

MF113589

<i>State Lease</i>	<i>Control</i>	<i>Base File</i>	<i>County</i>
MF113589	56-030239		GLASSCOCK

<i>Survey</i>	HIGHWAYS & PUBLIC TRANSPORTATION DE
---------------	-------------------------------------

*Block*

*Block Name*

*Township*

*Section/Tract*

*Land Part*

*Part Description*

HIGHWAY RIGHT-OF-WAY

*Acres*

13.10375

*Depth Below*

*Depth Above*

*Depth Other*

*Name*

ALLEDER INC

*Lease Date*

11/1/2011

*Primary Term*

1 yrs

*Bonus (\$)*

\$2,660.06

*Rental (\$)*

\$0.00

*Lease Royalty*

0.2500

**EXPIRED**

DATE 2-16-16

LEASING TM

MAPS ~~JH~~

GIS MC

Leasing: CH

Analyst: \_\_\_\_\_

Maps: JH

GIS: ZG

DocuShare: \_\_\_\_\_



**CAUTION**

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

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

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*Archives and Records Staff*

ATTENTION FILE USERS!  
This file has been placed in table of contents order.  
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CONTENTS OF FILE NO. MF- 113589

① App & Checklist	9/16/11
② Lease	11/1/11
③ Cover Letter & Fees	9/16/11
④ Project Lease	9/16/11
⑤ Plot	9/16/11
⑥ Final Letter	11/18/11
⑦ Certified copy of lease	12/12/11 <i>SM</i>
Scanned SM	2/22/13
EXPIRED LEASE	2-16-16
scanned Pt	3-22-16

W



RECEIVED  
9/16/11

APPLICATION & CHECKLIST FOR HIGHWAY RIGHT OF WAY LEASE  
Revised May 2011

LESSEE Alleder Inc

ADDRESS PO Box 233 Midland Texas 79702  
[Lessee name and address must be written as they will appear on the Lease.]

HIGHEST ADJACENT BONUS PER ACRE PAID \$ 203

TOTAL CONSIDERATION TO COMMISSIONER OF GENERAL LAND OFFICE

13.10375 [net acres] \$ 203 Paid 2,660.06 [date]

TERM 1 year (the time remaining on terms of adjoining leases – use longest term remaining not to exceed 3 yrs)

HIGHEST ADJACENT LEASE ROYALTY RATE 1/4

HIGHEST ADJACENT LEASE SHUT-IN ROYALTY ~~\$ 10,000~~ \$ 1200 per well  
[Note: Shut-in royalty will be highest in adjacent leases with a minimum of \$1200/well.]

TOTAL GROSS ACRES IN LEASE ~~13.10375~~ 13.10375 TOTAL NET ACRES IN LEASE 13.10375

COUNTY Glasscock

ALL NAMES OF ROAD/HIGHWAY/STREET BEING LEASED:

State Highway 158

Do you control all minerals or leasehold adjacent to the highway/roadway? Yes  No

Is the highway/roadway on Relinquishment Act Lands? Yes  No

The second page of this Application is a Checklist that **must be filled out and all items furnished** before a Highway Right of Way Lease will be prepared.

For questions:  
George Martin  
Texas General Land Office  
1700 N Congress  
Austin TX 78701  
512-475-1512  
[george.martin@glo.texas.gov](mailto:george.martin@glo.texas.gov)

Sections 13, 22, and 23,  
Block 36, T-35,  
T & P Ry. Co. Survey

File No. 113589

APP

Date Filed: ~~11/3/11~~ 9/16/11

Jerry E. Patterson, Commissioner

By GH

# The State of Texas



## Austin, Texas

PAID-UP  
OIL AND GAS LEASE NO. (MF 113589)  
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 **Alleder, Inc.**, whose address is **PO Box 233, Midland, TX 79702** hereinafter called "Lessee".

1. Lessor, in consideration of **Two Thousand Six Hundred Sixty and 06/100 (\$ 2,660.06)**, 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:

**13.10375 acres** 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 **13.10375** 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 **one year**, from **November 1st, 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 **25%** 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 **25%** 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 **25%** 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 **25%** 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 **\$ 1,200.00 per well**. 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.

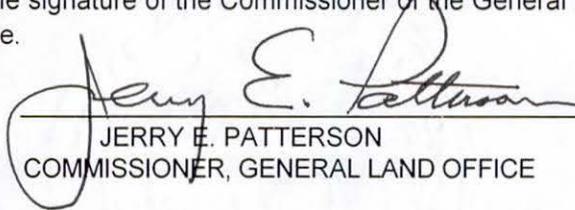
13. SURFACE: Notwithstanding anything herein to the contrary, it is agreed that Lessee will not conduct any exploration or drilling on the surface of the leased premises or use the surface in the exercise of any rights herein granted. Any development of said land shall be by means of a directional well 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, 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 that certain Oil and Gas Lease dated October 1<sup>st</sup> 2011, by and between the State of Texas, as lessor, and Alleder Inc. as lessee, covering acreage to be leased in Glasscock County, Texas, along SH-158.

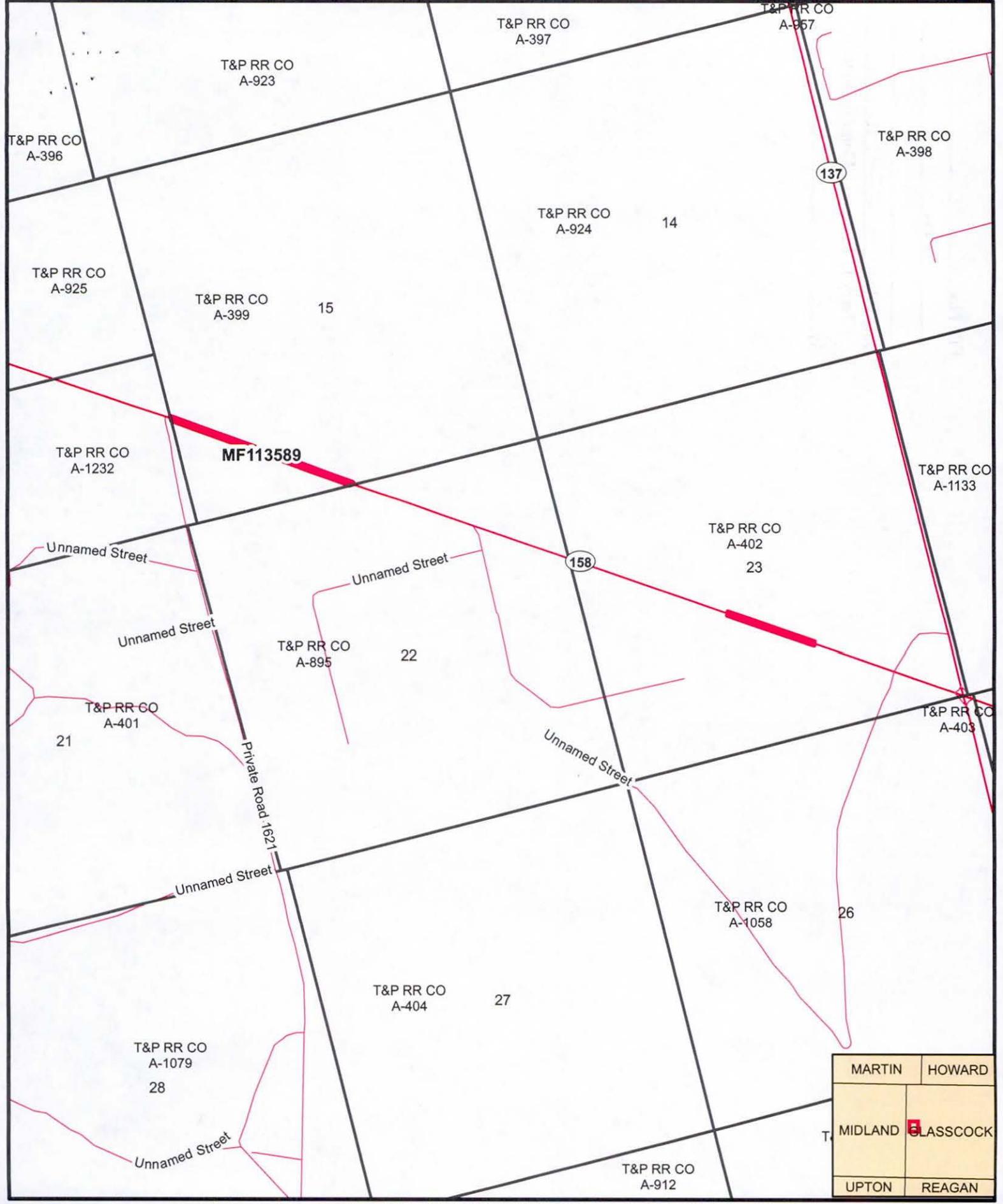
8.005 acres of land, more or less, situated in the W/2 of Section 15.

1.05 acres of land, more or less, situated in the NW/4 of Section 22.

4.04875 acres of land, more or less, situated in the SW/4 of Section 23.

All in Block 36, T-3-S, T&P RR Co. Survey. Said lands being described in the following deed, filed in the Deed Records of Glasscock County.

Deed from Mrs. Alma Weyman and A. C. Weyman to the State of Texas dated September 19<sup>th</sup> 1938, recorded in Volume 47, on page 395, Deed Records, Glasscock County, Texas.



Map Showing a Buffer of  
 SH 158  
 13.10375 acres  
 Glasscock 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.

MARTIN	HOWARD
MIDLAND	GLASSCOCK
UPTON	REAGAN

File No. 113589  
Lease

Date Filed: ~~4/24/11~~ 11/1/11

Jerry E. Patterson, Commissioner

By GH

# **A** LLEDER, Inc.

P.O. Box 233  
Midland, TX 79702  
432-687-1123

Texas General Land Office  
1700 N. Congress  
Austin, Texas 78701  
Attn: George Martin

September 12, 2011

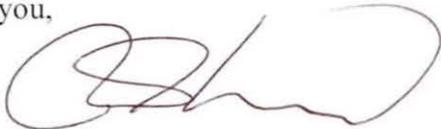
Highway Right of Way Lease  
W/2 Sec. 15, NW/4 Sec. 22,  
SW/4 Sec. 23. Blk 36 T&P RRCo. Survey  
Glasscock Co., Texas

Mr. Martin

We hereby request a lease on the States' mineral interest lying under State Hwy 158 as to where it crosses through our above referenced Weyman Ranch leases. Enclosed are copies of the original 1966 leases that are adjacent to the roadbed we are requesting to lease. They contain a 1/8<sup>th</sup> royalty, however recent leases taken by Pioneer on the Weyman ranch are believed to contain a 1/4<sup>th</sup> royalty. No actual lease was filed for record, only a lease memorandum. I have also enclosed a copy of the roadbed lease from the State of Texas to Pioneer, We have modeled our offer on that lease.

If you have any further questions are need additional information please let me know.

Thank you,



Derek W. Hatfield  
President

From: Alleder, Inc.  
To: Texas General Land Office  
1700 N. Congress Avenue  
Austin, TX 78701-1495

Vendor Code  
TXGLND

Check Date  
09/14/2011

Check Amount  
\$2,660.06

Check Number  
A-103588

Invoice #	Invoice Amt
091411BONUS	2,660.06
Bonus weyman road lease	

12/1

12700669

P

11.916

From: Alleder, Inc.

To: Texas General Land Office

1700 N. Congress Avenue  
Austin, TX 78701-1495

Vendor Code  
TXGLND

Check Date  
09/14/2011

Check Amount  
\$39.90

Check Number  
A-103589

X

121

12700670

Invoice #	Invoice Amt
091411BONUSTAX	39.90
Tax on weyman bonus	

11.915

From: Alleder, Inc.

To: Texas General Land Office  
1700 N. Congress Avenue  
Austin, TX 78701-1495

Vendor Code  
TXGLND

Check Date  
09/14/2011

Check Amount  
\$500.00

Check Number  
A-103587

Invoice #	Invoice Amt
091411FEE	500.00
Filing fee	

121

12700668

11.916

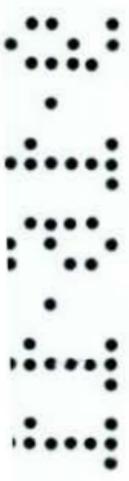
File No. 113589

Cover Letter @ Fees

Date Filed: ~~4/20/11~~ 9/16/11

Jerry E. Patterson, Commissioner

By GH



DR 120/

2

333

Producers 88 Revised 10-65  
(= 7028)

OIL AND GAS LEASE

THIS AGREEMENT, made and entered into this 27 day of January 19 66, by and between ALMA WEYMAN, a widow

whose Post Office address is 716 West Kansas, Midland, Texas hereinafter called Lessor, and ADOBE OIL COMPANY

whose Post Office address is Petroleum Life Bldg., Midland, Texas hereinafter called Lessee.

WITNESSETH: 1. That Lessor, in consideration of TEN and No/100 DOLLARS (\$ 10.00 ) in hand paid, of the royalties herein provided, and of the covenants and agreements of Lessee hereinafter contained, hereby grants, leases, and lets unto Lessee for the purpose of exploring, drilling, and operating for, and producing oil, gas, and related hydrocarbons, and laying pipelines, and building tanks, power stations, roads, telephone lines, and structures thereon which may be necessary to produce, save, care for, treat, and transport said products from the land leased hereunder only, the following described land situated in Glasscock County, Texas, to-wit:

All of Section 15; all of Section 22; and the N/2 of Section 16, Block 36, T-3-S, T&P Ry. Co. Survey, Glasscock County, Texas

and containing 1600 acres, more or less (hereinafter called said land). It is understood and agreed, however, that Lessee shall pay for damages caused by its operations to growing crops, timber, and other improvements on said land.

2. Subject to the other provisions herein contained, this lease shall be for a term of five years from this date (hereinafter called primary term) and as long thereafter as oil, gas, or other related hydrocarbons are produced from said land hereunder, or as long as drilling or reworking operations are being conducted on said land as hereinafter provided.

3. As royalty, Lessee shall deliver to the credit of Lessor, free of any cost, in the tanks or pipelines to which wells may be connected a 1/8 part of all oil, gas, and related hydrocarbons produced and saved from said land, or, at the option of Lessor, 1/8 of the value of all oil, gas, and related hydrocarbons produced and saved from said land.

4. Lessor shall have the right at Lessor's risk and expense of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon out of any surplus gas not necessary for operations hereunder.

5. Where gas from a well producing gas only or gas and condensate only is not sold or used, Lessee may pay or tender as royalty, by check or draft of Lessee, to the owner of such royalty on or before ninety (90) days after the date on which said well is completed and annually thereafter the sum of Twelve Hundred Dollars (\$1200.00), and if such payment is made, it will be considered that gas is being produced within the meaning of paragraph 2 hereof for a period of three (3) years from the date on which said well is completed. Annual payments in like manner of Two Thousand Four Hundred Dollars (\$2,400.00) will serve to keep this lease in force an additional two (2) years. The provisions of this paragraph alone, however, shall not serve to keep this lease in force for a total period exceeding five (5) years from the date on which said well is completed. Lessee covenants and agrees to use such diligence to complete said well, and to produce, utilize, or market the gas and/or condensate from said well as a reasonably prudent operator would use under the same or similar circumstances.

6. If operations for drilling are not commenced on said land on or before twelve (12) months from the date of this lease, the lease shall then terminate as to both parties, unless on or before such anniversary date Lessee shall pay or tender to Lessor or to the credit of Lessor in The First National Bank of Midland, Midland, Texas, which bank and its successors shall continue as the depository for all rentals payable hereunder, regardless of changes in ownership of delay rental, the sum of SIXTEEN HUNDRED and No/100 DOLLARS (\$ 1600.00 )

(hereinafter called rental) which shall cover the privilege of deferring commencement of operations for drilling for a period of twelve (12) months. In like manner, and upon like payments or tenders, operations may be further deferred for like periods of twelve (12) months each, during the primary term. The payment or tender of rental may be made by the check or draft of Lessee mailed or delivered to Lessor or to said bank on or before such date of payment. The down cash payment is consideration for this lease and shall not be allocated as mere rental for a period. Lessee may at any time execute and deliver to Lessor or to the depository above, a release or releases covering any portion or portions of said land and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the rental payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

7. In the event a well or wells producing oil or gas in paying quantities should be completed on adjacent land and within six hundred sixty (660) feet of or draining said land, Lessee shall drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances.

8. If prior to discovery of oil or gas on said land Lessee should drill a dry hole or holes thereon, or if after discovery of oil or gas, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking operations within sixty (60) days thereafter or (if it be within the primary term) commences or resumes the payment or tender of rental on or before the rental-paying date next ensuing after the expiration of ninety (90) days from the date of completion of dry hole or cessation of production. If at the expiration of the primary term, oil, gas, or other hydrocarbon is not being produced from the land then covered hereby, but Lessee is then engaged in operations for drilling or reworking operations on some part of the land hereunder, this lease shall not terminate if Lessee does not allow more than ninety (90) days to elapse between the abandonment of one well and the commencement of drilling or reworking operations on another until production is obtained.

9. Lessee shall have, except in the case of water wells, the right to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. In the case of water wells, Lessee shall have the right to remove all property and fixtures except casing. If Lessor so elects, Lessee shall remove the casing from, and plug and abandon, water wells at Lessee's expense. When required by Lessor, Lessee shall bury all pipelines below plow depth, and no well shall be drilled within two hundred feet (200') of any residence, barn, or other structure now on or placed on said land without Lessor's written consent.

10. The rights and estate of any party hereto may be assigned in whole or in part. All of the covenants, obligations and considerations of this lease shall extend and be binding upon the parties hereto, their heirs, successors, and assigns. No change or division in the ownership of said land, or of the royalties, rental, or other monies, 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 such record owner has been furnished notice of such change or division, supported by copies of the documents evidencing 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, rental, or other monies, to the credit of the decedent in the depository bank named above. Lessee shall notify Lessor of any assignment of Lessee's rights hereunder, stating the name and current mailing address of the assignee, and furnishing a copy of such assignment within sixty (60) days of its recording in the county records.

11. Lessee shall have the use, free from royalty, of water other than from Lessor's water wells, only for its ordinary drilling and reworking operations hereunder. Such use of water shall not include any use in gasoline plants, condensing processes, other plant uses, injection, water flooding, or secondary recovery operations, or any use not directly related to said land.

12. If oil, gas, or related hydrocarbons are discovered on said land, Lessee agrees to further develop said land as a reasonably prudent operator would do in the same or similar circumstances.

13. If Lessor owns an interest in said land less than the entire and undivided fee simple estate therein, then the royalties and rental herein provided shall be paid the Lessor in the proportion which Lessor's interest bears to the whole and undivided fee simple estate.

14. Lessor hereby warrants and agrees to defend the title to said land by, through, and under Lessor, but not otherwise. Lessee at its option may discharge any tax lien upon said land, and in the event Lessee does so, Lessee shall have the right to apply rentals and royalties accruing hereunder to reimburse such payment.

15. This lease shall be subject to all federal and state laws, executive orders, rules, or regulations, and to all orders, rules, and regulations of all federal or state officers, agencies, boards, and commissions which relate to or affect performance of the express or implied covenants of this lease, and this lease shall not be forfeited for failure of Lessee to comply with the express or implied covenants of this lease, if such compliance is prevented by, or if such failure results from, compliance with any such rule, order, law, or regulation.

334

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

Alma Weyman  
Alma Weyman

SINGLE ACKNOWLEDGEMENT

THE STATE OF TEXAS  
COUNTY OF Midland

BEFORE ME, the undersigned authority, on this day personally appeared  
Alma Weyman, a widow,

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



GIVEN UNDER MY HAND AND SEAL OF OFFICE, This the 14th day of February A. D. 1966  
Susan Johnson  
Notary Public in and for Midland County, Texas.

(# 76276)  
Producers 88 Revised 1-55-Texas  
**OIL, GAS AND MINERAL LEASE 25113**

THIS AGREEMENT made this 5th day of January 1966 between  
AMANDA H. LANE, a widow; M.H. LANE et ux THELMA; OTIS N. LANE et ux RUTH;  
J.D. LANE et ux FRANCES; KATIE L. MORRISON et vir H.G.; & NONA L.  
PUSTEJOVSKY et vir CLIFTON;

Lessor (whether one or more) and MWJ producing Company, 413 First Nat'l Bank Bldg.  
Lessees, WITNESSETH: Midland, Texas

1. Lessor in consideration of Ten and no/100 Dollars

(10.00) in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, laying pipe lines, building tanks, power stations, telephone lines and other structures thereon to produce same, take care of, treat, transport, and own said products, and housing its employees, the following described land in Glasscock and Reagan Counties County, Texas to-wit:

The S/2 of Section 42 and N/2 of Section 43, both Block  
34, Township 5 South, T&P Rg. Co. Survey,

and containing 640 acres, more or less. In the event a survey of said lands shall reveal the existence of excess and/or vacant lands lying adjacent to the lands above described and the lessor, his heirs, or assigns, shall, by virtue of his ownership of the lands above described, have preference right to acquire said excess and/or vacant lands, then in that event this lease shall cover and include all such excess and/or vacant lands which the lessor, his heirs, or assigns, shall have the preference right to acquire by virtue of his ownership of the lands above described as and when acquired by the lessor, and the lessee shall pay the lessor for such excess and/or vacant lands at the same rate per acre as the cash consideration paid for the acreage hereinabove mentioned.

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

3. The Royalties to be paid Lessor are: (a) on oil (one-eighth of that produced and saved from said land, the same to be delivered at the wells or to the credit of Lessor into the pipe line to which the wells may be connected. Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead gas or other gaseous substances, produced from said land and sold or used off the premises or of the manufacture of gasoline or other product therefrom, the market value at the well of one-eighth of the gas so sold or used; provided that on gas sold at the wells the royalty shall be one-eighth of the amount realized from such sale; where gas from a well producing gas or gas and condensate only is not sold or used, Lessee may pay or tender as royalty, by check or draft of Lessee, to the owner of such royalty, or to their credit in the depository bank named in the lease, on or before ninety days after the date on which said well is shut in and annually thereafter, a sum equal to the amount of annual rental payable in lieu of drilling operations during the primary term of this lease on the number of acres subject to this lease at the time such payment is made, and if such payment is made it will be considered that gas is being produced within the meaning of Paragraph 2 hereof; and (c) all other minerals mined and marketed, one-tenth either in kind or value at the well or mine, at Lessee's election, except that on sulphur the royalty shall be fifty cents (50c) per long ton. Lessee shall have free use of oil, gas, coal, wood and water from said land, except water from Lessor's wells, for all operations hereunder; and the royalty on oil, gas and coal shall be computed after deducting any so used. Lessor shall have the privilege at his risk and expense of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon out of any surplus gas not needed for operations hereunder.

4. If operations for drilling are not commenced on said land on or before one year from this date the lease shall then terminate as to both parties unless on or before such anniversary date Lessee shall pay or tender to Lessor or to credit of Lessor in SAN MARGUERITE NATIONAL Bank at San Angelo, Texas (which bank and its successors are Lessor's agent and shall continue as the depository for all rentals payable hereunder regardless of changes in ownership of said land or the rentals) the sum of Six Hundred Forty and no/100 Dollars

(640.00) (herein called rental), which shall cover the privilege of deferring commencement of drilling operations for a period of twelve (12) months, in like manner and upon like payments or tenders annually the commencement of drilling operations may be further deferred for successive periods of twelve (12) months each during the primary term. The payment or tender of rental may be made by the check or draft of Lessee mailed or delivered to said bank on or before such date of payment. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payment or tender of rental until thirty (30) days after Lessor shall deliver to Lessee a proper recordable instrument, naming another bank as agent to receive such payments or tenders. The down cash payment is consideration for this lease according to its terms and shall not be allocated as mere rental for a period. Lessee may at any time execute and deliver to Lessor or to the depository above named or place of record a release or releases covering any portion or portions of the above described premises and thereupon surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases. In this connection the above described premises

(# 7232)

## OIL AND GAS LEASE

THIS AGREEMENT, made and entered into this 13th day of November, 19 65, by and between ALMA WEYMAN, a widow,

whose Post Office address is 716 West Kansas, Midland, Texas, hereinafter called Lessor, and ADOBE OIL COMPANY

whose Post Office address is Petroleum Life Bldg., Midland, Texas hereinafter called Lessee.

WITNESSETH: 1. That Lessor, in consideration of TEN and No/100----- DOLLARS (\$ 10.00 ) in hand paid, of the royalties herein provided, and of the covenants and agreements of Lessee hereinafter contained, hereby grants, leases, and lets unto Lessee for the purpose of exploring, drilling, and operating for, and producing oil, gas, and related hydrocarbons, and laying pipelines, and building tanks, power stations, roads, telephone lines, and structures thereon which may be necessary to produce, save, care for, treat, and transport said products from the land leased hereunder only, the following described land situated in Glasscock County, Texas, to-wit:

All of Sections 14, 23 and 26, Block 36, T-3-S, T&P Ry. Co. Survey,  
Glasscock County, Texas

and containing 1920 acres, more or less (hereinafter called said land). It is understood and agreed, however, that Lessee shall pay for damages caused by its operations to growing crops, timber, and other improvements on said land.

2. Subject to the other provisions herein contained, this lease shall be for a term of five years from this date (hereinafter called primary term) and as long thereafter as oil, gas, or other related hydrocarbons are produced from said land hereunder, or as long as drilling or reworking operations are being conducted on said land as hereinafter provided.

3. As royalty, Lessee shall deliver to the credit of Lessor, free of any cost, in the tanks or pipelines to which wells may be connected a 1/8 part of all oil, gas, and related hydrocarbons produced and saved from said land, or, at the option of Lessor, 1/8 of the value of all oil, gas, and related hydrocarbons produced and saved from said land.

4. Lessor shall have the right at Lessor's risk and expense of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon out of any surplus gas not necessary for operations hereunder.

5. Where gas from a well producing gas only or gas and condensate only is not sold or used, Lessee may pay or tender as royalty, by check or draft of Lessee, to the owner of such royalty on or before ninety (90) days after the date on which said well is completed and annually thereafter the sum of Twelve Hundred Dollars (\$1200.00), and if such payment is made, it will be considered that gas is being produced within the meaning of paragraph 2 hereof for a period of three (3) years from the date on which said well is completed. Annual payments in like manner of Two Thousand Four Hundred Dollars (\$2,400.00) will serve to keep this lease in force an additional two (2) years. The provisions of this paragraph alone, however, shall not serve to keep this lease in force for a total period exceeding five (5) years from the date on which said well is completed. Lessee covenants and agrees to use such diligence to complete said well, and to produce, utilize, or market the gas and/or condensate from said well as a reasonably prudent operator would use under the same or similar circumstances.

6. If operations for drilling are not commenced on said land on or before twelve (12) months from the date of this lease, the lease shall then terminate as to both parties, unless on or before such anniversary date Lessee shall pay or tender to Lessor or to the credit of Lessor in The First National Bank of Midland, Midland, Texas, which bank and its successors shall continue as the depository for all rentals payable hereunder, regardless of changes in ownership of delay rental, the sum of NINETEEN HUNDRED TWENTY and No/100----- DOLLARS (\$ 1920.00 )

(hereinafter called rental) which shall cover the privilege of deferring commencement of operations for drilling for a period of twelve (12) months. In like manner, and upon like payments or tenders, operations may be further deferred for like periods of twelve (12) months each, during the primary term. The payment or tender of rental may be made by the check or draft of Lessee mailed or delivered to Lessor or to said bank on or before such date of payment. The down cash payment is consideration for this lease and shall not be allocated as mere rental for a period. Lessee may at any time execute and deliver to Lessor or to the depository above, a release or releases covering any portion or portions of said land and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the rental payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

7. In the event a well or wells producing oil or gas in paying quantities should be completed on adjacent land and within six hundred sixty (660) feet of or draining said land, Lessee shall drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances.

8. If prior to discovery of oil or gas on said land Lessee should drill a dry hole or holes thereon, or if after discovery of oil or gas, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking operations within sixty (60) days thereafter or (if it be within the primary term) commences or resumes the payment or tender of rental on or before the rental-paying date next ensuing after the expiration of ninety (90) days from the date of completion of dry hole or cessation of production. If at the expiration of the primary term, oil, gas, or other hydrocarbon is not being produced from the land then covered hereby, but Lessee is then engaged in operations for drilling or reworking operations on some part of the land hereunder, this lease shall not terminate if Lessee does not allow more than ninety (90) days to elapse between the abandonment of one well and the commencement of drilling or reworking operations on another until production is obtained.

9. Lessee shall have, except in the case of water wells, the right to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. In the case of water wells, Lessee shall have the right to remove all property and fixtures except casing. If Lessor so elects, Lessee shall remove the casing from, and plug and abandon, water wells at Lessee's expense. When required by Lessor, Lessee shall bury all pipelines below plow depth, and no well shall be drilled within two hundred feet (200') of any residence, barn, or other structure now on or placed on said land without Lessor's written consent.

10. The rights and estate of any party hereto may be assigned in whole or in part. All of the covenants, obligations and considerations of this lease shall extend and be binding upon the parties hereto, their heirs, successors, and assigns. No change or division in the ownership of said land, or of the royalties, rental, or other monies, 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 such record owner has been furnished notice of such change or division, supported by copies of the documents evidencing 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, rental, or other monies, to the credit of the decedent in the depository bank named above. Lessee shall notify Lessor of any assignment of Lessee's rights hereunder, stating the name and current mailing address of the assignee, and furnishing a copy of such assignment within sixty (60) days of its recording in the county records.

11. Lessee shall have the use, free from royalty, of water other than from Lessor's water wells, only for its ordinary drilling and reworking operations hereunder. Such use of water shall not include any use in gasoline plants, condensing processes, other plant uses, injection, water flooding, or secondary recovery operations, or any use not directly related to said land.

12. If oil, gas, or related hydrocarbons are discovered on said land, Lessee agrees to further develop said land as a reasonably prudent operator would do in the same or similar circumstances.

13. If Lessor owns an interest in said land less than the entire and undivided fee simple estate therein, then the royalties and rental herein provided shall be paid the Lessor in the proportion which Lessor's interest bears to the whole and undivided fee simple estate.

14. Lessor hereby warrants and agrees to defend the title to said land by, through, and under Lessor, but not otherwise. Lessee at its option may discharge any tax lien upon said land, and in the event Lessee does so, Lessee shall have the right to apply rentals and royalties accruing hereunder to reimburse such payment.

15. This lease shall be subject to all federal and state laws, executive orders, rules, or regulations, and to all orders, rules, and regulations of all federal or state officers, agencies, boards, and commissions which relate to or affect performance of the express or implied covenants of this lease, and this lease shall not be forfeited for failure of Lessee to comply with the express or implied covenants of this lease, if such compliance is prevented by, or if such failure results from, compliance with any such rule, order, law, or regulation.

288

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

Alma Weyman  
Alma Weyman

SINGLE ACKNOWLEDGEMENT

THE STATE OF TEXAS

COUNTY OF Midland

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_

Alma Weyman, a widow,

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE, This the 15<sup>th</sup> day of November A. D. 19 65

Law Johnson

Notary Public in and for Midland County, Texas.



PRODUCERS 88 (1953) 8-47

(#7233)

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 27th day of September 1965 between

Ronnell McDaniel and wife, Mattie Lee McDaniel

Lessor (whether one or more), and Pan American Petroleum Corporation  
Lessee, WITNESSETH:

1. Lessor in consideration of Ten and No/100 Dollars (\$ 10.00), in hand paid, of the royalties herein provided, and of the agreement of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in Glasscock County, Texas, to-wit:

S/2 Section 23, Block 35, T-4-S, T&P Ry. Co. Survey

This lease covers all of the land described above, and in addition thereto, it covers and there is hereby leased, let and demised to the same extent as if it were described herein specifically all lands owned or claimed by Lessor or his heirs, assigns, successors, or any part of them which are or may be situated on or adjacent to the land described above, whether such lands are or may be owned or claimed by Lessor or his heirs, assigns, successors, or any part of them, whether the same be inside or outside the above described section, block, tract, or other land owned or claimed by Lessor or his heirs, assigns, successors, or any part of them, and whether the same be in the same survey or other survey or surveys. This is a lease in gross and not by the acre and the bonus money paid and the rentals provided for shall be effective to cover all such lands irrespective of the number of acres contained therein; and for the purpose of calculating the payments hereinafter provided for, the land

- included within the terms of this lease is estimated to comprise 320 acres, whether it actually comprises more or less.
- 2. Subject to the other provisions herein contained, this lease shall be for a term of 10 years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land hereunder, or drilling or reworking operations are conducted thereon.
- 3. The royalties to be paid by Lessee are: (a) on oil, either one-eighth of that produced and saved from said land, the same to be delivered at the well or to the credit of Lessor into the pipe line to which the wells may be connected, or at the Lessee's option, Lessee may pay to the Lessor for such one-eighth royalty the market price for oil of like grade and gravity prevailing on the day such oil is run into the pipe line or into storage tanks; (b) on gas, including casinghead gas or other gaseous substance, produced from said land and sold or used off the premises or in the manufacture of gasoline or other product therefrom, the market value at the well of one-eighth of the gas so sold or used, provided that on gas sold at the well the royalty shall be one-eighth of the amount realized from such sale; where gas from a well or wells capable of producing gas only is not sold or used, Lessee may pay annually as royalty an amount equal to the delay rental as provided in Section 4 hereof, which payment shall not be less than \$100.00 per well per year, and if such payment is made it will be considered that gas is being produced from the above described land under all of the terms and provisions hereof; and (c) on all other minerals mined and marketed, one-tenth either in kind or value at the well or mine; at Lessee's election, except that on sulphur the royalty shall be fifty cents (50c) per long ton. Lessee shall have free use of oil, gas, coal, wood and water from said land, except water from Lessor's wells, for all operations hereunder, and the royalty on oil, gas and coal shall be computed after deducting any so used. Lessor shall have the privilege at his risk and expense of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon out of any surplus gas not needed for operations hereunder.
- 4. If operations for drilling are not commenced on said land on or before one year from this date the lease shall then terminate as to both parties,

unless on or before such anniversary date Lessee shall pay or tender to Lessor or to the credit of Lessor in The Midland National Bank at Midland, Texas (which bank and its successors are Lessor's agent and shall continue as the depository for all rentals payable hereunder regardless of changes in ownership of said land or the rentals either by conveyance or by the death or incapacity of Lessor) the sum of Three Hundred Twenty and No/100 Dollars (\$ 320.00), (herein called rental), which shall cover the privilege of

deferring commencement of operations for drilling for a period of twelve (12) months. In like manner and upon like payments or tenders annually the commencement of operations for drilling may be further deferred for successive periods of twelve (12) months each during the primary term. The payment or tender of rental may be made in currency, draft or check at the option of the Lessee; and the depositing of such currency, draft or check in any post office, and properly addressed to the Lessor, or said bank, on or before the rental paying date, shall be deemed payment as herein provided. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept tender of rental, Lessee shall not be held in default for failure to make such payment or tender of rental until thirty (30) days after Lessor shall deliver to Lessee a proper recordable instrument, naming another bank as agent to receive such payments or tenders. The down cash payment is consideration for this lease according to its terms and shall not be allocated as mere rental for a period. Lessee may at any time execute and deliver to Lessor or to the depository above named or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases. If Lessee shall, on or before any rental date, make a bona fide attempt to pay or deposit rental to a Lessor entitled thereto under this lease according to Lessee's records or to a Lessor who, prior to such attempted payment or deposit, has given Lessee notice, in accordance with the terms of this lease hereinafter set forth, of his right to receive rental, and if such payment or deposit shall be erroneous in any regard (whether deposited in the wrong depository, paid to persons other than the parties entitled thereto as shown by Lessee's records, in an incorrect amount, or otherwise), Lessee shall be unconditionally obligated to pay to such Lessor the rental properly payable for the rental period involved, but this lease shall be maintained in the same manner as if such erroneous rental payment or deposit had been properly made, provided that the erroneous rental payment or deposit be corrected within 30 days after receipt by Lessee of written notice from such Lessor of such error accompanied by all documents and other evidence necessary to enable Lessee to make proper payment.

OK 120 / 2

241

Texas Standard Form

(#7554)  
Producers 88 Revised 1-68-Texas

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 18th day of January, 1966 between

Cadence Corporation  
P. O. Box 450, Garland, Texas

Lessor (whether one or more) and Adobe Oil Company

Lessee, WITNESSETH:

1. Lessor in consideration of Ten and No/100 Dollars

(\$10.00) in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, laying pipe lines, building tanks, power stations, telephone lines and other structures thereon to produce same, take care of, treat, transport, and own said products, and housing its employees, the following described land in Glasscock County, Texas to-wit:

All of Sections 14, 15, 22 and 26 and the N/2 of Section 16, all in Block 36, T-3-S, T&P Ry. Co. Survey, Glasscock County, Texas

and containing 2880 acres, more or less. In the event a recovery of said lands shall reveal the existence of excess and/or vacant lands lying adjacent to the lands above described and the lessor, his heirs, or assigns, shall, by virtue of his ownership of the lands above described, have preference right to acquire said excess and/or vacant lands, then in that event this lease shall cover and include all such excess and/or vacant lands which the lessor, his heirs, or assigns, shall have the preference right to acquire by virtue of his ownership of the lands above described as and when acquired by the lessor, and the lessee shall pay the lessor for such excess and/or vacant lands at the same rate per acre as the cash consideration paid for the acreage hereinabove mentioned.

2. Subject to the other provisions herein contained, this lease shall be for a term of 5 years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land hereunder.  
3. The Royalties to be paid Lessor are: (a) on oil, one-eighth of that produced and saved from said land, the same to be delivered at the wells or to the credit of Lessor into the pipe line to which the wells may be connected. Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead gas or other gaseous substances, produced from said land and sold or used off the premises or in the manufacture of gasoline or other product therefrom, the market value at the well of one-eighth of the gas so sold or used, provided that on gas sold at the wells the royalty shall be one-eighth of the amount realized from such sale; where gas from a well producing gas or gas and condensate only is not sold or used, Lessee may pay or tender as royalty, by check or draft of Lessee, to the owner of such royalty, or to their credit in the depository bank named in the lease, on or before ninety days after the date on which said well is shut in and annually thereafter, a sum equal to the amount of annual rental payable in lieu of drilling operations during the primary term of this lease on the number of acres subject to this lease at the time such payment is made, and if such payment is made it will be considered that gas is being produced within the meaning of Paragraph 2 hereof; and (c) all other minerals mined and marketed, one-tenth either in kind or value at the well or mine, at Lessee's election, except that on sulphur the royalty shall be fifty cents (50c) per long ton. Lessee shall have free use of oil, gas, coal, wood and water from said land, except water from Lessor's wells, for all operations hereunder, and the royalty on oil, gas and coal shall be computed after deducting any so used. Lessor shall have the privilege at his risk and expense of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon out of any surplus gas not needed for operations hereunder.

4. If operations for drilling are not commenced on said land on or before one year from this date the lease shall then terminate as to both parties unless on or before such anniversary date Lessee shall pay or tender to Lessor or to credit of Lessor in Colonial National Bank at Garland, Texas (which bank and its successors are Lessor's agent and shall continue as the depository for all rentals payable hereunder regardless of changes in ownership of said land or the rentals) the sum of Two Thousand, Eight Hundred Eighty and No/100 Dollars

(\$ 2,880.00), (herein called rental), which shall cover the privilege of deferring commencement of drilling operations for a period of twelve (12) months. In like manner and upon like payments or tenders annually the commencement of drilling operations may be further deferred for successive periods of twelve (12) months each during the primary term. The payment or tender of rental may be made by the check or draft of Lessee mailed or delivered to said bank on or before such date of payment. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payment or tender of rental until thirty (30) days after Lessor shall deliver to Lessee a proper recordable instrument, naming another bank as agent to receive such payments or tenders. The down cash payment is consideration for this lease according to its terms and shall not be allocated as mere rental for a period. Lessee may at any time execute and deliver to Lessor or to the depository above named or place of record a release or releases covering any portion or portions of the above described premises and thereafter surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases. In this connection the above described premises shall be treated as comprising 2880 acres, whether there be more or less.

5. If prior to discovery of oil or gas on said land Lessee should drill a dry hole or holes thereon, or if after discovery of oil or gas the production thereof should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or re-working operations within sixty (60) days thereafter or (if it be within the primary term) commences or resumes the payment or tender of rentals on or before the rental paying date next ensuing after the expiration of three months from date of completion of dry hole or cessation of production. If at the expiration of the primary term oil, gas or other mineral is not being produced on said land but Lessee is then engaged in drilling or re-working operations, the lease shall remain in force so long as operations are prosecuted with no cessation of more than thirty (30) consecutive days, and if they result in the production of oil, gas or other minerals so long thereafter as oil, gas or other mineral is produced from said land. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within one-half (1/2) mile or 850 feet of and draining the leased premises, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances.

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

7. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, successors and assigns, but no change or divisions in ownership of the land, rentals, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No sale or assignment by Lessor shall be binding on Lessee until Lessee shall be furnished with a certified copy of recorded instrument evidencing same. In event of assignment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be apportionable as between the several leasehold owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

8. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part save as herein expressly provided. If the obligation for reasonable development should require the drilling of a well or wells, Lessee shall have ninety (90) days after ultimate judicial ascertainment of the existence of such obligation within which to begin the drilling of a well, and the only penalty for failure to do so shall be the termination of this lease save as to forty (40) acres for each well being worked on and/or being drilled and/or producing oil or gas to be selected by Lessee so that each 40-acre tract will embrace one such well.

9. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land and in event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in event of failure of title, it is agreed that if Lessor owns an interest in said land less than the entire fee simple estate, then the royalties and rentals to be paid Lessor shall be reduced proportionately.

10. If any operation permitted or required hereunder, or the performance by Lessee of any covenant, agreement, or requirement hereof is delayed or interrupted directly or indirectly by any past or future acts, orders, regulations or requirements of the Government of the United States or any state or other governmental body, or any agency, officer, representative or authority of any of them, or because of delay or inability to get materials, labor, equipment or supplies, or on account of any other similar or dissimilar cause beyond the control of Lessee, the period of such delay or interruption shall not be counted against the Lessee, and the primary term of this lease shall automatically be extended after the expiration of the primary term set forth in Section 2 above, so long as the cause or causes for such delays or interruptions continue and for a period of six (6) months thereafter; and such extended term shall constitute and shall be considered for the purposes of this lease as a part of the primary term hereof. The provisions of Section 4 hereof, relating to the payment of delay rentals shall be applicable to the primary term as extended hereby just as if such extended term were a part of the original primary term fixed in Section 2 hereof. The Lessee shall not be liable to Lessor in damages for failure to perform any operation permitted or required hereunder or to comply with any covenant, agreement or requirement hereof during the time Lessee is relieved from the obligations to comply with such covenants, agreements or requirement.

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

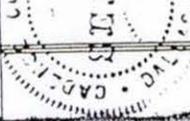
CADENCE CORPORATION

By: Orval E. Chamber  
President

WITNESSES:

ATTEST: E. Lloyd Hill

Secretary



242

CORPORATION ACKNOWLEDGMENT

THE STATE OF TEXAS

COUNTY OF Dallas

BEFORE ME, the undersigned authority, on this day personally

appeared OSCAR E. CHAMBERS, known to me to be the persons whose names are

subscribed to the foregoing instrument, as President of Cadence Corporation

a corporation, and acknowledged to me that they executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of Office this the 18th day of JANUARY A. D. 1966



Warren A. Cantrell  
Notary Public in and for Dallas County, Texas.  
Dallas Co., Texas

(#7569)

MINERAL DEED

THE STATE OF TEXAS

I

KNOW ALL MEN BY THESE PRESENTS:

COUNTIES OF HOWARD AND GLASSCOCK

I

THAT the undersigned, I. K. HOWETH, for and in consideration of the sum of Ten and No/100 (\$10.00) Dollars, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby BARGAIN, SELL, TRANSFER, ASSIGN and CONVEY unto CELESTE E. HOWETH, a feme sole, her heirs, legal representatives and assigns, an undivided One-half of One-eighth (1/2 of 1/8) interest in and to all of the oil, gas and other minerals in, under and that may be produced from the following-described land situated in Howard and Glasscock Counties, Texas, to-wit:

1. Northeast quarter (NE/4) of Section 15, Block 33, Township 2 South, T. & P. Ry. Co. Surveys; and
2. East half (E/2) of Section 22, Block 33, Township 2 South, T. & P. Ry. Co. Surveys;

EXCEPT the North 200 acres of the East half (E/2) of Section 22,

being an undivided One-half (1/2) of the One-eighth (1/8) interest acquired by Grantor herein by Mineral Deed, dated March 12, 1959, recorded in Volume 261, Page 415, Deed Records, Howard County, Texas, and in Volume 96, Page 2, Deed Records, Glasscock County, Texas, from D. V. Smith, together with the right of ingress and egress at all times for the purpose of mining, drilling and exploring said land for oil, gas and other minerals and removing the same therefrom.

Said land now being under an Oil and Gas Lease, it is understood and agreed that this sale is made subject to the terms of said lease and/or any other valid lease covering same, but covers and includes One-half of One-eighth (1/2 of 1/8) of all of the oil royalty and gas rental or royalty due

(FILE # 3499)

STATE HIGHWAY DEPARTMENT OF TEXAS  
RIGHT-OF-WAY DEED

STATE OF TEXAS )  
COUNTY OF GLASSCOCK ) KNOW ALL MEN BY THESE PRESENTS:

THAT We, Mrs. Alma Weyman and husband A.C.Weyman of the County of Midland in the State of Texas, for and in consideration of the sum of Seventeen hundred twenty-two and 79/100 DOLLARS, to us 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 the T. & P. Ry.Co. Survey, Sections Nos. 15, 22, 23 and 26, in Block 36, Township 3-South, and shown in the Deed Records of Glasscock County as shown in the following table;

Sec.	Original Grantee	Pat.	Vol.	Abst.	Acres.	Conveyed By	Conveyed To	Date of Deed	Vol.	Page
15	T. & P. Ry.	552	101	399	640	S.Brunson	A.C.Weyman	5-20-37	46	503
22	D. V. McGee	88	20A	895	650.2	G.Brunson	A.C.Weyman	4-29-36	45	379
23	T. & P. Ry.	555	101	402	640	G.Brunson	A.C.Weyman	4-29-36	45	379
26	Fox Striplin	89	20A	1058	649	G.Brunson	A.C.Weyman	4-29-36	45	379

THE said tracts of land herein described being subject to lien or liens held by Federal Land Bank of Houston and Land Bank Commissioner and by Stanton Brunson and being more fully described as follows:

A strip of land 120 feet wide, measured 60 feet each side of the located center line of State Highway No. 158 as shown on the Right-of-Way map of Highway 158 filed with the County Records of Glasscock County; said center line being located as follows:

BEGINNING at survey station 1094 plus 24 on the located center line of Highway 158, a point in the West boundary line of the said Section 15, said point being 1430 feet (more or less) measured North along said boundary line from the southwest corner of the said Sec.15;

THENCE S. 71 degrees 30 minutes E. for a distance of 12,615 feet to Sta. 1220 plus 39, a point in the west right-of-way line of the present traveled Midland-Garden City road. Said point being 252 feet measured south along said right-of-way line from its intersection with the North boundary line of Sec. 26.



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

The tract of land herein conveyed consists of 8.005 acres out of Sec. Fifteen, 9.294 acres out of Sec. Twenty-Two, 16.195 acres out of Sec. Twenty-Three, 1.256 acres out of Sec. Twenty-Six, and contains a total of 34.752 acres.

It is understood that the tracts of land herein conveyed, together with other tracts, are for the purpose of providing an unobstructed right-of-way, 120 feet wide for State Highway No. 158.

And it is further agreed that the said Mrs. Alma Weyman and husband, A.C. Weyman in consideration of the benefits above set out, will remove from the property above described such fences, buildings and other obstructions as may be found upon said property.

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 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 hand, this the 19th day of September, A.D. 1938.

A.C. Weyman  
Mrs. Alma Weyman

STATE OF TEXAS, )  
COUNTY OF GLASSCOCK )

Before me the undersigned authority in and for said county and State, on this day personally appeared A.C. Weyman, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office, this the 19 day of Sept. A.D. 1938.

(SEAL) O.W. Crouch, County Judge  
Glasscock County, Texas.

STATE OF TEXAS )  
COUNTY OF GLASSCOCK )

Before me, the undersigned authority in and for said county and State, on this day personally appeared Alma Weyman, wife of A.C. Weyman, 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 Alma Weyman 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 19 day of Sept. A.D. 1938.

(SEAL) O.W. Crouch, County Judge  
Glasscock County, Texas.

Filed for record Jan. 23rd, 1939 at 2 o'clock P.M.  
Recorded Feb. 14th, 1939 at 10:30 o'clock A.M.

*J.B. Croucher*  
County Clerk, Glasscock County, Texas.



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

Page 2 of 2

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 Deed Records of my office, found in VOL. 47, PAGE 395.



I hereby certified on Sept. 7, 2011  
REBECCA BATLA, COUNTY & DISTRICT CLERK  
GLASSCOCK COUNTY, TEXAS  
BY Suzie Hillman DEPUTY

(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.

3. ROYALTIES: As royalty Lessee covenants and agrees:

2. PRIMARY TERM: This lease, which is a "paid up" lease requiring no rentals, shall remain in force for a term of one year, 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. ACREAGE: Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 3.13 acres, whether actually containing more or less, and the above recital of acreage shall be deemed to be the true acreage thereof. Lessor agrees to determine the amount of any bonus or other payment hereunder, said land shall be deemed to contain 3.13 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.

3.13 of land, more or less, 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.

1. Lessor, in consideration of Six Hundred Thirty Five 39/100 (\$ 635.39) 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:

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 Pioneer Natural Resources USA, Inc., whose address is 303 West Wall, Suite 101, Midland, TX 79701 hereinafter called "Lessee",

*Handwritten:*  
 CLD.Texas.Gov  
 George Martin  
 512-475-1512  
 Hwy 824 of Hwy Leasing

PAID-UP  
 OIL AND GAS LEASE NO. (MF 112596)  
 GENERAL LAND OFFICE  
 AUSTIN, TEXAS

Austin, Texas



The State of Texas

BOOK 169 PAGE 760

#7700

HRW Lease  
 Revised 8/06  
 4595.002  
 Wetman 23 A#1

(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 \$ 10.00 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 that certain Oil and Gas Lease dated May 3rd 2011, by and between the State of Texas, as lessor, and Pioneer Natural Resources-USA, Inc. as lessee, covering acreage to be leased in Glasscock County, Texas, along SH-158.

3.13 acres of land, more or less, situated in NW/4 of Section 23, Block 36, T-3S of the T&P RR Co. Survey. Said lands being described in the following deed filed in the Deeds of Record, Glasscock County.

Deed from Mrs. Alma Weyman and A. C. Weyman to the County of Glasscock, State of Texas dated: 12/19/1938 and recorded in Glasscock County, Texas

T&P RR CO  
A-398

T&P RR CO  
A-924

T&P RR CO  
A-399

T&P RR CO  
A-1133

T&P RR CO  
A-402

158

23

T&P RR CO  
A-895

22

T&P RR CO  
A-404

T&P RR CO  
A-1058

MARTIN	HOWARD	
GLASSCOCK		
UPTON	REAGAN	IRION

A Map showing a Buffer  
of State Hwy 158  
3.13 acres  
Glasscock 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 1 DAY OF July  
 A.D., 2011  
 INS. NO. 7700

*Rebecca Barla*

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 herein 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

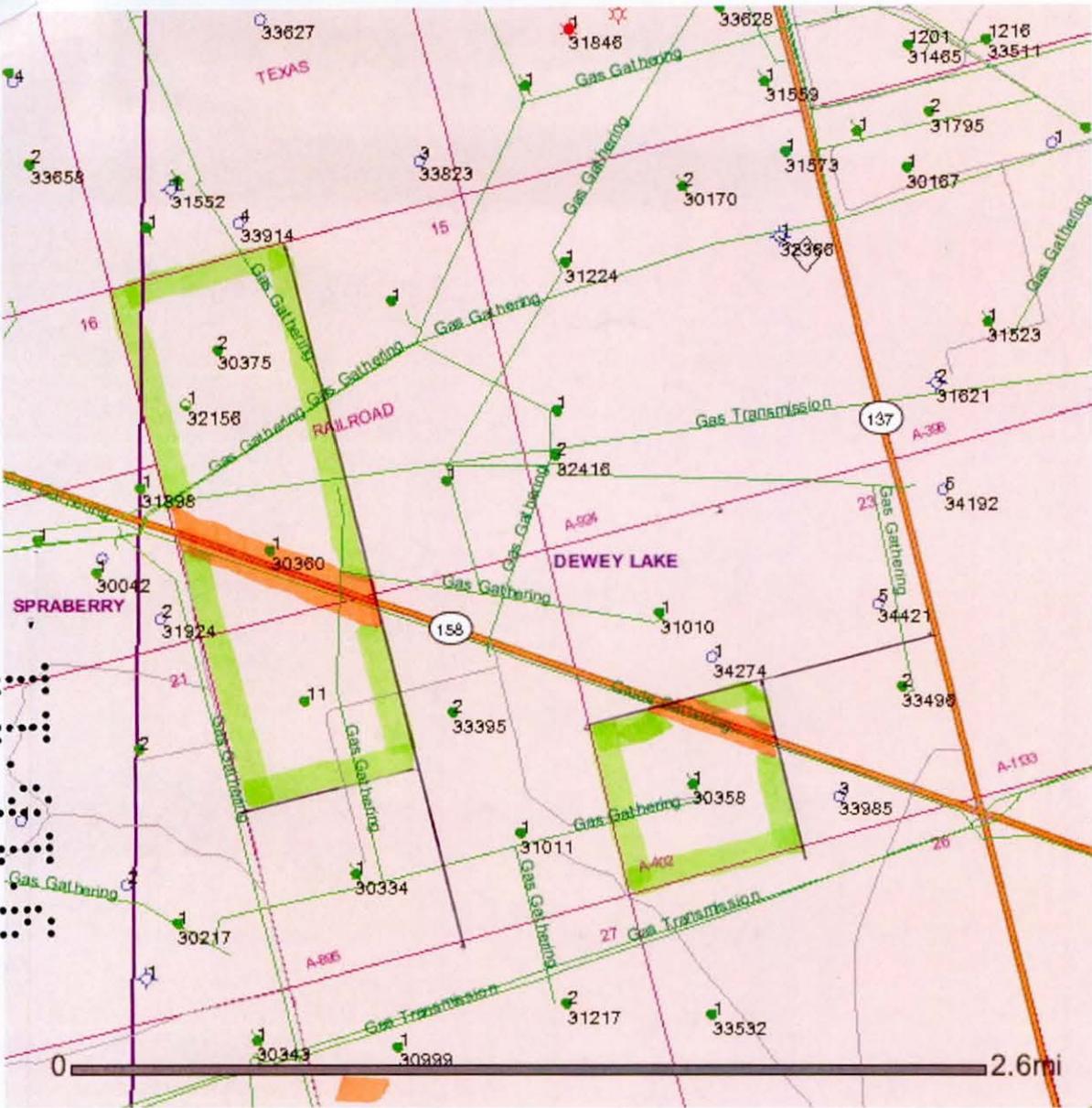
VOL. 169 PAGE 760  
RECORDED July 1, 2011

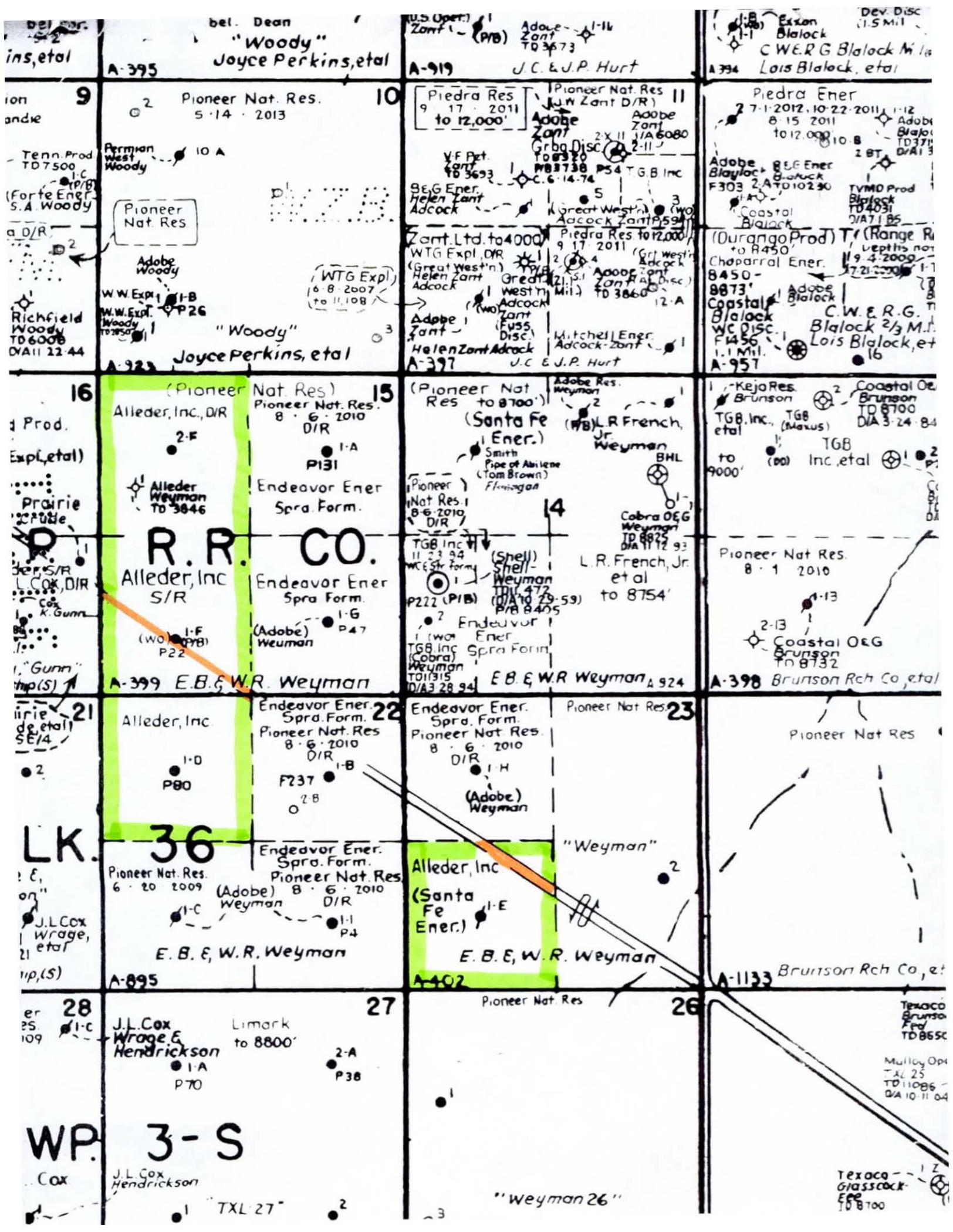
File No. 113589

Project Lease

Date Filed: ~~11/30/11~~ 9/16/11

Jerry E. Patterson, Commissioner  
By GH





ins, etal  
A-395  
bel. Dean  
"Woody"  
Joyce Perkins, etal

A-919  
Adobe Zant (P/B)  
Zant  
1-14  
Zant  
TD 3673  
J.C. & J.P. Hurt

A-394  
Exxon  
Blalock  
C.W.E.R.G. Blalock M. et al  
Lois Blalock, etal

9  
Pioneer Nat. Res.  
5-14-2013  
Permian West  
Woody  
Tenn. Prod  
TD 7500  
S.A. Woody  
Pioneer Nat. Res.  
Adobe Woody  
W.W. Expl.  
W.W. Expl.  
Richfield  
Woody  
TD 6008  
D/A 11-22-44  
A-923  
"Woody"  
Joyce Perkins, etal

10  
Piedra Res  
9-17-2011  
to 12,000'  
Pioneer Nat. Res.  
J.W. Zant D/R  
Adobe Zant  
Grba Disc  
V.F. Pct.  
Zant  
TD 3633  
B.E.G. Ener.  
Helen Zant  
Adcock  
Zant Ltd. to 4000'  
WTG Expl. D/R  
(Great West'n)  
Helen Zant  
Adcock  
Adobe Zant  
Helen Zant  
Adcock  
A-397  
J.C. & J.P. Hurt

Piedra Ener  
2-7-1-2012, 10-22-2011  
8-15-2011  
to 12,000'  
Adobe Blalock  
Blalock  
F303 2-A TD 10230  
Coastal  
Blalock  
(Ourango Prod) T  
to 8450'  
Chaparral Ener.  
8450-  
8873'  
Coastal  
Blalock  
WC Disc.  
F1456  
1.1 Mil.  
A-957  
C.W.E.R.G.  
Blalock 2/3 M.L.  
Lois Blalock, et  
16

16  
Allieder, Inc, D/R  
2-F  
Allieder  
Weyman  
TD 3846  
R.R. CO.  
Allieder, Inc  
S/R  
E.B. & W.R. Weyman  
A-399

15  
(Pioneer Nat. Res.)  
Pioneer Nat. Res.  
8-6-2010  
D/R  
1-A  
P131  
Endeavor Ener  
Sprd. Form.  
Endeavor Ener  
Sprd. Form.  
TGB Inc  
WCE Str Form  
P222 (P/B)  
TGB Inc  
Cobra  
Weyman  
TD 11315  
D/A 3-28-94  
A-924  
E.B. & W.R. Weyman

14  
Cobra OEG  
Weyman  
TD 8825  
D/A 11-12-93  
L.R. French, Jr.  
etal  
to 8754'  
A-398  
Brunson Rich Co, etal

21  
Allieder, Inc  
1-0  
P80  
Pioneer Nat. Res.  
6-20-2009  
1-C  
E.B. & W.R. Weyman  
A-895

22  
Endeavor Ener.  
Sprd. Form.  
Pioneer Nat. Res.  
8-6-2010  
D/R  
1-B  
F237  
2-B  
Endeavor Ener.  
Sprd. Form.  
Pioneer Nat. Res.  
8-6-2010  
D/R  
1-H  
(Adobe)  
Weyman  
Allieder, Inc  
(Santa Fe  
Ener.)  
1-E  
E.B. & W.R. Weyman  
A-402

23  
Pioneer Nat. Res.  
8-1-2010  
1-13  
2-13  
Coastal OEG  
Brunson  
TD 8732  
A-1133  
Brunson Rich Co, et

28  
J.L. Cox  
Wrage &  
Hendrickson  
1-A  
P70  
Limark  
to 8800'  
2-A  
P38  
WP. 3-S  
J.L. Cox  
Hendrickson  
1  
TXL 27

27  
Pioneer Nat. Res.  
"Weyman 26"

26  
Pioneer Nat. Res.  
Texaco  
Brunson  
Prod  
TD 865C  
Mullay Opt  
TAL 25  
TD 11086  
D/A 10-11-04  
Texaco  
Glasscock  
Ege  
TD 8700

5

File No. 113589

plat

Date Filed: ~~11/20/11~~ 9/16/11

Jerry E. Patterson, Commissioner

By G-11

0.10.11

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

November 18, 2011

Mr. Derek Hatfield  
Alldeer, Inc.  
PO Box 233  
Midland, TX 79702

**Dear Mr. Hatfield,**

Re: State of Texas HROW Lease # MF 113589

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

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)

6

File No. 13589

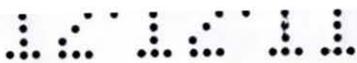
~~LET~~ Final Letter

Date Filed: ~~11/30/11~~ 11/18/11

Jerry E. Patterson, Commissioner

By GP





(b) To pay Lessor on gas and casing head gas produced from said land (1) when sold by lessee 25% 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 25% 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

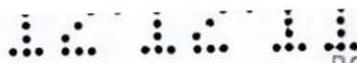
(d) Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities 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 \$ 1,200.00 per well. 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.

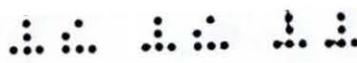
10. LESSER ESTATE CLAUSE: If this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessors interest is herein specified or not), or no interest therein, then the royalties, and other monies accruing from any part as 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.

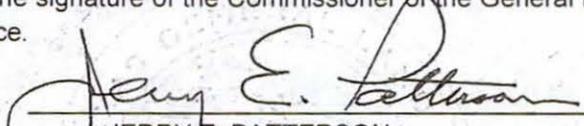
14. COMPENSATORY ROYALTY: Lessee shall pay a compensatory royalty if this lease is not being held by production on the leased premises, by production from a pooled unit, or by payment of shut-in royalties in accordance with the terms of this lease, and if oil or gas is sold or delivered in paying quantities 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

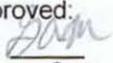


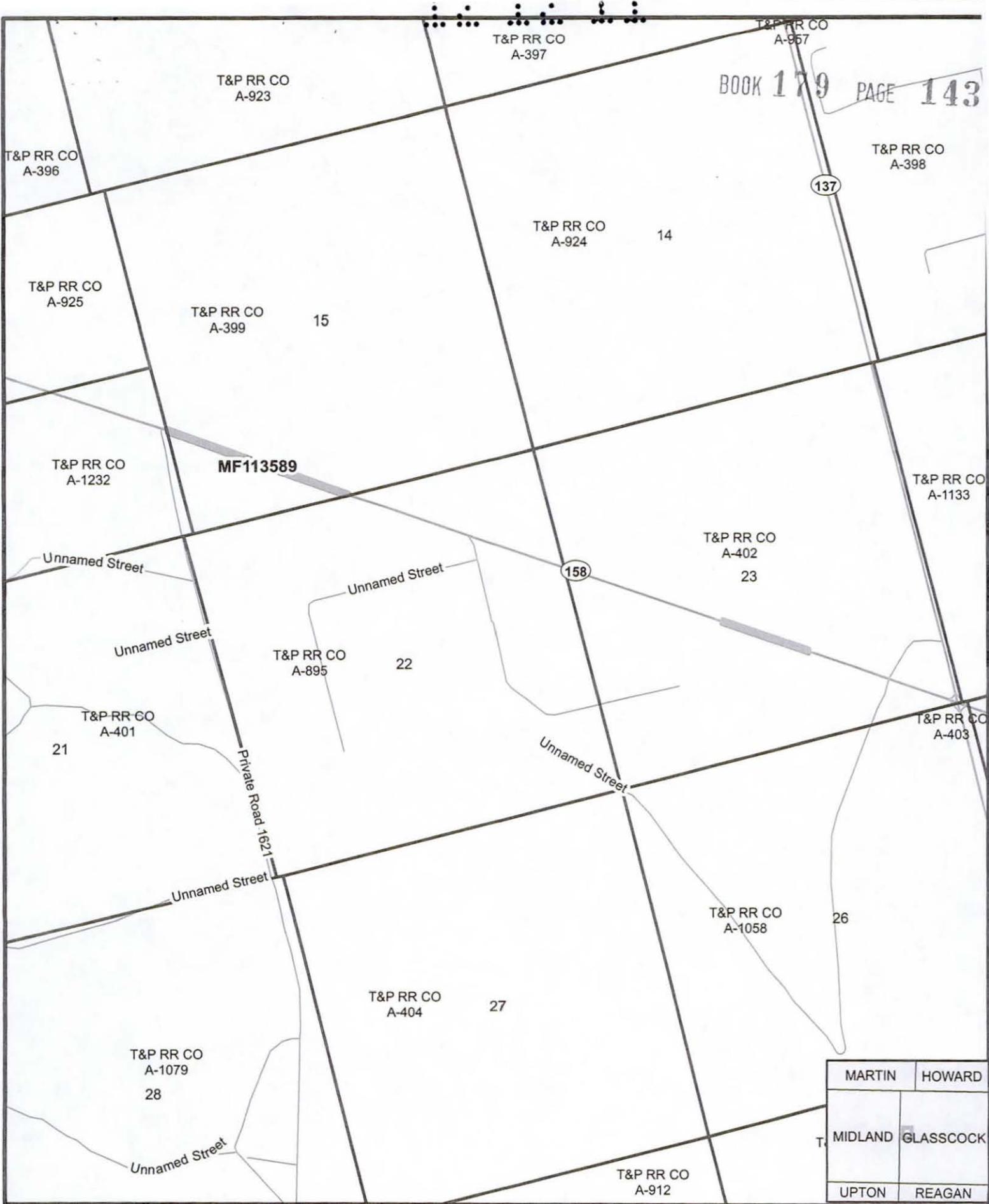
be no less than an amount equal to double the shut-in, and shall maintain this lease in effect for so long as such payments are made as provided herein.

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: 



Map Showing a Buffer of  
 SH 158  
 13.10375 acres  
 Glasscock 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.

MARTIN	HOWARD
MIDLAND	GLASSCOCK
UPTON	REAGAN

Exhibit "A"

Attached hereto and made a part of that certain Oil and Gas Lease dated October 1<sup>st</sup> 2011, by and between the State of Texas, as lessor, and Alleder Inc. as lessee, covering acreage to be leased in Glasscock County, Texas, along SH-158.

8.005 acres of land, more or less, situated in the W/2 of Section 15.  
 1.05 acres of land, more or less, situated in the NW/4 of Section 22.  
 4.04875 acres of land, more or less, situated in the SW/4 of Section 23.  
 All in Block 36, T-3-S, T&P RR Co. Survey. Said lands being described in the following deed, filed in the Deed Records of Glasscock County.

Deed from Mrs. Alma Weyman and A. C. Weyman to the State of Texas dated September 19<sup>th</sup> 1938, recorded in Volume 47, on page 395, Deed Records, Glasscock County, Texas.

**FILED**  
 AT 9:00 O'CLOCK A M  
 ON THE 5 DAY OF Dec  
 A.D., 2011  
 INS. NO. 9295

Rebecca Batla  
 COUNTY CLERK, GLASSCOCK COUNTY, TEXAS  
 BY Northern 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. 179 PAGE 138  
 RECORDED Dec 5, 2011



7

File No. MF-113589  
Certified copy of Lease

Date Filed: 12/12/11  
Jerry E. Patterson, Commissioner

By George Martin