said premises in accordance with the rules and regulations promulgated by the Railroad Commission of Texas or any other regulatory agency having such jurisdiction.

l. Lessee hereby agrees that with regard to all wells drilled on the leased premises, a sufficient amount of surface casing shall be set and cemented to properly protect all fresh water formations which are now, or may be, source of water supply.

m. Where Lessee's equipment may cause ruts or tracks in drilling or production operations, Lessee shall repair said damage in a reasonable time.

n. Lessee will bury all flowlines in accordance with the following standards and specifications, if Surface Owner should option to have Lessee initially do so. All pipelines and flowlines and other appropriate lines not on well site location shall be laid thirty-six (36") inches beneath the surface of the ground and shall on land now in cultivation be double ditched and water packed. In laying pipelines or other necessary lines on land now in cultivation the soil shall be removed separately for the full width of the line trench to a depth of not less than twelve (12") inches or the depth of the top soil, whichever is less, and such top soil shall be replaced on top of the backfill for such trench. Whenever Lessee removes rocks or caliche from a trench located on land now in cultivation on leased premises, Lessee shall place all such rock and caliche back into the trench at least twelve (12") inches below the surface elevation or, in its discretion, Lessee may remove such rock and caliche from the leased premises. Rock, as defined herein shall not include sand or gravel or rocks less than two (2") inches in diameter. After the construction of any line and after any excavation in connection with the maintenance, repair or removal of any line, the contour of the ground shall be restored as nearly as practicable to the original condition and maintained so that neither wind nor water erosion results from the location of such line or any of the activities of Lessee hereunder. Buried flowlines or pipelines shall follow the roads wherever possible.

o. All operations hereunder shall as reasonable and practical as possible be conducted so as to cause the least inconvenience and interference with surface use and the most practicable accommodation with other surface users.

p. Lessee shall consult with Surface Owner as to the location of the tank batteries and roadways in advance of their construction, and shall locate the same in accordance with the reasonable agreement of the parties. At all times while this lease is in effect, all drill site locations shall be maintained and kept free and clear of all weeds, mesquite and other phreatophytes.

q. In the event soil on the leased premises is damaged as a result of Lessee's operations from spillage, leakage, dumping, pumping or draining of salt water, oil or other chemicals, then Lessee agrees to clean up and to restore and reseed the soil and to restore the soil to as near its original condition as is reasonable possible.

r. Upon abandonment of the leased premises as a result of the drilling of a dry hole or the cessation of production, Lessee shall restore the surface of the leased premises to as nearly as reasonably practicable to its conditions prior to commencement of operations. Such restoration shall include the removal of caliche and other base materials brought in by Lessee and put down for well location pads, tank battery sites and roadways. Lessee agrees that all slush pits will be deep buried, where rock does not interfere, and leveled at Lessee's expense.

s. No drilling or reworking operations shall take place less than 300 feet from a residence or improvement of any kind located on the premises at the time of execution of this lease.

t. This Lease covers oil, gas and all associated hydrocarbons produced from the well bore with oil, gas and casinghead gas only and all other references to other minerals are hereby deleted. It is hereby understood and agreed that Lessor shall receive 22.5% royalty for sulphur or other components extracted from the well bore and produced by Lessee.

u. If for any reason beyond the control of Lessee, a well or wells located on the above described land and capable of producing gas in paying quantities is or are shut in at any time after the expiration of the primary term of this lease for a period of sixty (60) consecutive days, during which time oil or gas is not otherwise being produced hereunder, Lessee may on or before the expiration of said sixty-day period, pay or tender to the owners thereof, or to the credit of the owners in the First National Bank at Sterling City, Texas, which bank and its successors are Lessor's agents, and shall continue as the depository for all such payments payable hereunder regardless of any devolution, change or division of the ownership of said

land or payments, a sum equal to Five Dollars(\$5.00) times the number of net mineral acres which are then covered by this lease, but in no event to be less than \$1,200.00 per annum for each shut in well capable of producing gas or oil in paying quantities; and if such payments are timely made, it shall be considered under the provisions of this lease that gas or oil is being produced from the leased premises in paying quantities for one (1) year from the first such well was shut in, and upon a like payment on or before such date each succeeding year, it will be considered under all provisions of this lease that gas is being produced from the leased premises in paying quantities for the year immediately following; however, the right to extend this lease in this manner may not be utilized to extend this lease for a period of more than five (5) years cumulatively from the date of the lease. For example, if after production was established, the well was shut in for a period of three years and the lease was perpetuated by the payment of shut in royalties and thereafter production was resumed: Lessee would have the ability perpetuate the lease only for a total period of two more years (successive or otherwise) through the payment of shut in royalties. However, if any well is shut in, in excess of three years, the shut in royalty to extend the lease for the fourth and fifth years as provided herein will be calculated at the rate of \$10.00 times the number of net mineral acres which are then covered by this lease, but in no event to be less than \$2,400.00 per annum for each shut in well capable of producing gas in paying quantities.

v. In the event of a partial termination of this lease under the provisions hereof, Lessee, upon request of Lessor, shall execute unto Lessor a good and sufficient partial release of this lease as to all lands and all substances which shall have expired under the provisions hereof.

w. Nothing expressed or implied in this lease shall relieve Lessee of any otherwise existing duty of development.

x. Initial settlement with the Lessor for the royalty on oil and/or gas that is first sold to the first purchaser or used off the premises shall be made by the fourth calendar month after the calendar month such completed well as shown by the Form W-2, Railroad Commission of Texas, Oil and Gas Division, Oil Well Potential Test, Completion of Recompletion Report and Log, or such other report required by an applicable successor governmental agency that shows the date of completion of such well produces. Thereafter, settlement with Lessor for the royalty on all oil and /or gas that is sold to the first purchaser after the first sale or used off the premises after the first sale shall be made by the Lessee and/or the Lessee's heirs, successors or assigns on or before the 30<sup>th</sup> day of second calendar month for the oil and/or gas sold or used off the premises during the preceding calendar month. The amount of the settlement for royalty on oil and/or gas sold or used off the premises shall bear interest at the rate of eighteen percent (18%) per annum from the applicable settlement dates set forth herein. No provision of this lease shall require the payment or permit the collection of interest in excess of the maximum amount permitted by applicable law to be charged by the Lessor to the Lessee or the Lessee's heirs, successors or assigns. If any excess of interest in such respect is provided for herein, or shall be adjudicated to be provided for herein, the Lessee or the Lessee's heirs, successors and assigns shall not be obligated to pay such interest in excess of the amount permitted by applicable law to be charged at such time by Lessor in this lease or to the Lessee's heirs, successors or assigns, and the right to demand the payment of any such excess interest shall be and hereby is waived, and this provision shall control any other provisions of this lease. Any payment of interest in excess of the maximum amount permitted by applicable law shall be considered as a mistake and the excess thereof over such maximum amount shall be returned to the Lessee's heirs, successors or assigns within thirty (30) days after such excess payment has been called to the attention of the Lessor by the Lessee or the Lessee's heirs, successors or assigns.

y. **NO DEDUCTIONS.** Lessee agrees that all royalties accruing under this lease (including those paid in kind) shall be without deduction for the cost of producing, gathering, storing, separating, treating dehydrating, compressing, processing, transporting, marketing either on or off the leased premises and otherwise making the oil, gas and other products produced ready for sale or use, however, Lessee shall have the free use of the gas only for pump jacks, heater treaters and separators on the leased premises. Lessee may deduct from Lessor's royalty any severance taxes that may be due on Lessor's royalty but shall not deduct any regulatory fees from Lessor's royalty to include any reimbursements by any purchasers or third parties for severance taxes, production and marketing related costs, and any payments made in lieu of production such

as take or pay provisions or any other payments made as a result of litigation (or settlement thereof) involving the producing reservoir or production therefrom. The parties to this lease agreement intend to nullify the result of the case of Heritage Resources, Inc. v. Nations Bank, 939 S.W. 2<sup>nd</sup> 118 (Tex. 1996) by the terms of this agreement.

z. If Surface Owner has sufficient quantity and quality caliche, Lessee shall purchase any caliche to be used on the premise from Surface Owner at \$2.50 per yard.

a.a. Whenever used in this Lease, the words "drilling operation" or "operations" shall mean operations for and any of the following: pad construction drilling, testing, completing, reworking, recompleting, deepening, side tracking, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil or gas.

b.b. "If at the expiration of the primary term of this lease, (i) Lessee is engaged in drilling a well or wells located on the lands covered hereby, or (ii) where a well has been completed, or reworked on the leased premises within ninety (90) days of the expiration of the primary term, Lessee may maintain its rights after the expiration of the primary term by conducting a ninety (90) day continuous drilling program. Continuous drilling operations shall mean that not more than ninety (90) days shall expire between the completion as a producer or the abandonment as a dry hole of a preceding well and the commencement of operations for the drilling of the next succeeding well to the development of the Leased premises to the density of maximum allowable production."

If Lessee fails to conduct continuous drilling operations on the Leased premises, this Lease shall thereupon terminate as to all of the Leased premises, except:

(1) Surrounding each well theretofore completed and then producing only oil or oil and casinghead gas in paying quantities or classified by any governmental authority authorized to so classify such well for proration purposes as an oil well, that number of acres prescribed or permitted by such governmental authority to be allocated to such well to entitle such well to receive the maximum allowable production, and to a depth of 100 feet below the deepest of all wells drilled and then capable of producing in paying quantities under the provisions of this lease.

(2) Surrounding each well theretofore completed and then producing gas (excluding casinghead gas) or classified by such governmental authority as a gas well, that number of acres prescribed or permitted by such governmental authority to be allocated to such well to entitle such well to receive the maximum allowable production, and to a depth of 100 feet below the deepest of all wells drilled and then capable of producing in paying quantities under the provisions of this lease.

cc. Notwithstanding anything herein to the contrary, the royalty to be paid under paragraph 3 of the attached oil, gas and mineral lease shall be 22.5% of all oil or gas or other hydrocarbons produced as that term is defined in paragraph 3 of said lease.

FILED  
AT 10:00 O'CLOCK A. M.  
ON THE 21 DAY OF August  
A.D., 2008  
INS. NO. 3580

Rebecca Bada  
COUNTY CLERK, GLASSCOCK COUNTY, TEXAS

BY Shirtemial Jones  
DEPUTY

STATE OF TEXAS  
COUNTY OF GLASSCOCK

I hereby certify that this instrument was FILED on the date and at the time stamped hereon by me and was duly RECORDED in the Volume and Page of the named RECORDS of Glasscock County, Texas, as stamped hereon by me.



Rebecca Bada  
County Clerk, Glasscock County, Texas

OFFICIAL PUBLIC RECORDS

VOL. 120 PAGE 120  
RECORDED August 21, 2008



VERITAS 321  
ENERGY PARTNERS, LP

COPY

February 4, 2008

James Lynn Glass  
Helen F. Glass  
801 Overton Road  
Big Spring, TX 79720

RE: **Check for Oil, Gas and Mineral Lease covering the following tracts:**

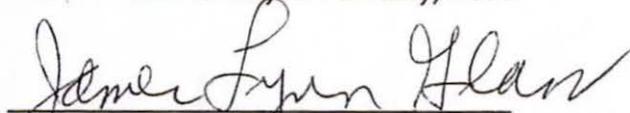
1. The South 257.5 acres of Section 10, Block 32, T-2-S, T&P Ry. Co. Survey, containing 257.5 acres more or less.
2. All of Section 11, Block 32, T-2-S, T&P Ry. Co. Survey, containing 13.98 acres more or less.
3. All of Section 12 Block 33, T-3-S, T&P Ry. Co. Survey, containing 259.5 acres more or less.
4. All SAVE AND EXCEPT the NE/4 of Section 35, Block 33, T-2-A, T&P Ry. Co. Survey, containing 480 acres more or less  
NE/4 of Section 35, Block 33, T-2-S, T&P Ry. Co. Survey, containing 160 acres more or less
5. All of Section 37, Block 33, T-2-S, T&P Ry. Co. Survey, containing 640 acres more or less.
6. All of Section 48, Block 33, T-2-S, T&P Ry. Co. Survey, containing 626 acres more or less.
7. E/2 Section 27, Block 30, W&NW RR Co. Survey, containing 320 acres more or less.
8. All of Section 28 Block 30, W&NW RR Co. Survey, containing 640 acres more or less.
9. N/2 & SE/4 of Section 60, Block 30, W&NW Co. Survey, containing 480 acres more or less.
10. W/2 & SE/4 of Section 186, Block 29, W&NW Co. Survey, containing 480 acres more or less.
11. S/2 Section 189, Block 29, W&NW RR Co. Survey, containing 320 acres more or less.
12. All of Section 190, Block 29, W&NW RR Co. Survey, containing 640 acres more or less.
13. All of Section 191, Block 29, W&NW RR Co. Survey, containing 640 acres more or less.
14. All of Section 192, Block 29, W&NW RR Co. Survey, containing 640 acres more or less.
15. E/2 of Section 193, Block 29, W&NW RR Co. Survey, containing 320 acres more or less.
16. All of Section 209, Block 29, W&NW RR Co. Survey, containing 640 acres more or less.
17. W/2 of NW/4 Section 215, Block 29, W&NW RR Co. Survey, containing 80 acres more or less.
18. N/2 and SW/4 of Section 216, Block 29, W&NW RR Co. Survey containing 480 acres more or less.
19. S/2 and NW/4 of Section 217, Block 29 W&NW RR Co. Survey containing 480 acres more or less.
20. S/2 of Section 218, Block 29 W&NW RR Co. Survey, containing 320 acres more or less.
21. S/2 of Section 219, Block 29, W&NW RR Co. Survey 320 acres more or less.
22. All of Section 223, Block 29, W&NW RR Co. Survey, containing 640 acres more or less.
23. All of Section 224, Block 29, W&NW RR Co. Survey, containing 640 acres more or less.

**All located in Glasscock County, Texas.**

We are in receipt of the executed Oil and Gas Lease covering your interest in the captioned property. In connection therewith, you have received **check number 2766** in the amount of **\$519,225.00** representing payment for the bonus consideration (2,076.90 net acres x \$250/acre).

*Please acknowledge your receipt hereof by signing in the space provided below. Thank you for your cooperation in this matter.*

*Received this 4th day of February, 2008.*

  
James Lynn Glass

  
Helen F. Glass

**VERITAS 321**  
 ENERGY PARTNERS, LP  
 P.O. Box 173  
 Midland, Texas 79702  
 432.682.4002

88-737  
 1163

2/4/2008

PAY TO THE ORDER OF James Lynn Glass and Helen F. Glass

\$\*\*519,225.00

Five Hundred Nineteen Thousand Two Hundred Twenty-Five and 00/100\*\*\*\*\* DOLLARS

James Lynn Glass and Helen F. Glass  
 801 Overton Road  
 Big Spring, TX 79720

MEMO Bonus Consideration

AUTHORIZED SIGNATURE

⑈002766⑈

**VERITAS 321 ENERGY PARTNERS, LP**

002766

James Lynn Glass and Helen F. Glass

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
2/4/2008	Bill	Bonus Consideration	519,225.00	519,225.00		519,225.00
				Check Amount		519,225.00

2/4/2008

(WNB) Veritas 321 EP Bonus Consideration

519,225.00

**VERITAS 321 ENERGY PARTNERS, LP**

002766

James Lynn Glass and Helen F. Glass

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
2/4/2008	Bill	Bonus Consideration	519,225.00	519,225.00		519,225.00
				Check Amount		519,225.00

2/4/2008

(WNB) Veritas 321 EP Bonus Consideration

519,225.00

# APACHE DEEPWATER, LLC

COMPANY NAME:

**PRELIM**

## LEASE PURCHASE OR MINERAL ACQUISITION REPORT

DATE:	April 4, 2011	PROSPECT:	DEADWOOD
PREPARED BY:	VERITAS 321 ENERGY PARTNERS, LP (KT)	AFE #	072296
APPROVED BY:			

blue cell = formula inserted

ASSIGNOR/LESSOR/GRANTOR:

HARRY M. WHITTINGTON AND MARTIN GUERRERO, SR., AS CO-INDEPENDENT EXECUTORS OF THE ESTATE OF STEPHEN ALEXANDER WILLIAMS

ASSIGNEE/LESSEE/GRANTEE:

APACHE CORPORATION

**PROPERTY DESCRIPTION:**

ALL OF SECTION 224, SAVE AND EXCEPT 20.70 ACRE ROW, BLOCK 29, W&NW RR CO. SURVEY

NEW <input checked="" type="checkbox"/> RENEWAL <input type="checkbox"/> RATIFICATION <input type="checkbox"/> EXTENSION <input type="checkbox"/> AMENDED <input type="checkbox"/>	FEDERAL <input type="checkbox"/> STATE <input type="checkbox"/> GOVT. AGENCY <input type="checkbox"/> FEE <input checked="" type="checkbox"/> PAID-UP <input checked="" type="checkbox"/>	<b>DOCUMENTS SUBMITTED:</b> COPY OF ORIGINAL LEASE <input checked="" type="checkbox"/> MEMORANDUM OF LEASE <input type="checkbox"/> LEASE PLAT <input type="checkbox"/> COPY OF DRAFT/CHECK <input type="checkbox"/>	COMPLETED W9 <input checked="" type="checkbox"/> MINERAL TAKEOFF <input type="checkbox"/> RECEIPT OF PAYMENT <input type="checkbox"/>
BOOK: TBR	PAGE: TBR	ENTRY/REGISTER/MICROFILM: TBR	COUNTY/PH-ST: GLASSCOCK COUNTY TX
DATE: March 8, 2011	EFFECTIVE DATE: March 8, 2011	EXPIRATION DATE: March 8, 2014	TERM (YRS): 3
MINERAL INTEREST: 0.20000000	GROSS ACRES: 619.3000	NET ACRES: 123.8600	ROYALTY RATE: 0.25000000
CO. GWI: 1.00000000		CO. NET ACRES: 123.8600	SHUT-IN ROYALTY AMOUNT: \$123.86
BONUS PER ACRE: \$325.00	BONUS AMOUNT: \$40,254.50	FIRST RENTAL DUE: N/A	RENTAL AMOUNT: N/A

<b>LESSOR(S):</b>	<b>THE ESTATE OF STEPHEN ALEXANDER WILLIAMS</b>	<b>INTEREST:</b>
NAME	C/O: HARRY M. WHITTINGTON AND MARTIN GUERRERO, AS CO-INDEPENDENT EXECUTORS	0.20000000
CONTINUED		
ADDRESS	P.O. BOX 357	
CITY ST ZIP	AUSTIN, TX 78767-0357	
TIN:		
PHONE:		
EMAIL:		
NAME		
CONTINUED		
ADDRESS		
CITY ST ZIP		
TIN:		
PHONE:		
EMAIL:		
	<b>TOTAL INTEREST:</b>	<b>0.20000000</b>

SEE ADDITIONAL PAGES OR ATTACHMENTS

**INSTRUCTIONS, SPECIAL PROVISIONS AND OBLIGATIONS:**

ADDENDUM:

\*\*\*P) 1 -LEASE COVERS OIL AND GAS ONLY

\*\*\*P) 2 -180 DAY CONTINUOUS DEVELOPMENT CLAUSE

\*\*\*P) 13 - NO WARRANTY OF TITLE

WT: APA201112

VEP CK #:

Lease Purchase Report

REVISED 3/32008

cj/rs

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

## OIL, GAS & MINERAL LEASE

THIS AGREEMENT made this 8th day of March, 2011, between Harry M. Whittington and Martin Guerrero, Sr., as Co-Independent Executors of the Estate of Stephen Alexander Williams, as Lessor (whether one or more), whose address is P.O. Box 357, Austin, Texas 78767, and Apache Corporation, 303 Veterans' Airpark Lane, Suite 3000, Midland, Texas 79705, Lessee."

WITNESSETH:

1. Lessor, in consideration of 10.00 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 Glasscock, State of Texas, and is described as follows:

Block 29, W&NW RR Co., Survey

Section 224: All Save and Except 20.70 acre ROW

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which Lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 619.3 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of three (3) 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-fourth (1/4) 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-fourth (1/4) 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-fourth (1/4) 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-fourth (1/4) 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-fourth (1/4) of such gas and casinghead gas; (c) To pay Lessor on all other minerals mined and marketed or utilized by Lessee from said land, one-tenth either in kind or value at the well or mine at Lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar (\$1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the:

Depository Bank: DIRECTLY TO LESSOR

Mailing Address: LESSOR'S ADDRESS SHOWN ABOVE

or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that Lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, Lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as Lessee may elect. Any payment hereunder may be made by check or draft of Lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair Lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance; provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas, other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement, are required under any governmental rule or order, for the drilling or operation of a well at a regular location, or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by Lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each such separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as

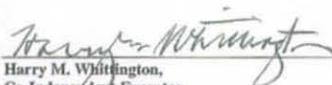
though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production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

5. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest.
6. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.
7. Lessee shall have the use, free from royalty, of water, other than from Lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the Lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.
8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to Lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by Lessor or Lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, Lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.
9. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. If this lease is 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. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.
10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but Lessor agrees that Lessee shall have the right at any time to pay or reduce same for Lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to Lessor and/or assigns under this lease. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as Lessor.
11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.
12. The attached Addendum to Lease is incorporated herein by reference.

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

THE ESTATE OF STEPHEN ALEXANDER WILLIAMS, DECEASED:

LESSORS:

  
Harry M. Whittington,  
Co-Independent Executor

  
Martín Guerrero, Sr.,  
Co-Independent Executor

ACKNOWLEDGMENT

STATE OF TEXAS     §  
                                 §  
COUNTY OF TRAVIS   §

This instrument was acknowledged before me on the 30<sup>th</sup> day of March, 2011, by  
Harry M. Whittington, as Co-Independent Executor on behalf of said Estate.



Deborah M. Silagi  
Notary Public, State of TX  
Deborah M. Silagi  
Notary's Name (printed):  
My Commission Expires: 1-23-13

STATE OF TEXAS     §  
                                 §  
COUNTY OF TRAVIS   §

This instrument was acknowledged before me on the 30<sup>th</sup> day of March, 2011, by  
Martin Guerrero, Sr., as Co-Independent Executor on behalf of said Estate.



Deborah M. Silagi  
Notary Public, State of \_\_\_\_\_  
Deborah M. Silagi  
Notary's Name (printed):  
My Commission Expires: 1-23-13

#### ADDENDUM TO LEASE

1. It is understood and agreed that this Lease covers and includes oil and gas only (including with oil and gas, all constituent elements thereof and all other liquid or liquefiable hydrocarbons and products of every kind or character derived there from and reserved to Lessor. Included among the minerals reserved to Lessor and excluded from this Lease are coal, uranium and lignite.

2. In the event a portion or portions of the leased premises is pooled unitized with other land so as to form a pooled unit or units operations on, completion of a well upon, or production from such unit or units will not maintain this Lease in force as to that portion of the leased premises not included in such unit or units. This Lease may be maintained in force as to any portion of the leased premises covered hereby and not included in such unit or units in any manner provided for herein, provided, however, if at the end of the primary term or after the expiration of the primary term, Lessee is then engaged in drilling or reworking operations on the leased premises or on acreage pooled therewith, or if Lessee has completed a well as a producer or a dry hole within ninety (90) days of the lease expiration date, then this lease shall not terminate if Lessee commences reworking additional operations within 180 days between the completion of drilling or reworking operations on a well and the commencement of such operations for the next succeeding well.

3. Lessee shall indemnify and hold Lessor harmless from and against any and all claims, actions, liability, loss, damage or expense of every kind and nature, including but not limited to attorney's fees and costs, for damage to property including environmental damage to surface properties and underground water of any person, firm or corporation or injury to or death of any person, including but not limited to, the employees of Lessee, its successors, assigns, contractors, or subcontractors, which may, in whole or in part, be caused by or arise out of operations conducted hereunder or the enjoyment of this lease or the exercise of any right granted hereunder or any obligation imposed hereby.

4. All royalty due under this lease as provided in the royalties paragraph shall be paid without deduction for all costs of transportation, compression dehydration, or other operations necessary for the marketing of oil and/or gas, save and except its proportionate part of taxes that may be due. In addition to payment of the fair market value of the hydrocarbon, or point of sale price, whichever is greater, as provided in this lease, the Lessee shall additionally pay all post-production costs. These provisions constitute a vital part of the consideration for this lease.

5. One (1) year after the expiration of the primary term of this lease, or after cessation of drilling or reworking operations as provided hereinabove, whichever occurs last, this lease shall terminate as to all depths lying below 100 feet below the stratigraphic equivalent of the deepest depth drilled unless otherwise kept in force by paragraph (2) of the Lease abendum.

6. The production records and receipts from sales of oil and gas pertaining to the production, transportation, sale and marketing of the oil and/or gas produced from said premises or lands pooled therewith shall at all reasonable times during business hours be subject to inspection and examination by the Lessor herein, or his representative. The sales contracts pertaining to said production shall be subject to inspection and examination by the Lessor herein or his representative, subject to the approval of the signatory parties to such contracts.

7. Lessee shall pay to Lessor his royalty within ninety (90) days of the sale by the Lessee of such oil and gas produced from the land herein leased or from any land with which it may be unitized, or after the curing of all significant title defects, whichever is later. Liquidated damages for failure to timely make such royalty payment shall be the payment of interest of one and one-half (1-1/2 %) per month the royalty due on Lessor. If Lessee fails to comply with the provisions of this paragraph, then Lessors shall have, at their option, the right to terminate this lease. Lessor shall, however, give written notice of such intention to Lessee and Lessee shall have sixty (60) days in which to comply with the requirements and failure to comply herewith shall cause a forfeiture of this oil and gas lease. The rights of Lessor under this Paragraph shall be in addition to, and not in lieu of, all rights Lessor may have as payment of royalty under V.T.C.A. Natural Resources Code, Section 91.401 through 91.405.

8. Lessee, its successors or assigns, shall at the termination of this Lease, or any portion thereof, furnish Lessor, or the heirs, administrators, executors or assigns of Lessor, with a written, recordable release.

9. Lessee hereby agrees to furnish Lessor with written notice of any assignment made by Lessee which grants any rights in and to Lessor's property to any Assignee; and any such Assignment shall be bound by all of the terms of this lease agreement. Such notice shall be furnished to Lessor within thirty (30) days after any such assignment is made effective and shall give the name, address and phone number of such Assignee.

10. It is understood and agreed by Lessor and Lessee, that Lessee shall during the term of this Lease, maintain the premises in a good and ecological condition, and Lessee agrees to indemnify and hold Lessor harmless from all liability, including costs of whatever kind or amount, arising out of or resulting from failure to comply, whether through negligence or otherwise, with all applicable federal and/or state Environmental Laws, including but not limited to RCRA and CERCLA (and as they may be reauthorized and/or amended), and all other federal or state laws, including the common law, in producing, generating, processing, handling, treating, storing, releasing or threatening to release, transporting, or disposing of all substances, including but not limited to hazardous substances and hazardous wastes, on or from the lease premise.



NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

## OIL, GAS & MINERAL LEASE

THIS AGREEMENT made this 8th day of March, 2011, between Jeffrey Jones, as Lessor (whether one or more), whose address is 10547 Pony Cart Place, Littleton, CO 80125, and Apache Corporation, 303 Veterans' Airpark Lane, Suite 3000, Midland, Texas 79705, Lessee."

WITNESSETH:

1. Lessor, in consideration of 10.00 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 Glasscock, State of Texas, and is described as follows:

### Block 29, W&NW RR Co., Survey

### Section 224: All Save and Except 20.70 acre ROW

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which Lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 619.3 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of three (3) 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-fourth (1/4) 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-fourth (1/4) 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-fourth (1/4) 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-fourth (1/4) 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-fourth (1/4) of such gas and casinghead gas; (c) To pay Lessor on all other minerals mined and marketed or utilized by Lessee from said land, one-tenth either in kind or value at the well or mine at Lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar (\$1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the:

Depository Bank: DIRECTLY TO LESSOR

Mailing Address: LESSOR'S ADDRESS SHOWN ABOVE

or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that Lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, Lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships

thereof, as Lessee may elect. Any payment hereunder may be made by check or draft of Lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair Lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance; provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas, other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement, are required under any governmental rule or order, for the drilling or operation of a well at a regular location, or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by Lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each such separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interests in land not covered by this lease. Neither shall it impair the right of Lessee to release as provided in paragraph 5 hereof, except that Lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force Lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.
5. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest.
6. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.
7. Lessee shall have the use, free from royalty, of water, other than from Lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the Lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.
8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to Lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by Lessor or Lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, Lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.
9. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. If this lease is 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. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.

- 10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but Lessor agrees that Lessee shall have the right at any time to pay or reduce same for Lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to Lessor and/or assigns under this lease. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as Lessor.
- 11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

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

LESSOR:

Jeffrey Jones

ACKNOWLEDGMENT

STATE OF COLORADO §  
  §  
COUNTY OF JEFFERSON §

This instrument was acknowledged before me on the 8 day of March, 2011, by Jeffrey Jones.

GLEND A. LUKE  
NOTARY PUBLIC  
STATE OF COLORADO  
My Commission Expires 5/18/2013

Glenda A. Luke  
Notary Public, State of Colorado  
Glenda A. Luke  
Notary's Name (printed):  
My Commission Expires: 05-18-13



NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

## OIL, GAS & MINERAL LEASE

THIS AGREEMENT made this 15th day of February, 2011, between Kathy D. Jones, as Lessor (whether one or more), whose address is 2850 Lancer Lane, Keithville, LA 71047, and Apache Corporation, 303 Veterans' Airpark Lane, Suite 3000, Midland, Texas 79705, Lessee."

### WITNESSETH:

1. Lessor, in consideration of 10.00 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 Glasscock, State of Texas, and is described as follows:

### Block 29, W&NW RR Co., Survey

#### Section 224: All Save and Except 20.70 acre ROW

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which Lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 619.3 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of three (3) 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-fourth (1/4) 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-fourth (1/4) 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-fourth (1/4) 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-fourth (1/4) 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-fourth (1/4) of such gas and casinghead gas; (c) To pay Lessor on all other minerals mined and marketed or utilized by Lessee from said land, one-tenth either in kind or value at the well or mine at Lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar (\$1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the:

Depository Bank: DIRECTLY TO LESSOR

Mailing Address: LESSOR'S ADDRESS SHOWN ABOVE

or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that Lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, Lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as Lessee may elect. Any payment hereunder may be made by check or draft of Lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair Lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance; provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas, other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement, are required under any governmental rule or order, for the drilling or operation of a well at a regular location, or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by Lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each such separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of

royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interests in land not covered by this lease. Neither shall it impair the right of Lessee to release as provided in paragraph 5 hereof, except that Lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force Lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest.
6. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.
7. Lessee shall have the use, free from royalty, of water, other than from Lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the Lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.
8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to Lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by Lessor or Lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, Lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.
9. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. If this lease is 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. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.
10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but Lessor agrees that Lessee shall have the right at any time to pay or reduce same for Lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to Lessor and/or assigns under this lease. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as Lessor.
11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

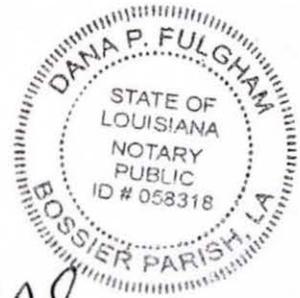
IN WITNESS WHEREOF, this instrument is executed on the date first above written.

LESSOR: Kathy D. Jones  
Kathy D. Jones

ACKNOWLEDGMENT

LA Def  
STATE OF ~~TEXAS~~  
COUNTY OF CADDO

This instrument was acknowledged before me on the 8 day of March, 2011, by Kathy D. Jones.



Dana P. Fulgham  
Notary Public, State of LA  
Dana P. Fulgham  
Notary's Name (printed):  
My Commission Expires: at death



# Last Will and Testament

OF

08-24-786-P

PEGGY SUEHS

I, PEGGY SUEHS, a resident of Rusk County, Texas, over eighteen (18) years of age and of sound and disposing mind and memory, hereby revoke all my former wills and codicils and declare this to be my Last Will.

## PART ONE

1.1 I devise and bequeath all of my property of every nature and description, real, personal and mixed, and wherever situated, and whether acquired before or after the execution of this Will, as follows:

(A) I request that my Executors distribute my household furnishings and personal effects in accordance with handwritten instructions which I may leave. To comply with my instructions, my Executors shall have a power of appointment over my tangible personal property which can be exercised only in favor of the persons I name in my handwritten instructions to receive such property. Otherwise this power of appointment cannot be exercised in favor of my Executors, my Executors' estates, my Executors' creditors or the creditors of my Executors' estates. My Executors may distribute such property to a minor or to such minor's guardian, trustee or custodian or may hold such property until my Executors determine that such minor is capable of receiving such property. My Executors may pay for storing and insuring such property until it is distributed.

(B) All of my property not disposed of under subparagraph (A) above shall pass (subject to the provisions of Paragraph 1.2 hereof) to the lineal descendants of mine who survive me, per stirpes. My children are SHERRY McCULLOUGH, ELAINE SILK and JOHN V. HINSLEY, JR., and the terms hereof shall extend to such children.

1.2 If any lineal descendant of mine who is entitled to receive any property (i) from my Estate or (ii) from the Trust Estate of any Trust created under this Paragraph 1.2 upon termination of such Trust by reason of the death of the beneficiary thereof (such lineal descendant herein called "descendant") is then under the age of twenty-five (25) years; then, notwithstanding the provisions of Paragraph 1.1 above, such property shall not pass outright to such descendant but shall pass to my Trustee, as Trustee, in trust, for that descendant's benefit until that descendant reaches such age, whereupon the then remaining Trust Estate held for that descendant shall be delivered to that descendant, free of trust. If that descendant dies before reaching such age, such Trust Estate shall be held or disposed of as follows: (i) if any lineal descendant of such descendant is then surviving, such Trust Estate shall pass (subject to the provisions of this Paragraph 1.2) to the lineal descendants of such descendant, per stirpes; (ii) if no lineal descendant of such descendant is then surviving, such Trust Estate shall pass under, and as provided in, Paragraph 1.1(B) hereof, if any lineal descendant of mine is then surviving, applied as if I had then died disposing of same hereunder; or (iii) if no person specified in clause (i) or (ii) immediately preceding is then surviving, such Trust Estate shall pass to my then living heirs. Prior to the termination of a descendant's Trust pursuant to the foregoing

provisions, my Trustee shall pay to or apply for the benefit of a descendant such amounts of income (any income not so paid to be added to principal) and principal of the Trust created for that descendant as my Trustee, in such Trustee's sole, reasonable discretion, deems proper for that descendant's health, support, maintenance and education.

#### PART TWO

2.1 I appoint my children, SHERRY McCULLOUGH, ELAINE SILK and JOHN V. HINSLEY, JR., or such one or more of them who is able and willing so to act, as Co-Independent Executors or Sole Independent Executor or Executrix, as the case may be, of this Will and my Estate. Herein the term "Executor" or "Executors" shall refer to any duly appointed and qualified Sole or Co-Independent Executor or Executrix then acting hereunder; provided that Co-Executors shall act jointly.

2.2 I appoint SHERRY McCULLOUGH, ELAINE SILK and JOHN V. HINSLEY, JR., or such one or more of them who is able and willing so to act, as Co-Trustees or Sole Trustee, as the case may be, of any Trust created hereunder. Herein the term "Trustees" or "Trustee" shall refer to any Sole or Co-Trustee then acting hereunder; provided that if two of my children are serving as Co-Trustees then they shall act jointly and further provided that if three of my children are serving as Co-Trustees, then they shall by majority approval.

#### PART THREE

3.1 I direct that no action be had in any court of probate jurisdiction in the administration and settlement of my Estate other than the probate and recording of this Will (and any codicil hereto) and the return of an inventory, appraisal and list of claims of my Estate as required by law. My Executor shall be independent of the supervision and direction of the probate court to the full extent permitted by law.

3.2 Subject to the provisions hereof, I direct that all of my debts, funeral expenses, all expenses of my last illness that are unpaid at the time of my death, all expenses incurred in the administration of my Estate and all unified transfer, estate and inheritance, legacy and succession taxes imposed by reason of my death be paid out of my residuary Estate as soon after my death as may be practical.

3.3 Specifically, and not by way of limitation, my Executor (whether or not such is necessary to pay debts of my Estate) and my Trustee may convey, lease (including a lease for a period extending beyond the duration of the administration of my Estate or a Trust Estate), pool, unitize, mortgage, pledge, or otherwise encumber, partition, sell, retain, dispose of, invest and reinvest any of my property, real, personal or mixed, segregated or undivided (including, but not limited to, mineral, fee, leasehold, royalty or any other interests in oil, gas, coal, lignite and other minerals, or any of them), publicly or privately for cash, credit or exchange for any other property, or for any two or more of said considerations, without an order of court, upon such terms and conditions as to my Executor or Trustee may seem best, without liability on the part of any purchaser to see to the application of the consideration resulting therefrom. My Executor or Trustee may continue the operation of any business, including, but not limited to, closely held corporations and partnerships. In addition to the foregoing powers, my Executor and Trustee shall have all of the powers given to a trustee under the Texas Trust Code or any other Texas legislation hereafter adopted under the same or another name on the same subject, except such as conflict with the terms of this Will. Any Executor or Trustee shall be entitled to reimbursement from my Estate or the Trust Estates for all expenses (including, but not limited to compensation to agents and fees for professional

services) incurred in the administration thereof.

3.4 My Executor is authorized, in my Executor's sole and absolute discretion, to exercise any election or option given to my Executor under the Internal Revenue laws of the United States or any State in which this Will may be probated, or in which property in which I own an interest at the time of my death may be located. The decision of my Executor with respect to any such matters shall bind each and every beneficiary of my Estate and my Executor shall not be required to make any compensating adjustments between income and corpus or among beneficiaries as the result of my Executor's action or inaction.

3.5 With regard to all policies of insurance on my life which designate my Estate or my Trustee hereunder as beneficiary, my Executor and Trustee shall have power:

(A) To execute and deliver receipts and other instruments and to take such action as may be appropriate to obtain possession and control of the policies.

(B) To execute and file proofs of claim required to collect the proceeds thereof, and the receipt by my Executor or Trustee shall constitute full acquittance to insurance companies for all proceeds so paid; provided, however, that my Executor and Trustee shall be under no obligation to institute legal proceedings for the collection of proceeds of any policy until and unless they have been indemnified to their satisfaction for all costs and expenses, including court costs and attorneys' fees.

(C) To elect, in his discretion, any optional modes of settlement available to him under said policies.

(D) To receive insurance proceeds, to administer and distribute such proceeds as principal in accordance with the dispositive provisions of this Will or any codicil hereto; in connection therewith, to divide, apportion and distribute said proceeds as a part of my Estate, and where my Will so requires, to further divide and distribute such proceeds between the trusts created hereunder and to make tentative allocations between such trusts and subsequently to adjust the same.

#### PART FOUR

4.1 In interpreting all provisions of this Will and the terms of any Trust created hereunder:

(A) A beneficiary hereunder shall not be considered to survive and shall be considered to predecease another person if such beneficiary shall die within sixty (60) days of the death of such other person.

(B) Notwithstanding any other provision of this Will, any Trust created hereunder shall terminate, if not sooner terminated under another provision of this Will, twenty-one (21) years after the date of death of the last surviving beneficiary of any Trust hereunder who is in being at the time of my death and the Trust Estate of any such Trust shall be delivered, free of trust, to the beneficiary thereof who is the primary recipient of benefits therefrom.

(C) The term "heirs" shall refer to those persons who would inherit the property in question from the person in question, assuming that the person in question had died intestate and single owning such property, under the Texas laws of descent and distribution in effect at the time of such person's death, and when such term is used, the shares and proportions of taking shall be determined by said laws. The term "then living heirs" shall refer to those persons who

would be the heirs of the person in question if such person had died at the time of the event which entitles such heirs to delivery of the property in question. The terms defined herein shall refer, whenever appropriate, to those who are adopted, whenever adopted, but shall not refer to stepchildren, unless legally adopted.

(D) No bond or other security shall be required of any Executor or Trustee acting hereunder.

(E) No principal or income payable or to become payable under a Trust created hereunder shall be subject to anticipation or assignment by any beneficiary thereof or to attachment by or the interference or control of any creditor of such beneficiary or to be taken or reached by any legal or equitable process in satisfaction of any debt or liability of any such beneficiary prior to its actual receipt by any such beneficiary.

(F) Any Executor or Trustee shall receive for such Executor's or Trustee's services in that capacity such reasonable compensation as is then customary and usual for such services in the County and State where such Executor or Trustee resides.

(G) If at any time any Trustee of any Trust created hereunder shall also be acting as a Trustee of any other Trust (whether created hereunder or otherwise) for the benefit of the same beneficiary or beneficiaries and upon substantially (although, perhaps, not identically) the same terms, conditions and provisions, the Trustee, in such Trustee's sole discretion, is authorized to transfer and merge all of the assets held in the Trust created hereunder to and with the other such trust and thereupon terminate the Trust created hereunder. Also, the Trustee of any Trust created hereunder is further authorized to (i) accept the assets of any other Trust (whether created hereunder or otherwise) which provides for the benefit of the same beneficiary or beneficiaries and upon substantially (although, perhaps, not identically) the same terms, conditions and provisions as the Trust of which such Trustee is Trustee and (ii) administer and distribute such assets and properties so transferred in accordance with the provisions of such Trust. In no event, however, shall this discretionary power be construed as a power of amendment, modification, or appointment in the hands of the Trustee.

#### PART FIVE

5.1 Under the provisions of Paragraph 2.4(B) and Paragraph 2.5(B) of the Last Will and Testament dated July 21, 1995 ("Will") of my late husband, H.A. Suehs, M.D., Deceased, I was given a limited power to direct the disposition of the property remaining in the Marital Trust and the Family Trust upon my death. The Will was admitted to probate under Cause No. 95-175P by the County Court of Rusk County, Texas.

5.2 I hereby exercise such powers of appointment under the Will and direct that all property subject to such powers of appointment shall be disposed of in accordance with the following Paragraphs 5.3 through 5.4.

5.3 All of the property subject to such powers of appointment under the Will shall pass (subject to the provisions of Paragraph 5.4 hereof) to the lineal descendants of mine who survive me, per stirpes.

5.4 If any lineal descendant of mine who is entitled to receive any property (i) from the Marital Trust or the Family Trust as a result of my exercise of the limited powers of appointment or (ii) from the Trust Estate of any Trust created under this

Paragraph 5.4 upon termination of such Trust by reason of the death of the beneficiary thereof (such lineal descendant herein called "descendant") is then under the age of twenty-five (25) years, then, notwithstanding the provisions of Paragraph 5.3 above, such property shall not pass outright to such descendant but shall pass to my Trustee, as Trustee, in trust, for that descendant's benefit until that descendant reaches such age, whereupon the then remaining Trust Estate held for that descendant shall be delivered to that descendant, free of trust. If that descendant dies before reaching such age, such Trust Estate shall be held or disposed of as follows: (i) if any lineal descendant of such descendant is then surviving, such Trust Estate shall pass (subject to the provisions of this Paragraph 5.4) to the lineal descendants of such descendant, per stirpes; (ii) if no lineal descendant of such descendant is then surviving, such Trust Estate shall pass under, and as provided in, Paragraph 5.3 hereof, if any lineal descendant of mine is then surviving, applied as if I had then died disposing of same hereunder; or (iii) if no person specified in clause (i) or (ii) immediately preceding is then surviving, such Trust Estate shall pass to my then living heirs. Prior to the termination of a descendant's Trust pursuant to the foregoing provisions, my Trustee shall pay to or apply for the benefit of a descendant such amounts of income (any income not so paid to be added to principal) and principal of the Trust created for that descendant as my Trustee, in such Trustee's sole, reasonable discretion, deems proper for that descendant's health, support, maintenance and education.

I, PEGGY SUEHS, hereby declare this to be my Last Will (typewritten on six (6) pages, including the attestation clause, signatures of witnesses and my self-proving acknowledgment and the affidavits of the attesting witnesses) and herewith sign my name to same, in the presence of the undersigned attesting witnesses, all present at the same time, each of whom signs this Will at my request, in my presence and in the presence of each other, all done this 27 day of March, 1996, at Tyler, Texas.

Peggy Suehs  
 PEGGY SUEHS

The undersigned, each being over fourteen (14) years of age, hereby declare that PEGGY SUEHS declared to us that the foregoing instrument is her Last Will and she requested us to act as witnesses to the same and to her signature thereon. She thereupon signed said Will in our presence, all of us being present at the same time. And we now, at her request, in her presence, and in the presence of each other, do hereunto sign our names as attesting witnesses, all done this 27th day of March, 1996, at Tyler, Texas. We and each of us declare that we believe the said Testatrix to be of sound mind and memory.

Debbie Zaber  
 Address 3100 Masters Circle  
Tyler, TX 75701

Sharlene Maynard  
 Address 17130 CR 223  
Appling 75750

THE STATE OF TEXAS §  
 §  
 COUNTY OF SMITH §

BEFORE ME, the undersigned authority, on this day personally appeared PEGGY SUEHS, Debbie Zaber, and Sharlene Maynard, known to me to be the Testatrix and the witnesses, respectively, whose names are subscribed to the annexed or foregoing instrument in their respective capacities, and, all of

the said persons being by me duly sworn, the said Testatrix declared to me and to the said witnesses in my presence that said instrument is her Last Will and Testament, and that she had willingly made and executed it as her free act and deed for the purposes therein expressed; and that said witnesses, each on her oath stated to me, in the presence and hearing of the said Testatrix, that the said Testatrix had declared to them that said instrument is her Last Will and Testament, and that she executed same as such and wanted each of them to sign it as a witness; and upon their oaths each witness stated further that they did sign the same as witnesses in the presence of the said Testatrix and at her request; that she was at that time over eighteen (18) years of age and was of sound mind; and that each of said witnesses was then at least fourteen (14) years of age.

*Peggy Suehs*  
PEGGY SUEHS

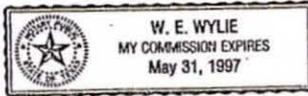
*Debbie Zaber*  
Witness

*Sharlene Maynard*  
Witness

SUBSCRIBED and ACKNOWLEDGED to before me by the said PEGGY SUEHS, Testatrix, and subscribed and sworn to before me by the said *Debbie Zaber* and *Sharlene Maynard* witnesses, on this *27th* day of *March*, 1996.

My Commission Expires:  
*5-31-97*

*W. E. Wylie*  
Notary Public in and for  
the State of Texas



LAST WILL AND TESTAMENT

OF

REGINA SUHHS

MILLENWEE WYLLIE

A PROFESSIONAL CORPORATION

ATTORNEY AT LAW

4400 KINGSBORNE

STATE INTERSTARS

HOUSTON, TEXAS 77005

(713) 551-1177

NO.08-24,786-P

IN THE ESTATE OF  
PEGGY JUANITA SUEHS,  
DECEASED

§ IN COUNTY COURT AT LAW  
§ NO. TWO (2)  
§ MONTGOMERY COUNTY, TEXAS

**ORDER PROBATING WILL AND  
AUTHORIZING LETTERS TESTAMENTARY**

On this day came on to be heard the Application filed herein by Sherry McCullough, Elaine Silk and John V. Hinsley, Jr., for the probate of the Will of Peggy Juanita Suehs, hereinafter called Decedent, and for the issuance of Letters Testamentary.

The Court, after having heard and considered the evidence, finds that legal notices of the filing of said Application have been issued and posted in the manner and for the length of time required by law, and no one came to contest same; and it further appearing that said Will was executed on March 27, 1996 with the formalities and solemnities and under the circumstances required by law to make it a valid Will, was self-proved according to law during the lifetime of said Decedent; that such Will has not been revoked by Decedent; that Decedent died in Montgomery, County, Texas on December 15, 2007; that this Court has jurisdiction and venue over the estate because Decedent was domiciled in Texas and had a fixed place of residence in Montgomery County, Texas at the time of her death; that four years have not elapsed since the death of Decedent or prior to the said Application; that a necessity exists for the administration of this estate, specifically for the transfer of assets of the Decedent's estate to the named beneficiaries in the Will; that Decedent was not divorced after the execution of the Will; that no state, governmental agency of the state, nor charitable organization is named by the Will as a devisee; that Decedent's Will named Sherry McCullough, Elaine Silk and John V. Hinsley, Jr. to serve as Independent Co-Executors or as Sole Executor to act independently without bond or other security, and the said Sherry McCullough, Elaine Silk and John V. Hinsley, Jr. are not disqualified by law from serving as such or from accepting Letters Testamentary, and that Elaine Silk and John V. Hinsley, Jr. have

each signed a Waiver and have declined to serve and have requested that Sherry McCullough serve as the sole Independent Executor and that Sherry McCullough to would be entitled to such letters.

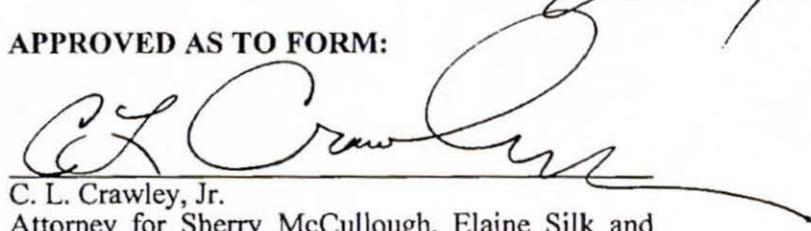
**IT IS THEREFORE ORDERED AND DECREED** by the Court that said Will is hereby proved and established and admitted to probate and recorded as the **LAST WILL AND TESTAMENT** of said Peggy Juanita Suehs, Deceased, and that Sherry McCullough is hereby appointed Independent Executrix of said Will and Estate without bond.

**IT IS FURTHER ORDERED** by the Court that Letters Testamentary upon the Will and Estate of Peggy Juanita Suehs, Deceased, be and the same are hereby granted, that the Clerk shall issue said Letters Testamentary to Sherry McCullough as Independent Executrix, when qualified according to law, and that no other action shall be had in this Court other than the return of an Inventory, Appraisalment and List of Claims as required by law. No interested person has filed an application for the appointment of appraisers, and appointment of appraisers by the Court is waived.

SIGNED this 13 day of February 2008.

  
JUDGE PRESIDING

APPROVED AS TO FORM:

  
C. L. Crawley, Jr.  
Attorney for Sherry McCullough, Elaine Silk and  
John V. Hinsley, Jr.  
State Bar No.: 05043500  
10077 Grogan's Mill Road, Ste. 550  
The Woodlands, TX 77380  
Telephone: (281) 362-8181  
Facsimile: (281) 362-8182

FILED FOR PROBATE  
RECORDED IN PROBATE  
10 FEB 13 11:01

NO. 08-24,786-P

IN RE: § IN THE COUNTY COURT AT LAW  
 §  
 THE ESTATE OF § NO. TWO (2)  
 §  
 PEGGY JUANITA SUEHS, DECEASED § MONTGOMERY COUNTY, TEXAS

FILED FOR RECORDS  
 2008 MAR 19 AM 8:22  
 MONTGOMERY COUNTY CLERK  
 MONTGOMERY COUNTY, TEXAS  
*M. J. Jankowski*

INVENTORY AND APPRAISEMENT

Sherry H. McCullough, Independent Executor of the Estate of PEGGY JUANITA SUEHS files this Inventory and Appraisement, and would show the Court that the Estate consisted of the following properties as of December 15, 2007.

I. Cash

1. Checking Account No. XXXX-XX-2673 \$ 22,197.35  
 Wachovia Bank, Tyler, Texas

**Total Cash \$ 22,197.35**

II. Stocks, Bonds, Securities and Promissory Notes

1. Brokerage Account [REDACTED] \$ 436,334.56  
 Wachovia Bank, Tyler, Texas

2. Brokerage Account [REDACTED] \$ 228,468.09  
 Wachovia Bank, Tyler, Texas

**Total \$ 664,802.65**

III. Real Property Belonging to the Estate

None

IV. Miscellaneous Property Belonging to the Estate

None

**Total Property In Estate \$ 687,000.00**

V. List of Claims of the Estate

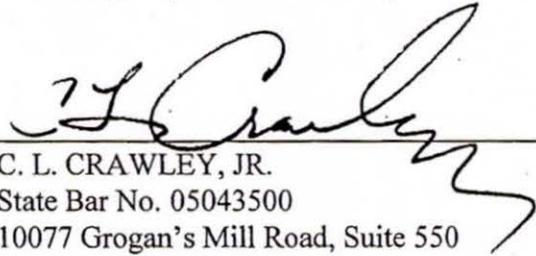
None

APPRAISERS

The Appraisers were waived by this Court on February 13, 2008.

Respectfully submitted,

C.L. CRAWLEY, JR., P.C.

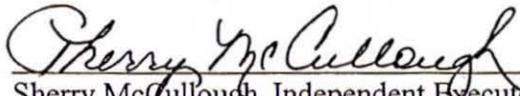
BY: 

C. L. CRAWLEY, JR.  
State Bar No. 05043500  
10077 Grogan's Mill Road, Suite 550  
The Woodlands, Texas 77380  
(281) 362-8181  
(281) 362-8182 (Facsimile)

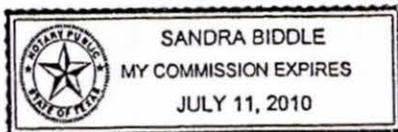
**ATTORNEY FOR APPLICANT,  
SHERRY McCULLOUGH**

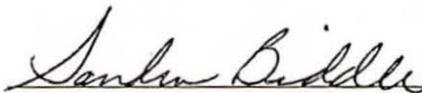
I do solemnly swear that the foregoing Inventory and Appraisement is a full and complete inventory and list of the property and claims of PEGGY JUANITA SUEHS, Deceased, that have come to my knowledge, and that the true amount of cash belonging to the Estate is correctly stated therein.

SIGNED this the 13 day of March, 2008.

  
Sherry McCullough, Independent Executor  
Estate of Peggy Juanita Suehs, Deceased

SWORN TO AND SUBSCRIBED BEFORE ME, on this the 12 day of March, 2008 to certify which witness my hand and official seal of office.



  
Notary Public - State of Texas  
My Commission Expires: \_\_\_\_\_

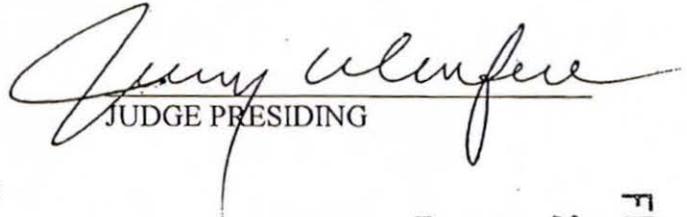
NO. 08-24,786-P

IN RE:	§	IN THE COUNTY COURT AT LAW
	§	
THE ESTATE OF	§	NO. TWO (2)
	§	
PEGGY JUANITA SUEHS, DECEASED	§	MONTGOMERY COUNTY, TEXAS

ORDER APPROVING INVENTORY AND APPRAISEMENT

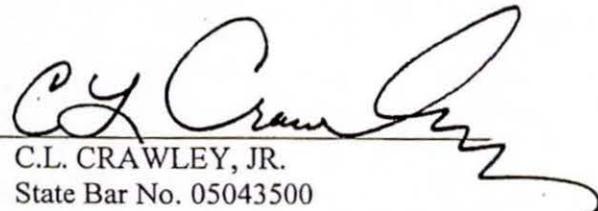
BE IT REMEMBERED that on the \_\_\_\_ day of \_\_\_\_\_, 2008, came on to be considered the Inventory and Appraisement of the Estate of PEGGY JUANITA SUEHS, Deceased, and the Court, having examined the said Inventory and Appraisement, it is, therefore, ORDERED by the Court that the same be and it is hereby in all respects ORDERED approved and ORDERED entered of record by the Clerk of this Court.

SIGNED this the 24 day of March, 2008.

  
JUDGE PRESIDING

APPROVED AND ENTRY REQUESTED:

C.L. CRAWLEY, JR., P.C.

By:   
 C.L. CRAWLEY, JR.  
 State Bar No. 05043500  
 10077 Grogan's Mill Road, Suite 550  
 The Woodlands, Texas 77380  
 (281) 362-8181  
 (281) 362-8182 (Facsimile)

FILED FOR RECORD  
 2008 MAR 24 PM 5:52  
  
 COUNTY CLERK  
 MONTGOMERY COUNTY, TEXAS

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# Last Will and Testament

OF

H. A. SUEHS, M.D.

I, H. A. SUEHS, M.D., a resident of Rusk County, Texas, over eighteen (18) years of age and of sound and disposing mind and memory, hereby revoke all my former wills and codicils and declare this to be my Last Will and Testament.

## PART ONE

1.1 Property Disposed Of. It is my intention to dispose by this Will of all of my property of every nature and description, separate and community, real, personal and mixed, and wherever situated, and whether acquired before or after the execution of this Will (herein sometimes referred to as "my Estate" or "my property"); provided that, if my wife, PEGGY SUEHS, (herein sometimes referred to as "my spouse"), survives me, I do not intend to dispose of my spouse's interest in our community property.

1.2 Name of Daughter. My only child was SHAWN SUEHS JONES who has predeceased me.

## PART TWO

2.1 Disposition of Tangible Personal Property. I request that my Executor distribute my household furnishings and personal effects in accordance with handwritten instructions which I may leave. To comply with my instructions, my Executor shall have a power of appointment over my tangible personal property which can be exercised only in favor of the persons I name in my handwritten instructions to receive such property. Otherwise this power of appointment cannot be exercised in favor of my Executor, my Executor's estate, my Executor's creditors or the creditors of my Executor's estate. My Executor may distribute such property to a minor or to such minor's guardian, trustee or custodian or may hold such property until my Executor determines that such minor is capable of receiving such property. My Executor may pay for storing and insuring such property until it is distributed.

2.2 Specific Gifts to My Spouse. I devise to my spouse, PEGGY SUEHS, if my spouse survives me, all of my interest in:

(A) All motor vehicles, motor homes, boats and trailers, and campers used by my spouse or me personally or for family purposes; all club memberships; all burial spaces; all household furnishings and effects not otherwise disposed of hereunder (including, but not limited to, furniture, linen, silver, books, pictures, works of art, appliances and equipment commonly associated with home use); all other personal effects not otherwise disposed of hereunder (including, but not limited to, wearing apparel, jewelry and watches); and any contracts or policies insuring such property.

(B) The real property, including all improvements thereon, constituting my residential homestead at the time of my death, subject to any indebtedness then existing with respect thereto together with any escrow accounts and any contracts or policies insuring same.

(C) All contracts or policies insuring the life of my spouse.

(D) All of my interest in my spouse's employee or self-

employed benefit plans and individual retirement accounts.

Additionally, I devise a life estate in my interest in Block 29, W.S.N.W.R.R. Co. Survey, Glosscock County, Texas to my wife, PEGGY SUEHS, if she survives me, with the remainder passing (subject to the provisions of Paragraph 2.8 hereof) equally to my grandchildren, JEFFERY JONES and DAWN JONES.

2.3 Specific Gifts to Grandchildren and Son-in-Law. I make the following pecuniary gifts:

(A) A pecuniary amount equal in value to Seventy-Five Thousand Dollars (\$75,000.00) shall pass (subject to the provisions of Paragraph 2.8 hereof) to my granddaughter, DAWN JONES, if she survives me; provided that if she predeceases me leaving any issue who survive me, then such amount shall pass (subject to the provisions of Paragraph 2.8 hereof) to her issue who survive me, per stirpes. My Executor shall assign, convey and distribute in satisfaction of this pecuniary devise the cash, securities, and other property which shall constitute the pecuniary amount. The property so distributed shall be valued for the purposes of satisfying this bequest at its fair market value on the date of such distribution. My Executor is authorized to satisfy this devise by making distributions in cash, in kind or partially in cash and partially in kind.

(B) A pecuniary amount equal in value to Seventy-Five Thousand Dollars (\$75,000.00) shall pass (subject to the provisions of Paragraph 2.8 hereof) to my grandson, JEFFERY JONES, if he survives me; provided that if he predeceases me leaving any issue who survive me, then such amount shall pass (subject to the provisions of Paragraph 2.8 hereof) to his issue who survive me, per stirpes. My Executor shall assign, convey and distribute in satisfaction of this pecuniary devise the cash, securities, and other property which shall constitute the pecuniary amount. The property so distributed shall be valued for the purposes of satisfying this bequest at its fair market value on the date of such distribution. My Executor is authorized to satisfy this devise by making distributions in cash, in kind or partially in cash and partially in kind.

(C) Fifty Thousand Dollars (\$50,000.00) to my son-in-law, BRYAN JONES, if he survives me; provided that such \$50,000.00 amount shall be reduced by any gifts I or my spouse may make to him from the date of this Will to the date of my death that exceed \$1,000.00 in value per gift, not in the aggregate.

2.4 Pecuniary Marital Deduction Trust ("Marital Trust"). If my spouse survives me, I devise to my Trustee, in trust, the marital deduction amount as hereinafter defined. This Trust is herein sometimes referred to as the "Marital Trust". The "marital deduction amount" passing hereunder shall be a pecuniary amount which, when added to all other assets of my gross estate that qualify for the Federal Estate Tax Marital Deduction and that pass or have passed to or for the benefit of my spouse otherwise than by the terms of this Paragraph, is equal to the maximum marital deduction which is allowable under Section 2056 of the Code for property passing to my spouse reduced by the amount, if any, required to increase my taxable estate to the maximum amount which will result in the imposition of no Federal Estate Tax on my estate [exclusive of the tax imposed by Section 4981A(d) of the Code on excess retirement accumulations] after considering all allowable Credits Against Tax under Subtitle B of the Code which are ascertainable at the time of my death, except for the Credit for State Death Taxes, which shall not be considered to the extent such Credit would result in the payment of any death taxes not otherwise payable. My Executor shall assign, convey and distribute in

satisfaction of the marital deduction amount so determined the cash, securities and other property, including real estate and interests therein, which shall constitute the marital deduction amount. The property so distributed shall be valued for the purposes of satisfying the marital deduction amount at its fair market value on the date of such distribution. My Executor is authorized to satisfy this devise by making distributions in cash, in kind, or partially in cash and partially in kind. No asset or proceeds of any asset shall be utilized to satisfy said devise as to which a marital deduction is not allowable if included. The foregoing devise shall be free and clear of all State Inheritance taxes. Said devise shall abate to the extent it cannot be satisfied in the manner hereinabove provided. If no Federal Estate Tax Return is required for my estate, then the marital deduction amount shall be zero. The property devised hereunder shall be held, administered, paid and delivered as a separate and distinct Trust for the benefit of my spouse on the following terms as well as all other applicable terms of trust in this Will:

(A) Payments to Spouse. During the life of my spouse my Trustee shall pay to or apply for the benefit of my spouse in convenient installments, not less often than quarterly and preferably monthly, (i) all of the net income of the Marital Trust and, (ii) if and to the extent such income is insufficient, such amounts out of principal of the Marital Trust as, in the sole, reasonable discretion of such Trustee, are necessary or advisable for the health, support and maintenance of my spouse. In making such payments out of principal, my Trustee may consider any income my spouse may have from other sources known to such Trustee, and may consider known resources of my spouse. During my spouse's lifetime, no income or principal of this Marital Trust shall be distributed to any person other than my spouse.

(B) Special Power of Appointment. My spouse shall have a special testamentary power to appoint (outright, or in trust or otherwise) all or any part of the then remaining Trust Estate (exclusive of any undistributed income, which undistributed income shall be paid to my spouse's Estate), if any, to any one or more of her issue, spouses of her deceased issue, charities or educational institutions. This power shall be exercisable only by specific reference in my spouse's Will or a codicil thereto.

(C) Payment of Spouse's Death Taxes. Upon the death of my spouse, the Trustee shall determine the amount by which unified transfer, estate, inheritance and other taxes (including penalties and interest thereon) imposed by reason of my spouse's death ("Spouse's Death Taxes") are increased by reason of the inclusion in my spouse's taxable estate of the Marital Trust, and all other trusts which qualify or previously qualified for the Federal estate or gift tax marital deduction. Unless my spouse directs otherwise by Will making specific reference to this Paragraph, the Trustee shall pay out of the then principal of the Marital Trust its pro rata share of such amount based on the Federal estate tax values of such trust in my spouse's taxable estate. My Trustee may make such payments directly or may pay over the amounts to the duly qualified executor or administrator of my spouse's estate. Written statements by the executor or administrator of my spouse's estate of the sums that may be paid under this Paragraph shall be sufficient evidence of their amounts and my Trustee shall be under no duty to see to the application of any such payments.

(D) Termination of Marital Trust. Upon the death of my spouse, the Marital Trust created hereunder shall terminate. The then remaining unappointed Trust Estate (exclusive of any undistributed income, which undistributed income shall be paid to my spouse's Estate) which remains after making any payments

provided for in Sub-paragraph (C) above, if any, shall pass under, and as provided in, Paragraph 2.6 or 2.7 hereof, whichever may be applicable, applied as if my spouse had predeceased me and I had then died disposing of same hereunder.

2.5 Residuary Trust for Benefit of Spouse ("Family Trust"). If my spouse survives me, I devise to my Trustee, as Trustee, in trust, all of my residuary estate to be held, administered, paid and delivered as a separate and distinct Trust (herein sometimes referred to as the "Family Trust") for the benefit of my spouse on the following terms as well as all other applicable terms of trust in this Will:

(A) Payments to Spouse. During the life of my spouse my Trustee shall pay to or apply for the benefit of my spouse, such amounts out of the net income and principal (if such income is insufficient) of the Family Trust, as, in the sole, reasonable discretion of such Trustee, are necessary or advisable for the health, support, education and maintenance of my spouse. In making such payments, my Trustee may consider (i) income of my spouse from other sources known to my Trustee, (ii) my spouse's other known resources and (iii) the ability of any person who is legally obligated to support my spouse to do so.

(B) Special Power of Appointment. My spouse shall have a special testamentary power to appoint (outright, or in trust or otherwise) all or any part of the then remaining Trust Estate, if any, to any one or more of her issue, spouses of her deceased issue, charities or educational institutions. This power shall be exercisable only by specific reference in my spouse's Will or a codicil thereto.

(C) Death of Spouse. Upon the death of my spouse, the then remaining unappointed Trust Estate which remains in the Family Trust created hereunder shall pass under, and as provided in Paragraph 2.6 or 2.7 hereof, whichever may be applicable, applied as if my spouse had predeceased me and I had then died disposing of same hereunder.

2.6 Residuary Devise to Issue. If my spouse predeceases me and any issue of mine survives me, I devise all of my property not otherwise disposed of hereunder, including any lapsed devise (subject to the provisions of Paragraph 2.8 hereof), equally to the grandchildren of mine who survive me, or all to the survivor of them if only one of them survives me and the grandchild who predeceases me and does not leave any issue who survives me; provided that, with respect to each grandchild of mine, if any such grandchild predeceases me leaving any issue who survives me, then the share to which such deceased grandchild would have been entitled if such deceased grandchild had survived me shall pass (subject to the provisions of Paragraph 2.8 hereof) to the issue who survive me of such deceased grandchild, per stirpes.

2.7 Residuary Devise. If neither my spouse nor any issue of mine survives me, then I devise all of my property, including any lapsed devise, to my then living heirs.

2.8 Trust for Issue Until Age 32. If any issue of mine who is entitled to receive any property (i) from my Estate or (ii) from any Trust created hereunder (including a Trust created under this Paragraph) upon termination of such Trust by reason of the death of the beneficiary thereof (such a Trust being hereinafter called "Terminated Trust") is under thirty-two (32) years of age at the time such issue becomes so entitled, then all of such property shall pass to my Trustee, as Trustee, in a separate and distinct trust for the benefit of such issue. Each trust created hereunder (herein sometimes referred to as "Descendant's Trust") for the benefit of any such issue of mine (herein sometimes called "such

descendant") shall be held on the following terms, as well as on all other applicable terms of trust in this Will:

(A) Payments to Descendant. My Trustee shall pay to or apply for the benefit of such descendant such amounts out of the net income of the Trust held for such descendant and, if and to the extent such income is insufficient, such amounts out of principal of such Trust, as, in the sole, reasonable discretion of such Trustee, are necessary or advisable for the health, support, education and maintenance of such descendant. In making any such payments my Trustee may consider (i) income of such descendant from other sources known to such Trustee, (ii) other known resources of such descendant and (iii) the ability of any person who is legally obligated to support such descendant to do so. My Trustee may also consider the ability of such descendant to earn funds for such descendant's own support and maintenance, except while obtaining an education.

(B) Final Distribution to Descendant. My Trustee shall deliver to such descendant, free of trust, all of the then remaining Trust Estate held for such descendant when such descendant reaches the age of thirty-two (32) years.

(C) Death of a Descendant. If any such descendant dies prior to reaching the age of thirty-two (32) years, then such Descendant's Trust shall terminate, and the then remaining Trust Estate of such Trust, if any, shall be held or disposed of as follows: (i) if any issue of such descendant is then surviving, such Trust Estate shall pass (subject to the provisions of this Paragraph) to the issue of such descendant, per stirpes; (ii) if no issue of such descendant is then surviving, such Trust Estate shall pass (subject to the provisions of this Paragraph) to the heirs of such descendant determined as if such descendant had died and were not survived by any person related to such descendant other than my then surviving issue; or (iii) if no person specified in clause (i) or (ii) immediately preceding is then surviving, such Trust Estate shall pass under, and as provided in Paragraph 2.7 hereof, applied as if my spouse and all issue of mine had predeceased me and I had then died disposing of same hereunder.

#### PART THREE

3.1 Appointment of Executor. I appoint PEGGY SUEHS as Independent Executrix of this Will and my Estate. If for any reason and at any time PEGGY SUEHS is unable or unwilling so to act then I appoint CITIZENS NATIONAL BANK, Henderson, Texas as Independent Executor hereunder. Herein the term "Executor" shall refer to any duly appointed and qualified Independent Executor or Executrix then acting hereunder. No bond or other security shall be required of any Executor acting hereunder.

3.2 Designation of Trustee. The designation and appointment of the original Trustee and any substitute or successor Trustee of any Trust hereunder shall be made as follows:

(A) Appointment of Trustee of Marital Trust and Family Trust. I appoint PEGGY SUEHS as Trustee of the Marital Trust and the Family Trust created hereunder. I grant my spouse the power to appoint or provide for the successor or substitute Trustee or Trustees of the Marital Trust and the Family Trust upon her being unable or unwilling to continue so to act. This power may be exercised by a written acknowledged instrument duly signed by my spouse. Any such instrument may be revoked or amended by my spouse of like manner prior to the time that it becomes effective. If my spouse does not exercise such power then if for any reason and at any time my spouse is unable or unwilling so to act or to continue to act, then I appoint CITIZENS NATIONAL BANK, Henderson, Texas as

Trustee of either of such Trusts.

(B) Appointment of Trustee for Any Other Trust. In regard to any Trust created hereunder other than the Family Trust and the Marital Trust, I appoint CITIZENS NATIONAL BANK, Henderson, Texas as Trustee thereof.

(C) Removal of Corporate Trustee After My Spouse's Death. After the death of my spouse, the income beneficiary of a Trust shall have the right at any time to remove the corporate Trustee then acting as Trustee of any Trust created hereunder for such beneficiary by giving thirty (30) days written notice to such corporate Trustee; and upon such removal such income beneficiary shall appoint a state or national bank or trust association having trust assets with a value then in excess of Fifty Million and No/100 Dollars (\$50,000,000.00) as successor or substitute Trustee.

(D) Appointment of Substitute Trustee. If at any time no Trustee named or acting hereunder is able and willing to act or to continue to act as a Trustee hereunder and the income beneficiary is not able and willing to exercise such person's right to appoint a successor or substitute Trustee hereunder pursuant to the provisions of the foregoing Paragraph, any beneficiary of a Trust hereunder may apply to a court of competent jurisdiction for the appointment of a Trustee of such Trust, and it is my wish that any court to which application is made appoint a state or national bank or trust association having trust assets with a value then not less than Fifty Million and No/100 Dollars (\$50,000,000.00) as successor or substitute Trustee.

(E) Resignation by Trustee. Any Trustee may resign without necessity of any court action by giving at least thirty (30) days' written notice to each income beneficiary of a Trust created hereunder; provided that, if any such beneficiary is then a minor or is under any other legal disability, such notice may be given to the guardian of such beneficiary's estate, or if there is no such guardian, to the person having the care or custody of such beneficiary.

(F) Provision for Uneconomical Trust. After the death of my spouse, if it should be uneconomical for a bank or trust association which is acting as Trustee hereunder to continue to act as Trustee of any trust created hereunder because of the value of the trust estate of such trust, such Trustee may, after giving the notice heretofore provided for in the immediately preceding Sub-paragraph, (i) resign as Trustee and appoint an individual as successor Trustee in which event it is my desire, if the income beneficiary of such trust is under a disability of minority, that a person acting or named hereunder as Guardian of the person of such beneficiary be so appointed; or (ii) terminate such trust by complete distribution to the income beneficiary of such trust, if such income beneficiary is not under a legal disability and at such time the trust has a net asset value on the books of such Trustee less than the amount that would have had the same purchasing power as One Hundred Thousand Dollars (\$100,000.00) had on the January 1st following the execution of this Will based upon the U.S. Consumer Price Index for All Urban Consumers applicable to Henderson, Texas or some similar index.

(G) Definition of Trustee. Herein the term "Trustee" shall refer to any Trustee then acting hereunder. Any successor or substitute Trustee appointed hereunder shall have the same powers, rights and responsibilities as the Trustee originally named.

(H) Incapacity of Trustee. If any Trustee becomes

unable to discharge such Trustee's duties under this instrument because of accident, physical or mental illness or deterioration, or other cause and does not resign, then upon certification in a form sufficient for the recording of a deed in the State of Texas by two medical doctors (neither of whom is a beneficiary under this instrument) affirming that each has examined the Trustee and that each has concluded, based on such examination, that the Trustee is unable to discharge such Trustee's duties under this instrument, the Trustee shall cease to serve as if such Trustee has resigned on the date of the certification.

3.3 Independent Executor. I direct that no action shall be had in any court of probate jurisdiction in the administration and settlement of my Estate other than the probate and recording of this Will (and any codicil hereto) and the return of an inventory, appraisal and list of claims of my Estate as required by law. My Executor shall be independent of the supervision of the probate court to the full extent permitted by law. My Executor (including any ancillary Executor acting hereunder) shall have and may exercise, without first obtaining the approval of any court, all of the powers granted to executors under the laws of the State of Texas or of any other state having jurisdiction over such Executor, and in addition thereto all the rights and powers conferred by this Will on the Trustee of any Trust created hereby. Any party dealing with my Executor shall not be required to determine the propriety of any transaction with the Executor or of the application of any consideration which may arise therefrom. If an ancillary proceeding upon any property in my Estate shall have become necessary and no Executor acting hereunder is willing and able so to act, then my Executor shall have the power to appoint and regulate an ancillary executor to the same extent and in the same manner as the Trustee can appoint and regulate an ancillary trustee under the Texas Trust Code.

3.4 Compensation of Executor and Trustee. Any Executor or Trustee shall receive for such Executor's or Trustee's services in that capacity such reasonable compensation as is then customary and usual for such services in the county and state where such Executor or Trustee resides or has its principal place of business. Any Executor or Trustee shall be entitled to reimbursement from my Estate or the Trust Estates for all expenses, including, but not limited to, compensation to agents and fees for professional services incurred in the administration thereof.

3.5 Exculpatory Provision. No Executor or Trustee hereunder shall be liable for any loss or depreciation in value of the properties of my Estate or of the Trust Estates, except such loss as is attributable to gross negligence, a willful breach of trust or bad faith on the part of such Executor or Trustee, and no Executor or Trustee shall be accountable or held liable for any act or omission of any agent of such Executor or Trustee, if such Executor or Trustee has used good faith and ordinary care in the selection of such agent, and in such event, any liability shall be solely that of said agent. No Executor or Trustee shall be liable for the acts or defaults of any prior Executor or Trustee.

3.6 General Powers of Executor and Trustee. With respect to my Estate and each Trust created hereunder, specifically, and not by way of limitation, my Trustee (or my Executor, whether or not such is necessary to pay debts of my Estate) may convey, lease (including a lease for a period extending beyond the duration of the Trust or of the administration of my Estate), pool, unitize, mortgage, pledge, or otherwise encumber, partition, sell, retain, dispose of, invest and reinvest any property of the Trust (or my Estate) whether such property is real, personal or mixed, segregated or undivided (including, but not limited to, mineral, fee, leasehold, royalty or any other interest in oil, gas and other minerals, coal, lignite, and other related materials, or any of them), publicly or privately for cash, credit or exchange for any

other property, or for any two or more of said considerations, without an order of court, upon such terms and conditions as to my Trustee may seem best, without liability on the part of any purchaser to see to the application of the consideration resulting therefrom. My Executor may make distributions from my Estate immediately upon my death in accordance with the provisions of any trust, whether or not such trust has actually come into existence or received any distribution from my Estate. My Trustee may make distributions from any trust immediately upon receipt of any property as Trustee of such trust, whether or not the administration of my Estate is complete. My Trustee may purchase securities or other property from my Executor, without responsibility or liability for any loss resulting to the Trust from any such purchase. My Trustee may, in my Trustee's discretion, make the elections permitted by Section 643(g) of the Code to treat estimated tax payments made by a trust as estimated tax payments by any one or more of the beneficiaries of such trust. My Trustee may loan (including loans to the Executor of my Estate, without responsibility or liability for any loss resulting to the Trust from any such loan) or borrow money in any manner, with or without security, upon such terms and conditions as to my Trustee may seem best. My Trustee may continue the operation of any business, including, but not limited to, closely held corporations and partnerships, and may participate in the incorporation, dissolution, liquidation or reorganization of any such business. My Trustee may administer the Trust for the benefit of the beneficiary thereof as if such Trustee were the absolute owner thereof, without being limited in any way by the specific powers granted herein; provided that, such Trustee shall always be bound by those principles of equity which are the foundation of a fiduciary capacity. My Trustee shall not be disqualified to enter into any transaction on behalf of the Trust for the reason only that another party to such transaction is: (i) a trust (including another Trust created hereunder) of which the Trustee is trustee; or (ii) a business (including, but not limited to, sole proprietorships, partnerships and corporations) controlled directly or indirectly by the Trustee or a beneficiary of any Trust created hereunder; or (iii) the Trustee or a beneficiary of any Trust created hereunder acting in such party's own behalf. Additionally, a corporate trustee may deposit funds with itself as a permanent investment. In addition to the foregoing powers, my Trustee shall be entitled to exercise all the rights, powers, options and privileges now or hereafter granted to, provided for, or vested in trustees under the Texas Trust Code, except such as conflict with the terms of this Will. Within a reasonable period of time after receipt by a Trustee of a written demand from a beneficiary of a Trust containing non-productive property, the Trustee shall promptly convert such property into productive property.

3.7 Additional Powers of Executor and Trustee. I also authorize (but do not direct) my Executor or Trustee, as the case may be, to divide any Trust created hereunder at any time into two or more separate trusts in order that the Federal generation-skipping transfer tax inclusion ratio as defined in Section 2642(a) of the Code for each such trust shall be either zero or one. Any such direction shall be effective from the date of my death. Any such separate trusts shall have the identical provisions as the original trust. If a trust is divided into separate trusts, the Trustee, may, at any time prior to a combination of such trusts, (i) make different tax elections (including the allocation of my available generation-skipping tax exemption from the Federal generation-skipping tax) with respect to each separate trust, (ii) expend principal and exercise any other discretionary powers with respect to such separate trusts differently, (iii) invest such separate trusts differently, and (iv) take all other actions consistent with such Trusts being separate entities. Further, the donee of any power of appointment with respect to a Trust so divided may exercise such power differently with respect to the separate trusts created by the division. I exonerate the Trustee from any liability arising from any exercise or failure to

exercise these powers, provided the actions (or inactions) of the Trustee are taken in good faith. Notwithstanding any other provision of this Will, if property not having an inclusion ratio [as defined in Section 2642(a) of the Code] equal to zero is directed to be added to a trust which has an inclusion ratio equal to zero, the Trustee may decline to make the addition and may instead administer the property as a separate trust with provisions identical to the Trust having an inclusion ratio equal to zero.

3.8 Payments of Taxes, Debts, Etc. Subject to the provisions hereof, my Executor shall use any of my residuary estate which passes hereunder, other than any property qualifying for the Marital Deduction (and such property shall not be loaned for such purposes) and without apportionment for the payment of any unified transfer, estate, inheritance, legacy and succession taxes (including any interest and penalties thereon) imposed by reason of my death or of the transfer of my property in that event, regardless of who is legally obligated to pay such taxes, and my Executor shall not seek reimbursement from the recipient of any property which was included in determining any such taxes. Notwithstanding the foregoing, if my spouse predeceases me, to the extent that the property which was includable in my spouse's gross estate is subsequently included in my gross estate by reason of Section 2044 of the Code, then all unified transfer, estate, inheritance, legacy, succession or similar taxes attributable to such property shall be paid in accordance with the applicable provisions of my spouse's Will. All taxes levied because of my death on property which passes outside of my probate Estate as determined under the laws of the State of Texas shall be borne in a just and equitable manner by the then owners of the assets upon the values on which the respective taxes were computed. My Executor is empowered to determine, in such Executor's sole, reasonable discretion, the amounts of such just and equitable contributions and then to recover from each such person such person's contributive share. If for any reason, my Executor is unable, after reasonable effort, to effect such recovery, then such contributive share of the taxes shall be charged to and paid out of such person's share, if any, in any specific devise or bequest or in the remainder of my Estate which is undivided for probate purposes and which is not disposed of by me in a manner that qualifies for the Marital Deduction allowed by the Federal estate tax laws applicable to my Estate.

(A) Gifts Included in Estate. In the event that a donee of any gift of mine which is required to be included in my Estate by reason of Section 2035 of the Code, has sold or disposed of such gift prior to my death for a valuable consideration, then the amount of the gift for purposes of the apportionment formula set forth above shall be no greater than the amount of consideration received by such donee at the time of the sale or disposition of such gifted property. The tax upon the value of the gift in excess of such consideration received shall be paid out of my residuary Estate.

(B) Definition of all Taxes Levied. As used in this Paragraph, the term "all taxes levied because of my death" shall include all unified transfer, estate, inheritance, legacy, succession or taxes of any kind imposed by reason of my death or of the transfer of my property in that event, but such term shall not include (i) any additional or recapture tax imposed by Section 2032A of such Code and no such taxes shall be paid by my Executor out of my Estate, (ii) any generation-skipping transfer tax imposed by Section 2601 of the Code which instead shall be payable in accordance with the provisions of Section 2603 of the Code or (iii) any excess accumulation taxes under Section 4980A of the Code which shall be (a) payable by (or charged to) the recipient(s) of the property causing such taxes or (b) in my Executor's discretion, be charged against any trust of which such

recipient(s) is sole beneficiary for life to the extent of such recipient(s)'s interests under this Will (or the property of such trust).

My Executor shall pay all of my just debts, funeral expenses, expenses of my last illness that are unpaid at the time of my death and expenses incurred in the administration of my Estate out of my residuary estate excluding therefrom any property passing hereunder qualifying for the Marital Deduction. I absolve my spouse from any liability for any of said debts or expenses. None of the above described amounts shall be charged against or satisfied out of any "Exempt Asset". As used herein, "Exempt Asset" shall include (a) insurance protected under Article 21.22 of the Texas Insurance Code or otherwise; (b) any stock bonus, pension, profit sharing or similar plan (including any individual retirement account or retirement plan for self-employed individuals) protected under Section 42.0021 of the Texas Property Code or otherwise; and (c) any other property or interest in property that, under any law, is not chargeable with the claims of the creditors of my Estate.

Except as otherwise provided, my Executor shall enforce all rights to recover any taxes with respect to assets not passing under my Will to the maximum extent authorized by Sections 2206, 2207, 2207A and 2207B of the Code, Section 322A of the Texas Probate Code, or otherwise. My Executor shall not seek recovery of any taxes imposed on or with respect to (a) any retirement or pension plan (qualified or non-qualified) or the receipt of proceeds or transfer of any retirement or pension plans or (b) any policies of insurance on my life. Taxes may be charged against and satisfied out of any particular Exempt Asset only to the extent that taxes are imposed with respect to such Exempt Asset as a result of my death.

3.9 Exercise of Discretionary Powers. All distributions required to be made by my Executor under the terms of this Will shall be made as follows:

(A) Primary Benefit to Spouse. If my spouse survives me, the authority, discretion and powers given to my Executor shall be exercised in such manner as primarily to benefit my spouse (or a trust or trusts for the benefit of my spouse); and the interest of any beneficiary of my Estate other than my spouse or such trust shall be a secondary consideration of my Executor.

(B) Predeceased Spouse. If my spouse does not survive me, I request, but do not require, that my Executor select for distribution to the beneficiaries of my Estate assets which are fairly representative of the basis of all assets of my Estate. Nothing provided herein shall preclude my Executor, in such Executor's sole and absolute discretion, to take into account the income tax status of my beneficiaries, to the extent known to my Executor without independent inquiry, in the selection of assets to be distributed to any particular beneficiary.

3.10 Exercise of Elections and Options. My Executor is authorized, in such Executor's sole and absolute discretion, to exercise any election or option given to my Executor under the Internal Revenue laws of the United States or any State in which this Will may be probated, or in which property in which I own an interest at the time of my death may be located. Without limiting the generality of the foregoing, my Executor is authorized (i) to elect to file jointly with my spouse any income tax return which is permitted to be so filed; (ii) to claim any expense of administration of my Estate as an estate tax deduction or as an income tax deduction; (iii) to select alternate valuation dates for the valuation of my Estate or any asset included therein; (iv) to elect to value any asset of my Estate under any alternate valuation formula permitted under Section 2032A of the Code; (v) to claim

expenses for my medical care paid out of my Estate as deductions on my final Federal Income Tax Return or the Federal Estate Tax Return; (vi) to consent to the splitting with my spouse or the personal representative of my spouse's Estate for Federal Gift Tax purposes of any gifts made by my spouse prior to my death; (vii) to renounce or disclaim the devise of any property or interest passing into my Estate; (viii) to make any election with respect to whether any employee death benefits, Individual Retirement Account or self-employed plan benefits payable with respect to my death should be paid in a lump sum or in installments to the recipient thereof; (ix) to elect to extend the payment of any tax over such period as may seem appropriate to my Executor and available by statute; (x) to make any elections or allocations permitted under Chapter 13 of the Code relating to the generation-skipping transfer tax [including, but not limited to, (a) the election not to allocate the generation-skipping transfer exemption to a direct skip transfer and (b) the election under Section 2652(a)(3) of the Code to treat me as the transferor of any qualified terminable interest property with respect to which my Estate was allowed a deduction by reason of Section 2056(b)(7) of the Code and, if my Executor plans to exercise such election, as to any part of any such qualified terminable interest property, to set apart property constituting such part in a separate trust before the Section 2652(a)(3) election is made, so that after the election and after the allocation of the Federal generation-skipping tax exemption its inclusion ratio as defined in Section 2642(a) of the Code will be zero]; and (xi) to allocate any remaining portion of my Federal exemption from the Federal generation-skipping transfer tax provided in Section 2631 of the Code which is available at the time of my death to any property as to which I am deemed to be the transferor under the provisions of Section 2652(a) of the Code, including any property transferred by me during my life as to which I did not make an allocation prior to my death and/or among any generation-skipping transfers (as defined in Section 2611 of the Code) resulting under this Will and/or that may later occur with respect to any trust established under this Will. Property may be subject to elections and allocations under Subparagraphs (x) and (xi) above whether or not it is included in my probate estate. All elections and allocations under Subparagraphs (x) and (xi) above shall be in the discretion of my Executor, who shall have the power to omit any such property from any such election or allocation. My Executor is authorized not to exercise any such election or option although such decision may increase the amount of my taxable estate, if my Executor, in his sole and absolute discretion, determines that it is in the best interest of my Estate and the beneficiaries thereof. The decision of my Executor with respect to any matters set forth herein shall bind each and every beneficiary of my Estate and my Executor shall not be required to make any compensating adjustments between income and corpus or among beneficiaries as the result of such Executor's action or inaction.

3.11 Election Under Section 2056(b)(7) of the Code. My expectation is that the Executor will make an election to have the marital deduction gift provided for in Paragraph 2.4 of this Will treated as qualified terminable interest property. However, I recognize that circumstances could arise in which such an election would not be in the best interests of the beneficiaries of my Estate. In any event, the decision whether to make such an election shall be in the sole discretion of the Executor, whose decision shall be conclusive on all concerned. Even if the election is not made, it shall nonetheless be deemed to have been made for purposes of determining the amount of the marital deduction gift. In the event of the nonelection to treat all or any part of the Marital Trust as qualified terminable interest property any resulting increase in taxes shall be charged against the Marital Trust.

3.12 Powers Regarding Life Insurance. With regard to all policies of insurance on my life which designate my Estate or my Trustee hereunder as beneficiaries, my Executor and Trustee shall

have power:

(A) Receipts. To execute and deliver receipts and other instruments and to take such action as may be appropriate to obtain possession and control of the policies.

(B) Proofs of Claim. To execute and file proofs of claim required to collect the proceeds thereof, and the receipt of my Executor or Trustee shall constitute full acquittance to insurance companies for all proceeds so paid; provided, however, that my Executor and Trustee shall be under no obligation to institute legal proceedings for the collection of proceeds of any policy until and unless they have been indemnified to their satisfaction for all costs and expenses, including court costs and attorneys' fees.

(C) Modes of Settlement. To elect, in their discretion, any optional modes of settlement available to them under said policies.

(D) Proceeds. To receive insurance proceeds, to administer and distribute such proceeds as principal in accordance with the dispositive provisions of this Will or any codicil thereto; in connection therewith, to divide, apportion and distribute said proceeds as a part of my Estate, and where my Will so requires, to further divide and distribute such proceeds between the trusts created hereunder and to make tentative allocations between such trusts and subsequently to adjust the same.

3.13 Limitation on Executor's and Trustee's Powers. Notwithstanding any other provision of this Will, (i) my Executor and Trustee shall always be bound by those principles of equity which are the foundation of fiduciary capacity and shall not have the power to enlarge or shift any of the beneficiary interests herein, except as an incidental consequence of the discharge of such Executor's or Trustee's duties, (ii) any power granted to my Executor or Trustee hereunder shall be so exercised in such Executor's or Trustee's sole, reasonable discretion and (iii) any power granted to my Executor or Trustee hereunder shall be void to the extent that either the right to exercise or the exercise thereof shall in any way (a) cause my Estate to lose or will result in a reduction of all or any portion of the Marital Deduction or any charitable deduction to the extent provided for hereunder or (b) result in such Executor's or Trustee's possessing or being determined to possess a general power of appointment under Section 2041 of the Code.

3.14 General Trust Terms and Conditions. Each Trust created hereunder shall be held and administered subject to the following terms and conditions:

(A) Bond. No bond or other security shall be required of any Trustee for the faithful performance of any duties as such or for any other purpose.

(B) Distributions. Payments by the Trustee of either income or principal from a Trust may be made directly to the beneficiary entitled thereto, or to the person having the care or custody of any such beneficiary who is a minor or under any other legal disability, or such Trustee may use, expend and apply any such income or principal for the benefit of any such beneficiary, all without the necessity of the appointment of any guardian; and any payment so made by such Trustee shall be an absolute and complete release and acquittance of such Trustee. It is my desire, which is precatory and not binding on the Trustee, that, in determining whether and how to exercise such Trustee's discretion as to distributions from any trust created under this Will, the Trustee will consider ways to reduce Federal transfer taxes upon the property in the

Trust and correspondingly to increase the amount of property ultimately passing to at least some of the beneficiaries of the Trust.

(C) Allocations. My Trustee, in such Trustee's sole, reasonable discretion, shall allocate or apportion the revenues, receipts, or proceeds of a Trust as to principal and income and allocate or apportion the charge of disbursements, expenses, depreciation, depletion, amortization, obsolescence, and similar or related charges, and accruals or losses of a Trust as to principal or income, and such Trustee's determination need not necessarily be in accordance with the provisions of the Texas Trust Code, and all such allocations or apportionments shall be final and binding on all persons concerned insofar as any liability or responsibility of such Trustee is concerned. Notwithstanding the provisions of the Texas Trust Code, the Trustee may make whatever allocations between income and principal from any property the Trustee deems proper in the Trust Estate, including, but not limited to, proceeds received from a royalty, overriding or limited royalty, bonus, working interest, net profit interest or any other interest in minerals or other natural resources. The powers granted to the Trustee hereunder are exercisable only in a fiduciary capacity; and such Trustee shall not have the power to enlarge or shift any of the beneficial interests herein, except as an incidental consequence of the discharge of such Trustee's duties.

(D) Spendthrift Provision. No principal or income payable or to become payable under a Trust shall be subject to anticipation or assignment by any beneficiary thereof or to attachment by or the interference or control of any creditor of such beneficiary or to be taken or reached by any legal or equitable process in satisfaction of any debt or liability of any such beneficiary prior to its actual receipt by any such beneficiary.

(E) Termination of Trust. Notwithstanding any other provision of this Will to the contrary, any Trust created hereunder shall terminate, if not sooner terminated under another provision of this Will, one day less than twenty-one (21) years after the date of the death of the last surviving beneficiary of any Trust created hereunder who is in being at the time of my death. The property comprising the Trust Estate of any Trust which shall terminate by reason of this Paragraph shall pass and be delivered, free of trust to the income beneficiary or beneficiaries, as the case may be, thereof, in the same proportions as such beneficiaries are then entitled to the income therefrom; but if there are no specific allocations of income, then to the then living income beneficiaries, per stirpes.

(F) Ancillary Proceedings. If at any time any trust property is situated in a jurisdiction (within or outside the United States of America) in which a Trustee is unable or unwilling to act, the remaining Trustee or Trustees may act in such jurisdiction. If the Trustee then serving is unable or unwilling to act, the Trustee may appoint an Ancillary Trustee (herein so-called) in such jurisdiction and may confer upon the Ancillary Trustee such rights, powers, discretions, and duties to act solely with respect to such assets as the Trustee deems necessary or expedient. The Ancillary Trustee shall be answerable to the Trustee for all assets which may be received by the Ancillary Trustee in connection with the administration of such property. The Trustee may pay to the Ancillary Trustee reasonable compensation for the services of the Ancillary Trustee and may absolve the Ancillary Trustee from any requirement that the Ancillary Trustee furnish bond or other security.

(G) Termination and Merger of Trusts. If at any time any Trustee of any Trust created hereunder shall also be acting as a Trustee of any other Trust (whether created hereunder or otherwise) for the benefit of the same beneficiary or beneficiaries and upon substantially (although, perhaps, not identically) the same terms, conditions and provisions, the Trustee, in such Trustee's sole discretion, is authorized to transfer and merge all of the assets held in the Trust created hereunder to and with the other such trust and thereupon terminate the Trust created hereunder. Also, the Trustee of any Trust created hereunder is further authorized to (i) accept the assets of any other Trust (whether created hereunder or otherwise) which provides for the benefit of the same beneficiary or beneficiaries and upon substantially (although, perhaps, not identically) the same terms, conditions and provisions as the Trust of which such Trustee is Trustee and (ii) administer and distribute such assets and properties so transferred in accordance with the provisions of such Trust. In no event, however, shall this discretionary power be construed as a power of amendment, modification, or appointment in the hands of the Trustee.

PART FOUR

4.1 Miscellaneous Provisions. In interpreting all provisions of this Will and the terms of any Trust created hereunder the following shall be applicable:

(A) Presumption of Survival. Subject to the sentence immediately following, a beneficiary hereunder shall not be considered to survive and shall be considered to predecease another person if such beneficiary shall die within sixty (60) days of the death of such other person; provided that, this Paragraph 4.1(A) shall not apply in any case where its application would cause any provision of this Will, which would otherwise be valid, to be void under any applicable rule against perpetuities, rule limiting suspension of the power of alienation, or other similar rule. If my spouse and I die under circumstances so that there is not, in the judgment of a court of competent jurisdiction (whose decision shall be conclusive) sufficient evidence to readily ascertain which of us survived the other, then my spouse shall be deemed to have survived me for the purpose of any devise hereunder qualifying for the Marital Deduction only, irrespective of the foregoing provisions of this Subparagraph and any provision of law establishing a contrary presumption or requiring survivorship for a fixed period of time as a condition of taking property by inheritance. The foregoing shall not apply to the extent its application would prevent a transfer from qualifying for the special rule for transfers to grandchildren provided for in Section 2612(c)(2).

(B) Definitions of "Child", "Issue" and "Heirs". The term "child" or "children" shall refer only to sons and daughters of the person in question. The term "issue" shall include lineal descendants of the first, second or any other degree of the person in question. The term "heirs" shall refer to those persons who would inherit the property in question from the person in question, assuming that the person in question had died intestate and single owning such property, under the Texas laws of descent and distribution in effect at the time of such person's death, and when such term is used, the shares and proportions of taking shall be determined by said laws. The term "then living heirs" shall refer to those persons who would be the heirs of the person in question if such person had died at the time of the event which entitled such heirs to delivery of the property in question. The terms defined in this Subparagraph shall refer, wherever appropriate, to those who are adopted, whenever adopted, but shall not refer to stepchildren, unless legally

adopted.

(C) Definition of "Education". The term "education" shall include, but not be limited to, education and maintenance while attending any primary school, secondary school, college, university or institute, including post-graduate and vocational schools.

(D) Successor Bank or Trust Association. The designation of any bank or trust association as an Executor or Trustee hereunder and any reference thereto shall extend to any successor institution under whatever name which is carrying on the activities of such bank or trust association.

(E) Definition of "Income Beneficiary". The term "income beneficiary" shall refer not only to a beneficiary who is presently entitled to receive the income of a Trust but also to a beneficiary to whom income of a Trust could then be paid in the sole, reasonable discretion of the Trustee.

(F) Definition of "Net Income". The term "net income" shall be the income of a Trust less charges to such income.

(G) Definition of "Devise". The term "devise", when used as a noun, includes the disposition of real or personal property, or both, and when used as a verb, the term "devise" means to dispose of real or personal property, or both.

(H) Definition of "Trust". Whenever herein the term "Trust" or "Trust Estate" is used it shall include the original principal and all other properties of the Trust or Trusts, real, personal or mixed, however and whenever acquired, which may be included in or belong to the Trust or Trusts, and any income therefrom, including any accumulated income, so long as same shall remain in trust hereunder.

(I) Definition of "Code". Reference herein to the "Code" shall refer to the Internal Revenue Code of 1986, as amended, together with all regulations and rulings issued thereunder and reference to a specific chapter, section or provision of the Code shall be construed to refer to the chapter section or provision of the Federal tax law in effect at the date of my death that corresponds to the chapter, section or provision that was in effect at the time of the execution of this Will.

(J) Definition of "Marital Deduction". Reference herein to the term "Marital Deduction" shall refer to the deduction permitted under Section 2056 of the Code.

(K) Gender References. Wherever appropriate, the masculine gender may include the feminine or neuter, and the singular may include the plural, and vice versa.

(L) Construction of Will. All captions used herein are inserted for convenience of reference only and shall not be deemed a part hereof and shall not control or affect the meaning, construction, interpretation or effect of this Will or any Codicil hereto or be deemed indicative of my intent.

4.2 No Contracts. I hereby declare that I have no oral or written agreement or contract (other than any buy-sell agreements involving my interest in any partnership or corporation which I may own, if any) with my spouse or any other beneficiary hereunder obligating me in any way as to the disposition of my property or obligating my spouse or any other beneficiary in any way as to the disposition which may be made by my spouse or any other beneficiary of any property taken under this Will or any property owned by my spouse or any other beneficiary at the time of such person's death.



years of age.

*H. A. Suehs M.D.*

H. A. SUEHS, M.D.

*John M. McCarty*

Witness

*Bobbie S. Woods*

Witness

SUBSCRIBED and ACKNOWLEDGED to before me by the said H. A. SUEHS, M.D., Testator, and subscribed and sworn to before me by the said JOHN M. McCARTY, JR. and BOBBIE S. WOODS, witnesses, on this 21<sup>st</sup> day of July, 1995.

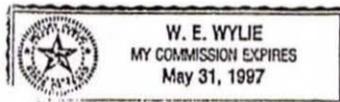
My Commission Expires:

5-31-97

*W. E. Wylie*

Notary Public in and for  
the State of Texas

SL5191.D01



FILED 14 day of Dec. 1995

FRANK HUDSON

Clerk County Court Rusk County Texas

By B. H. Welch Deputy

27.5  
329

490

NO. 95-175P

IN RE: ESTATE OF	§	IN THE COUNTY COURT
H. A. SUEHS, M.D.,	§	OF
DECEASED	§	RUSK COUNTY, TEXAS

ORDER ADMITTING WILL TO PROBATE  
AND APPOINTING INDEPENDENT EXECUTRIX

BE IT REMEMBERED that on this day came on to be heard the Application of PEGGY SUEHS of Henderson, Texas for the probate of the Last Will and Testament of H. A. SUEHS, M.D. (herein sometimes called "Decedent"), dated July 21, 1995, said Application and Will having been filed with this Court on December 14, 1995, and it appearing to the Court that after taking testimony in open court and said testimony being committed to writing, subscribed and sworn to by the witnesses and filed by the clerk, that said Application complies with the Texas Probate Code; that Decedent died on November 27, 1995, and that four years have not elapsed since the date of death of Decedent and the filing of said Application; that this Court has jurisdiction and venue over the Estate of Decedent; that citation has been served and returned in the manner and for the length of time required by the Texas Probate Code; that the person for whom Letters Testamentary are sought is entitled thereto by law and is not disqualified; that Decedent at the time of executing said Will was at least eighteen (18) years of age, and was perfectly rational, entirely sane and of a sound mind; that Decedent executed said Last Will and Testament with the formalities and solemnities and under the circumstances required by law to make it a valid Will; that said Will was not revoked by Decedent; that

all of the necessary proof required for the probate of said Will has been made; that Decedent's social security number is 455-76-4522; and that the person to whom Letters are to be granted is named in said Will as Independent Executrix without bond and her social security number is 454-62-6115; it is accordingly,

ORDERED, ADJUDGED and DECREED by the Court that the Last Will and Testament of H. A. SUEHS, M.D., Deceased, dated July 21, 1995, is hereby admitted to probate, and said Will, together with the Application for probate, is ordered to be recorded by the Clerk in the minutes of this Court. It is further ORDERED that Letters Testamentary as Independent Executrix thereof, without bond, be granted to PEGGY SUEHS of Henderson, Texas upon taking the Oath required by law.

It is further ORDERED that there is no necessity for the appointment of an appraiser of said Estate.

SIGNED this 2nd day of January, 1996.

*Pamela Hodges*  
COUNTY JUDGE

APPROVED AND ENTRY REQUESTED:

WILLIAM E. WYLIE, P.C.

By: *W. E. Wylie*  
William E. Wylie

State Bar No. 22100000  
4650 Kinsey Drive  
Tyler, Texas 75703  
(903) 534-1774

FILED 2 day of Jan 1996  
FRANK HUDSON  
Clerk County Court Rusk County Texas  
By: *Frank Hudson*

**CERTIFICATION OF PROBATE PROCEEDINGS**

THE STATE OF TEXAS  
COUNTY OF RUSK

I, FRANK HUDSON, CLERK OF THE COUNTY COURT, of Rusk County, Texas, do hereby certify that the above and foregoing are true and correct copies of the following listed probate proceedings, to-wit:

	<u>Volume</u>	<u>Page</u>
1. LAST WILL AND TESTAMENT	275	308
2. ORDER ADMITTING WILL TO PROBATE AND APPOINTING INDEPENDENT EXECUTRIX	275	327

filed in the Matter of the Estate of H. A. SUEHS, M.D., No. 95-175P in the County Court of Rusk County, Texas, as the same appears from the originals now on file and/or of record in the County Court of Rusk County, Texas.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 5TH day of JUNE A.D., 1996

**FILED**  
11:05 A.M.  
JUN 20 1996

STATE OF TEXAS COUNTY OF LEE  
I hereby certify that this instrument was FILED on the date and at the time stamped hereon; and was duly RECORDED in the Volume and Page of the named RECORDS of Lee County, Texas, as stamped hereon, on

*Carol Dismukes*  
COUNTY CLERK  
LEE COUNTY, TEXAS

JUN 20 1996



*Carol Dismukes*  
COUNTY CLERK  
LEE COUNTY TEXAS

FRANK HUDSON  
CLERK COUNTY COURT, RUSK COUNTY, TEXAS

By *Alma Wilson* Deputy

VOL. **779** PAGE **248**

Filed for record on the 12 day of July A. D., 1996, at 11:00 o'clock A. M.  
Duly recorded this the 12 day of July A. D., 1996, at 1:00 o'clock P. M.

Instrument No. 5588  
By *Shirley Wood* Deputy

*Etty Pate*  
County Clerk  
Glasscock County, Texas



# MARINER ENERGY, INC.

## LEASE PURCHASE OR MINERAL ACQUISITION REPORT

**FINAL**

DATE:	May 27, 2009	PROSPECT:	DEADWOOD
PREPARED BY:	VERITAS 321 ENERGY PARTNERS, LP (BR)	AFE #	072296
APPROVED BY:			blue cell = formula inserted

ASSIGNOR/LESSOR/GRANTOR:

GEORGE O. SMITH

ASSIGNEE/LESSEE/GRANTEE:

MARINER ENERGY, INC.

PROPERTY DESCRIPTION:

ALL OF SECTION 224, BLOCK 29, W&NW RR CO. SY.

NEW <input checked="" type="checkbox"/>	FEDERAL <input type="checkbox"/>	DOCUMENTS SUBMITTED:	
RENEWAL <input type="checkbox"/>	STATE <input type="checkbox"/>	ORIGINAL RATIFICATION <input checked="" type="checkbox"/>	COMPLETED W9 <input checked="" type="checkbox"/>
RATIFICATION <input checked="" type="checkbox"/>	GOVT. AGENCY <input type="checkbox"/>	MEMORANDUM OF LEASE <input type="checkbox"/>	MINERAL TAKEOFF <input checked="" type="checkbox"/>
EXTENSION <input type="checkbox"/>	FEE <input checked="" type="checkbox"/>	LEASE PLAT <input checked="" type="checkbox"/>	ORIGINAL PATENT <input type="checkbox"/>
AMENDED <input type="checkbox"/>	PAID-UP <input checked="" type="checkbox"/>	COPY OF DRAFT/CHECK <input checked="" type="checkbox"/>	RECEIPT OF PAYMENT <input type="checkbox"/>
BOOK: 131	PAGE: 367	ENTRY/REGISTER/MICROFILM	COUNTY/PH-ST GLASSCOCK, TX
DATE: April 27, 2009	EFFECTIVE DATE: January 30, 2008	EXPIRATION DATE: January 30, 2011	TERM (YRS): 3
MINERAL INTEREST: 0.07257422	GROSS ACRES: 640.0000	NET ACRES: 46.4475	ROYALTY RATE: 0.22500000
CO. GWI: 1.00000000		CO NET ACRES: 46.4475	SHUT-IN ROYALTY AMOUNT: \$232.24
BONUS PER ACRE: \$250.00	BONUS AMOUNT: \$11,611.88	FIRST RENTAL DUE: N/A	RENTAL AMOUNT: N/A

LESSOR(S):	GEORGE O. SMITH	INTEREST:	0.07257422
NAME			
CONTINUED			
ADDRESS	139 REGENT ROW		
ADDRESS			
CITY ST ZIP	WILLOW PARK, TX 76087		
TIN:			
PHONE, EMAIL:	H: (817) 441-2438, C: (817) 304-7438		
NAME			
CONTINUED			
ADDRESS			
ADDRESS			
CITY ST ZIP			
TIN:			
PHONE, EMAIL:			
	TOTAL INTEREST:		0.07257422

SEE ADDITIONAL PAGES OR ATTACHMENTS

INSTRUCTIONS, SPECIAL PROVISIONS AND OBLIGATIONS:

SEE LEASE FOR DETAILS:

\*No executive rights.

#1198

RATIFICATION OF OIL AND GAS LEASE

WHEREAS, James Lynn Glass and Helen S. Glass, husband and wife, as Lessor, executed in favor of Mariner Energy, Inc., as Lessee, a certain Oil and Gas Lease (the "Lease"), dated January 30, 2008, recorded in Volume 120, Page 720 of the Glasscock County Public Records. This lease covers the following described lands (the "Leased Premises") in Glasscock County, Texas:

All of Section 224, Block 29, W&NW RR Co. Sy.,  
Glasscock County, TX

and

WHEREAS, the undersigned Owner is the owner of an interest in the oil, gas and other minerals in and under and that may be produced from, or in the royalty on oil, gas and other minerals that may be produced from, the Leased Premises, without the right to execute oil and gas or other mineral leases thereon; and

WHEREAS, said Owner has been requested to acknowledge the binding effect of the Lease with respect to Owner's interest in the Leased Premises;

NOW, THEREFORE, the undersigned Owner does hereby ratify, adopt and confirm the Lease, and all of its terms and provisions, as binding on the interest of such Owner in and to the Leased Premises, of whatever nature and extent as though said Owner had joined in the execution thereof. If and to the extent that said Owner is entitled to any portion of the bonus or other consideration paid or agreed to be paid for the execution of the Lease, said Owner hereby acknowledges receipt of all such consideration to which Owner may be entitled.

EXECUTED this 27 day of April, 2009.

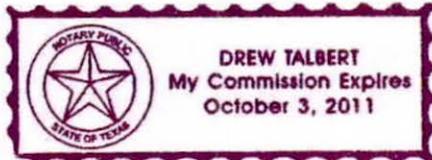
Owner  
George O. Smith

George O. Smith  
George O. Smith

STATE OF TEXAS §

COUNTY OF Tarrant §

This instrument was acknowledged before me on this the 27th day of April, 2009 by George O. Smith.



My Commission Expires: October 3rd 2011

Drew Talbert  
Notary Public State of Texas

**FILED**  
AT 10:00 O'CLOCK A. M.  
ON THE 14 DAY OF May  
A.D., 2009  
INS. NO. 1198

Rebecca Barla  
COUNTY CLERK, GLASSCOCK COUNTY, TEXAS  
BY Nortensia Jones  
DEPUTY

STATE OF TEXAS  
COUNTY OF GLASSCOCK  
I hereby certify that this instrument was FILED on the date and at the time stamped hereon by me and was duly RECORDED in the Volume and Page of the named RECORDS of Glasscock County, Texas, as stamped hereon by me.



Rebecca Barla  
County Clerk, Glasscock County, Texas

OFFICIAL PUBLIC RECORDS  
VOL. 131 PAGE 367  
RECORDED May 14, 2009

005915

WESTERN NATIONAL BANK  
MIDLAND, TX

88-737  
1163

5/5/2009



**VERITAS 321**  
ENERGY PARTNERS, LP  
P.O. Box 173  
Midland, Texas 79702  
432.682.4002

PAY TO THE ORDER OF George O. Smith

\$ **\*\*11,611.88**

Eleven Thousand Six Hundred Eleven and 88/100\*\*\*\*\*

DOLLARS

George O. Smith  
139 Regent Row  
Willow Park, TX 76087

*Shelley Ayers*  
AUTHORIZED SIGNATURE

MEMO MEI200911 R

⑈005915⑈

VERITAS 321 ENERGY PARTNERS, LP

005915

George O. Smith

Date	Type	Reference
4/29/2009	Bill	Bonus Consideration

Original Amt.
11,611.88

Balance Due
11,611.88

5/5/2009	Discount
	Check Amount

Payment
11,611.88
11,611.88

Security Features are Protected. Details on back.

9409



# 1354

RATIFICATION OF OIL AND GAS LEASE

WHEREAS, James Lynn Glass and Helen S. Glass, husband and wife, as Lessor, executed in favor of Mariner Energy, Inc., as Lessee, a certain Oil and Gas Lease (the "Lease"), dated January 30, 2008, recorded in Volume 120, Page 720 of the Glasscock County Public Records. This lease covers the following described lands (the "Leased Premises") in Glasscock County, Texas:

All of Section 224, Block 29, W&NW RR Co. Sy.,  
Glasscock County, TX

and

WHEREAS, the undersigned Owner is the owner of an interest in the oil, gas and other minerals in and under and that may be produced from, or in the royalty on oil, gas and other minerals that may be produced from, the Leased Premises, without the right to execute oil and gas or other mineral leases thereon; and

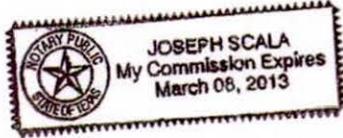
WHEREAS, said Owner has been requested to acknowledge the binding effect of the Lease with respect to Owner's interest in the Leased Premises;

NOW, THEREFORE, the undersigned Owner does hereby ratify, adopt and confirm the Lease, and all of its terms and provisions, as binding on the interest of such Owner in and to the Leased Premises, of whatever nature and extent as though said Owner had joined in the execution thereof. If and to the extent that said Owner is entitled to any portion of the bonus or other consideration paid or agreed to be paid for the execution of the Lease, said Owner hereby acknowledges receipt of all such consideration to which Owner may be entitled.

EXECUTED this 6 day of May, 2009.

Owner  
Amy Louise O'Barr Smith

Amy Louise O' Barr Smith  
Amy Louise O'Barr Smith



STATE OF TEXAS §

COUNTY OF Tarrant §

This instrument was acknowledged before me on this the 6 day of May, 2009 by Amy Louise O'Barr Smith.

My Commission Expires: 3-8-13

Joseph Scala  
Notary Public State of Texas

FILED  
AT 10:00 O'CLOCK A M.  
ON THE 12 DAY OF June  
A.D., 2009  
INS. NO. 1354

Rebecca Batla  
COUNTY CLERK, GLASSCOCK COUNTY, TEXAS

BY Hortensia Jones  
DEPUTY

STATE OF TEXAS  
COUNTY OF GLASSCOCK

I hereby certify that this instrument was FILED on the date and at the time stamped hereon by me and was duly RECORDED in the Volume and Page of the named RECORDS of Glasscock County, Texas, as stamped hereon by me.



Rebecca Batla  
County Clerk, Glasscock County, Texas

OFFICIAL PUBLIC RECORDS  
VOL. 132 PAGE 345  
RECORDED June 12, 2009

Non part  
no part



**VERITAS 321**  
ENERGY PARTNERS, LP

P.O. Box 173  
Midland, Texas 79702  
432.682.4002

WESTERN NATIONAL BANK  
MIDLAND, TX

88-737  
1163

006100

6/5/2009

PAY TO THE ORDER OF Amy Louise O'Barr Smith

\$\*\*11,611.88

Eleven Thousand Six Hundred Eleven and 88/100\*\*\*\*\*

DOLLARS

Amy Louise O'Barr Smith  
5909 Craig St.  
Ft. Worth, TX 76112

*Shelley Taylor*  
AUTHORIZED SIGNATURE



MEMO MEI200913 R

⑈006100⑈

VERITAS 321 ENERGY PARTNERS, LP

006100

Amy Louise O'Barr Smith

6/5/2009

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
6/5/2009	Bill	Bonus Consideration	11,611.88	11,611.88		11,611.88
				Check Amount		11,611.88

(WNB) Veritas 321 EP MEI200913 R

11,611.88



# MARINER ENERGY, INC.

## LEASE PURCHASE OR MINERAL ACQUISITION REPORT

**FINAL**

DATE:	July 6, 2009	PROSPECT:	DEADWOOD
PREPARED BY:	VERITAS 321 ENERGY PARTNERS, LP (BR)	AFE #	072296
APPROVED BY:			blue cell = formula inserted

ASSIGNOR/LESSOR/GRANTOR:

LYNDA KAY SHERLAND

ASSIGNEE/LESSEE/GRANTEE:

MARINER ENERGY, INC.

PROPERTY DESCRIPTION:

ALL OF SECTION 224, BLOCK 29, W&NW RR CO. SY.

NEW <input checked="" type="checkbox"/>	FEDERAL <input type="checkbox"/>	DOCUMENTS SUBMITTED:	
RENEWAL <input type="checkbox"/>	STATE <input type="checkbox"/>	ORIGINAL RATIFICATION <input type="checkbox"/>	COMPLETED W9 <input checked="" type="checkbox"/>
RATIFICATION <input type="checkbox"/>	GOVT. AGENCY <input type="checkbox"/>	MEMORANDUM OF LEASE <input type="checkbox"/>	MINERAL TAKEOFF <input checked="" type="checkbox"/>
EXTENSION <input type="checkbox"/>	FEE <input checked="" type="checkbox"/>	LEASE PLAT <input checked="" type="checkbox"/>	ORIGINAL PATENT <input type="checkbox"/>
AMENDED <input type="checkbox"/>	PAID-UP <input checked="" type="checkbox"/>	COPY OF DRAFT/CHECK <input checked="" type="checkbox"/>	RECEIPT OF PAYMENT <input checked="" type="checkbox"/>
BOOK: *	PAGE: *	ENTRY/REGISTER/MICROFILM	COUNTY/PH-ST GLASSCOCK, TX
DATE: *	EFFECTIVE DATE: January 30, 2008	EXPIRATION DATE: January 30, 2011	TERM (YRS): 3
MINERAL INTEREST: 0.03750008	GROSS ACRES: 619.3000	NET ACRES: 23.2238	ROYALTY RATE: 0.22500000
CO. GWI 1.00000000		CO NET ACRES: 23.2238	SHUT-IN ROYALTY AMOUNT: \$116.12
BONUS PER ACRE: \$250.00	BONUS AMOUNT: \$5,805.95	FIRST RENTAL DUE: N/A	RENTAL AMOUNT: N/A

LESSOR(S):	LYNDA KAY SHERLAND	INTEREST:	0.03750008
NAME			
CONTINUED			
ADDRESS	1266 OAKRIDGE LANE		
CITY ST ZIP	CANYON LAKE, TX 78133		
TIN:			
PHONE:			
EMAIL:			
NAME			
CONTINUED			
ADDRESS			
ADDRESS			
CITY ST ZIP			
TIN:			
PHONE, EMAIL:			
	TOTAL INTEREST:		0.03750008

SEE ADDITIONAL PAGES OR ATTACHMENTS

INSTRUCTIONS, SPECIAL PROVISIONS AND OBLIGATIONS:

SEE LEASE FOR DETAILS:

\*NO EXECUTIVE RIGHTS.  
 \*LYNDA K. SHERLAND DID NOT, AND WILL NOT EXECUTE A RATIFICATION OF OIL & GAS LEASE. PER TOM SLOAN, RECEIPT OF PAYMENT REPLACES THE RATIFICATION OF OIL & GAS LEASE.

June 3, 2009

Veritas 321  
Energy Partners, LP  
P.O. Box 173  
Midland, TX 79702

**RE: Bonus Consideration**

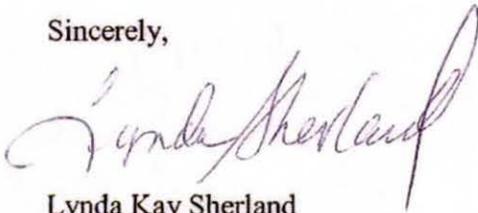
*All of Section 224, Save & Except a 20.70 acre ROW,  
Block 29, W&NW RR CO. SY.  
Glasscock County, Texas*

To Whom It May Concern:

Please acknowledge this as receipt of payment for bonus consideration in the amount of \$5,805.95 for our share in 23.2238 net acres x \$250.00 per net acre in the above referenced acreage.

Thank you for your cooperation in this matter. Should you have any questions please feel free to contact us.

Sincerely,



Lynda Kay Sherland



WESTERN NATIONAL NK  
MIDLAND, TX  
88-737  
1163

005954

5/11/2009

PAY TO THE ORDER OF Lynda K. Sherland

\$ \*\*5,805.95

Five Thousand Eight Hundred Five and 95/100\*\*\*\*\* DOLLARS

Lynda K. Sherland  
1266 Oakridge Lane  
Canyon Lake, TX 78133

*Shelley Taylor*  
AUTHORIZED SIGNATURE

MEMO MEI200912 \*

⑈005954⑈

VERITAS 321 ENERGY PARTNERS, LP

Lynda K. Sherland

005954

Date	Type	Reference	Original Amt.	Balance Due	5/11/2009 Discount	Payment
5/11/2009	Bill	Bonus Consideration	5,805.95	5,805.95		5,805.95
				Check Amount		5,805.95

(WNB) Veritas 321 EP MEI200912 \*

5,805.95



# MARINER ENERGY, INC.

## LEASE PURCHASE OR MINERAL ACQUISITION REPORT

**FINAL**

DATE:	July 8, 2009	PROSPECT:	DEADWOOD
PREPARED BY:	VERITAS 321 ENERGY PARTNERS, LP (BR)	AFE #	072296
APPROVED BY:			blue cell = formula inserted

ASSIGNOR/LESSOR/GRANTOR:

CAROL J. SOWERS

ASSIGNEE/LESSEE/GRANTEE:

MARINER ENERGY, INC.

PROPERTY DESCRIPTION:

ALL OF SECTION 224, BLOCK 29, W&NW RR CO, SY.

NEW <input checked="" type="checkbox"/>	FEDERAL <input type="checkbox"/>	DOCUMENTS SUBMITTED:	
RENEWAL <input type="checkbox"/>	STATE <input type="checkbox"/>	ORIGINAL RATIFICATION <input type="checkbox"/>	COMPLETED W9 <input checked="" type="checkbox"/>
RATIFICATION <input type="checkbox"/>	GOVT. AGENCY <input type="checkbox"/>	MEMORANDUM OF LEASE <input type="checkbox"/>	MINERAL TAKEOFF <input checked="" type="checkbox"/>
EXTENSION <input type="checkbox"/>	FEE <input checked="" type="checkbox"/>	LEASE PLAT <input checked="" type="checkbox"/>	ORIGINAL PATENT <input type="checkbox"/>
AMENDED <input type="checkbox"/>	PAID-UP <input checked="" type="checkbox"/>	COPY OF DRAFT/CHECK <input checked="" type="checkbox"/>	RECEIPT OF PAYMENT <input checked="" type="checkbox"/>
BOOK: *	PAGE: *	ENTRY/REGISTER/MICROFILM	COUNTY/PH-ST GLASSCOCK, TX
DATE: *	EFFECTIVE DATE: January 30, 2008	EXPIRATION DATE: January 30, 2011	TERM (YRS): 3
MINERAL INTEREST: 0.03750008	GROSS ACRES: 619.3000	NET ACRES: 23.2238	ROYALTY RATE: 0.22500000
CO. GWI 1.00000000		CO NET ACRES: 23.2238	SHUT-IN ROYALTY AMOUNT: \$116.12
BONUS PER ACRE: \$250.00	BONUS AMOUNT: \$5,805.95	FIRST RENTAL DUE: N/A	RENTAL AMOUNT: N/A

LESSOR(S):	NAME: CAROL J. SOWERS	INTEREST: 0.03750008
NAME CONTINUED	ADDRESS: 5784 GASKAMP RD.	
ADDRESS	CITY ST ZIP: WASHINGTON, TX 77880	
CITY ST ZIP	TIN:	
TIN:	PHONE: (979) 277-2218	
PHONE:	EMAIL:	
EMAIL:		
NAME		
NAME CONTINUED		
ADDRESS		
ADDRESS		
CITY ST ZIP		
TIN:		
PHONE, EMAIL:		
	TOTAL INTEREST:	0.03750008

SEE ADDITIONAL PAGES OR ATTACHMENTS

INSTRUCTIONS, SPECIAL PROVISIONS AND OBLIGATIONS:

SEE LEASE FOR DETAILS:

\*NO EXECUTIVE RIGHTS.

\*CAROL J. SOWERS DID NOT, AND WILL NOT EXECUTE A RATIFICATION OF OIL & GAS LEASE. PER TOM SLOAN, RECEIPT OF PAYMENT REPLACES THE RATIFICATION OF OIL & GAS LEASE.



RETURN THIS COPY

May 12, 2009

Carol J. Sowers  
5784 Gaskamp Rd.  
Washington, TX 77880

**RE: Check for Oil, Gas & Mineral Lease**  
ALL OF SECTION 224, SAVE & EXCEPT A 20.70 ACRE ROW,  
BLOCK 29, W&NW RR CO. SY.  
**GLASSCOCK COUNTY, TEXAS**

Dear Ms. Sowers,

*Did not and will not execute ratification.*

~~In receipt of your executed Ratification of Oil and Gas Lease covering the captioned property,~~  
enclosed is **check number 005955** made payable to you in the amount of **\$5,805.95** for your share of the  
bonus consideration (23.2238 net acres x \$250.00 per net acre).

*Please acknowledge your receipt hereof by signing in the space provided below and returning one copy  
of this letter to the undersigned in the envelope provided.*

Thank you for your cooperation in this matter. Should you have any questions, please advise.

Sincerely,

Britney Ramos  
Lease Analyst

2 2

2

Received this 14 day of May, 2009.

  
Carol J. Sowers  
Carol J. Sowers



WESTERN NATIONAL IK  
MIDLAND, TX

005955

88-737  
1163

5/11/2009

PAY TO THE ORDER OF Carol J. Sowers

\$\*\*5,805.95

Five Thousand Eight Hundred Five and 95/100\*\*\*\*\*

DOLLARS

Carol J. Sowers  
5784 Gaskamp Rd.  
Washington, TX 77880

*[Handwritten Signature]*  
AUTHORIZED SIGNATURE

MEMO MEI200912 \*

⑈005955⑈

VERITAS 321 ENERGY PARTNERS, LP

005955

Carol J. Sowers

5/11/2009

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
5/11/2009	Bill	Bonus Consideration	5,805.95	5,805.95		5,805.95
				Check Amount		5,805.95

(WNB) Veritas 321 EP MEI200912 \*

5,805.95



# MARINER ENERGY, INC.

## LEASE PURCHASE OR MINERAL ACQUISITION REPORT

**FINAL**

DATE:	July 8, 2009	PROSPECT:	DEADWOOD
PREPARED BY:	VERITAS 321 ENERGY PARTNERS, LP (BR)	AFE #	072296
APPROVED BY:			blue cell = formula inserted

ASSIGNOR/LESSOR/GRANTOR:

JANET DEAN DOZIER

ASSIGNEE/LESSEE/GRANTEE:

MARINER ENERGY, INC.

PROPERTY DESCRIPTION:

ALL OF SECTION 224, BLOCK 29, W&NW RR CO. 5Y.

NEW <input checked="" type="checkbox"/>	FEDERAL <input type="checkbox"/>	DOCUMENTS SUBMITTED:	
RENEWAL <input type="checkbox"/>	STATE <input type="checkbox"/>	ORIGINAL RATIFICATION <input type="checkbox"/>	COMPLETED W9 <input checked="" type="checkbox"/>
RATIFICATION <input type="checkbox"/>	GOVT. AGENCY <input type="checkbox"/>	MEMORANDUM OF LEASE <input type="checkbox"/>	MINERAL TAKEOFF <input checked="" type="checkbox"/>
EXTENSION <input type="checkbox"/>	FEE <input checked="" type="checkbox"/>	LEASE PLAT <input checked="" type="checkbox"/>	ORIGINAL PATENT <input type="checkbox"/>
AMENDED <input type="checkbox"/>	PAID-UP <input checked="" type="checkbox"/>	COPY OF DRAFT/CHECK <input checked="" type="checkbox"/>	RECEIPT OF PAYMENT <input checked="" type="checkbox"/>
BOOK: _____	PAGE: _____	ENTRY/REGISTER/MICROFILM _____	COUNTY/PH-ST GLASSCOCK, TX
DATE: _____	EFFECTIVE DATE: January 30, 2008	EXPIRATION DATE: January 30, 2011	TERM (YRS): 3
MINERAL INTEREST: 0.03750008	GROSS ACRES: 619.3000	NET ACRES: 23.2238	ROYALTY RATE: 0.22500000
CO. GWI 1.00000000		CO NET ACRES: 23.2238	SHUT-IN ROYALTY AMOUNT: \$116.12
BONUS PER ACRE: \$250.00	BONUS AMOUNT: \$5,805.95	FIRST RENTAL DUE: N/A	RENTAL AMOUNT: N/A

LESSOR(S):		INTEREST:	
NAME	JANET DEAN DOZIER		0.03750008
CONTINUED			
ADDRESS	600 BAKER LANE		
CITY ST ZIP	WACO, TX 76708		
TIN:			
PHONE:	(806) 543-0650		
EMAIL:			
NAME			
CONTINUED			
ADDRESS			
ADDRESS			
CITY ST ZIP			
TIN:			
PHONE, EMAIL:			
	TOTAL INTEREST:		0.03750008

SEE ADDITIONAL PAGES OR ATTACHMENTS

INSTRUCTIONS, SPECIAL PROVISIONS AND OBLIGATIONS:

SEE LEASE FOR DETAILS:

\*NO EXECUTIVE RIGHTS.

\*JANET DOZIER DID NOT, AND WILL NOT EXECUTE A RATIFICATION OF OIL & GAS LEASE. PER TOM SLOAN, RECEIPT OF PAYMENT REPLACES THE RATIFICATION OF OIL & GAS LEASE.

June 3, 2009

Veritas 321  
Energy Partners, LP  
P.O. Box 173  
Midland, TX 79702

**RE: Bonus Consideration**

*All of Section 224, Save & Except a 20.70 acre ROW,  
Block 29, W&NW RR CO. SY.  
Glasscock County, Texas*

To Whom It May Concern:

Please acknowledge this as receipt of payment for bonus consideration in the amount of \$5,805.95 for our share in 23.2238 net acres x \$250.00 per net acre in the above referenced acreage.

Thank you for your cooperation in this matter. Should you have any questions please feel free to contact us.

Sincerely,



Janet Dean Dozier



WESTERN NATIONAL  
MIDLAND, TX IK

005952

88-737  
1163

5/11/2009

PAY TO THE ORDER OF Janet D. Dozier

\$\*\*5,805.95

Five Thousand Eight Hundred Five and 95/100\*\*\*\*\*

DOLLARS

Janet D. Dozier  
600 Baker Lane  
Waco, TX 76708

MEMO MEI200912 \*

*Shelby Taylor*  
AUTHORIZED SIGNATURE

⑈005952⑈

VERITAS 321 ENERGY PARTNERS, LP

005952

Janet D. Dozier

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
5/11/2009	Bill	Bonus Consideration	5,805.95	5,805.95		5,805.95
				Check Amount		5,805.95

(WNB) Veritas 321 EP MEI200912 \*

5,805.95



# MARINER ENERGY, INC.

## LEASE PURCHASE OR MINERAL ACQUISITION REPORT

**FINAL**

DATE:	July 8, 2009	PROSPECT:	DEADWOOD
PREPARED BY:	VERITAS 321 ENERGY PARTNERS, LP (BR)	AFE #	072296
APPROVED BY:			blue cell = formula inserted

ASSIGNOR/LESSOR/GRANTOR:

MARY T. GROEN

ASSIGNEE/LESSEE/GRANTEE:

MARINER ENERGY, INC.

PROPERTY DESCRIPTION:

ALL OF SECTION 224, BLOCK 29, W&NW RR CO. SY.

NEW <input checked="" type="checkbox"/>	FEDERAL <input type="checkbox"/>	DOCUMENTS SUBMITTED:	
RENEWAL <input type="checkbox"/>	STATE <input type="checkbox"/>	ORIGINAL RATIFICATION <input type="checkbox"/>	COMPLETED W9 <input checked="" type="checkbox"/>
RATIFICATION <input type="checkbox"/>	GOVT. AGENCY <input type="checkbox"/>	MEMORANDUM OF LEASE <input type="checkbox"/>	MINERAL TAKEOFF <input checked="" type="checkbox"/>
EXTENSION <input type="checkbox"/>	FEE <input checked="" type="checkbox"/>	LEASE PLAT <input checked="" type="checkbox"/>	ORIGINAL PATENT <input type="checkbox"/>
AMENDED <input type="checkbox"/>	PAID-UP <input checked="" type="checkbox"/>	COPY OF DRAFT/CHECK <input checked="" type="checkbox"/>	RECEIPT OF PAYMENT <input type="checkbox"/>
BOOK:	PAGE:	ENTRY/REGISTER/MICROFILM	COUNTY/PH-ST GLASSCOCK, TX
DATE:	EFFECTIVE DATE: January 30, 2008	EXPIRATION DATE: January 30, 2011	TERM (YRS): 3
MINERAL INTEREST: 0.03750008	GROSS ACRES: 619.3000	NET ACRES: 23.2238	ROYALTY RATE: 0.22500000
CO. GWI 1.00000000		CO NET ACRES: 23.2238	SHUT-IN ROYALTY AMOUNT: \$116.12
BONUS PER ACRE: \$250.00	BONUS AMOUNT: \$5,805.95	FIRST RENTAL DUE: N/A	RENTAL AMOUNT: N/A

LESSOR(S):	MARY T. GROEN	INTEREST:	0.03750008
NAME			
CONTINUED			
ADDRESS	2309 HILLVIEW DR.		
CITY ST ZIP	KRUM, TX 76249		
TIN:			
PHONE:	(940) 482-3601		
EMAIL:			
NAME			
CONTINUED			
ADDRESS			
ADDRESS			
CITY ST ZIP			
TIN:			
PHONE, EMAIL:			
	TOTAL INTEREST:		0.03750008

SEE ADDITIONAL PAGES OR ATTACHMENTS

INSTRUCTIONS, SPECIAL PROVISIONS AND OBLIGATIONS:

SEE LEASE FOR DETAILS:

\*NO EXECUTIVE RIGHTS.  
 \*MARY T. GROEN DID NOT, AND WILL NOT EXECUTE A RATIFICATION OF OIL & GAS LEASE. PER TOM SLOAN, RECEIPT OF PAYMENT REPLACES THE RATIFICATION OF OIL & GAS LEASE.



WESTERN NATIONAL  
MIDLAND, TX

005953

88-737  
1163

5/11/2009

PAY TO THE ORDER OF Mary T. Groen

\$\*\*5,805.95

Five Thousand Eight Hundred Five and 95/100\*\*\*\*\*

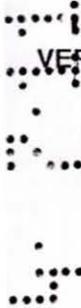
DOLLARS

Mary T. Groen  
2309 Hillview Dr.  
Krum, TX 76249

MEMO MEI200912\*

*Shelley Ingers*  
AUTHORIZED SIGNATURE

⑈005953⑈



VERITAS 321 ENERGY PARTNERS, LP

005953

Mary T. Groen

5/11/2009

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
5/11/2009	Bill	Bonus Consideration	5,805.95	5,805.95		5,805.95
				Check Amount		5,805.95

(WNB) Veritas 321 EP MEI200912\*

5,805.95

8.

File No. MF 12593

Leases

Date Filed: 4/7/11  
Jerry E. Patterson, Commissioner

By: [Signature]

4 4 4

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

May 5, 2011

Mr. Andy Torres  
Veritas 321 Energy Partners, LP  
Agent for Apache Corp.  
PO Box 173  
Midland, TX 79702

**Dear Mr. Torres,**

Re: State of Texas HROW Lease # MF 112593

Enclosed you will find an original executed Highway Right-of-Way lease in Glasscock County.

**Please proof read the lease before filing of record and refer to this lease number with all correspondence.**

**Please have your client provide the GLO with a copy of the recorded Unit Designation for this lease.**

If you have any questions please feel free to contact my direct phone number, or email address listed below, or contact George Martin at his direct number (512) 475-1512.

Best regards,

Beverly Boyd  
Energy Resources  
Mineral Leasing  
512-463-6521  
beverly.boyd@glo.state.tx.us

**COPY**

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

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

File No. MF 112593

GEO Potter

Date Filed: 5/5/11

Jerry E. Patterson, Commissioner

By [Signature]

COBA

VERITAS 321 ENERGY PARTNERS, LP

Commissioner of the TX General Land Office

6/7/2011

009808

2010 - Receipts Payable-Apache

APA201119L O&G Lease # MF112593

7,245.00

2010 - Receipts Payable-Apache

APA201119F O&G Lease # MF112593

108.68

11711733

(WNB) Veritas 321 EP APA201119

11.019

121

X

7,353.68



**VERITAS 321**  
ENERGY PARTNERS, LP

**COPY**

June 9, 2011

Texas General Land Office  
Attn: Mr. George Martin  
1700 N. Congress Ave.  
Austin, TX 78701-1495

**RE: Bonus Consideration for Oil, Gas & Mineral Lease**

20.70 ACRES OF THE LAND, MORE OR LESS, SITUATED IN SECTION 224, BLOCK 29, W&NW RR CO SURVEY, SAID LANDS BEING DESCRIBED IN THE FOLLOWING DEED FILED IN THE DEEDS OF RECORD, GLASSCOCK CO: DEED FROM J.T. O'BARR ET UX, TO THE STATE OF TEXAS DATED: 3/27/1936 AND RECORDED IN VOL. 45, P.70, **OIL AND GAS LEASE No. MF 112593.**  
GLASSCOCK COUNTY, TEXAS

Dear Mr. Martin:

In receipt of your executed Oil and Gas Lease covering the captioned property, enclosed is **check number 009808** made payable to you in the amount of **\$7,353.68** for your share of the bonus consideration (20.7000 net acres x \$350.00 per net acre plus the 1.5% processing fee of \$108.68).

*Please acknowledge your receipt hereof by signing in the space provided below and returning one copy of this letter to the undersigned in the envelope provided.*

Thank you for your cooperation in this matter. Should you have any questions, please advise.

Sincerely,

Amanda Torres  
Lease Analyst  
Extension 126

Received this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_  
George Martin

YPO  
COPY / 10,

File No. MF 112593

Letter, bonus, & fee

Date Filed: 6/13/11

Jerry E. Patterson, Commissioner

By [Signature]

01311

**DO NOT DESTROY**



**Texas General Land Office**  
**UNIT AGREEMENT MEMO**

PA12-440

Unit Number 5913  
Operator Name APACHE CORPORATION Effective Date ~~5/3/2011~~ 4-1-11  
Customer ID C000023272 Unitized For Oil & Gas  
Unit Name Sharptooth 224 Unit Term 0 Months  
County1 Glasscock  
County2 Old Unit Number Inactive Status Date  
County3 0  
RRC District: 08 0  
Unit Type: Permanent 0  
State Royalty Interest: 0.0041165294 0  
State Part in Unit: 0.0164661178  
Unit Depth All Well:  
Below Depth 0 Formation:  
Above Depth 0 Participation Basis: Surface Acreage  
[If Exclusions Apply: See Remarks]

MF Number MF112593 Tract Number 2  
Lease Acres 2.6 / Total Unit Acres 157.9 =  
Tract Participation: 0.0164661 X  
Lease Royalty 0.25 = Manual Tract Participation:  0 | See Remarks  
Tract Royalty Participation 0.0041165 Manual Tract Royalty:  0

Tract Royalty Reduction No  
Tract Royalty Rate 0  
Tract On-Line Date:



# 122074

DECLARATION OF THE APACHE SHARPTOOTH 224 UNIT

State: Texas

County: Glasscock

Lessee: Apache Deepwater LLC, successor to Mariner Energy, Inc. and Apache Corporation
303 Veterans Airpark Lane, Suite 3000
Midland, TX 79705

Lessee, named above, designates the following lands covered by the Leases described in Exhibit "A", attached hereto and made a part hereof for all purposes, as a Pooled Unit (the "Unit") for the purposes of drilling for and producing oil and/or gas:

The South West Quarter (SW/4) of Section 224, Block 29, W&NW RR. Co. Survey, Glasscock County, Texas, as shown on the plat attached hereto as Exhibit "B" and made a part hereof for all purposes.

This Declaration and the Unit created shall be in effect, unless sooner dissolved, terminated or modified by Lessee, as long as the Leases are maintained in force and effect, insofar as they cover the lands contained within said unit.

Executed by Lessee as of the date of acknowledgement, but effective for all purposes as of the date of first production.

Apache Deepwater LLC
Apache Corporation

JSS
KMA

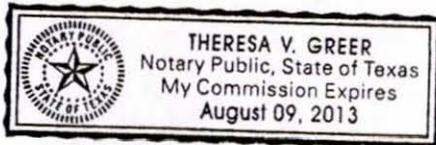
[Handwritten signature of Timothy R. Custer]

Name: Timothy R. Custer
Title: Attorney-in-Fact

STATE OF TEXAS §
COUNTY OF MIDLAND §

This instrument was acknowledged before me on the 7th day of AUGUST, 2012 by Timothy R. Custer, Attorney-in-Fact for Apache Deepwater LLC, a Delaware limited liability company, and Apache Corporation, a Delaware corporation, on behalf of said companies

[Handwritten signature of Notary Public]
NOTARY PUBLIC FOR STATE OF TEXAS



## EXHIBIT "A"

Attached to and made part of Declaration of the Apache  
Sharptooth 224 Unit

**Date:** January 30, 2008  
**Recording:** Book/Vol. 120, Page 720, Official Public Records of Glasscock County, Texas.  
**Lessor:** **James Lynn Glass and Helen S. Glass, husband and wife**  
**Lessee:** Mariner Energy, Inc.

**Date:** March 8, 2011  
**Recording:** Book/Vol. 165, Page 294, Official Public Records of Glasscock County, Texas.  
**Lessor:** **Jeffrey Jones**  
**Lessee:** Apache Corporation

**Date:** February 15, 2011  
**Recording:** Book/Vol. 165, Page 301, Official Public Records of Glasscock County, Texas.  
**Lessor:** **Kathy D. Jones**  
**Lessee:** Apache Corporation

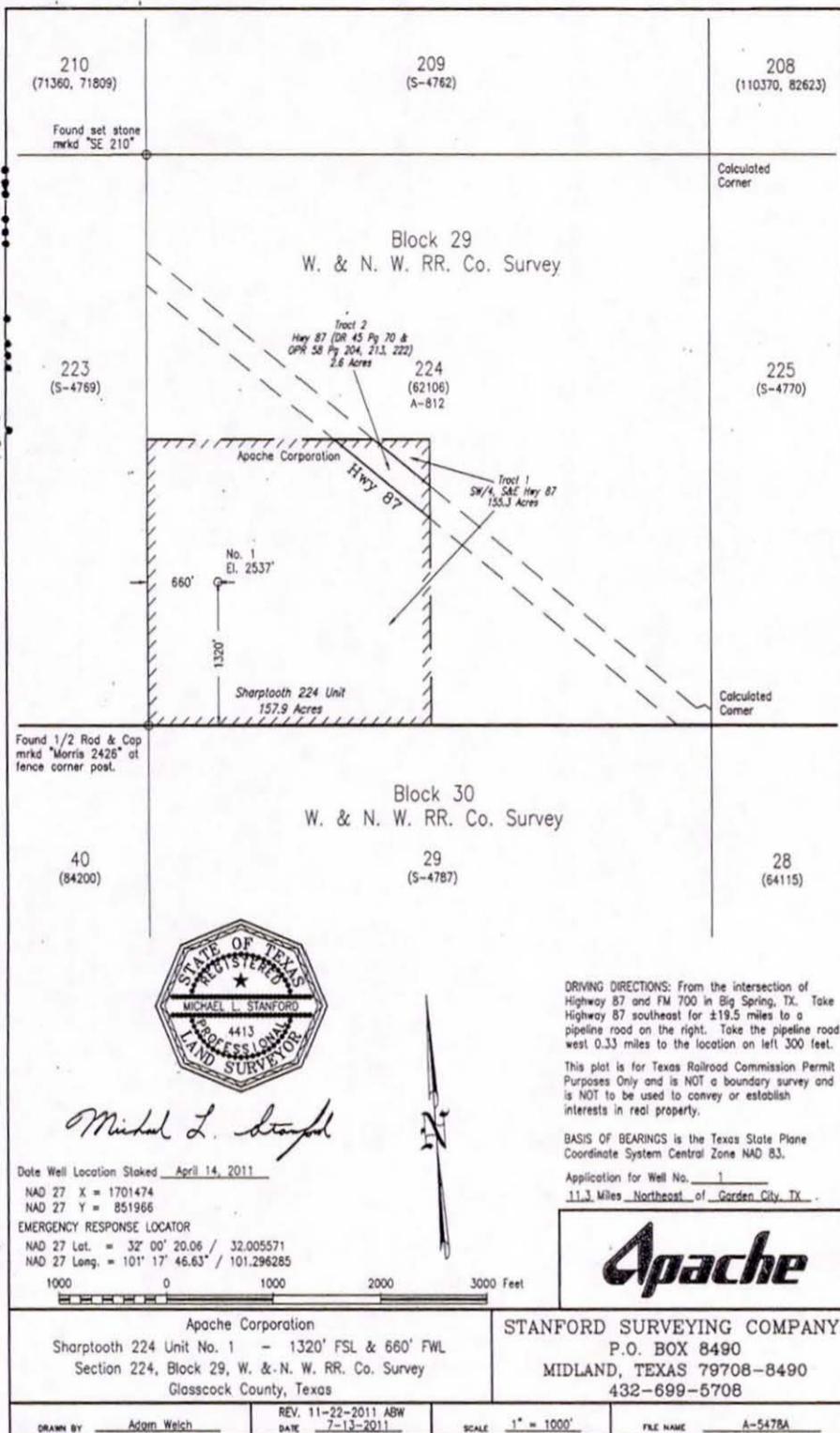
**Date:** March 8, 2011  
**Recording:** Book/Vol. 165, Page 290, Official Public Records of Glasscock County, Texas.  
**Lessor:** **Harry M. Whittington and Martin Guerrero, Sr., as Co-Independent  
Executors of the Estate of Stephen A. Williams**  
**Lessee:** Apache Corporation

**Date:** May 3, 2011  
**Recording:** Book/Vol. 169, Page 160, Official Public Records of Glasscock County, Texas.  
**Lessor:** **Commissioner of the General Land Office of the State of Texas**  
**Lessee:** Apache Corporation



True and correct copy  
of original filed in the  
Glasscock County  
Clerks Office

Attached to and made part of Declaration of the Apache Sharptooth 224 Unit



FILED  
AT 10:00 O'CLOCK  
ON THE 10 DAY OF Aug  
A.D., 2012  
INS. NO. 122074

STATE OF TEXAS  
COUNTY OF GLASSCOCK  
I hereby certify that this instrument was FILED on the date and at the time stamped hereon by me and was duly RECORDED in the Volume and Page of the named RECORDS of Glasscock County, Texas, as stamped hereon by me.



Rebecca Batla  
County Clerk, Glasscock County, Texas

Rebecca Batla  
COUNTY CLERK, GLASSCOCK COUNTY, TEXAS  
BY Mona Skride DEPUTY

OFFICIAL PUBLIC RECORDS  
VOL. 195 PAGE 583  
RECORDED Aug 10, 2012

CERTIFIED TRUE AND CORRECT COPY CERTIFICATE  
STATE OF TEXAS  
COUNTY OF GLASSCOCK

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the Official Public Records of my office, found in VOL. 195, PAGE 583.



I hereby certified on Aug 10, 2012  
REBECCA BATLA, COUNTY & DISTRICT CLERK  
GLASSCOCK COUNTY, TEXAS  
BY Mona Skride DEPUTY



True and correct copy  
of original filed in the  
Glasscock County  
Clerks Office

Page 3 of 3



**Information for Highway Right-of-Way Unit Declaration**  
 Texas General Land Office  
 Jerry Patterson, Commissioner  
 1700 North Congress Avenue  
 Austin, Texas 78701-1495

PA12-440

5913

**OPERATOR INFORMATION**

Contact Name: Jeff Stout Phone (432) 818-1000  
 Name of Pooled Unit Sharptooth 224  
 Operator of Pooled Unit Apache Corporation County Glasscock County  
 Operator TAX ID # [REDACTED]  
 Effective Date of Unit Declaration: April 1, 2011

**HROW LEASE(S) IN UNIT**

HROW State Lease No.	Lease Date	Term	HROW Royalty	Total Lease Acreage	Lease Acreage in Unit	Lessee of Record
112593	May 3, 2011	3	1/4	20.70	2.6	Apache Corporation

Total HROW Acreage In Unit = 2.6 Ac.  
 State's Net Revenue Interest in Unit: 0.00411653 Total Private Acreage In Unit = 155.3 Ac.  
 Total Acreage In Pooled Unit = 157.9 Ac.

Attach a plat showing the pooled unit outline, unit well(s) location, and HROW lease tracts.

Type of Mineral Pooled:  Oil  Gas  Oil & Gas  
 Pooled Interval: All Depths X Top Depth \_\_\_\_\_ Base Depth \_\_\_\_\_  
 If pooling a Formation(s) please list Formation Name: \_\_\_\_\_  
 RRC Field Name(s): Sharptooth 224

**UNIT WELL(S)**

API # 42-173-34154 RRC ID# \_\_\_\_\_  
 API # \_\_\_\_\_ RRC ID# \_\_\_\_\_  
 API # \_\_\_\_\_ RRC ID# \_\_\_\_\_  
 API # \_\_\_\_\_ RRC ID# \_\_\_\_\_

14107478688

# The State of Texas



## Austin, Texas

#7577

PAID-UP  
OIL AND GAS LEASE NO. (MF 112593)  
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 Apache Corporation, whose address is 303 Veterans Airpark Lane, Suite 3000, Midland, TX 79705 hereinafter called "Lessee".

1. Lessor, in consideration of **Seven Thousand Two Hundred Forty Five 00/100 (\$ 7,245.00)** 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 **Glasscock** State of Texas, and is described as follows:

**20.70** of land, more or less, known as, situated in said **Glasscock** 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 **20.70** 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 years, from May 3rd, 2011** 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 **1/4** 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 **1/4** 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 casing head gas produced from said land (1) when sold by lessee **1/4** 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 **1/4** of such gas and casing head 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 **\$ 5.00 per acre**. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

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

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

4. POOLING: (a) Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons. Units pooled for oil hereunder shall not exceed 160 acres each in area, and units pooled for gas hereunder shall not exceed in area 640 acres each plus a tolerance often 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 there from 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.

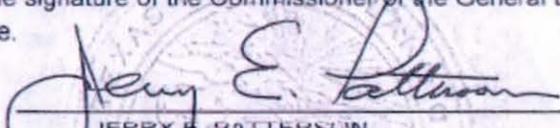
13. SURFACE: Notwithstanding anything herein to the contrary, it is agreed that Lessee will not conduct any exploration or drilling on the surface of the leased premises or use the surface in the exercise of any rights herein granted. Any development of said land shall be by means of a directional well 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 2,500 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 **double the shut-in royalty** 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 there under 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.

  
JERRY E. PATTERSON  
COMMISSIONER, GENERAL LAND OFFICE



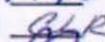
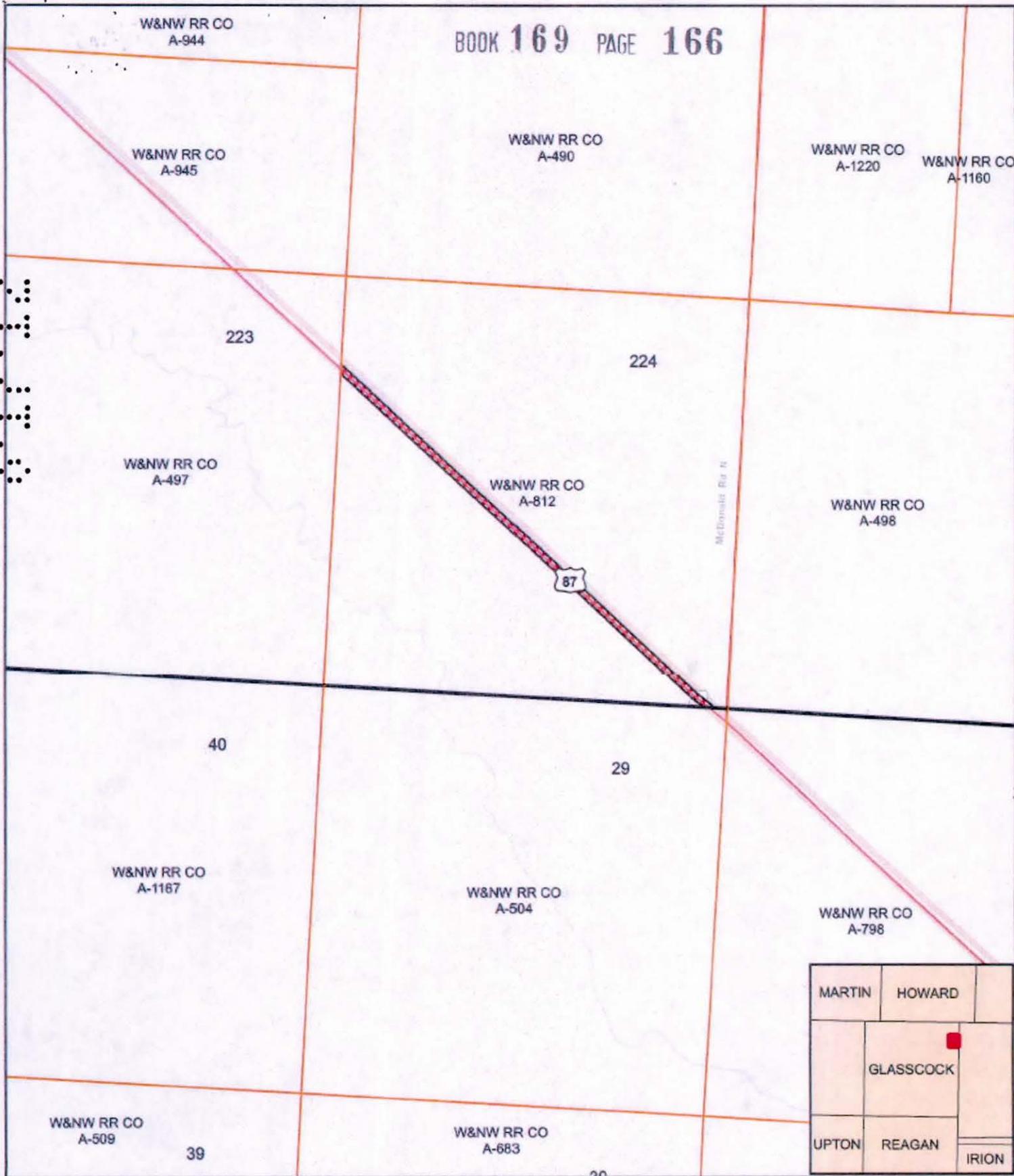
Approved:  
ML:   
DC:   
CC: 

Exhibit "A"

Attached hereto and made a part of a certain Oil and Gas Lease dated May 3, 2011, by and between the State of Texas, as lessor, and Apache Corp as lessee, covering acreage to be leased in Glasscock County, Texas, along SH-87.

20.70 acres of land, more or less, situated in Section 224, Block 29, W&NW RR Co. Survey. Said lands being described in the following deed filed in the Deeds of Record, Glasscock Co.

Deed from J. T. O'Barr et ux, to the State of Texas dated: 3/27/1936 and recorded in Vol. 45, P. 70, of the Deed Records of Glasscock, County, Texas

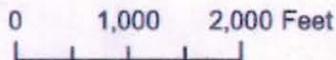


A Map showing a Buffer  
of State Hwy 87  
20.70 acres  
Gasscock County

The Texas General Land Office makes no representations or warranties regarding the accuracy or completeness of the information depicted on this map or the data from which it was produced. This map IS NOT suitable for navigational purposes and does not purport to depict or establish boundaries between private and public land.



Map Compiled by  
Zeke Guillen  
IS/BAS/GIS



**FILED**  
AT 10:00 O'CLOCK A M  
ON THE 24 DAY OF June  
A.D., 2011  
INS. NO. 7577

**STATE OF TEXAS  
COUNTY OF GLASSCOCK**

I hereby certify that this instrument was FILED on the date and at the time stamped hereon by me and was duly RECORDED in the Volume and Page of the named RECORDS of Glasscock County, Texas, as stamped hereon by me.



*Rebecca Badla*

County Clerk, Glasscock County, Texas

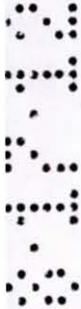
*Rebecca Badla*

COUNTY CLERK, GLASSCOCK COUNTY, TEXAS

OFFICIAL PUBLIC RECORDS

BY *Hortensia Jones*  
DEPUTY

VOL. 169 PAGE 160  
RECORDED June 24, 2011





August 14, 2012

Texas General Land Office

• Attn: Beverly Boyd, Energy Resources, Mineral Leasing

• P.O. Box 12873

• Austin, TX 78711

**RE: Declaration of Pooled Units crossing State of Texas lands in Section 224, Block 29, W&NW RR. Co. Survey, Glasscock County, Texas**

Beverly:

Apache Corporation has filed a Unit Designation which pools the State of Texas lease in the above captioned land. Included in this mailing are copies of the following State of Texas lease and a certified copy of the recorded Pooling Declaration:

- The State of Texas Oil and Gas Lease No. (112593) covering Section 224, Block 29, W&NW RR. Co. Survey Glasscock County, Texas and recorded at OPR Book/Vol. 169, Page 160 in Glasscock County, Texas
  - Declaration of the Sharptooth 224 Unit recorded at OPR Book/Vol. 195, Page 583 Glasscock County, Texas

Also find enclosed the Texas General Land Office form Information for Highway Right-of-Way Unit Declaration pertaining to above Declaration.

If you need any further information, please contact me.

Thank you,

Lauren Maddox

[lmaddox@veritas321.com](mailto:lmaddox@veritas321.com)

432.682.4002 ext (121)

Enclosures (3)

01710

File No. MF 112593  
Unit 5913  
Sharp teeth 224  
Date Filed: 8-21-12  
By: Jerry E. Patterson, Commissioner  
EJP