

2684 7.5 UNIT ACRES
7.63 NON-UNIT AC.

STATE LEASE

MF098944

CONTROL	BASEFILE	COUNTY
56-030239	000 -	GLASSCOCK /087

SURVEY : HIGHWAYS & PUBLIC TRANSPORTATI
BLOCK :
TOWNSHIP : 00
SECTION/TRACT:
PART :
ACRES : 15.13
DEPTH LIMITS : NO

LESSEE : BTA OIL PRODUCERS
LEASE DATE : Feb 03 1998
PRIMARY TERM : 3 yrs
BONUS (\$) : 2269.50
RENTAL (\$) : 0.00
ROYALTY : 0.25000000
VAR ROYALTY :

Rentals: *YMT.*
Lease *DR.*
Admin: *DR.*
Mineral *DR.*
Maps: *DR.*



MF 098944



2-3-98

GENERAL LAND OFFICE

GARRY MAURO
COMMISSIONER

MEMORANDUM

Docket #49

DATE: 1-27-98

TO: Linda Fisher / School Land Board

From: Drew Reid / Minerals Leasing

RE: Applications To Lease Highway Right-of-Way

- n-98944 A) Applicant - Perry & Perry, Inc.
Description - 15.13 ac. along Hwy. 158, situated in the T & P Ry. Co. Sur., A-785 in Glasscock Co.
Terms - \$150.00/Ac. Bonus, 1/4 Royalty, 3 Years Paid-up
- n-98945 B) Applicant - UPRC
Description - 4.705 ac. along F.M. 389, situated in the James Schrier League, A-98 in Washington Co.
Terms - \$150.00/Ac. Bonus, 1/6 Royalty, 3 years Paid-up
- m-98946 C) Applicant - UPRC
Description - 16.762 ac. along US Hwy. 290 situated in the James H. Bostick Sur., A-13 in Bastrop Co.
Terms - \$35.00/Ac. Bonus, 1/6 Royalty, 3 Years Paid-up
- m-98947 D) Applicant - UPRC
Description - 8.49 ac. along Baranowski Road, situated in the James Schrier League, A-98 in Washington Co.
Terms - \$150.00/Ac. Bonus, 1/5 Royalty, 1 Year Paid-up
- m-98948 E) Applicant - WCS Oil & Gas Corporation
Description - 19.38 ac. along Old San Antonio Road, situated in the Thomas W. Blakely Sur., A-6; the D.B. Posey Sur., A-191 and the William Welch Sur., A-52; in Brazos and Robertson Counties
Terms - \$150.00/Ac. Bonus, 1/5 Royalty, 2 1/2 Years Paid-up

1-98949 F) Applicant - UPRC

Description - 8.52 ac. along US Hwy. 77 North, situated in the James Green Sur., A-189; in Fayette County

Terms - \$100.00/Ac. Bonus, 1/5 Royalty, 2 Years Paid-up

These applications have been reviewed by the Minerals Leasing Division and approved by the Department of Transportation. These applications comply with Subchapter F, Chapter 32 of the Texas Natural Resources Code.

(1)
MF 98944
ITEM App. to Bid
TO _____
FROM _____
DATE 1-27-98

The State of Texas



Austin, Texas

**PAID-UP
OIL AND GAS LEASE NO. M-98944
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 BTA Oil Producers, whose address is 104 S. Pecos, Midland, TX 79701, hereinafter called "Lessee".

1. Lessor, in consideration of Two Thousand Two Hundred Sixty Nine and 50/100 Dollars (\$2,269.50), receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease, and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, and all other hydrocarbons, produced from the land covered hereby. The land covered hereby, herein called "said land" is located in the County of Glasscock, State of Texas, and is described as follows:

15.13 acres 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.

For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 15.13 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.

2. **PRIMARY TERM:** This lease, which is a "paid up" lease requiring no rentals, shall remain in force for a term of three (3) years from February 3, 1998, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. ROYALTIES: As royalty Lessee covenants and agrees:

(a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its well, the equal one fourth (1/4) part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such one fourth (1/4) part of such oil at the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest, in either case, to bear none of the cost of treating oil to render it marketable pipe line oil;

(b) To pay Lessor on gas and casinghead gas produced from said land (1) when sold by lessee one fourth (1/4) of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one fourth (1/4) of such gas and casinghead gas.

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

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

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

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

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

royalty payment which is over thirty (30) days late shall accrue a penalty of 10% of the royalty due or \$25.00, whichever is greater. In addition to a penalty, royalties shall accrue interest at a rate of 12% per year; such interest will begin accruing when the royalty is sixty (60) days overdue. Affidavits and supporting documents which are not filed when due shall incur a penalty in an amount set by the General Land Office administrative rule which is effective on the date when the affidavits or supporting documents were due. The Lessee shall bear all responsibility for paying or causing royalties to be paid as prescribed by the due date provided herein. Payment of the delinquency penalty shall in no way operate to prohibit the State's right of forfeiture as provided by law nor act to postpone the date on which royalties were originally due. The above penalty provisions shall not apply in cases of title dispute as to the State's portion of the royalty or to that portion of the royalty in dispute as to fair market value. The State shall have first lien upon all oil and gas produced from the area covered by this lease to secure the payment of all unpaid royalty and other sums of money that may become due to the State hereunder.

4. POOLING: (a) Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons. Units pooled for oil hereunder shall not exceed 160 acres each in area, and units pooled for gas hereunder shall not exceed in area 640 acres each plus a tolerance of ten percent (10%) thereof, unless oil or gas units of a greater size are allowed under or prescribed by rules of the Railroad Commission of Texas. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, as operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) the proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each such separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interests in land not covered by this lease. Neither shall it impair the right of Lessee to release as provided in paragraph 5 hereof, except that Lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force Lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force for so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

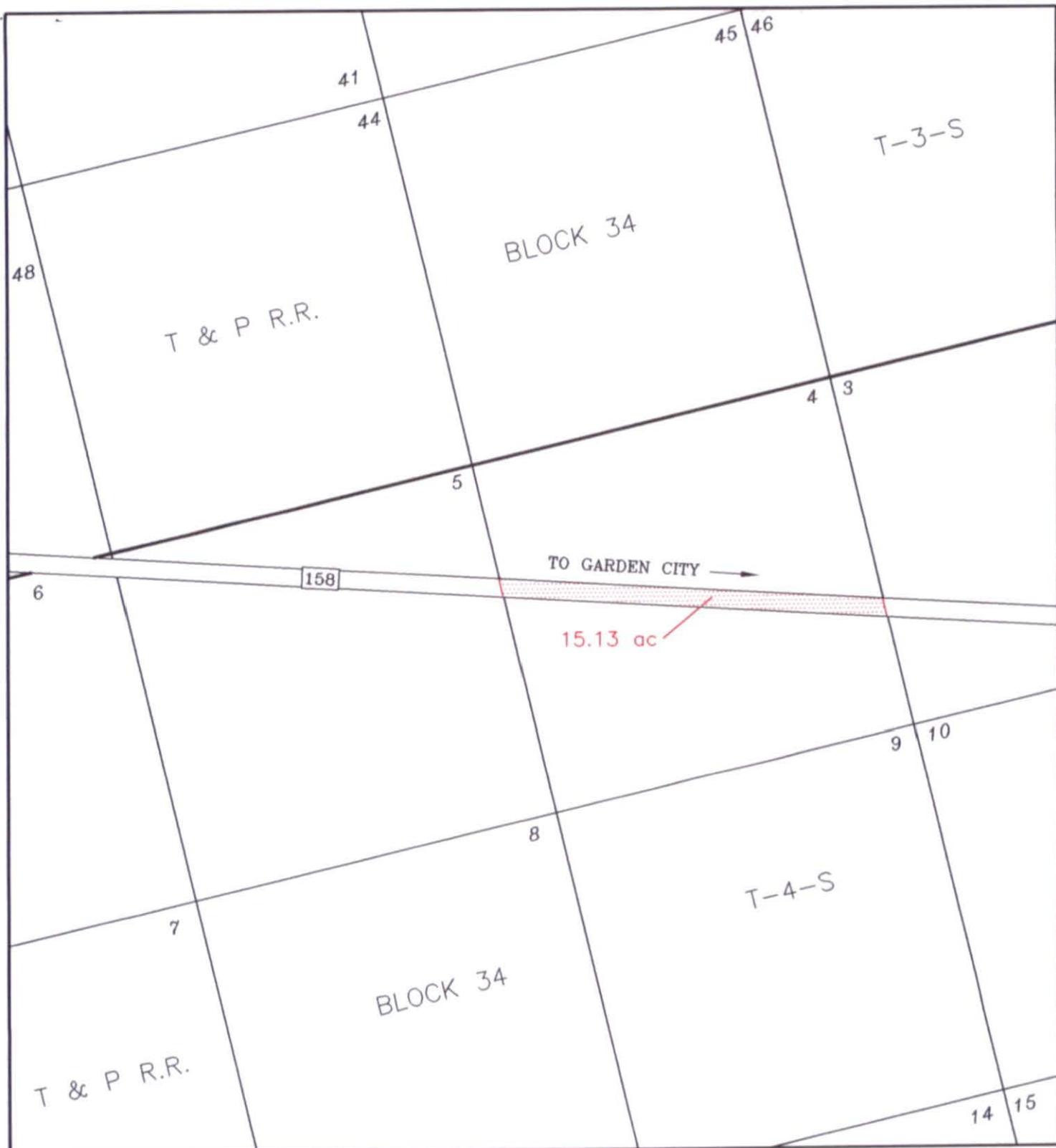
Approved:
Energy: R3A
Executive: SR

Exhibit "A"

**Acreage to be Leased from the State of Texas in Glasscock
County, Texas, being part of St. Hwy. 158**

15.3 acres of land, more or less, situated in the T. & P. Ry. Co. Survey, A-785 in Glasscock County, Texas and being the same land described in the following Deeds Recorded in the Deed Records of Glasscock County, Texas:

1. Deed from Zora Christie, a widow to the State of Texas, dated 9/19/38 and recorded in V.47, P.373, of the Deed Records of Glasscock County, Texas.



97-80/RH/10-97

MAP SHOWING
A PORTION OF STATE HIGHWAY 158
15.13 ACRES
APPROXIMATELY 7 MILES WEST OF GARDEN CITY
GLASSCOCK COUNTY

(2.) MF 98944
ITEM Lease
TO _____
FROM _____
DATE 2-3-98

DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW. IF NOT CORRECT PLEASE NOTIFY US PROMPTLY. NO RECEIPT DESIRED.

CHARLES W. PERRY OIL ACCOUNT

DATE	DESCRIPTION	AMOUNT
	<p>Processing Fee Oil & Gas State Highway #158 Glasscock County, Texas</p> <p><u>BTA/ Hightower Prospect</u></p> <p style="text-align: center;">362 11</p>	<p>X 100.00 98013735</p>

PERRY AND PERRY / ESCROW ✓

3167

COMMISSIONER-GEN LAND OFFICE-ST OF TX
Reimb Exp

12/17/97

~~X~~

2,299.76

98020375

170

WNB-Escrow

HIGHTOWER PROSPECT

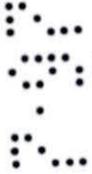
98020375

2,299.76

(A) (2-3-98)

November 5, 1997

Mr. Drew Reid
Texas General Land Office
1700 North Congress
Austin, Texas 78701-1495



RE: REQUEST FOR HIGHWAY R-O-W LEASE
Glasscock County, Texas
(Containing 15.13 acres, more or less)

Dear Drew:



Enclosed for processing are the following instruments to be used in requesting an Oil & Gas Lease from the State of Texas on a portion of Highway 158 as shown on the attached plat.

- 1) Copy of Deed from Zora Christie to State of Texas dated September 19, 1938 recorded in Deed Records Volume 47, Page 373.
- 2) Plat

Our offer for this lease is:

- 1) Bonus: \$150.00 per net mineral acre
- 2) Royalty: One-Fourth (1/4)
- 3) Term: 3 years

Also enclosed is my check in the amount of \$100.00 for processing fee.

Thank you for considering my offer and a prompt reply would be appreciated as we hope to commence a well in the next thirty days.

Yours Truly,

Charles W. Perry
Agent/BTA Oil Producers

I will furnish a Title Opinion when completed by our attorneys.

RECEIVED
97 NOV 12 AM 10:39
ENERGY RESOURCES

③ MF 98944
ITEM Letter
TO _____
FROM _____
DATE 11-5-97



November 24, 1997

Mr. Drew Reid
Texas General Land Office
1700 North Congress
Austin, Texas 78701-1495

RE: Request for Highway R-O-W
Glascocock County, Texas
(containing 15.13 acres, more or less)

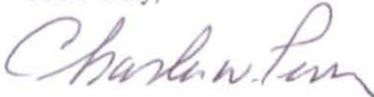
Dear Drew:

Please refer to my letter dated November 5, 1997 under the same caption as above.

Enclosed is a Drilling Opinion dated November 14, 1997 covering all of Section 4, Abstract #785, Certificate #2325, Block 34, T-4-S, T&P Ry. Co. Survey.

Our client, BTA Oil Producers, would like to expedite the approval of this lease as soon as possible and, if necessary, I could come to Austin to meet with the Highway Department.

Yours Truly,



Charles W. Perry, CPL
Agent/BTA Oil Producers

RECEIVED
97 NOV 25 PM 12:22
ENERGY RESOURCES

4

MF 98944
ITEM letter
TO _____
FROM _____
DATE 11-24-97

December 18, 1997

Mr. Drew Reid
Texas General Land Office
1700 North Congress
Austin, Texas 78701-1495

RE: **Request for Highway R-O-W Lease**
Glasscock County, Texas
(Containing 15.18 acres, more or less)

Dear Drew:

Please refer to my request for lease in my letter dated November 5, 1997 under same caption as above.

Enclosed is our check (#3167) in the amount of \$2,299.76 being:

Bonus:	\$150.00 per acre @ \$2,269.50
Prepaid Rental:	\$1.00 per acre @ \$30.26
Total:	\$2,299.76

Thank you for your cooperation regarding request and should you need additional information do not hesitate to call me at 1-800-725-0925.

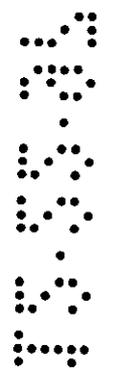
Yours Truly,

Charles W. Perry
CPL

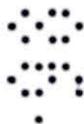
RECEIVED
97 DEC 22 PM 3:28
ENERGY RESOURCES

(S)

MF 98944
ITEM Letter
TO _____
FROM _____
DATE 12-18-97

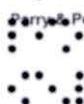


RECEIVED
98 JAN 23 PM 3:46
ENERGY RESOURCES



Perry Energy Resources, Inc.

214 West Texas, Suite 900 PO. Box 371 Midland, Texas 79702-0371 telephone 915.682.7861 facsimile 915.682.5852 toll free 800.725.0925



January 21, 1998



Mr. Robert Hatter
General Land Office of Texas
1700 North Congress
Austin, Texas 78701-1495

RE: **AFFIDAVIT TO A FACT**

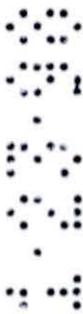
Dear Mr. Hatter:

Please find enclosed affidavit as requested. If I can be of any further assistance please call me at 1-800-725-0925.

Sincerely,

Charles W. Perry
CPL

Enclosure



Hightower/cwp

AFFIDAVIT TO A FACT

STATE OF TEXAS }
 }
COUNTY OF GLASSCOCK }

My name is **William L. Porter**, my address is 214 West Texas Avenue, Suite 900, Petroleum Building, Midland, Texas 79701. I am of legal age, and after being duly sworn, make the following statement to-wit:

I am familiar with the portion of State of Texas Highway 158 located in the North 1/3 of Section 4, Abstract #785, Certificate # 2325, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas containing 15.13 acres, more or less, as described by metes and bounds in Warranty Deed dated September 19, 1938 from Zora Christie, a widow, to the State of Texas, recorded in Volume 47, Page 373, Deed Records, Glasscock County, Texas, that no well was producing oil or gas, or any well capable of producing oil or gas on was located within 2,500 feet of that part of State of Texas Highway 158, on January 1, 1985, as described in subject deed.

FURTHER AFFIANT SAYS NOT

William L. Porter

Jurat

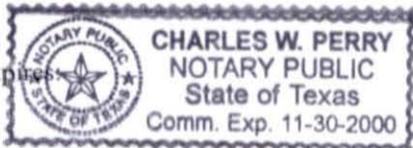
Sworn to and described by me this the 21st day of January, 1998.

Charles W. Perry

STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

This instrument was acknowledged before me on this 21st day of January, 1998 by William L. Porter.

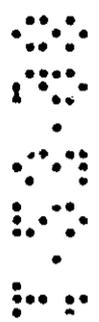
My Commission Expires:
11-30-2000



Charles W. Perry
Notary Public in and for the State of Texas.
Print Name:

6.

MF 98944
ITEM Letter
TO _____
FROM _____
DATE 1-21-98



Perry & Perry, Inc.

214 West Texas, Suite 900 PO. Box 371 Midland, Texas 79702-0371 telephone 915.682.7861 facsimile 915.682.5852 toll free 800.725.0925

RECEIVED
98 FEB -3 PM 2:20
ENERGY SERVICES

February 2, 1998

General Land Office
1700 North Congress Avenue
Austin, Texas 78701

ATTN: Mr. Hatter

RE: **REQUEST FOR HIGHWAY R-O-W LEASE**
Glasscock County, Texas
(Containing 15.13 acres, more or less)

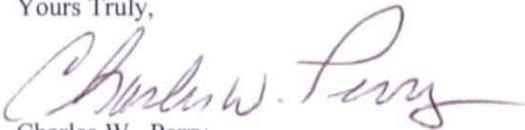
Dear Mr. Hatter:

As per our phone conversation requesting an Oil and Gas Lease on the captioned land. Please issue subject lease to:

BTA Oil Producers
104 S. Pecos
Midland, Texas 79701

Also enclosed is a return Fed-Ex packet for your use to return the executed Lease directly to BTA.

Yours Truly,



Charles W. Perry
CPL

Enclosures

(2) MF 98944
ITEM Letter
TO _____
FROM _____
DATE 2-2-78

801082

⑧ MF 98944
ITEM MAJ
TO _____
FROM _____
DATE 2-3-98

801082

5
4

STATE OF TEXAS)

COUNTY OF GLASSCOCK)

That I, Zora Christie a widow of the County of Glasscock in the State of Texas, for and in consideration of the sum of Eight hundred seventy eight and 30/100 Dollars, to me 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 Section 4, Block 34, Township 4-South, in the T.&P. Ry. Co. Survey, originally granted to Stephen Calverley by Patent & Volume (not recorded), Abstract 785, and being a part of a 640-acre tract conveyed by J. H. Christie to Zora Christie by deed dated May 7th, 1936 and recorded in Vol. 45, Page 547, of the Deed Records of Glasscock County, Texas; said tract of land being subject to lien or liens held by none and being more particularly described as 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 said Highway filed with the County Records of Glasscock County; said center line being located as follows;

BEGINNING at Survey Station 1756/36 on the located center line of the said Highway NO. 158, a point in the West boundary line of the said Sec. 4; said point being 1628 feet measured south along said boundary line from the N.W. Corner of Sec 4;

THENCE S. 89° 16' E. 5493 feet to Survey Station 1811 plus 29, a point in the East boundary line of Sec. 4, said point being 2139 feet measured North along said boundary line from the Southeast corner of the said Sec. 4.

The tract of land herein conveyed contains 15.13 acres.

It is understood that the tract of land herein conveyed, together with other tracts, is 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 Zora Christie 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 I hereby bind myself, 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 my hand, this the 19 day of September, A. D. 1938.

Zora Christie.

STATE OF TEXAS)
COUNTY OF GLASSCOCK)

Before me, the undersigned authority in and for the said County and State, on this day personall appeared Mrs. Zora Christie, a widow, 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 19th day of Sept, A. D. 1939.

Seal

O. W. Crouch.

Filed for Record Jan. 23rd, 1939.

Recorded Jan. 28th, 1939. in Volume 47 page 373, "eed "ecords, Glasscock County, Texas.

② MF 98944
ITEM Deed
TO _____
FROM _____
DATE 9-19-1938



STUBBEMAN, McRAE, SEALY, LAUGHLIN & BROWDER, INC.

ATTORNEYS AT LAW

MIDLAND, TEXAS

FASKEN CENTER • TOWER TWO

550 WEST TEXAS AVENUE, SUITE 800 • 79701

P.O. BOX 1540 • 79702

915/882-1616

FACSIMILE 915/882-1351

FACSIMILE 915/882-4884

STEVEN C. HOFER

BOARD CERTIFIED

OIL, GAS AND MINERAL LAW

FARM AND RANCH REAL ESTATE LAW

TEXAS BOARD OF LEGAL SPECIALIZATION

COPY

November 14, 1997

ORIGINAL DRILLING TITLE OPINION - covering all of Section 4, Abstract No. 785, Certificate No. 2325, Block 34, T-4-S, T&P Ry. Co. Survey, containing 640 acres, more or less, GLASSCOCK COUNTY, TEXAS.

BTA Oil Producers
104 S. Pecos
Midland, Texas 79701

Attn: Mr. C. Robert Crawford
Land/Legal Manager

Re: BTA 9703 JV-P Hightower

Gentlemen:

In accordance with your recent request, we have examined the following:

MATERIALS EXAMINED

ABSTRACTS:

(a) Unnumbered Base Abstract compiled by Joe C. Calverley, Abstractor, certified as covering title to the captioned land from sovereignty to November 13, 1924.

(b) Complementary/Supplemental Abstract of Title No. 2752 compiled by Elliott & Waldron Abstract Companies, Incorporated, certified as covering title to the captioned land from sovereignty to May 27, 1943 at 7 a.m., when taken in connection with abstract (a) above.

(c) Supplemental Abstract No. 2790 by the same abstractor, covering title from the last above date to August 18, 1943 at 9:05 a.m.

(d) Supplemental Abstract No. 2802 by the same abstractor, covering title from the last above date to September 6, 1943 at 7 a.m.

(e) Supplemental Abstract No. 3521 by Elliott & Waldron Abstract Company of Garden City, Incorporated, covering from the last above date to February 20, 1948 at 7 a.m.

(f) Supplemental Abstract No. 4041 by the same abstractor, covering from the last above date to May 4, 1950 at 7 a.m.

(g) Supplemental Abstract No. 18039 by the same abstractor, covering from the last above date to September 6, 1950 at 7 a.m.

(h) Supplemental Abstract No. 19304 by the same abstractor, covering from the last above date to December 16, 1954 at 7 a.m.

(i) Supplemental Abstract No. 19320 by the same abstractor, covering the N/2 and SE/4 of Section 4 from the last above date to January 11, 1955 at 7 a.m., only when taken in connection with abstract (j) described below.

(j) Supplemental Abstract No. 19316 by the same abstractor, covering the SW/4 of Section 4 from September 6, 1950 at 7 a.m. to January 6, 1955 at 7 a.m.

(k) Complemental/Supplemental Abstract No. 22533 by the same abstractor, covering all of Section 4 from December 16, 1954 at 7 a.m. to November 23, 1965 at 7 a.m. when and only when taken in connection with Abstract Nos. 19316 and 21896 by the same abstractor.

(l) Supplemental Abstract No. 21896 by the same abstractor, covering from September 8, 1958 at 7 a.m. to November 23, 1965 at 7 a.m.

(m) Supplemental Abstract No. 22229 by the same abstractor, covering from the last above date to January 23, 1967 at 7 a.m.

(n) Supplemental Abstract No. 22534 by the same abstractor, covering from the last above date to March 31, 1969 at 7 a.m.

(o) Supplemental Abstract No. 28846 by the same abstractor, in six volumes, covering from the last above date to October 20, 1997 at 7 a.m., with tax certificates attached.

INSTRUMENTS:

(a) Copy of Oil and Gas Lease dated August 18, 1997, by and between Overton Bank & Trust, N.A. and Mary Frances Robertson, Co-Trustees of the Mary Frances Robertson Trust, as Lessor, and Perry & Perry, Inc., as Lessee, covering the captioned land.

(b) Copy of Oil and Gas Lease dated August 18, 1997, by and between Overton Bank & Trust, N.A. and Mary Frances Robertson, Co-Trustees of the Robertson Children's Trust, as Lessor, and Perry & Perry, Inc., as Lessee, covering the captioned land.

(c) Copy of Quitclaim Deed dated effective March 17, 1994, from Gladys Virginia Hartley to Randell Sherrod and wife, Velma Z. Sherrod, Trustees of Randell Louis and Velma Zora Sherrod Master Trust, covering the captioned land.

(d) Copy of Quitclaim Deed dated effective March 17, 1994, from Velma Zora Sherrod as Agent and Attorney-in-Fact for Warren S. Christie to Randell Sherrod and wife, Velma Z. Sherrod, Trustees of Randell Louie and Velma Zora Sherrod Master Trust, covering the captioned land.

(e) Copy of General Durable Power of Attorney dated October 8, 1990, from Warren Sampson Christie, Principal, to Velma Z. Sherrod, Attorney-in-Fact, filed of record in Glasscock County on November 7, 1997.

(f) Copy of certified copies from the records of Edwards County, Texas, of proceedings in the Estate of Samps Christie, deceased, Cause No. 9037 in the County Court of Howard County, Texas.

(g) Copy of certified copies from the records of Edwards County, Texas, of proceedings in the Estate of Gladys Matilda Christie, deceased, No. 837 in the County Court of Sterling County, Texas.

(h) Copy of Paid Up Oil and Gas Lease dated January 6, 1997, between Eldon J. Byars, as Lessor, and Perry & Perry, Inc., as Lessee, recorded in Volume 13, Page 147, Official Public Records of Glasscock County.

(i) Copy of Oil and Gas Lease dated September 17, 1997, between Pacific Enterprises ABC Corporation, as Lessor, and BTA Oil Producers, as Lessee, recorded in Volume 19, Page 607, Official Public Records of Glasscock County.

(j) Copy of Oil and Gas Lease dated November 6, 1997, between Marathon Oil Company, as Lessor, and BTA Oil Producers, as Lessee, covering the captioned land, accompanied by BTA's Conditional Letter of Acceptance thereof and a recording memorandum concerning the same.

PATENT INFORMATION

Section 4 was awarded to Stephen Calverley on his application filed in the General Land Office on December 7, 1900, under a "Dry Grazing" classification, and although the said land is carried on the records of the General Land Office as paid in full, it is unpatented. The original survey indicated Section 4 to contain 640 acres, measuring 1900 varas square, but corrected field notes dated October 26, 1952, recorded in Volume B, Page 168, Field Note Records, indicate Section 4 to contain 639.04 acres, measuring 1892.97 varas along its South line, 1918.08 varas along its East line, 1890 varas along its North line, and 1906.92 varas along its West line.

DIVISION OF INTEREST

Based upon examination of the foregoing and subject to the below Requirements and Comments, we find title to the captioned land to be vested as follows:

FEE TITLE

SURFACE:

15.13 acres described in the Deed from Zora Christie, a widow, to the State of Texas, acting through the State Highway Commission, dated September 19, 1938, recorded in Volume 47, Page 373, Deed Records of Glasscock County, Texas:

The State of Texas ----- All

All of Section 4, save and except the aforesaid 15.13 acres:

Randell Louie Sherrod and Velma
Zora Sherrod, Trustees of the
Randell Louie and Velma Zora
Sherrod Master Trust ----- All

MINERALS:

(Including Executive Right, Bonus, Delay Rentals and Royalty.)

15.13 acres described in the Deed from Zora Christie, a widow, to the State of Texas, acting through the State Highway Commission, dated September 19, 1938, recorded in Volume 47, Page 373, Deed Records of Glasscock County, Texas:

The State of Texas ----- All

All of Section 4, save and except the aforesaid 15.13 acres:

Jean Burson Durrell, separate property (Lease 1) - - - - -	1/64
Randell Louie Sherrod and Velma Zora Sherrod, Trustees of the Randell Louie and Velma Zora Sherrod Master Trust* (Lease 2) - - - - -	7/20
<p><u>*NOTE:</u> This interest is subject to and will bear a royalty interest owned by Jewell Christie equal to 1/20 of royalty. Since Lease 2 provides for 3/16 royalty, Jewell Christie will be entitled to 1/20 of 3/16 of production.</p>	
Cecil Wayne Roberts, separate property (Lease 3) - - - - -	1/192
Martha Joan McKandles, separate property (Lease 4) - - - - -	1/192
Frances Aileen Sparks Oakes, separate property (Lease 5) - - - - -	5/384
Frederick H. Winston, Independent Executor of the Estate of James O. Winston, Jr., deceased (Lease 6) - - - - -	7/6400
Ella Rice Winston, a widow (Lease 6 - subject to Requirement 4) - - - - -	7/6400
Donald Combs and wife, Eva W. Combs (Lease 7) - - - - -	4/640
Elizabeth Barnes Sanders, separate property (Lease 8) - - - - -	3/160
Gladis Barnes, a widow (Lease 9) - - - - -	3/160
James Barnes, whose wife is Lupita M. Barnes, as his separate property (Lease 10) - - - - -	3/160
W. F. Barnes, Jr., whose wife is Dorine Barnes, as his separate property (Lease 11) - - - - -	3/160
Frank J. Hightower, separate property (Lease 12) - - - - -	1/64
Willie B. DuBose, separate property (Lease 13) - - - - -	9/640
Beth Ann Spraberry, separate property (Lease 14) - - - - -	9/640

Hoyle McCright (Lease 15)	3/640
The Grand Lodge of Texas A. F. & A. M., a Texas Non-profit Corporation, for the Benefit of The Masonic Home and School of Texas, Fort Worth, Texas (Lease 16)	3/80
Iris Gerber Damson, separate property (Lease 17)	581/6400
Bradford Gerber, separate property (Lease 18 - subject to Requirement 3)	581/6400
Martha Goble, a widow; and the Estate of Wayne Goble, deceased (Lease 19 - subject to Requirement 13)	1/128
The University of Texas Law School Foundation, a Texas Non-Profit Corporation, Austin, Texas (Lease 20)	3/80
Cactus Drilling Company (Lease 21 - subject to Requirement 7)	1/512
States Inc. (Lease 22)	1/128
Betty H. Klein, separate property** (Lease 23)	1/1920

**NOTE: This lease is subject to the terms of the
 Conveyance and Restrictive Covenant Agreement dated
 December 13, 1976, recorded in Volume 159, Page 642, Deed
 Records of Glasscock County, under which Betty H. Klein
 agreed not to sell or otherwise dispose of her interest during
 her lifetime or the life of David E. Williams without first
 obtaining the approval of B. H. Williams or David E. Williams.

Bill F. Hicks and David F. Williams, Independent Executors and Trustees under the Will of Ceil W. Moore, deceased (Lease 23)	8/1920
Catherine A. Robertson Warren, separate property (Lease 24)	3/1280
James Louis Robertson, separate property (Lease 24)	1/1280
H. E. P. Oil Company, L.L.C. (Lease 25 - subject to Requirement 22)	1/1024
H. R. (Winkie) Wardlaw, III, separate property (Lease 26)	13/1920

Warren Pilcher Wardlaw, separate property (Lease 26)	13/1920
John Stephenson Wardlaw, separate property (Lease 26)	13/1920
William C. Eiland (Lease 27)	1/160
Virginia H. Penn, separate property (Lease 28)	1/128
J. Kirk Ary and wife, Rebecca L. Ary (Lease 29)	1/160
NationsBank of Texas, N.A., Trustee (f/b/o John Prentiss Moore) (Lease 30)	3/640
NationsBank of Texas, N.A., Trustee (f/b/o Sally Martha Moore Kato) (Lease 30)	3/640
NationsBank of Texas, N.A., Successor to The First National Bank of Midland, Trustee (apparently of the Joe G. and Ruby W. Sauer Management Trust, and as Trustee under the Will of Joe G. Sauer, deceased) (Lease 31)	18/640
Sugarberry Oil and Gas Corporation (Lease 32)	7/400
Robert W. Floyd and wife, Sharon T. Floyd (Lease 33)	7/400
Overton Bank & Trust N.A. and Mary Frances Robertson, Trustees of the Mary Frances Robertson Trust (Lease 34 - subject to Requirement 21)	5/2048
Overton Bank & Trust N.A. and Mary Frances Robertson, Trustees of the Robertson Children's Trust (Lease 35 - subject to Requirement 21)	5/2048
Eldon J. Byars (Lease 36)	1/64
Pacific Enterprises ABC Corporation (Lease 37)	7/128
Marathon Oil Company (Lease 38)	1/128

OIL AND GAS LEASEHOLD ESTATE

BTA Oil Producers*** ----- 81.65625% of 13/16 WI
plus
3.10546875% of 4/5 WI
plus
15.23828125% of 3/4 WI

(100% WI; .80258789 NRI)

**NOTE: Record title to all of the currently effective oil and gas leases covering the captioned land, save and except Leases 34 and 35 is vested in BTA Oil Producers. Perry & Perry Inc. acquired Leases 34 and 35 for the benefit of BTA, and although no assignment of those leases has yet been delivered, we assume Perry & Perry Inc. will assign those leases to BTA Oil Producers and we have credited BTA with the leasehold interests existing under such leases. See Requirement 24.

OIL AND GAS LEASES

The Oil and Gas Leases covering the captioned land are analyzed on Exhibit A attached hereto.

ENCUMBRANCES

No encumbrances affecting title to the captioned land were reflected by the materials examined.

RIGHTS-OF-WAY

(a) By the Deed dated September 19, 1938, recorded in Volume 47, Page 373, Deed Records, Zora Christie, a widow, granted to the State of Texas, acting through the State Highway Commission, fee title to a strip of land 120 feet in width over Section 4, containing 15.13 acres. This tract was granted for the purpose of providing an unobstructed right-of-way for State Highway No. 158.

(b) By the "Pipeline Right-of-Way Grant" dated September 20, 1968, recorded in Volume 132, Page 391, Deed Records, Mrs. Norman Christie granted Admiral Crude Oil Corp. a pipeline right-of-way over Section 4.

(c) By the "Pipeline Right-of-Way Grant" dated September 20, 1968, recorded in Volume 132, Page 392, Deed Records, Mrs. Willie Ratliff also granted Admiral Crude Oil Corp. a pipeline right-of-way over Section 4.

(d) Randell Sherrod granted an electric distribution line easement to Texas Electric Service Company by the Distribution Easement and Right-of-Way dated May 1, 1974, recorded in Volume 146, Page 385, Deed Records.

(e) By the Easement and Right-of-Way dated March 12, 1975, recorded in Volume 151, Page 136, Deed Records, Randell Sherrod granted Texas Electric Service Company an additional electrical transmission and distribution line easement over the captioned land.

(f) Randell Sherrod granted Texas Electric Service Company an additional electrical distribution line easement by the Distribution Easement and Right-of-Way dated April 6, 1977, recorded in Volume 161, Page 783, Deed Records.

(g) Randell Sherrod granted Texas Electric Service Company an additional electrical distribution line easement by the Distribution Easement and Right-of-Way dated August 3, 1983, recorded in Volume 208, Page 659, Deed Records.

(h) Randell Sherrod granted American Telephone and Telegraph Company an easement for communication systems over a strip of land 16.5 feet wide over Section 4 by the Right-of-Way Easement dated June 21, 1988, recorded in Volume 260, Page 37, Deed Records.

(i) By the Letter Agreement dated August 2, 1988, recorded in Volume 260, Page 738, Deed Records, Randell Sherrod granted BTA Oil Producers an easement to lay a three inch polyethylene gas line along the North line of Section 4 to transport gas produced from BTA's Shannon well. This agreement was to extend for no more than ten years, unless written consent was obtained from the grantor.

(j) By the "Utility Right-of-Way and Easement" dated July 9, 1993, recorded in Volume 302, Page 692, Deed Records, Randell L. Sherrod and wife, Velma Zora Sherrod, granted Caprock Electric Cooperative Inc. an easement ninety feet in width for electrical transmission and distribution lines along the West side of Section 4.

TAXES

Ad valorem taxes assessed against the captioned land are shown to be paid for all years up and including 1996.

REQUIREMENTS

1.

Zora Christie, at a time when she owned the entire fee title in Section 4, including surface and minerals, executed the Deed dated September 19, 1938, recorded in Volume 47, Page 373, Deed Records, conveying to the State of Texas acting through the State Highway Commission, 15.13 acres out of Section 4. The said tract was described as a strip of land 120 feet wide measured 60 feet on each side of the center line of State Highway No. 158 as shown on the right-of-way map of the highway filed in the County Records of Glasscock County, beginning at the point in the West boundary line of Section 4 located 1628 feet South of the Northwest corner, thence 89° 16" East 5493 feet to a point in the East boundary line of Section 4 located 2139 feet North of the Southeast corner. The deed recites "It is understood that the tract of land herein conveyed, together with other tracts, is for the purpose of providing an unobstructed right-of-way 120 feet wide for State Highway No. 158".

We must look at the deed under consideration and ask whether it conveyed a mere right to use the land, or title to the land in fee. The Texas Courts have interpreted similar deeds and generally have held that where the terms of the granting clause convey to the grantee a right-of-way or easement the instrument conveys only an easement, but where the granting clause grants, sells and conveys a tract or strip of land it conveys title in fee even though a subsequent provision in the deed may refer to the grant as a right-of-way or describe the purposes for which the grant is made. Words in the deed showing the purpose of the grant and the use to which the property is to be put do not change the fact of the conveyance or limit the nature of the estate conveyed. See *Hidalgo County v. J. W. Pate*, 443

S.W. 2d 80 Court of Appeals, Corpus Christi (1969), *Texas Electric Ry. Co. v. Neale*, 252 S.W. 2d 451 Tex. Sup. Court (1952).

The granting clause in this deed conveys the land, and not a right-of-way, privilege or easement over the land; therefore, it is a conveyance in fee simple and not a conveyance of a mere easement. Even though the deed included a recital in a subsequent paragraph describing the use to which the land would be put, the recital does not limit the nature of the grant.

Moreover, the deed contains no exception or reservation of any minerals in the tract so conveyed. All of the current mineral owners in Section 4 acquired their interests subsequent to and therefore subject to this conveyance to the State of Texas, and your leases are not effective to cover the 15.13-acre highway tract.

Section 32.201 of the Texas Natural Resources Code provides for the leasing of oil and gas lands owned by the state that were acquired to construct highways. The State may offer the acreage for lease in the same manner as other State owned lands, but only after the acreage is first offered for lease to the mineral owner (or his lessee) in the land adjoining the length of the highway tract to be leased. In instances where the adjoining land is covered by existing oil and gas leases, the royalty, bonus and rentals must be identical to those amounts contained in the lease covering adjoining land, or in the event there are multiple leases covering the adjoining land the lease must be no less favorable to the state than the most favorable of such leases. The owner/lessee of adjoining land has the preferential right to lease but must exercise this right within 120 days of actual notice of the state's intention to lease. The adjoining owner/lessee may waive his preferential right to lease, and failure to exercise the preferential right within the 120-day period or the filing of a written waiver results in forfeiture of the preferential right to lease.

We recommend that you initiate leasing procedures with the General Land Office in accordance with Section 32.201 of the Texas Natural Resources Code and the relevant provisions of the Texas Administrative Code. Leases under Section 32.201 include authority for pooling (under Section 32.202), so the acreage involved could be pooled with other lands to establish the prescribed proration units.

If the adjoining mineral owners object to or dispute that this deed actually conveyed the mineral estate, they have the right to seek a judicial determination of the state's title to minerals underlying the highway right-of-way, and legislative consent to sue the state for such purpose was granted in the statute.

2.

On July 19, 1974, Samps Christie and wife, Gladys Christie, executed the Mineral Deed which is recorded in Volume 152, Page 21, Deed Records of Glasscock County, conveying to Randell Sherrod and wife, Velma Zora Sherrod, "an undivided ___ interest in and to all of the oil, gas and other minerals in and under ... Section 4 ..." The parties utilized a mineral deed form prepared by the San Antonio Bar Association for use by lawyers, but they failed to insert the fractional undivided interest they intend to be conveyed. Samps Christie and Gladys Christie at the time owned an undivided 7/20 mineral interest in the captioned land (subject to bearing 1/20 of royalty owned by Jewell Christie), and it is apparent that they intended to convey their entire interest; nevertheless, it has long been the law in Texas that a deed purporting to convey an undivided interest is void if the amount or extent of the interest cannot be determined. *See Carter & Bros v. Ewers*, 133 Tex 616, 131 S.W. 2d 86 Tex. Sup. Court (1939).

Since the interest intended to be conveyed cannot be identified, this mineral deed is void, and legal title to the 7/20 mineral interest remains in Samps Christie and Gladys Christie.

Samps Christie and Gladys Christie are both deceased, and you have furnished copies of proceedings in their respective estates. Samps Christie died on August 15, 1977 and devised all of his estate to Gladys Christie. Gladys Christie died on February 18, 1984, and devised her entire estate, which would include the 7/20 mineral interest in the captioned land, to her children, Gladys Virginia Hartley, Velma Zora Sherrod, Warren S. Christie, and Fred Gloria Young, in equal undivided proportions. Under these probates, each of the four children would have acquired, effective as of February 18, 1984, an undivided 7/80 mineral interest in the captioned land. Velma Zora Sherrod conveyed all of her interest in Section 4 to the Trustees of the Randell Louie and Velma Zora Sherrod Master Trust on March 16, 1994, and your Lease 2 from the Trustees is effective to cover this interest; however, the interests of Gladys Virginia Hartley, Warren S. Christie, and Fred Gloria Young are unleased.

Pursuant to our previous discussions concerning this matter, you have obtained Quitclaim Deeds from Gladys Virginia Hartley and from Velma Zora Sherrod, Agent and Attorney-in-Fact for Warren S. Christie, to Randell Sherrod and Velma Z. Sherrod, as Trustees of the Randell Louie and Velma Zora Sherrod Master Trust. Fred Gloria Young has apparently also agreed to execute a Quitclaim Deed to the Trustees and such a deed has been forwarded to her for execution. After all three of these Quitclaim Deeds are delivered you should secure a ratification of Lease 2 from the Trustees of the Randell Louie and Velma Zora Sherrod Master Trust, to confirm that the lease covers these subsequently acquired interests. These Quitclaim Deeds, the ratification of the lease, and the certified copies of proceedings in the Estates of Samps Christie and Gladys Matilda Christie should also be filed for record in Glasscock County.

A ratification of Lease 2 is also necessary since paragraph 15 thereof recites that the lease will not vest until termination of the existing oil and gas lease. This provision arguably violates the Rule Against Perpetuities, thereby rendering the lease void. Securing this ratification with lease, let and demise language (after termination of the prior lease) will remedy this defect.

3.

Edward Gerber owned an undivided 581/6400 mineral interest in Section 4 at the time of his death. Under his Will he devised all of his interest to Kenneth DuBroff and Sheldon Clarr, as Trustees for the benefit of his son, Bradford Gerber, until he attained the age of thirty five, at which time all of the corpus of the Trust was to be distributed to him in fee. By an Affidavit dated April 26, 1996, recorded in Volume 4, Page 604, Official Public Records of Glasscock County, Kenneth DuBroff stated that the Bradford Gerber Trust had terminated on January 11, 1996, the date upon which Bradford Gerber attained thirty-five years of age. Notwithstanding this termination, Kenneth DuBroff and Ernest Gelman, acting as Trustees under the Will of Edward Gerber executed Lease 18 on February 18, 1997, purporting to cover this interest.

Although Trustees generally possess legal authority to execute documents for purposes of winding up Trust affairs, such authority would not extend to this leasing transaction. Therefore, you should secure a Ratification of Oil and Gas Lease from Bradford Gerber, acting on his own behalf, whereby he ratifies, adopts and confirms Lease 18 and leases and lets Section 4 to BTA Oil Producers in accordance with the terms and provisions of the said lease. This ratification should be filed in Glasscock County.

4.

James O. Winston, Jr. acquired an undivided 7/320 mineral interest in the captioned land, and over the last fifty years executed several leases joined by his wife, Ella Rice Winston. You obtained Lease 6 from Frederick H. Winston, Executor of the Estate of James O. Winston, Jr., deceased, but the lease was not joined by Ella Rice Winston.

In connection with Lease 6 and the Winston interest, you should satisfy the following requirements:

- (a) Secure and submit recordable copies of proceedings in the Estate of James O. Winston, Jr.
- (b) If Ella Rice Winston is alive, you should secure a Ratification of Oil and Gas Lease from her whereby she ratifies Lease 6 and leases and lets her interest in Section 4 to BTA Oil Producers in accordance with the provisions of the said lease. If Ella Rice Winston is deceased, you should secure copies of proceedings in her estate if she died testate, or an affidavit concerning her heirship and marital history if she died intestate.

After our examination of these materials, the same should be filed in Glasscock County. We have treated Lease 6 as covering the interest of Ella Rice Winston based upon the assumption that she predeceased James O. Winston, Jr. and devised all of her interest in the captioned land to him. If the probate proceedings reveal some other disposition of her estate, additional requirements will be necessary.

5.

Leola Christie Barnes is the record title owner of an undivided 12/160 mineral interest in the captioned land. Although no probate proceedings or heirship information was provided, we understand she is deceased, and that her interest passed to her four children, W. F. Barnes, Jr., James Barnes, Elizabeth Barnes Sanders, and Joe C. Barnes. Joe C. Barnes is also apparently now deceased, and his undivided 3/160 mineral interest is being claimed by his wife, Gladis Barnes.

In connection with the Barnes' interest and Leases 8, 9, 10 and 11, you should satisfy the following requirements:

- (a) Secure and submit recordable copies of proceedings in the Estate of Leola Christie Barnes, deceased.
- (b) Secure and submit recordable copies of proceedings in the Estate of Joe C. Barnes, deceased.

After our examination of these materials, the same should be filed for record in Glasscock County.

6.

To allow us to confirm that the Trustees possess authority to enter into oil and gas leasing transactions covering trust mineral interests, and to enable us to ascertain the dispositive provisions thereof, you should require Randell Sherrod and Velma Zora Sherrod to furnish a true and correct copy of the agreement creating the Randell Louie Sherrod and Velma Zora Sherrod Master Trust.

7.

Cactus Drilling Corporation acquired an undivided 1/512 mineral interest in the captioned land in 1975, and record title remains in Cactus Drilling Corporation. You obtained Lease 21 from Cactus Resources, and although the nature of the entity was not identified the lease was executed by Steven Todt in the capacity of President.

To confirm the validity of Lease 21, you should secure and submit copies of the documents or proceedings by which the assets of Cactus Drilling Corporation were acquired by Cactus Resources. You should also furnish documentation establishing the nature of the entity of Cactus Resources. Once the nature of the entity is established we also recommend that you obtain a ratification of Lease 21 properly executed and acknowledged in appropriate form by the authorized representative on behalf of Cactus Resources.

8.

Lease 17 was executed by Kenneth DuBroff acting as Attorney-in-Fact for Iris Gerber Damson. No power of attorney establishing this principal/agent relationship appeared in the materials examined, but Mr. DuBroff did attach to the lease an affidavit indicating that he was acting under a January 9, 1986 Power of Attorney which remained in force. You should secure and submit a recordable copy of the Power of Attorney from Iris Gerber Damson to Kenneth DuBroff dated January 9, 1986, and file the same in Glasscock County.

9.

Husky Oil Company acquired an undivided 1/128 mineral interest in the captioned land in 1966, and record title to the said interest remains in Husky Oil Company. You obtained Lease 38 from Marathon Oil Company purporting to cover the Husky interest, although we found nothing of record to indicate that the interest of Husky was so acquired by Marathon. You should request Marathon to provide copies of the instruments or proceedings by which Marathon Oil Company succeeded to all of the assets of Husky Oil Company, and then see that the same are filed for record in Glasscock County.

10.

By an Assignment of Mineral Interest dated May 4, 1988, Joe G. Sauer assigned all of his undivided 18/640 mineral interest in Section 4 to "First Republic Bank, Trustee of Trust 2230". Lease 31 was granted by NationsBank of Texas, N.A. in the capacity of Trustee of the Joe G. and Ruby W. Sauer Management Trust, and as Trustee under the Will of Joe G. Sauer.

In connection with this lease and the Sauer interest, you should satisfy the following requirements:

- (a) NationsBank of Texas, N.A. should submit recordable proof that it has succeeded First Republic Bank as Trustee of Trust 2230.
- (b) NationsBank of Texas, N.A. must provide proof that Trust 2230 is the Joe G. and Ruby W. Sauer Management Trust and provide a copy of the Trust Agreement creating the said Trust.
- (c) You should secure and submit copies of proceedings in the Estate of Joe G. Sauer, deceased.

After our examination of these materials, they should be filed in Glasscock County.

11.

Oran Jennings Edwards owned an undivided 1/64 mineral interest in the captioned land at the time of his death, and by the Mineral Deed dated May 2, 1991, Eldon J. Byars and Laura E. Brady, Independent Co-administrators of the Estate of Oran Jennings Edwards, deceased, conveyed the said undivided 1/64 mineral interest to Eldon J. Byars. The deed recited that the Estate of Oran Jennings Edwards was administered in Cause No. 9416 in Midland County, Texas, but certified copies of the proceedings were not furnished.

You should secure copies of the administration proceedings in the Estate of Oran Jennings Edwards, and submit the same for our examination. After our examination, these proceedings should be filed in Glasscock County.

12.

By a Deed dated September 25, 1996, Willie DuBose, in the capacities of Independent Executor of the Estate of Joseph Edwin DuBose, deceased, Independent Executor of the Estate of Ruth Elizabeth DuBose, deceased, and Co-trustee of Trusts No. 1, 2 and 3 under the Will of Joseph Edwin DuBose, deceased, joined by First National Bank of Lamesa, Co-trustee of Trusts No. 1, 2 and 3 under the Will of Joseph Edwin DuBose, deceased, distributed all of the said Estates' and Trusts' mineral interests in Section 4 to Willie B. DuBose and Beth Ann Spraberry, in equal proportions. No proceedings in the Estates of Joseph Edwin DuBose or Ruth Elizabeth DuBose were reflected in the materials examined, and you should secure and submit the following:

- (a) Certified copies of the proceedings in the Estate of Joseph Edwin DuBose, deceased.
- (b) Certified copies of the proceedings in the Estate of Ruth Elizabeth DuBose, deceased.

After our examination of these proceedings, the same should be filed in Glasscock County.

13.

By a Mineral Deed dated August 15, 1950, but not filed in Glasscock County until August 15, 1979, Joy G. Clayton et ux conveyed an undivided 1/128 mineral interest in the captioned land to "Wayne Goble and wife, Martha Goble, as Joint Tenants with right of survivorship". This deed was not executed by the grantees, and since the Texas statutes require an express written agreement among spouses to create survivorship rights in community property, we cannot treat the Gobles at joint tenants with right to survivorship and must instead treat them as joint tenants.

Lease 19 was executed by Martha Goble, recited to be a widow, and it appears that Wayne Goble is dead and Martha Goble has assumed that as joint survivor she acquired all of the interest of Wayne Goble. To establish that she now owns this entire 1/128 interest, Martha Goble must submit copies of proceedings in the Estate of Wayne Goble, deceased. If Mr. Goble made some disposition of his estate other than an outright devise to Martha Goble, additional requirements will be necessary. After our examination of these probate proceedings, the same should be filed in Glasscock County.

14.

Minot Milliken, Individually and as Co-executor of the Estate of Edith C. Milliken, joined by Chemical Bank, Co-executor of the Estate of Edith C. Milliken, of Spartanburg, South Carolina, were grantors in the Mineral Deed dated May 5, 1994, to Robert W. Floyd and Sugarberry Oil and Gas Corporation. No proceedings in the Estate of Edith C. Milliken, deceased, were reflected in the materials examined to substantiate the authority of Minot Milliken and Chemical Bank to act as Co-executors in conveying her interest, and you should secure and submit exemplified copies of such proceedings. After our examination of these proceedings, the same should be filed in Glasscock County.

15.

Powell Charnell Roberts and his wife, Lois Irene Whitehead Roberts, owned an undivided 1/64 mineral interest in the captioned land. Lois Roberts died on January 29, 1983, and Powell Roberts died on January 11, 1987. Copies of proceedings in the Estate of Powell Roberts, in Cause No. 8415 in Midland County, Texas, were recorded, and under his Will he devised all of his interest in the captioned land to his three children, Frances Aileen Sparks Oakes, Cecil Wayne Roberts, and Martha Joan McKandles, in equal proportions. Frances Aileen Oakes as Independent Executrix of the Estate of Powell Roberts executed a Mineral and Royalty Deed dated July 31, 1987 distributing Mr. Robert's interest in Section 4 to these devisees.

The interest of Powell Roberts and Lois Roberts was presumptively community in character, and the materials examined did not include any probate proceedings or heirship information concerning Lois Roberts allowing us to determine how she disposed of her community one-half of this interest. We have assumed that she devised all of her interest either to her husband or directly to her three children, and have credited interests accordingly. To confirm that such is the case, you should secure and submit recordable copies of proceedings in the Estate of Lois Irene Whitehead Roberts (apparently from Midland County). After our examination thereof, these copies should be filed in Glasscock County.

16.

The captioned land has been subjected to numerous prior oil and gas leases, the primary terms of which have expired. Some of the leases were released of record, but most were not. These leases can generally be described as follows:

- (a) Samps Christie et al. granted a lease to B. B. Price dated March 6, 1948, recorded in Volume 58, Page 520, covering the N/2 and SE/4 of Section 4 for a primary term of 10 years. This lease was assigned to Magnolia Petroleum Co.
- (b) Several leases were granted to R. E. Williams in 1958, covering the S/2 of Section 4. These leases were all subsequently assigned to United States Smelting, Refining, and Mining Company.
- (c) Several leases covering all of Section 4 for primary terms of five years were granted to Adobe Oil Company in 1965.
- (d) Additional leases covering Section 4 were granted to Rex Richardson in 1966, and they were later assigned to Ray Smith Drilling Company.

- (e) Additional leases were granted to Walter B. Holten in 1967, covering all of Section 4 and Section 45, Block 34, T-3-S for primary terms of 1 year. These leases were also assigned to Ray Smith Drilling Company.
- (f) Several leases covering Section 4 were granted to Mike H. Roberts in 1974, and these leases were subsequently assigned to Fort Worth Production Company. Fort Worth Production Company also acquired additional leases, and then assigned all of its leases to Petroleum Exploration and Operating Corporation - 50%, Cactus Drilling Corporation - 25%, and J. A. Humphrey - 12.5%.
- (g) Several leases covering all of Section 4 for primary terms of five years were granted to Marshall R. Young Oil Co. in 1981.
- (h) Several leases covering all of Section 4 for primary terms of three years were granted to Don Turman in 1983. These leases were later amended, and thereafter assigned to Coastal Oil & Gas Corporation.
- (i) A series of leases covering the SW/4 of Section 4 was granted to Harold R. Hart in 1987. Harold R. Hart subsequently assigned such leases to Union Texas Petroleum Corporation.
- (j) Dyad Petroleum Company acquired an additional 3-year lease covering the N/2 of Section 4 in 1988.
- (k) Seismic Option Agreements were granted to Rangeland Exploration Company in January of 1993 covering all of Section 4, and leases were subsequently taken in the name of Fortson Oil Company and Terry W. Michael. As amended the leases to Terry W. Michael covered all of Sections 4 and 9 in Block 34, T-4-S.
- (l) Additional leases were granted in 1994 and 1995 to Fortson Oil Company covering Section 4, as well as Section 45, Block 34, T-3-S, for primary terms of 3 years.
- (m) Additional leases were granted to Mirick "94" Ltd. Co. in 1995, covering all of Sections 4 and 9, Block 34, T-4-S, for primary terms of 2 years. Mirick "94" Ltd. Co. subsequently assigned interests in its leases to TMBR/Sharp Drilling.

You should thoroughly investigate the history of operations and/or production which might have occurred on the lands covered by the above referenced leases, Sections 4 and 9, Block 34, T-4-S, and Section 45, Block 35, T-3-S, and satisfy yourselves that no production or operations exist on lands covered by these old leases which could perpetuate the same. You should then document your findings in an Affidavit of Non-Production which states facts sufficient to prove, if such is the case, that all of the old oil and gas leases which covered the captioned land terminated in accordance with their own provisions. We recommend that the affidavit be filed in Glasscock County.

17.

Samps Christie and wife, Gladys Christie, granted Harry I. Maxson an undivided 1/20 of royalty in the S/2 of Section 4 on December 9, 1954, by the Royalty Deed recorded in Volume 81, Page 449, Deed Records. This royalty interest was granted for a term of ten years from the date thereof, and so long thereafter as production continued from the S/2 of Section 4 in paying quantities. Harry I. Maxson fragmented and widely assigned this term

royalty interest, and certain parties claiming portions of the interest have continued to file instruments in Glasscock County purporting to affect this royalty interest many years after we believe the same terminated. In crediting interests in this opinion we have assumed that no production was ever established in the S/2 of Section 4 and that no production is occurring to perpetuate this term royalty interest.

The investigation which you conduct in connection with the preceding requirement and the Affidavit of Non-Production which you secure pursuant thereto should be expanded to the extent necessary to also establish termination of this term royalty interest.

18.

L. S. Sparks and his wife, Frances Aileen Sparks, together owned an undivided 5/640 mineral interest in the captioned land for many years. Frances Aileen Sparks is the same person as Frances Aileen Sparks Oakes, a daughter of Powell Charnell Roberts and Lois Irene Whitehead Roberts. We have assumed that L. S. Sparks is deceased, and Frances Aileen Sparks Oakes apparently has asserted ownership of the community property interest previously held by L. S. Sparks, although we found no probate proceedings or heirship information concerning L. S. Sparks in the materials examined.

To confirm the accuracy of our crediting of this interest and that Lease 5 does in fact cover the entire Sparks' interest, you should secure and submit recordable copies of the proceedings in the Estate of L. S. Sparks, deceased. The proceedings should also be filed in Glasscock County.

19.

P. D. Moore and his wife, Ida Jo Moore, owned an undivided 3/320 mineral interest in the captioned land. No probate proceedings concerning either P. D. Moore or Ida Jo Moore appeared in the materials examined, but on May 22, 1964, John Prentiss Moore and Sally Martha Moore granted to F. H. McGuigan, Trustee, all of the interests they were to attain at the age of majority which were then being administered in trust for their use and benefit by F. H. McGuigan, acting as Trustee under the Wills of P. D. Moore and Ida Jo Moore, both deceased.

On May 22, 1969, Sally Moore Kato and F. H. McGuigan, Trustee, and John Prentiss Moore and F. H. McGuigan, Trustee, by two separate Deeds, granted their respective interests to The First National Bank of Midland, Trustee, reciting the interests conveyed to be the same interests that had been conveyed to F. H. McGuigan, Trustee, by the 1964 Deeds. We have credited interests to NationsBank of Texas, N.A., Trustee, assuming that NationsBank is Trustee of these Trusts, and we have treated Lease 30 as covering the aggregate 3/320 mineral interest in question. However, you should satisfy the following requirements:

- (a) NationsBank of Texas, N.A. must submit copies of the instruments or proceedings establishing that it did in fact succeed The First National Bank of Midland as Trustee of the Trusts for the benefit of Sally Moore Kato and John Prentiss Moore.
- (b) NationsBank of Texas, N.A. should secure and submit certified copies of proceedings in the Estate of P. D. Moore, deceased.
- (c) NationsBank of Texas, N.A. should secure and submit certified copies of proceedings in the Estate of Ida Jo Moore, deceased.

After our examination of these materials the same should be filed in Glasscock County.

20.

Pursuant to recitations contained in various instruments appearing in the materials examined, we have credited H. R. (Winkie) Wardlaw, III, Warren Pilcher Wardlaw, and John Stephenson Wardlaw with interests previously owned by John I. Moore, Blossie Wardlaw Moore, H. R. Wardlaw, Jr., and Nance Evans Bower. No probate proceedings for any of these parties were reflected in the materials examined, and you should secure and submit recordable copies of proceedings in the estates of the following parties:

- (a) John I. Moore (believed to be Cause-No. 9572 in the County Court of Tom Green County, Texas)
- (b) Blossie Wardlaw Moore (believed to be Cause No. 698 in the County Court of Tom Green County, Texas)
- (c) H. R. Wardlaw, Jr.
- (d) Nance Evans Bowers.

After our examination of these proceedings the same should be filed in Glasscock County. These materials may also reveal the necessity for additional requirements.

21.

Fort Worth Production Company, a partnership of which W. E. Robertson was represented to be General Partner, acquired an undivided 5/1024 mineral interest in the captioned land in 1975 from Depco, Inc. You have obtained Leases 34 and 35 from the Trustees of the Mary Frances Robertson Trust and the Robertson Children's Trust, but nothing appeared in the materials examined to demonstrate how these Trustees succeeded to ownership of the interest previously owned by Fort Worth Production Company. We have credited interests to these Trusts based upon the assertions of the Trustees that they had obtained the interests.

To establish their ownership and confirm the validity of Leases 34 and 35 to cover the interests in question, you should require the Trustees of these two Trusts to submit recordable copies of the instruments or proceedings by which the Trusts acquired the interest of Fort Worth Production Company. After we have examined these materials, they should be filed in Glasscock County.

22.

Fort Worth Production Company, Cactus Drilling Corporation, and J. A. Humphrey acquired leases covering Section 4 in 1974, and on January 16, 1975, apparently in lieu of buying a lease from Depco, Inc., they purchased Depco's undivided 1/128 mineral interest. J. A. Humphrey acquired an undivided 12.5% of this 1/128 interest, or a 1/1024 mineral interest in Section 4. By a Deed, Conveyance and Assignment dated December 31, 1986, J. A. Humphrey assigned all of his interest in Section 4, including leases, minerals, royalties and other interests of whatsoever kind and character, to J. A. Humphrey - 38.097%, J. A. Humphrey, Trustee - 24.8669167%, Layton A. Humphrey, Jr. and John L. Roach, Trustees under the Will of Layton A. Humphrey, deceased - 23.809%, Joanne H. Nor - 6.349%, Deborah Humphrey Cass - 3.1745%, and Layton A. Humphrey, Jr. - 3.7035833%. Layton A. Humphrey, Jr. and John L. Roach, Co-Trustees under the Will of Layton A. Humphrey,

deceased, thereafter assigned their interest half to Layton A. Humphrey, Jr., and half to Deborah Denise Humphrey Cass. J. A. Humphrey, Individually and as Trustee, in 1987 conveyed to Layton A. Humphrey, Jr. an undivided 4.2553191% of all of the interests acquired by J. A. Humphrey, Trustee, under the 1986 conveyance.

Also by a Deed dated June 28, 1994, J. A. Humphrey, acting by Winifred C. Humphrey, Attorney-in-Fact, purported to convey all interests held by J. A. Humphrey in Section 4 to NationsBank of Texas, N.A. and Winifred C. Humphrey, Co-Trustees of the J. A. Humphrey and Winifred C. Humphrey Trust established by Revocable Trust and Transfer dated June 28, 1994.

No intervening conveyances or proceedings affecting the Humphrey interests appeared in the materials examined until 1997. Then on March 3, 1997, NationsBank of Texas, N.A. and John L. Roach, as Co-Executors of the Estates of J. A. Humphrey and Winifred C. Humphrey, and NationsBank of Texas, N.A., as Successor Trustee under the Will of Lillian Dexter, quitclaimed all of their interests in Section 4 to H. E. P. Oil Company, L.L.C. H. E. P. Oil Company, L.L.C. executed your Lease 25, apparently purporting to have acquired the entire 1/1024 Humphrey interest.

You should require that H. E. P. Oil Company, L.L.C. provide recordable copies of the instruments or proceedings establishing that it did in fact acquire all of the interests of all of the parties who received any portion of the Humphrey interest. Apparently J. A. Humphrey and his wife, Winifred C. Humphrey, are both deceased, and recordable copies of proceedings in these probates will be necessary. Lillian Dexter is a stranger to the Humphrey title and her connection to the Humphrey interest must be established. The other individuals and Trustees who did not convey to H. E. P. Oil Company, L.L.C. remain vested with their interests, and if H. E. P. is unable to establish its claim to ownership of their interests, additional leases or ratifications must be obtained from those parties. You should be aware that our examination of any materials submitted by H. E. P. may reveal the necessity for additional requirements. The curative instruments submitted in connection with this requirement should also be filed in Glasscock County.

23.

Walter H. Walne, Jr. acquired an undivided 1/32 mineral interest in Section 4 from Permian Royalty Company No. 2 on September 27, 1950. In 1951 he conveyed an undivided 1/128 mineral interest to John R. Penn, Jr. and an undivided 3/128 interest to Frank J. Hightower, thereby divesting himself of the entire 1/32 interest.

On September 22, 1982, Walter H. Walne, Jr., pursuant to a divorce in Cause No. DR-13,290 in the District Court of Midland County, Texas, 318th Judicial District, executed a Mineral Deed to Catherine P. Walne reporting to grant an undivided one-half interest in an undivided 1/128 mineral interest in Section 4. Walter H. Walne, Jr. died on June 4, 1984, and his four children (and devisees) Walter H. Walne, III, Charles P. Walne, Laura Walne Wilson and Geoffrey B. Walne purported to convey a life estate in their undivided 1/128 mineral interest in Section 4 to Catherine B. Walne.

We have not credited any interest to either Catherine P. Walne or the Walne children, and these conveyances constitute a technical cloud upon title to the mineral estate. You should contact the Walnes and advise them that they own no interest in the captioned land, and instruct them to execute a quitclaim deed or other instrument acknowledging that any interest they may have claimed in the captioned land in fact passed to J. R. Penn, Jr. and Frank J. Hightower in 1951, and is now vested in them and their respective successors and assigns.

24.

Perry & Perry, Inc. has assigned BTA Oil Producers all rights of the original lessee under all of the leases analyzed on Exhibit A save and except Leases 34 and 35. You should obtain an additional assignment from Perry & Perry, Inc. assigning rights under Leases 34 and 35 to BTA Oil Producers, and then file the same for record in Glasscock County.

25.

You are charged with notice of the nature and extent of the claim of any party in actual possession of the captioned land, and prior to commencement of operations you should satisfy yourselves as to possession and obtain a tenants' consent agreement from any tenant who may be occupying the premises.

You should also ascertain the locations of the pipelines and powerlines located on the captioned land under authority of the rights-of-way described above, so that interference with the same, and the resulting hazards, can be avoided.

26.

Robert Whitney acquired an undivided 35/3200 mineral interest in the captioned land in 1951. He apparently died some time in 1954, and by a Deed dated June 23, 1955, but effective December 1, 1954, Adelaide Weld Knott, recited to be the widow of Robert B. Whitney, acting Individually and as Co-Executor of the Estate of Robert B. Whitney, along with J. P. Morgan & Co., Co-Executor of the Estate of Robert B. Whitney, conveyed the aforesaid mineral interest to seven different individuals. Through mesne conveyances, the Whitney interest is now owned in part by Sugarberry Oil and Gas Company, Robert W. Floyd et ux, Iris Gerber Damson, and Bradford Damson. The materials examined did not include any proceedings in the Estate of Robert B. Whitney, and you should require the present owners of the Whitney interest to secure and submit recordable copies of the proceedings in the Estate of Robert B. Whitney, deceased. After our examination of these proceedings the same should be filed in Glasscock County.

27.

As indicated in our division of interest, Betty H. Klein is subject to a covenant not to sell or otherwise dispose of her undivided interest or any portion thereof during her life or the life of David F. Williams without first obtaining the approval of B. H. Williams or David F. Williams, both of Dallas, Texas. The conveyance imposing this restriction provided that any approval of a sale shall be valid upon the execution of an affidavit indicating approval by either B. H. Williams or David F. Williams, acknowledged and filed of record in the Deed Records of the county in which the interest subject to disposition or sale is located.

We believe that this restraint on alienation was intended to apply only to a conveyance of fee simple absolute title to Betty H. Klein's undivided interest; nevertheless, as written the restriction applies to the granting of a determinable fee interest, i.e. the granting of an oil and gas lease. Since David F. Williams executed the same oil and gas lease as Betty H. Klein we would assume that he had consented to her granting of this oil and gas lease, but the restrictive covenant agreement explicitly provides that approval shall be valid only upon the execution and recording of an affidavit indicating such.

To remove all doubt as to whether the granting of your lease violates this restrictive covenant, you could obtain an affidavit from David F. Williams or B. H. Williams consenting to Betty H. Klein's granting of the lease. If you are willing to rely upon David F. Williams'

execution of the lease as evidence of his consent, then no additional curative materials will be necessary.

28.

Several instruments appear in the abstracts examined purporting to affect a 2.0% interest owned by various trusts created under the Last Will and Testament of R. L. Blaffer, deceased. It appears that the testamentary trusts created under the will may have owned an unrecorded interest in certain oil and gas leases granted during the 1960s covering the SW/4 of Section 4 and all of Section 9, Block 34, T-4-S. We found no evidence that any fee mineral interest in the captioned land ever passed to any of the parties to these instruments.

It appears that Mexco Energy Corporation has succeeded to any claim to an interest in the captioned land which these testamentary trusts might have had, and to remove the cloud on title resulting from these instruments you should obtain a release or relinquishment from Mexco relinquishing to the record owners any claim that it may have in the captioned land.

29.

We understand that you may find it necessary to pool the 15.13-acre highway tract with other portions of Section 4 to create a proration unit for the well you intend to drill. In the event such pooling is necessary, you should review the pooling provisions in each of the leases covering the captioned land and strictly comply with the same. In connection with this pooling, you should note that it will be necessary to obtain separate pooling authorizations from Jewell Christie, and from the lessors under Leases 22, 34 and 35.

COMMENTS

1.

Several of the oil and gas leases covering the captioned land contain onerous special provisions, and you should thoroughly familiarize yourselves with the same.

2.

Lease 22 was granted on an unorthodox form of lease which contained no shut-in gas royalty provision or pooling provision, and you should be mindful of this in planning your operations on the captioned land.

3.

A plat recorded in Volume B, Page 383, Field Note Records of Glasscock County, shows that in 1972 Section 4 was surveyed into six separate tracts. Of these tracts, one was labeled "James Alexander", one "Foy Phillips", and two "Jerry Murphy". No additional information appears in the materials examined with respect to this subdivision, and it appears that the section may have been divided with a possible intent of selling tracts to these parties. Since no conveyances were recorded, we have made no requirement regarding this subdivision.

4.

As indicated under our heading Patent Information, the state debt for the captioned land has been paid in full, but Section 4 remains unpatented. Although it is not necessary to obtain a patent for present purposes, you should consider suggesting to the surface

owners that they obtain corrected field notes, submit the field notes and the requisite fees to the General Land Office, and obtain a patent.

5.

We do not cover herein questions of boundary, area, excesses, conflicts with adjacent tracts or surveys, rights of parties in possession, fraud, duress, undue influence, delivery or alteration after delivery of instruments, unrecorded instruments or production purchase contracts, prior dedication of gas reserves, depths or locations of any wells, errors or omissions of abstractors or public officials, compliance with or enforcement of any regulations or orders of governmental authorities having jurisdiction, any matters pending in federal court or relating to federal bankruptcy proceedings and not reflected in the materials examined, contamination of the premises or the existence of NORM, or any other matters not covered by the materials examined or which could be determined only by an investigation upon the ground or by a survey of the land. This opinion is rendered solely for the use and benefit of BTA Oil Producers and no other party, and may be relied upon only by it.

The abstracts examined are returned herewith.

Very truly yours,

STUBBEMAN, MCRAE, SEALY,
LAUGHLIN & BROWDER, INC.


Steven C. Hofer

SCH/lmh

EXHIBIT A

OIL AND GAS LEASES

The majority of the Oil and Gas Leases analyzed below were taken on a Paid Up Oil and Gas Lease form designated Producer 88 (Pref. Right)(PP1), which appears to be a form generated on a computer by Perry & Perry, Inc. All leases were granted to Perry & Perry, Inc. as lessee except where otherwise indicated. All leases are paid-up, and no delay rentals will be due thereunder. In each instance where we describe the land and the undivided mineral interest therein covered by the lease, you should be mindful of the fact that none of the leases cover any mineral interest in the 15.13-acre highway tract discussed in Requirement 1 of this opinion. All recording references are to the Official Public Records of Glasscock County, Texas.

Lease 1:

Dated:	January 7, 1997
Recorded:	Volume 11, Page 513
Lessor:	Jean Durrell, individually and as Independent Executrix of the Estate of Sue Y. Powell.
Covers:	An undivided 1/64 mineral interest in Section 4.
Primary Term:	Three (3) years
Royalty:	3/16 on oil and gas
Shut-in Gas Royalty:	If a well on the leased premises or land pooled therewith is capable of producing oil or gas but such well is either shut-in or production therefrom is not being sold or purchased by lessee or royalties are not otherwise being paid, and if this lease is not otherwise maintained in effect, such well shall nevertheless be considered as though it were producing in paying quantities for the purpose of maintaining this lease during or after the primary term, and lessee shall pay shut-in gas royalty of \$1 per acre then covered by this lease to lessor on or before 90 days after the next ensuing anniversary date of this lease, and thereafter on or before each anniversary date while the well is shut-in or production is not being sold or purchased or royalties are not otherwise being paid. Lessee's failure to properly pay shut-in royalty shall render lessee liable for the amount due, but shall not result in termination of this lease.
Pooling:	Lessee is granted the right to pool units for oil not exceeding 40 acres plus a maximum acreage tolerance of 10%, and units for gas not exceeding 640 acres plus a maximum acreage tolerance of 10%, or such larger units as may be necessary to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction.
Special Provisions:	If during the term of this lease lessor receives a bona fide offer from any party to purchase a new lease covering all or any portion of the leased premises and lessor is willing to accept such offer, lessor must notify lessee in writing and lessee

shall have a period of 30 days after receipt of such notice to exercise a preferential right to purchase a new lease in accordance with the terms and conditions of the offer.

Lease 2:

Dated: January 2, 1997
Recorded: Volume 11, Page 515
Lessor: Randell Louie Sherrod and wife, Velma Zora Sherrod, as Trustees of the Randell Louie and Velma Zora Sherrod Master Trust.
Covers: Subject to Requirement 2, an undivided 7/20 mineral interest.
Primary Term: Three (3) years from May 18, 1997.

(The remainder of the provisions of this lease are identical to those of Lease 1, except that in paragraph 15 the lessors agreed not to execute any instrument extending or renewing the then existing Oil and Gas Lease dated May 17, 1995 in favor of Mirick 94 Ltd. Co., recorded in Volume 321, Page 95, Glasscock County Records.)

Lease 3:

Dated: January 3, 1997
Recorded: Volume 11, Page 614
Lessor: Cecil Wayne Roberts
Covers: An undivided 1/192 mineral interest.

(The remainder of the provisions of this lease are identical to those of Lease 1.)

Lease 4:

Dated: January 3, 1997
Recorded: Volume 11, Page 616
Lessor: Martha Joan McKandles
Covers: An undivided 1/192 mineral interest.

(The remainder of the provisions of this lease are identical to those of Lease 1.)

Lease 5:

Dated: December 19, 1996
Recorded: Volume 11, Page 732
Lessor: Aileen Oakes (whom we presume to be one and the same as Frances Aileen Sparks Oakes)
Covers: An undivided 5/384 mineral interest.

(The remainder of the provisions of this lease are identical to those of Lease 1.)

Lease 6:

Dated: January 7, 1997
Recorded: Volume 11, Page 740
Lessor: Frederick H. Winston, Executor of the Estate of James O. Winston, Jr.

Covers: Subject to the requirement relative to the same, we have treated this lease as covering an undivided 7/3200 mineral interest. The lease also covers an undetermined interest in the SW/4 of Section 45, T-3-S, Block 34, T&P Ry. Co. Survey in Glasscock County.

(The remainder of the provisions of this lease are identical to those of Lease 1.)

Lease 7:

Dated: January 22, 1997
Recorded: Volume 11, Page 742
Lessor: Donald Combs and wife, Eva W. Combs
Covers: An undivided 4/640 mineral interest.

(The remainder of the provisions of this lease are identical to those of Lease 1.)

Lease 8:

Dated: December 30, 1996
Recorded: Volume 12, Page 416
Lessor: Elizabeth B. Sanders
Covers: An undivided 3/160 mineral interest.

(The remainder of the provisions of this lease are identical to those of Lease 1.)

Lease 9:

Dated: December 30, 1996
Recorded: Volume 12, Page 420
Lessor: Gladis Barnes
Covers: Subject to the requirement pertaining to this lease, we have treated the same as covering an undivided 3/160 mineral interest.

(The remainder of the provisions of this lease are identical to those of Lease 1.)

Lease 10:

Dated: December 30, 1996
Recorded: Volume 12, Page 430
Lessor: James Barnes and wife, Lupita Barnes
Covers: An undivided 3/160 mineral interest.

(The remainder of the provisions of this lease are identical to those of Lease 1.)

Lease 11:

Dated: December 30, 1996
Recorded: Volume 12, Page 425
Lessor: W. F. Barnes, Jr. and wife, Dorine Barnes
Covers: An undivided 3/160 mineral interest.

(The remainder of the provisions of this lease are identical to those of Lease 1.)

Lease 12:

Dated: January 14, 1997
Recorded: Volume 12, Page 484
Lessor: Frank H. Hightower
Covers: An undivided 1/64 mineral interest.

(The remainder of the provisions of this lease are identical to those of Lease 1.)

Lease 13:

Dated: January 18, 1997
Recorded: Volume 12, Page 492
Lessor: Willie B. DuBose, dealing in his sole and separate property
Covers: An undivided 9/640 mineral interest.

(The remainder of the provisions of this lease are identical to those of Lease 1, except that Paragraph 15 provides that if this lease is in force and effect as to any part of the leased premises at the expiration of one year from the end of the primary term, this lease shall then terminate as to all of the oil and gas rights in all formations within the boundary lines of each proration unit or producing unit as to all depths below a total depth plus 100 feet of the deepest well drilled in each proration unit as established by the well log for each such well.)

Lease 14:

Dated: January 18, 1997
Recorded: Volume 12, Page 494
Lessor: Beth Ann Spraberry, dealing in her sole and separate property
Covers: An undivided 9/640 mineral interest.

(The remainder of the provisions of this lease are identical to those of Lease 13.)

Lease 15:

Dated: January 6, 1997
Recorded: Volume 12, Page 688
Lessor: Hoyle McCright
Covers: An undivided 3/640 mineral interest.

(The remainder of the provisions of this lease are identical to those of Lease 1.)

Lease 16:

Dated: January 17, 1997
Recorded: Volume 12, Page 690
Lessor: The Grand Lodge of Texas, A. F. & A. M., a Texas Non-Profit Corporation, for its Masonic Home and School of Texas
Lessee: Perry & Perry, Inc.

Covers: An undivided 3/80 mineral interest.
Primary Term: Three (3) years
Royalty: 3/16 on oil and gas
Delay Rentals: Inapplicable, this is a paid up lease.
Shut-in Gas Royalty: If at the expiration of the primary term or at any time thereafter there are any wells located on the leased premises or lands pooled therewith capable of producing oil or gas and all such wells are shut-in, this lease shall continue in force. If after the expiration of the primary term all such wells are shut-in for a period of 90 consecutive days and this lease is not otherwise maintained, then at or before the expiration of said 90 day period lessee shall pay as royalty a sum equal to \$1 per acre for each acre covered by this lease, to lessor or deposited to the credit of lessor in Account No. 1180136564 in Bank One, P.O. Box 2050, Fort Worth, Texas 76133.

Pooling: Lessee is granted the right and option to pool units for oil not substantially exceeding 40 acres each in area and units for gas not substantially exceeding 640 acres each in area plus a tolerance of 10%, or such larger units as may be prescribed or permitted by governmental authority.

Form: Producers 88 (4-76) Revised Paid-Up With 640 Acres Pooling Provision, printed by Pound Printing & Stationery Company.

Special Provisions: Additional Paragraphs 11 through 15 were incorporated in the lease, and provide generally as follows:

11. This lease covers only oil, gas and other liquid and gaseous hydrocarbons.

12. This lease shall terminate at the end of the primary term except as to lands included with a pooled unit, or if such lands are not pooled as to 40 acres for each oil well and 320 acres for each gas well (or such larger amounts as may be prescribed or permitted under applicable field rules) then being drilled or reworked or then producing in paying quantities. As to each well then being drilled or reworked this lease as to the stated acreage with respect hereto shall continue so long as the drilling or reworking operations are continued with no cessation of more than 60 consecutive days. As to tracts upon which the drilling or reworking operations result in production and as to tracts producing at and after the end of the primary term, this lease shall continue as to each tract so long as production continues from the tract. Each tract retained shall be in as nearly the form of a square as practical with the well in the center of the square and in conformity with Railroad Commission regulations.

13. Lessee agrees to pay the surface owner a reasonable amount for actual damages to the surface, fences, roads, tanks and other structures

and improvements, livestock, trees, grass and crops caused by operations, and further agrees to restore the surface after and at completion of each operation.

14. Operations on or production from a pooled unit will maintain this lease in force only as to the land within the unit. As to land outside the unit the lease must be maintained in force by operations on or production from the excluded acreage. No creation of a pooled unit or dissolution of a pooled unit shall be effective until a copy of the recorded designation or dissolution has been furnished lessor.

15. All sums due lessor under this lease are payable in Tarrant County, Texas.

Lease 17:

Dated: January 2, 1997
Recorded: Volume 13, Page 45
Lessor: Iris Gerber Damson, acting by and through her attorney in fact Kenneth DuBroff
Covers: An undivided 581/6400 mineral interest in Section 4, and an undetermined interest in the SW/4 of Section 45, T-3-S, Block 34.
Primary Term: Three (3) years from February 13, 1997.

(The remainder of the provisions of this lease are identical to those of Lease 1, except that Chase Bank in White Plains, New York is designated as the depository for lessor's shut-in gas royalty payments.)

Lease 18:

Dated: January 2, 1997
Recorded: Volume 13, Page 48
Lessor: Kenneth DuBroff and Ernest Gelman, Trustees under the Will of Edward Gerber
Covers: Subject to the requirement pertaining thereto, this lease covers an undivided 581/6400 mineral interest in Section 4, and an undetermined interest in the SW/4 of Section 45, T-3-S, Block 34, also in Glasscock County.
Primary Term: Three (3) years from February 13, 1997.

(The remainder of the provisions of this lease are identical to those of Lease 1, except that Chase Bank at 270 Park Avenue, New York, New York is designated as the depository for lessor.

Lease 19:

Dated: January 6, 1997
Recorded: Volume 13, Page 372
Lessor: Martha Goble, a widow
Covers: Subject to the requirement pertaining thereto, this lease covers an undivided 1/128 mineral interest.
Primary Term: Three (3) years from February 13, 1997.

(The remainder of the provisions of this lease are identical to those of Lease 1.)

Lease 20:

Dated: March 10, 1997
Recorded: Volume 14, Page 464
Lessor: The University of Texas Law School Foundation
Covers: An undivided 3/80 mineral interest.

(The remainder of the provisions of this lease are identical to those of Lease 16, except that it does not provide that all sums payable under this lease are payable in Tarrant County, Texas. Note that a defectively acknowledged counterpart of this lease was also recorded in Volume 15, Page 280.)

Lease 21:

Dated: March 5, 1997
Recorded: Volume 14, Page 736
Lessor: Cactus Resources
Covers: Subject to the requirement pertaining thereto, this lease covers an undivided 1/512 mineral interest.
Royalty: 1/5 on oil and gas.

(The remainder of the provisions of this lease are identical to those of Lease 1.)

Lease 22:

Dated: February 10, 1997
Recorded: Volume 16, Page 58
Lessor: States, Inc.
Covers: An undivided 1/128 mineral interest.
Primary Term: Three (3) years.
Royalty: 1/5 on oil and gas.
Delay Rentals: Inapplicable, this is a paid-up lease.
Shut-In Gas Royalty: No provision.
Pooling: No pooling rights were granted.
Form: Producers 88 Rev. 3-96, which is apparently developed for use by States, Inc.
Special Provisions: Lessee shall during the drilling of any wells furnish lessor daily drilling reports, copies of all logs, reports and forms filed with regulatory bodies, well locations, dates of completion and abandonment, and copies of title opinions obtained.

If lessee secures production during the primary term of this lease, it is agreed that this lease shall expire on February 10, 2000 except as to the following specified acreage around each well then producing or capable of producing in commercial quantities and each well then being drilled which is within a reasonable time thereafter completed as a commercial producer: twenty acres around each oil well and forty acres around each gas well, or such larger spacing units as are prescribed by the Railroad Commission of Texas

or other lawful authority, such tracts to be in as near the form of a square as practical. In the case of any acreage which remains subject to this lease on or after February 10, 2000, this lease shall terminate as to such acreage if at any time after February 10, 2000 said acreage produces neither oil or gas in commercial quantities.

Lease 23:

Dated: January 21, 1997
Recorded: Volume 16, Page 287
Lessor: Bill F. Hicks and David F. Williams, Independent Co-Executors of the Estate and Trustees under the Will of Ceil W. Moore; and Betty Klein, individually
Covers: An aggregate 3/640 mineral interest.

(The remainder of the provisions of this lease are identical to those of Lease 1.)

Lease 24:

Dated: June 23, 1997
Recorded: Volume 16, Page 622
Lessor: Catherine Roberston Warren and James Lewis Robertson
Lessee: BTA Oil Producers
Covers: An undivided 2/640 mineral interest.
Primary Term: Three (3) years
Royalty: 3/16 on oil and gas.
Delay Rentals: Inapplicable, this is a paid-up lease.
Shut-in Gas Royalty: If at any time either at or after the expiration of the primary term there is a gas well on the leased premises or lands pooled therewith and such wells are or have been shut-in, it shall be deemed that said wells are producing gas for purposes of maintaining this lease and this lease shall not terminate. In such event lessee agrees to pay the gross amount of \$640 as shut-in gas royalty. If lessee is obligated to pay shut-in gas royalty, the first payment shall be due on or before ninety days following the date on which the well is shut-in or if shut-in during the primary term then on or before ninety days following the expiration of the primary term, and subsequent payments if required shall be due annually on the anniversary of the date of the original payment.
Pooling: Same as Lease 1.
Form: Producers 88 Rev. - TX. C - Paid-up (3-73).
Special Provisions: None.

Lease 25:

Dated: May 13, 1997
Recorded: Volume 16, Page 682
Lessor: H. E. P. Oil Company, L.L.C.
Covers: Subject to the requirement pertaining to the same, this lease covers an undivided 1/1024 mineral interest.

Royalty: 1/5 on oil and gas.

(The remainder of the provisions of this lease are identical to those of Lease 1, except that Guarantee National Bank was named as depository for lessor.)

Lease 26:

Dated: April 29, 1997
Recorded: Volume 16, Page 751
Lessor: H. R. Wardlaw, III, John S. Wardlaw and Warren P. Wardlaw
Lessee: Perry & Perry, Inc.
Covers: Subject to the requirement pertaining thereto, this lease covers an aggregate undivided 39/1920 mineral interest in Section 4, and an undetermined interest in the SW/4 of Section 45, Block 34, T-3-S.
Primary Term: Three (3) years
Royalty: 1/5 on oil and gas, subject to the special royalty provisions set forth in Paragraph 1 of the lease.
Delay Rentals: Inapplicable, this is a paid-up lease.
Shut-In Gas Royalty: If for any reason a well located on the leased premises capable of producing gas in paying quantities is shut-in at any time either before or after production or before or after the expiration of the primary term for a period of 60 consecutive days and during such time oil or gas is not otherwise produced, lessee may on or before the expiration of said 60 day period pay to the lessors or to their credit in Crockett County National Bank at San Angelo, Texas, a sum equal to \$5 per acre times the number of acres which are then covered by this lease, but in no event less than \$1200 per annum for each well capable of producing gas in paying quantities. If such payment is made it will be considered that gas is being produced under the provisions of this lease for one year from the date the first such well was shut-in, and upon like payment on or before such date each succeeding year it will be considered that gas is being produced from the leased premises. However the right to extend this lease by shut-in royalty may not be utilized to extend the lease for a period of more than two years unless the lease is connected to a pipeline of a natural gas purchaser by a gas gathering line capable of delivering gas and lessee is thereafter unable to market the gas because of the refusal of the gas purchaser to purchase such gas in which case this lease may be extended by the payment of shut-in gas royalty as long as the gas purchaser refuses to purchase such gas.
Pooling: Lessee is granted the right to pool units conforming in size with those prescribed or permitted by the Railroad Commission of Texas for obtaining the maximum allowable from any well to be drilled, drilling or already drilled. If lessee pools only a portion of the acres covered by this lease, then the pooled portion and the

unpooled portion shall be treated as separate and distinct leases for the limited purpose of paying shut-in royalties and perpetuating leases by drilling, production or reworking operations, and no pooled unit shall be permissible unless at least 50% of the lands comprising the pooled unit are lands covered by this lease.

Form:
Special Provisions:

This appears to be the lessor's typewritten form. Two years after the expiration of the primary term and at all times thereafter this lease shall terminate as to all lands not dedicated to production under the applicable spacing regulations of the Railroad Commission of Texas (proration units) and with respect to each Railroad Commission proration unit shall also terminate as to all zones, formations and horizons which are deeper than 100 feet below the deepest depth drilled in each respective well. Each Railroad Commission proration unit shall be drawn in the form of a square as near as reasonably practical with such unit in no event having any two sides more than twice as long as the other two sides.

Lease 27:

Dated:	July 22, 1997
Recorded:	Volume 17, Page 205
Lessor:	William C. Eiland
Lessee:	BTA Oil Producers
Covers:	An undivided 1/160 mineral interest.
Royalty:	1/4 on oil and gas
Primary Term:	Two (2) years
Delay Rentals:	Inapplicable, this is a paid-up lease.
Shut-in Gas Royalty:	Same as Lease 24, except that Norwest Bank, Midland, Texas is designated as depository for lessor.

(The remainder of the provisions of this lease are identical to those of Lease 24.)

Lease 28:

Dated:	June 17, 1997
Recorded:	Volume 17, Page 461
Lessor:	Virginia H. Penn
Covers:	An undivided 1/128 mineral interest.

(The remainder of the provisions of this lease are identical to those of Lease 1, except that Overton Bank and Trust, Fort Worth, Texas was designated as depository for lessor.)

Lease 29:

Dated:	July 22, 1997
Recorded:	Volume 18, Page 85
Lessor:	J. Kirk Ary and wife Rebecca L. Ary
Lessee:	BTA Oil Producers
Covers:	An undivided 1/160 mineral interest.
Primary Term:	Two (2) years

Royalty: 1/4 on oil and gas

(The remainder of the provisions of this lease are identical to those of Lease 24.)

Lease 30:

Dated: September 8, 1997
Recorded: Volume 19, Page 218
Lessor: NationsBank of Texas, N.A., Trustee of the Sally Moore Kato Trust and the John Prentiss Moore Trust
Lessee: BTA Oil Producers
Covers: An undivided 6/640 mineral interest in Section 4, and an undetermined interest in the SW/4 of Section 45, Block 34, T-3-S, T&P Ry. Co. Survey, also in Glasscock County.
Primary Term: Two (2) years
Royalty: 1/4 on oil and gas, payable in the manner specified in detail in Paragraph 3 of the lease.
Delay Rentals: Inapplicable, this is a paid-up lease, and the delay rentals referred to in Paragraph 4 of the lease have been paid in full.
Shut-In Gas Royalty: While there is a well on the premises capable of producing gas in paying quantities but production is shut-in or suspended, lessee may pay as royalty on or before ninety days after the day on which production from such well is shut-in or suspended or this lease is no longer maintained under other provisions, whichever is the later date, and thereafter at annual intervals, the sum of \$1 per acre or a minimum of \$50, whichever is greater for each shut-in gas well. In no event shall shut-in well payments maintain this lease in for a cumulative period exceeding two years.
Pooling: Lessee has granted the right to pool, provided that units which do not include 100% of the leased premises shall be subject to the written approval of the lessor. Units pooled for oil shall not exceed 40 acres each and units pooled for gas shall not exceed 640 acres each, or such larger units as may be prescribed by governmental authority. A copy of the unit designation must be furnished to the lessor within 30 days after it is filed in the county records, and if lessee fails to do so the unit may be declared invalid by lessor. If only a part of the land covered by this lease is pooled or unitized with other lands, operations on or production from the unit will maintain this lease in force only as to the land included in such unit or units.
Form: This appears to be form of Oil and Gas Lease specially prepared by the Trust Department of NationsBank of Texas, N.A.
Special Provisions: This lease contains many special provisions and should be reviewed in detail. Provisions which merit your particular attention are as follows:

Lessor shall not bear directly or indirectly any production or post-production costs or expenses

including without limitation costs or expenses for storing, separating, dehydrating, transporting, compressing, treating, gathering or otherwise rendering marketable or marketing the products produced, and no deduction or reduction shall be made for any such costs and expenses in computing any payment or the basis upon which any payment is made to lessor.

Lessor has the option to elect to take in kind and separately dispose of its royalty share of production.

No assignment of this lease may be made without written approval of the lessor.

Lessee shall advise lessor in writing as to the location of each well drilled on or before seven days after commencement of operations, and shall advise lessor in writing as to the date of completion or abandonment of each well drilled within thirty days after completion or abandonment. Lessee agrees to furnish lessor with all well drilling completion and production data reports, title opinions, logs and information when specifically requested by lessor.

If at the end of the primary term this lease is still in force, it shall expire as to all land on which there is not a producing oil or gas well or on which lessee is not then drilling or reworking a well. At the end of the primary term lessee shall select and designate a producing unit around and including each producing well or drilling or reworking well, the area of such to be limited to and conform with the minimum area provided for in the applicable rules and regulations of the governing body. As to each producing unit so designated this lease shall continue in force as long as oil or gas is produced in paying quantities therefrom or so long as drilling or reworking operations are prosecuted thereon, and shall be limited in depth from the surface down to and including fifty feet below the base of the deepest producing formation, however such lower depth limits shall not exceed 100 feet below the deepest producing perforation within the wellbore situated on the producing unit. Lessee shall release this lease as to the balance of the land as well as all formations and depths below the respective producing units. In the absence of special field rules the term "producing unit" shall mean forty acres for an oil well completed at any depth, eighty acres for a gas well completed at a depth of less than 2000 feet subsurface, 160 acres for a gas well completed at a depth of 2000 feet subsurface to 6000 feet subsurface, 320 acres for a gas well completed at a depth of 6000 feet subsurface to 9000 feet subsurface, and 640 acres for a gas well completed at a depth greater than

9000 feet subsurface. If a portion of lessee's right terminate as provided in this paragraph then lessee shall designate in writing the acreage it is allowed to retain around each well and such written designation shall be filed of record. Lessee shall be entitled to designate the number of acres in a form of its choosing so long as no side is more than twice as long as any other side.

Lease 31:

Dated: September 8, 1997
Recorded: Volume 19, Page 222
Lessor: NationsBank of Texas, N.A., Trustee of the Joe G. and Ruby W. Sauer Management Trust and Trustee u/w/o Joe G. Sauer.
Lessee: BTA Oil Producers
Covers: An undivided 18/640 mineral interest.
Primary Term: Two (2) years

(The remainder of the provisions of this lease are identical to those of Lease 30.)

Lease 32:

Dated: September 3, 1997
Recorded: Volume 19, Page 691
Lessor: Sugarberry Oil & Gas Corporation
Lessee: BTA Oil Producers
Covers: An undivided 7/400 mineral interest, and an undetermined interest in the SW/4 of Section 45, Block 34, T-3-S, T&P Ry. Co. Survey.
Primary Term: Two (2) years.
Royalty: 1/4 on oil and gas.
Delay Rentals: Inapplicable, this is a paid-up lease.
Shut-In Gas Royalty: The gross sum of \$400 payable in the same manner as Shut-in Gas Royalty under Lease 24.
Pooling: Lessee is granted the right and option to pool units for oil not exceeding 40 acres and units for gas not exceeding 640 acres, or such larger units as may be prescribed or permitted by governmental authority.
Form: Producers 88 Rev. - Tex. C-Paid-Up (8-76)
Special Provisions: Paragraphs 10 through 20 were added to this lease, and provide generally as follows:

10. The royalty provisions in the printed form are amended from 1/8 to 1/4.

11. This lease shall not be maintained solely by payment of shut-in gas royalty for periods longer than an aggregate of two years without the written consent of lessor.

12. If at the expiration of the primary term oil or gas is not being produced from the leased premises or lands pooled therewith, but lessee is then engaged in operations for drilling, this lease shall remain in force so long as drilling operations are prosecuted with no cessation of

more than ninety consecutive days. At the end of the primary term or at the end of any extension earned pursuant to such drilling activity, whichever is the later date, this lease shall expire as to all that part of the leased premises on which there is no producing well, and this lease shall expire as to all depths 100 feet below the base of the producing horizon in each producing well then located on the lease. Upon the date that this lease expires lessee shall select and designate a producing unit around and including each well. Such designated units are to be as nearly as practical in the form of a square with the well being in the center, and the acreage in each producing unit is to be limited to conform with the minimum area provided for in applicable regulatory rules. As to each unit so designated this lease shall continue in force as long as oil or gas is produced in paying quantities therefrom or drilling or reworking operations are prosecuted thereon.

13. No cost shall be charged to the royalty interest under this lease for producing, gathering, storing, separating, dehydrating, treating, compressing, processing, transporting and otherwise making the oil, gas or other products ready for sale or use.

14. Within five days written notice to lessee lessor shall have the right to take royalties in kind.

15. Lessee agrees to provide copies of all forms filed with governmental agencies or regulatory authorities, copies of all reports of tests, electrical logs, core analyses, title opinions and other written material of every kind. Such information shall be provided to lessor upon written request of lessor.

16. Lessee warrants and represents to lessor that it has not entered into any oil and gas lease covering any portion of lands covered by this lease, lands contiguous thereto or lands pooled therewith on terms of consideration, primary term or royalty, including but not limited to overriding royalty, payments measured by production, reversionary interests, or product price more favorable than those paid to and enjoyed by lessor and incorporated in this lease. If during the term of this lease lessee should give or grant to any mineral or royalty owner in the lands covered hereby, lands contiguous hereto, or pooled herewith, any payment, concession or other advantage not enjoyed by lessor then lessee shall immediately notify lessor of such change and shall immediately confer upon lessor the identical concession, payment or advantage effective as of the date of requirement.

17. No gas or by-products shall be sold to an affiliate of lessee without the written consent of lessor.

18. This lease shall not be assigned without lessor's express written consent.

19. This lease is executed by lessor without warranty.

20. The terms of this lease may not be amended by any division order unless lessor's written consent or approval is secured prior to preparation of such division order.

Lease 33:

Dated: September 3, 1997
Recorded: Volume 19, Page 698
Lessor: Robert W. Floyd and wife, Sharon T. Floyd
Lessee: BTA Oil Producers
Covers: An undivided 7/400 mineral interest, and an undetermined interest in the SW/4 of Section 45, Block 34, T-3-S, T&P Ry. Co. Survey.
Primary Term: Two (2) years.
Royalty: 1/4 on oil and gas.

(The remainder of the provisions of this lease are identical to those of Lease 32.)

Lease 34:

Dated: August 18, 1997
Recorded: No recording data was indicated, but we were advised that this lease has been sent to Glasscock County for recording.
Lessor: Overton Bank & Trust, N.A., and Mary Frances Robertson, Co-Trustees of the Mary Frances Robertson Trust
Lessee: Perry & Perry, Inc.
Covers: Subject to the requirement concerning the same, this lease covers an undivided 5/2048 mineral interest in Section 4.
Primary Term: Three (3) years and so long thereafter as oil and gas is produced in paying quantities and royalties are timely and properly paid as provided in the lease.
Royalty: On oil, 1/4 of the market value at the point of sale, or at lessee's option 1/4 of the oil produced and saved in kind to be delivered to lessor at the wells or to the credit of lessor in the pipeline to which the wells may be connected; on gas, the market value at the point of sale of 1/4 of the gas sold or used. All royalty paid to lessor shall be paid in Tarrant County, Texas and shall be free of all costs and expenses related to the exploration, production and marketing of oil and gas including but not limited to costs of compression, dehydration, treatment and transportation. All royalties required to be paid

shall be due within three months from the date initial production commenced. Thereafter royalty on oil shall be due and payable on or before the fifth day of the second month succeeding the month of production, and royalty on gas shall be due and payable on or before the fifteenth day of the third month succeeding the month of production. *Lessee's obligation to make royalty payments to lessor under this lease is not a covenant but a condition. If lessee fails to pay lessor's full share of royalties within the time specified and such failure continues for thirty days from the date lessor sends lessee written notice of such default, this lease shall ipso facto terminate as to all acreage being held by the production for which royalty payments are not being timely paid. Any suit concerning the payment or non-payment of royalties shall be brought in Tarrant County, Texas and lessee agrees that venue in such a suit is proper in Tarrant County and agrees not to contest such venue.*

Delay Rentals:
Shut-in Gas Royalty:

Inapplicable, this is a paid-up lease.

If at the expiration of the primary term or any time thereafter there is located on the leased premises or lands pooled therewith a well capable of producing gas in paying quantities and this well is not produced for lack of a suitable market, lessee may maintain this lease in force by paying the lessor as royalty the sum of \$15 per acre per well per year, with the first payment to be made within ninety days after the date on which such well is shut-in, and subsequent payments on or before the respective anniversary dates of the shutting-in of the well. Lessee shall be entitled to maintain this lease by such annual payments for a cumulative total of only two years.

Pooling:

No pooling of the leased premises is allowed without the written consent of the lessor.

Form:

This appears to be a form specially prepared for use by the lessor.

Special Provisions:

This lease contains numerous special provisions and you should thoroughly familiarize yourselves with the same. Provisions which merit your particular attention are as follows:

At the expiration of the primary term lessee shall release all of the leased premises not then being held by production unless lessee is then engaged in operations for the drilling of a well on the leased premises or acreage pooled therewith, or shall have completed a well within ninety days of the end of the primary term. This lease shall continue in force so long as lessee diligently prosecutes a continuous development operation with not more than ninety days elapsing between the completion of one well and the commencement of the actual drilling of a subsequent well. After the expiration of the primary term failure to commence or prosecute the continuous development program or a cessation of drilling operations for more than

ninety days shall terminate this lease as to all of the premises except the acreage and depths held by any producing wells. At the end of the primary term and the continuous development period, this lease shall expire as to all acreage except for the minimum acreage established by field rules of the Railroad Commission necessary to allow lessee to obtain the maximum allowable for any well producing in paying quantities located on the premises. In the absence of field rules, an oil well shall be deemed to hold 40 acres and a gas well shall be deemed to hold 80 acres. Also as to each such proration unit at the end of the primary term or if applicable the end of the continuous development period, lessee shall release all depths below 100 feet beneath the deepest depth actually producing in the well located on such unit.

Upon the expiration of the primary term and the continuous development operations resulting in the partial termination of this lease, the acreage assigned to each proration unit for a producing well shall be considered as if covered by a separate lease and thereafter each separate lease shall be kept in force and effect only by actual or constructive production from or operations on that particular tract.

No sale or assignment by lessee shall be valid until lessor has been furnished a true copy of the recorded instrument evidencing same.

As a condition of this lease and not a covenant, upon written request lessee agrees to furnish lessor a copy of the reports and other information described in Paragraph 16 of the lease.

Lease 35:

Dated:	August 18, 1997
Recorded:	No recording date is indicated, but we were advised that this lease has been forwarded to Glasscock County for recording.
Lessor:	Overton Bank & Trust, N.A., and Mary Frances Robertson, Co-Trustees of the Robertson Children's Trust
Lessee:	Perry & Perry, Inc.
Covers:	Subject to the requirement pertaining to the same, this lease covers an undivided 5/2048 mineral interest in Section 4.

(The remainder of the provisions of this lease are identical to those of Lease 34.)

Lease 36:

Dated:	January 6, 1997
Recorded:	Volume 15, Page 147
Lessor:	Eldon J. Byars

Covers: An undivided 1/64 mineral interest in Section 4.

(The remainder of the provisions of this lease are identical to those of Lease 1.)

Lease 37:

Dated: September 17, 1997
Recorded: Volume 19, Page 607
Lessor: Pacific Enterprises ABC Corporation
Lessee: BTA Oil Producers
Covers: An undivided 7/128 mineral interest.
Primary Term: One (1) year, and so long thereafter as oil or gas is produced in paying quantities and the royalties are paid as provided in the lease.
Royalty: 1/4 on oil and gas, to be calculated and paid in accordance with the detailed provisions of Paragraph 4 of the lease. Royalties are to be paid within thirty days from the last day of the month during which oil is produced and within sixty days from the last day of the month gas is produced and sold. If lessee fails to pay royalties timely, lessor may notify lessee in writing of such failure and lessee shall have thirty days after receipt of such notice to make payments and if lessee fails to pay such royalties lessor may terminate this lease. All royalties due shall be paid to lessor free and clear of all costs and expenses of making oil or gas marketable or otherwise treating the same.
Delay Rentals: Inapplicable, this is a paid-up lease.
Shut-in Gas Royalty: If at any time either before or after the expiration date lessee shall have completed a well on the premises capable of producing oil but all wells are shut-in and gas is not produced, sold or used for thirty days due to government restrictions, lack of market or similar reasons, lessee shall first notify lessor of the date such well is shut-in and thereafter lessee may pay as shut-in royalty to lessor for each shut-in well on or before the later of the expiration date or the sixtieth day after the date such gas ceases to be sold or used, an amount equal to the greater of the product of \$2 times the total acreage then covered by this lease or \$100, and upon the making of the greater payment it will be considered that gas is being produced in paying quantities for a period of one year after such well is shut-in. Like payments may be made annually before the expiration of the last preceding year and it will be considered wells are producing gas in paying quantities. However shut-in gas royalties shall not perpetuate this lease for more than a total period of five years in the aggregate or for a continuous shut-in period in excess of two years.
Pooling: Lessee is granted the power to pool units not exceeding 40 acres for oil plus an acreage tolerance of ten percent thereof, and units not exceeding 640 acres for gas plus an acreage

tolerance of ten percent thereof, or such larger units as may be prescribed by governmental authorities. A copy of the pooling designation must be provided to lessor. Operations on or production from lands pooled shall only maintain this lease in effect with respect to that portion of the lands included within the geographical boundaries of such pooled unit.

Form:

This is a form of lease specially prepared for use by the lessor.

Special Provisions:

This lease contains numerous detailed special provisions and you should thoroughly familiarize yourselves with the same. Provisions which merit your particular attention are as follows:

If oil or gas is not being produced in paying quantities at the end of the primary term and lessee is not conducting operations this lease shall immediately terminate. If oil or gas is not being produced in paying quantities on the expiration date but lessee is then conducting operations, this lease shall remain in force so long as lessee conducts continuous drilling operations. Continuous drilling operations shall mean not more than 120 days shall expire between the date of completion of a well or the abandonment as a dry hole of a well (such date to be the earlier of the filing of the well completion report or the date which the rig is removed from the well site), and the commencement of actual drilling operations for the drilling of the next succeeding well until development of the lands to the density of maximum allowable production. The commencement of actual drilling operations shall be the first operation conducted after the conductor casing has been driven, spudding operations have been completed and the kelly has been raised and the first joint of drilling pipe has been secured on the drill stem. Accumulation of time is not allowed. If lessee fails to conduct continuous operations after the expiration of the primary term this lease shall terminate as to all lands save and except tracts around wells then producing oil in paying quantities limited to the rights from the surface to the base of the deepest horizon then producing in any well drilled on such retained well site tract. Each retained well site tract shall be in as nearly the form of a square as possible and shall consist of not more than the number of surface acres of contiguous land around each well which is the smallest size then prescribed or permitted as the minimum proration unit for obtaining the maximum allowable production of oil or gas from such well. After the expiration of the primary term production in paying quantities or operations must continue on each separate well site tract with no cessation of more than 60 days. If at any time after the expiration date production ceases from the deepest horizon then producing from a

well located on a retained well site but continues from a lesser depth then the lease shall terminate as to all depths below the base of the producing depth on the sixtieth day after the cessation of production from the formerly producing depth unless lessee restores production or conducts operations with reasonable diligence until production is restored from the formerly producing depth.

The interest of lessee may not be assigned without the prior written consent of lessor.

If at any time prior to the commencement of initial drilling operations lessee pays a third party a greater consideration for an oil and gas lease containing an equal royalty provision on a per acre basis covering the same land as this lease or in the eight adjacent offset units, then lessee agrees to pay lessor the difference per net mineral acre.

Lessee agrees to furnish to lessor the information described in Paragraph 14 of the lease.

Lease 38:

Dated:	November 6, 1997
Recorded:	This lease has not been recorded, and a Memorandum of Oil and Gas Lease for recording purposes was provided. We understand this memorandum has been forwarded to Glasscock County for recording.
Lessor:	Marathon Oil Company
Lessee:	BTA Oil Producers
Covers:	An undivided 1/128 mineral interest in Section 4.
Primary Term:	Six (6) months.
Royalty:	1/4 on oil and gas, payable in the manner set forth in Article 3 of the lease. The royalty shall not bear any costs in connection with the exploration, production, gathering, compression, transportation, marketing, processing or treating of oil or gas.
Delay Rentals:	Inapplicable.
Shut-In Gas Royalty:	Where gas from a gas well is not sold or used and this lease is not being otherwise maintained, within thirty days after such is capable of production or is shut-in after production and thereafter at annual intervals lessee shall pay as royalty the sum of \$320 for each shut-in well.
Pooling:	Lessee may unitize the leased premises when in lessee's judgement it is necessary or advisable to do so in order to properly develop and operate the premises in compliance with the spacing rules of the governmental regulatory authority having jurisdiction and to do so would in the judgement of lessee promote the conservation of oil and gas.
Form:	This appears to be an Oil and Gas Lease form prepared for use by the lessor.

Special Provisions:

This lease contains several special provisions and you should thoroughly familiarize yourselves with the same. Provisions which merit your particular attention are as follows:

Lessor shall have a continuing preferential right and option to purchase all or any part of the oil produced from or allocated to these premises and the preferential right and option to purchase all gas produced therefrom. (The Conditional Letter of Acceptance dated November 13, 1997 clarifies that this applies only to Marathon's proportionate share of the oil or gas.)

If lessee elects to abandon any well and there is no other well located on the same production unit which is then producing in paying quantities, lessee shall notify lessor and lessor shall have the right to take over the operation of such well by notifying lessee of its intention to take over the operation within 48 hours (Saturday, Sunday and lessor's holidays excepted) after receipt of notice of its intention to abandon and the receipt of a field print of all electric, sonic, radioactive and other survey logs from the well, whichever is the later time.

Lessee may not assign all or any portion of the interest covered by this lease without lessor's prior written consent.

Lessor must provide lessee the information described to Exhibit A attached to the lease on any well drilled on the leased premises, on lands pooled therewith, or within the same section.

Lessee shall have the option to develop the leased premises beyond the primary term only if lessee drilled and completed or abandoned a well on the premises or acreage pooled therewith during the primary term or if at the expiration of the primary term lessee is diligently engaged in actual drilling operations in a bona fide effort to discover oil or gas in paying quantities. Lessee agrees to continue to drill additional wells at 90 day intervals between the completion or abandonment of one well and the commencement of the next succeeding well until the leased premises have been fully developed or the undeveloped portion has been released. From and after the expiration of the primary term production in paying quantities for each well drilled on the leased premises shall be continuous and upon cessation thereof lessee shall offer a release to lessor of those portions of the premises within the particular proration unit from which production ceased.

10.

MF 98944
ITEM Title opinion
TO _____
FROM _____
DATE 11-14-97



MIDLAND PARTNERS
 CARLTON BEAL, JR
 BARRY BEAL
 SPENCER BEAL
 KELLY BEAL
 BARRY BEAL, JR.

BTA OIL PRODUCERS

104 SOUTH PECOS
 MIDLAND, TEXAS 79701
 915-682-3753
 FAX 915-683-0811

ROCKY MOUNTAIN DIVISION
 555-17TH STREET
 SUITE 835
 DENVER, CO 80202
 303-292-9299
 FAX 303-297-0666

March 20, 1998

In re: Oil and Gas Lease No. M-98944
 Section 4, Block 34,
 T-4-S, T&P Ry. Co. Survey
 Glasscock County, Texas
 BTA 9703 JV-P Hightower, I

HRW



Commissioner of the General Land Office
 State of Texas
 Stephen F. Austin Building
 1700 North Congress
 Austin, Texas 78701

Gentlemen:

Enclosed please find one (1) copy of the Designation of Pooled Unit covering the NW/4 of Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas, for the BTA 9703 JV-P Hightower No. 1 well. This is being sent pursuant to the terms of the above-referenced lease.

Should you have any questions, please advise.

Very truly yours,

Larry L. Franklin

Larry L. Franklin
 Landman

LLF/mrl
 Enclosure



BTA OIL PRODUCERS

104 SOUTH PECOS
MIDLAND, TEXAS 79701

915-682-3753
FAX 915-683-0311

ROCKY MOUNTAIN DIVISION

600 17TH STREET
SUITE 2230

SOUTH TOWER
DENVER, CO 80202

303-292-9299
FAX 303-297-0666

RECEIVED
98 MAR 30 PM 3:16
ENERGY RESOURCES

MIDLAND PARTNERS
CARLTON BEAL, JR.
BARRY BEAL
SPENCER BEAL
KELLY BEAL
BARRY BEAL, JR.
STUART BEAL
ROBERT DAVENPORT, JR.

March 24, 1998

In re: Oil and Gas Lease No. M-98944
Section 4, Block 34,
T-4-S, T&P Ry. Co. Survey
Glasscock County, Texas

BTA 9703 JV-P Hightower, I

 Commissioner of the General Land Office
State of Texas
Stephen F. Austin Building
1700 North Congress
Austin, Texas 78701

Attn: Mr. Lynn Pham

Gentlemen:

Reference is made to my letter dated March 20, 1998 wherein I provided you with a copy of the Designation of Pooled Unit for the BTA 9703 JV-P Hightower No. 1 well. Pursuant to your request, enclosed please find a copy of a surveyors plat showing the location of the State Highway running through the above-referenced Section 4.

Should you have any questions, please advise.

Very truly yours,

Larry L. Franklin

Larry L. Franklin
Landman

LLF/mrl
Enclosure

C:\Core\Letters\LLF\GLO Hightower Plat.wpd

① LTR 5-26-98

2000

DO NOT DESTROY



UNIT AGREEMENT MEMO

Unit No. 2684

Operator BTA Oil Producers

Unit Name BTA 9703 JV-P Hightower, 1

County Glasscock

Effective Date 2-11-98

Unitized for: Oil Gas Oil & Gas

1. M.F. No. 98944
Area _____ Tr. _____
Sec. _____ Blk. _____ Survey _____
7.5/160 x 1/4 = 1.17 %
.046875 * .25 = .01171875

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

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

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

REMARKS:

Prepared by: <u>Laurie Stinson</u>	Date <u>6-15-98</u>
Map & GIS updated by: <u>[Signature]</u>	Date <u>6-15-98</u>
Keyed into database by: <u>MT</u>	Date <u>6-15-98</u>

#8931

DESIGNATION OF POOLED UNIT

STATE OF TEXAS §
COUNTY OF GLASSCOCK § KNOW ALL MEN BY THESES PRESENTS:
§

THAT, WHEREAS, BTA Oil Producers is the owner of the Oil and Gas Leases described on Exhibit "A", attached hereto and made a part hereof, covering the lands described therein; and

WHEREAS, BTA Oil Producers is the owner of the following described Oil and Gas Lease covering lands in Glasscock County, Texas, and being described as follows, to-wit:

Oil and Gas lease dated February 3, 1998, recorded in Volume 23 at page 477 of the Official Records of Glasscock County, Texas, by and between the Commissioner of the General Land Office of the State of Texas, as Lessor, and BTA Oil Producers, as Lessee, covering the following described lands, to wit:

15.13 acres of land, more or less, situated in the T.& P. Ry. Co. Survey, A-785 in Glasscock County, Texas and being the same land described in the following Deed recorded in the Deed Records of Glasscock County, Texas :

15.13
- 7.50
7.63

Deed from Zora Christie, a widow, to the State of Texas , acting through the State Highway Commission, dated 9/19/38, recorded in Volume 47, Page 373, of the Deed Records of Glasscock County, Texas.

WHEREAS, each of the aforementioned Oil and Gas Leases grant the Lessee, its successors or assigns, the right, power and authority to pool or combine said leases and the lands covered thereby, or any portion thereof, so as to create the following described pooled unit for the exploration, development, operation and production of oil and/or gas and associated hydrocarbons, or Lessor has separately granted such right, power and authority to owner.

NOW, THEREFORE, in order to properly promote, encourage and accomplish the conservation of natural resources to be produced from said lands, the undersigned party, being the present owner of the above described Oil and Gas Leases, by virtue of the right, power and authority granted in and by the said leases does hereby declare that all oil and/or gas and associated hydrocarbon rights in said leases, including all leasehold royalty, overriding royalty and production payment estates under said leases, if any, are hereby POOLED, COMBINED AND CONSOLIDATED for the exploration, development, operation and production of oil and/or gas and any other hydrocarbons produced in association therewith, INSOFAR AND

ONLY INsofar as said leases cover the following described premises, to-wit:

The Northwest quarter (NW/4) of Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas, containing 160 acres, more or less.

The pooled unit established hereby may be dissolved by the owner and holder of said Oil and Gas Leases at its option by its filing of record a declaration to that effect if at the time no operations are being conducted thereon for pooled substances. This agreement may be amended from time to time hereafter to correct any errors or omissions.

The terms and provisions hereof shall be binding upon and inure to the benefit of the parties hereto, their legal representatives, successors and assigns.

This agreement and the unit created hereby shall be effective as of the date of first production from the BTA 9703 JV-P Hightower No. 1 well.

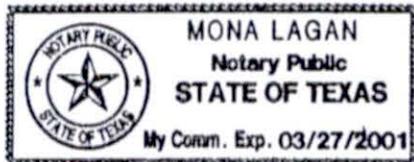
IN WITNESS WHEREOF, this agreement is executed this 11th day of February, 1998.

BTA OIL PRODUCERS

By: Barry Beal
Barry Beal
Partner

STATE OF TEXAS §
§
COUNTY OF MIDLAND §

This instrument was acknowledged before me on this 11th day of February, 1998, by BARRY BEAL, Partner of BTA Oil Producers, on behalf of said partnership.



Mona Lagan
Notary Public, State of Texas

LLF/mrl
Attachments

C:\Core\Declaration of Pooling\Section 4, Glasscock Co.wpd

EXHIBIT "A"

Schedule of Leases to Designation of
Pooled Unit dated February 11, 1998

Page 1 of 6

<u>Lease Date</u>	<u>Lessor</u>	<u>Lessee</u>	<u>Description</u>	<u>Book</u>	<u>Page</u>
1/07/97	Jean Durrell, individually and as Independent Executrix of the Estate of Sue Y. Powell	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey Glasscock County, Texas	11	513
1/02/97	Randell Louie Sherrod and wife, Velma Zora Sherrod, as Trustees of the Randell Louie and Velma Zora Sherrod Master Trust	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey Glasscock County, Texas	11	515
1/03/97	Cecil Wayne Roberts	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey Glasscock County, Texas	11	614
1/3/97	Martha Joan McKandles	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	11	616
12/19/96	Aileen Oakes	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey Glasscock County, Texas	11	732
1/7/97	Frederick H. Winston, Executor of the Estate of James O. Winston, Jr.	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas, among other lands	11	740



EXHIBIT "A"

Page 2 of 6

<u>Lease Date</u>	<u>Lessor</u>	<u>Lessee</u>	<u>Description</u>	<u>Book</u>	<u>Page</u>
1/22/97	Donald Combs and wife, Eva W. Combs	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	11	742
12/30/96	Elizabeth B. Sanders	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	12	416
12/30/96	Gladis Barnes	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	12	420
12/30/96	James Barnes and wife, Lupita Barnes	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	12	430
12/30/96	W.F. Barnes, Jr. and wife, Dorine Barnes	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	12	425
1/14/97	Frank J. Hightower	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	12	484
1/18/97	Willie B. DuBose	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	12	492
1/18/97	Beth Ann Spraberry	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	12	494



EXHIBIT "A"

Page 3 of 6

<u>Lease Date</u>	<u>Lessor</u>	<u>Lessee</u>	<u>Description</u>	<u>Book</u>	<u>Page</u>
1/06/97	Hoyle McCright	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	12	688
1/17/97	The Grand Lodge of Texas, A.F. & A.M., a Texas non-profit corporation, for its Masonic Home and School of Texas	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	12	690
1/02/97	Iris Gerber Damson, acting by and through her attorney-in-fact Kenneth DuBroff	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey Glasscock County, Texas, among other lands	13	45
1/02/97	Kenneth DuBroff and Ernest Gelman, Trustees under the Will of Edward Gerber	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas, among other lands	13	48
1/06/97	Martha Goble	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	13	372
3/10/97	The University of Texas Law School Foundation	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	14	464
3/05/97	Cactus Resources	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	14	736



EXHIBIT "A"

Page 4 of 6

<u>Lease Date</u>	<u>Lessor</u>	<u>Lessee</u>	<u>Description</u>	<u>Book</u>	<u>Page</u>
2/10/97	States, Inc.	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	16 23	58 219 (Amend)
1/21/97	Bill F. Hicks and David F. Williams, Independent Co-Executors of the Estate and Trustees under the Will of Ceil W. Moore; and Betty Klein, individually	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	16	287
1/23/97	Catherine Robertson Warren and James Louis Robertson	BTA Oil Producers	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	16	622
5/13/97	HEP Oil Company, L.L.C.	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	16	682
4/29/97	H.R. Wardlaw, III, John S. Wardlaw and Warren P. Wardlaw	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas, among other lands	16	751
7/22/97	William C. Eiland	BTA Oil Producers	Section 4, Block 34, T-4-S, T&p Ry. Co. Survey, Glasscock County, Texas	17	205

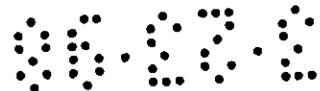


EXHIBIT "A"

Page 5 of 6

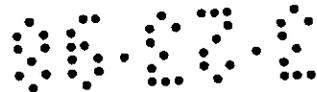
<u>Lease Date</u>	<u>Lessor</u>	<u>Lessee</u>	<u>Description</u>	<u>Book</u>	<u>Page</u>
6/17/97	Virginia H. Penn	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co Survey, Glasscock County, Texas	17	461
7/22/97	J. Kirk Ary and wife, Rebecca L. Ary	BTA Oil Producers	Section 4 Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	18	85
9/8/97	NationsBank of Texas, N.A., Trustee of the Sally Moore Kato Trust and the John Prentiss Moore Trust	BTA Oil Producers	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas, among other lands	19	218
9/8/97	NationsBank of Texas, N.A., Trustee of the Joe G. and Ruby W. Sauer Management Trust and Trustee U/W/O Joe G. Sauer	BTA Oil Producers	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	19	222
9/3/97	Sugarberry Oil and Gas Corporation	BTA Oil Producers	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas, among other lands	19	691



EXHIBIT "A"

Page 6 of 6

<u>Lease Date</u>	<u>Lessor</u>	<u>Lessee</u>	<u>Description</u>	<u>Book</u>	<u>Page</u>
9/3/97	Robert W. Floyd and wife, Sharon T. Floyd	BTA Oil Producers	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas, among other lands	19	698
8/18/97	Overton Bank & Trust, N.A. and Mary Frances Robertson, Co-Trustees of the Mary Frances Robertson Trust	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	20	404
8/18/97	Overton Bank & Trust, N.A., and Mary Frances Robertson, Co-Trustees of the Robertson Children's Trust	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	20	407
1/6/97	Eldon J. Byars	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	15	147
9/17/97	Pacific Enterprises ABC Corporation	BTA Oil Producers	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	19	607
11/6/97	Marathon Oil Company	BTA Oil Producers	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	20	641 (Memorandum of Oil & Gas Lease)



#8931

FILED FOR RECORD

AT 11:00 O'CLOCK A. M
ON THE 18 DAY OF February
A.D., 19 98

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 Official Public Records of Glasscock County, Texas.

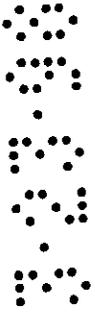
Betty Pate
COUNTY CLERK, GLASSCOCK COUNTY, TEXAS



Betty Pate
County Clerk, Glasscock County, Texas
Official Public Records

BY Shirley Wood
DEPUTY

VOL. 23 PAGE 212
RECORDED Feb. 18, 1998



BLOCK 34, T-3-S
T. & P. RR. CO. SURVEY

(S-19312)

N 75°03'31" E - 5249.5'

(67860)

44 45

45

46

5

4

Original N.W. Block 34, T-4-S
relocated from original
witness (now destroyed) bears
S 75°03'31" W - 10,499.1'

RR Spike identified by others
as position of original N.W.
Block 34, T-4-S, bears
N 75°03'31" E - 15,748.6'

Landowner
Randall Louie Sherrod, et. ux.
Volume 312, Page 263
G.C.D.R.



(S-19316)

(63726)

BLOCK 34, T-4-S
T. & P. RR. CO. SURVEY
GLASSCOCK COUNTY, TEXAS

LEGEND

- o - Denotes Calculated Corner this Survey
- (63726) - Denotes General Land Office File No.
- P.O.B. - Denotes Point of Beginning

Old Stone Mound, Original E.L. &
Section 37, this block bears
N 75°04'10" W - 10,770.6' and
S 14°28'47" E - 2814.5'

FIELD NOTE DESCRIPTION

FIELD NOTE DESCRIPTION of a 7.50 acre tract of land, a part of the Northwest quarter of Section 4, Block 34, T-4-S, T. & P. RR. Co. Survey, lying and being situated in Glasscock County, Texas about 3.5 miles S 90° W from Garden-City, the county seat. The said 7.50 acre tract also being a part of the Northwest quarter of Section 4, Block 34, T-4-S, relocated by original witness, which has been identified as been destroyed, bears N 14°07'34" W, 1593.6 feet, and S 75°03'31" W, 10,499.1 feet;

BEGINNING at a point in the West line of said Section 4, the East line of Section 5, Block 34, T-4-S, T. & P. RR. Co. Survey, and in the North Right-of-Way of State Highway 158, from which the Original Northwest corner of Block 34, T-4-S, relocated by original witness, which has been identified as been destroyed, bears N 14°07'34" W, 1593.6 feet, and S 75°03'31" W, 10,499.1 feet;

THENCE S 88°53'48" E, along the North Right-of-Way of said State Highway 158, a distance of 2721.7 feet to a point in the East line of the Northwest quarter of said Section 4, for the Northeast corner of this tract;

THENCE S 14°09'59" E, along the East line of said Northwest quarter of said Section 4, a distance of 124.4 feet to a point in the South Right-of-Way of said State Highway 158, for the Southeast corner of this tract;

THENCE N 88°53'48" W, along the South Right-of-Way of said State Highway 158, a distance of 2721.8 feet, to a point in the West line of said Section 4, the East line of said Section 5, for the Southwest corner of this tract, from which a Large Stone mound identified by R.T. Bucy in 1928, for the Southwest corner of Section 18, Block 34, T-4-S, bears S 14°07'34" E, 3577.4 feet, S 75°04'10" W, 10,513.9 feet, and S 13°57'57" E, 10,587.3 feet;

THENCE N 14°07'34" W, along the West line of said Section 4, a distance of 124.4 feet to the PLACE OF BEGINNING.

Said tract containing 7.50 acres of land, all lying in the Right-of-Way of State Highway 158.

NOTE:

- 1) Bearings shown hereon are Lambert Grid and Conform to the "Texas Coordinate System", Texas Central Zone, North American Datum of 1927. Distances shown hereon are surface values and do not reflect a grid factor adjustment.
- 2) See information filed in the office of this Surveyor which describes the reconstruction of this Section.



I HEREBY CERTIFY THAT THIS PLAT WAS MADE FROM NOTES TAKEN IN THE FIELD IN A BONA FIDE SURVEY MADE UNDER MY SUPERVISION.

J. FRANK NEWMAN
5011
TEXAS R.P.L.S. No. 5011
PROFESSIONAL SURVEYOR

MACON McDONALD TEXAS R.P.L.S. No. 4398
J. FRANK NEWMAN TEXAS R.P.L.S. No. 5011

JOHN WEST ENGINEERING CO.
MIDLAND, TEXAS

BTA OIL PRODUCERS

Survey of a
7.50 ACRE TRACT
Located in
Section 4, Block 34, T-4-S
T. & P. RR. Co. Survey
Glasscock County, Texas

Drawn By: LVA	Date: January 20, 1998
Scale: 1"=1000'	Field Book: 162 / 56-59
Revision Date:	Quadrangle: Dewey Lake SE
W.O. No: 98-21-0018	Dwg. No.: L-980018

#12
Pooling Agreement
6-15-98

2.30.00

11



Texas General Land Office

Garry Mauro, Commissioner

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

June 29, 1998

ATTN: Robin G. Hughes, Landman
BTA Oil Producers
104 South Pecos
Midland, TX 79701-5099

Re: Mineral File No. M-98944
Division Order No. 9703-01
BTA 9703 JV-P Hightower No. 1
Glasscock County, Texas

Dear Mr. Hughes:

We have received the Division Order submitted by your company for the above referenced lease and incorporated it into our permanent file. Please be sure to reference the mineral file number in all future correspondence concerning the lease.

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

If you should have any questions, please feel free to call me at 512/475-1479.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott G. Veach".

Scott G. Veach
Royalty Management
Energy Resources

Enclosures



M-98944

MIDLAND PARTNERS
CARLTON BEAL, JR.
BARRY BEAL
SPENCER BEAL
KELLY BEAL
BARRY BEAL, JR.
STUART BEAL
ROBERT DAVENPORT, JR.

BTA OIL PRODUCERS
104 SOUTH PECOS
MIDLAND, TEXAS 79701-5099
915-682-3753
FAX 915-683-0311

ROCKY MOUNTAIN DIVISION
600 17TH STREET
SUITE 2230
SOUTH TOWER
DENVER, CO 80202
303-292-9299
FAX 303-297-0666

March 23, 1998

Dear Interest Owner:

M-98944

BTA Oil Producers is disbursing revenues on the property described on the attached division order. Please read the division order carefully and execute one copy before returning it to this office. Please keep the second copy for your records.

IN ORDER TO ELIMINATE THE POSSIBILITY OF DELAYED PAYMENTS AND FURTHER CORRESPONDENCE, PLEASE BE ADVISED THAT YOUR INTEREST IS IN PAY STATUS; HOWEVER, IF WE HAVE NOT RECEIVED YOUR SIGNED DIVISION ORDER WITHIN 60 DAYS OF THE DATE OF THIS DIVISION ORDER, YOUR INTEREST WILL BE PLACED IN SUSPENSE.

Please follow the instructions outlined below:

SIGNATURE

Sign your name as shown on the division order. Two adult witnesses should also sign the division order.

CORPORATIONS

If signing for a corporation, signature must be attested and title of signatory party shown. The name of the signatory party should be typed below his/her signature.

ATTORNEYS - IN FACT
OR GUARDIAN

If the division order is signed by an agent, Attorney-in-fact, guardian, or any party other than the named interest owner, please furnish evidence of the rights vested in the signatory party.

MAILING ADDRESS

Please check your address as it is reflected on Exhibit "A" and notify us of any inaccuracies. If you are already receiving checks from this company, be sure to use the same address to which we are now mailing checks. **PLEASE PROVIDE US WITH ANY INFORMATION YOU MAY HAVE REGARDING OWNERS' WHEREABOUTS NOTED "ADDRESS UNKNOWN."**

CHANGE OF
ADDRESS

You should notify us promptly in writing of any change in your mailing address.

SOCIAL SECURITY OR
FEDERAL ID NUMBER

Insert your number in the space provided below your name on the division order. Federal law requires withholding of 31% for failure to provide your social security or tax identification number.

RGH/cl
Enclosure
New-well.doc

Robin G. Hughes
Landman

M-98944

BTA OIL PRODUCERS
OIL & GAS DIVISION ORDER NO. 9703-01

TO: BTA OIL PRODUCERS
104 South Pecos
Midland, Texas 79701

DATE: March 23, 1998

The undersigned severally and not jointly certifies it is the legal owner of the interest set out opposite his name on the Exhibit "A" attached hereto and made a part hereof in the oil, gas, casinghead gas or other related hydrocarbons produced from the property described as follows:

PROPERTY NAME: BTA 9703 JV-P Hightower No. 1
LEGAL DESCRIPTION: NW/4 of Section 4
Block 34, T-4-S, T&P Ry. Co. Survey
Glasscock County, Texas
EFFECTIVE DATE: First Production

The following provisions apply to each interest owner ("owner") who executes this agreement and BTA Oil Producers ("payor"):



TERMS OF SALE: The undersigned will be paid in accordance with the division of interest set out on the attached Exhibit "A". The payor shall pay all parties at the price agreed to by the operator for oil and/or gas to be sold pursuant to this division order. On all oil sold purchaser shall compute quantity and make corrections for gravity and temperature and make deductions for impurities.

PAYMENT: From the effective date, payment is to be made monthly by payor's check, based on this division of interest, no later than (1) 60 days after the end of the calendar month in which subsequent oil production is sold, (2) 90 days after the end of the calendar month in which subsequent gas production is sold, from the property listed above, less taxes required by law to be deducted and remitted by payor as purchaser. Payments of less than \$25.00 may be accrued before disbursement. Owner agrees to refund to payor any amounts attributable to an interest or part of an interest that owner does not own.

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

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

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

NOTICES: The owner agrees to notify payor in writing of any change in the division of interest, including changes of interest contingent on payment of money or expiration of time. No change of interest is binding on payor until the recorded copy of the instrument of change or documents satisfactorily evidencing such change are furnished to payor at the time the change occurs. Any change of interest shall be made effective on the first day of the month following receipt of such notice by payor. Any correspondence regarding this agreement shall be furnished to the addresses listed unless otherwise advised by either party.

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

Failure to furnish your Social Security/Tax Identification number will result in 31% withholding tax in accordance with federal law, and any tax withheld will not be refundable by payor.

WITNESSES:

OWNER(S):
By: _____
Commissioner of the General Land Office

Social Security or Tax ID Number

YOU MAY KEEP THIS COPY
FOR YOUR RECORDS

EXHIBIT "A"
OIL & GAS DIVISION ORDER

BTA 9703 JV-P HIGHTOWER #1

OWNER NUMBER	NAME AND ADDRESS	DIVISION OF INTEREST
20005050	J. Kirk Ary and Rebecca L. Ary P. O. Box 9687 Midland, TX 79702	0.148926% ROY
20007673	Gladis G. Barnes P. O. Box 785 Santa Anna, TX 76878	0.379761% ROY
20007685	James Barnes 227 Lakeridge Drive San Antonio, TX 78229	0.379761% ROY
20007713	W. F. Barnes, Jr. RR1, Box 508 Brownwood, TX 76801	0.379761% ROY
20010008	Edd M. Boler SUSPEND - REQUIREMENT NO. 33 P. O. Drawer 1 Pharr, TX 78577	0.059570% ROY
20012000	Eldon J. Byars 14407 Briarfern San Antonio, TX 78247	0.279236% ROY
20012325	Cactus Resources, Inc. P. O. Box 8112 Murfreesboro, TN 37133	0.037231% ROY
20012858	Jack Carroll SUSPEND - REQUIREMENT NO. 33 ADDRESS REQUIRED	0.178711% ROY
20015120	Donald Combs and Eva W. Combs 137 Bridgewater Circle Midland, TX 79707	0.111694% ROY
20017474	Iris Gerber Damson SUSPEND - REQUIREMENT NO. 26 90 Maple Ave. White Plains, NY 10601	1.622360% ROY
20019204	Willie B. DuBose 117 Blackberry Court Midland, TX 79705	0.251312% ROY
20019585	Jean Burson Durell 2824 W. Dengar Midland, TX 79705	0.279236% ROY
20021910	William C. Eiland P. O. Drawer 11228 Midland, TX 79702	0.148926% ROY
20028740	Robert W. Floyd and Sharon T. Floyd SUSPEND - REQUIREMENT NOS. 14 & 26 P. O. Box 872 Midland, TX 79702	0.416992% ROY

OWNER NUMBER	NAME AND ADDRESS	DIVISION OF INTERES
20030648	Commissioner of the General Land Office State of Texas Stephen F. Austin Building 1700 N. Congress Avenue Austin, TX 78701	1.171875% ROY
20030800	Bradford Gerber SUSPEND - REQUIREMENT NO. 26 c/o Kenneth DuBroff 90 Maple Ave. White Plains, NY 10601	1.622360% ROY
20031665	Martha Goble 3105 E. 68th Street Tulsa, OK 74136	0.069809% ROY
20031670	The Estate of Wayne Goble SUSPEND - REQUIREMENT NO. 13 3105 E. 68th Street Tulsa, OK 74136	0.069809% ROY
20054722	The Grand Lodge of Texas, A.F. & A.M. for its Masonic Home and School of Texas P. O. Box 15040 Fort Worth, TX 76109-5040	0.759521% ROY
20035850	Frank J. Hightower 105 N. Hudson, Suite 200 Oklahoma City, OK 73102	0.279236% ROY
20035276	H.E.P. Oil Company SUSPEND - REQUIREMENT NO. 22 P. O. Box 1499 Gainesville, TX 76241-1499	0.018616% ROY
20048370	Sally Martha Moore Kato Trust NationsBank of Texas, N.A., Trustee P. O. Box 830308 Dallas, TX 75283-0308	0.111694% ROY
20050050	Betty H. Klein P. O. Box 787 Mt. Vernon, TX 75457	0.009308% ROY
20054501	Marathon Oil Company Dept. 0882 P. O. Box 120001 Dallas, TX 75312-0882	0.186157% ROY
20055585	Hoyle McCright P. O. Box 8875 Midland, TX 79708-8875	0.083771% ROY
20055815	Martha Joan McKandles 5312 77th Street Lubbock, TX 79424	0.093079% ROY
20058002	Ceil W. Moore Trust Bill F. Hicks & David F. Williams, Co-Trustees P. O. Box 787 Mt. Vernon, TX 75457	0.074463% ROY

OWNER NUMBER	NAME AND ADDRESS	DIVISION OF INTEREST
20058142	John Prentiss Moore Trust NationsBank of Texas, N.A., Trustee P. O. Box 830308 Dallas, TX 75283-0308	0.111694% ROY
20066700	Aileen Oakes 3412 Boyd Midland, TX 79707	0.232696% ROY
20083646	Pacific Enterprises ABC Corporation P. O. Box 513929 Los Angeles, CA 90051-3929	1.303100% ROY
20069776	Virginia H. Penn P. O. Box 9276 Fort Worth, TX 76147	0.139618% ROY
20071251	Jewell Boler Polk SUSPEND - REQUIREMENT NO. 33 NEED ADDRESS	0.059570% ROY
20073810	Jean Summral Reeves 1305 Sheckler Cut-Off Fallon, NV 89406	0.059570% ROY
20075170	Robertson Children's Trust Overton Bank & Trust and Mary Frances Robertson, Co-Trustees SUSPEND - REQUIREMENT NO. 21 Overton Bank and Trust, N.A. P. O. Box 16509 Fort Worth, TX 76162-0509	0.058174% ROY
20075190	James Louis Robertson 16008 Highway 74 East Winslow, AR 72959-9525	0.013962% ROY
20075198	Mary Frances Robertson Trust Overton Bank & Trust and Mary Frances Robertson, Co-Trustees SUSPEND - REQUIREMENT NO. 21 Overton Bank and Trust, N.A. P. O. Box 16509 Fort Worth, TX 76162-0509	0.058174% ROY
20075062	Cecil Wayne Roberts 8701 High Valley Austin, TX 78737-1458	5.540039% ROY
20077055	Elizabeth B. Sanders 7014 Northwood Road Dallas, TX 75225	0.379761% ROY
20077056	Joe G. Sauer and Ruby W. Sauer Trust NationsBank of Texas, N.A., Trustee P. O. Box 830308 Dallas, TX 75283-0308	0.670166% ROY
20078605	Randell Louie Sherrod and Velma Zora Sherrod Master Trust Randell Louie Sherrod and Velma Zora Sherrod Trustees SUSPEND - REQUIREMENT NO. 6 HC 63, Box 163 Big Spring, TX 79720	0.093079% ROY

OWNER NUMBER	NAME AND ADDRESS	DIVISION OF INTERES
20080690	Beth Ann Spraberry For Deposit Only - Account No. 587006 First National Bank of Lamesa P. O. Box 341 Lamesa, TX 79331	0.251312% ROY
20080310	States, Inc. P. O. Box 911 Breckenridge, TX 76424-0911	0.148926% ROY
20081860	Sugarberry Oil and Gas Corporation SUSPEND - REQUIREMENT NOS. 14 & 26 2911 Turtle Creek Blvd., Suite 900 Dallas, TX 75219	0.416992% ROY
20089510	University of Texas Law School Foundation P. O. Box 149090 Austin, TX 78714-9090	0.759521% ROY
20092090	H. R. Wardlaw, III 1201 S. Park SanAngelo, TX 76901	0.129069% ROY
20092095	John Stephenson Wardlaw 1201 S. Park San Angelo, TX 76901	0.129069% ROY
20092098	Warren P. Wardlaw 1201 S. Park San Angelo, TX 76901	0.129069% ROY
20092110	Catherine A. Robertson Warren 16008 Highway 74 East Winslow, AR 72959-9525	0.041885% ROY
20094416	Ella Rice Winston Estate SUSPEND - REQUIREMENT NO. 4 Frederick H. Winston, Independent Administrator 2625 Bay Area Blvd., Suite 120 Houston, TX 77058	0.019546% ROY
20094418	James Overton Winston, Jr. Mineral Interest Ptrshp. % Frederick H. Winston 2625 Bay Area Blvd., Suite 120 Houston, TX 77058	0.015202% ROY
20094419	James O. Winston, IV Trust Houston Trust Company, Trustee % Frederick H. Winston 2625 Bay Area Blvd., Suite 120 Houston, TX 77058	0.002172% ROY
20094423	Susan Elizabeth Winston Trust Houston Trust Company, Trustee % Frederick H. Winston 2625 Bay Area Blvd., Suite 120 Houston, TX 77058	0.002172% ROY
JV970301	BTA Oil Producers 104 S. Pecos Midland, TX 79701	80.012287% WI
	TOTAL	100.000000%

13

MF 098944
ITEM D.O
TO _____
FROM _____
DATE 6-29-98

27030

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

PA04-157

Unit Number 3553
Operator Name **BTA OIL PRODUCERS** Effective Date 12/7/2004
TaxID: [REDACTED] Unitized For Oil & Gas
Unit Name **BTA 9703 JV-P Hightower (Wolfcamp)** Unit Term 0 Months
County1 **Glasscock**
County 2 **2684** Inactive Status Date 12/7/2004
County 3 0
RRC District: 08 0
Unit Type: **Permanent** 0
State Royalty Interest: 0.01171875 0
State Part in Unit: 0.046875
Unit Depth Well: Unit
Below Depth 7662 TVD Formation: **Wolfcamp**
Above Depth 7819 TVD Participation Basis: **Surface Acreage**
[If Exclusions Apply: See Remarks]

MF Number **MF098944** Tract Number 1
Lease Acres 7.5 / Total Unit Acres 160 =
Tract Participation: 0.0468750 X
Lease Royalty 0.25 = Manual Tract Participation: [] 0 | See Remarks
Tract Royalty Participation 0.0117188 Manual Tract Royalty: [] 0

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

API Number

RRC Number

Remarks:

This is a HROW unit. The old unit (unit # 2684) will dissolve at the same time that the new unit (unit # 3553) becomes effective.

Prepared By:

REW

Prepared Date:

12/07/04

GLO Base Updated By:

m. Silva

GLOBase Date:

12-10-04

RAM Approval By:

S King

RAM Approval Date:

12/27/04

GIS By:

GIS Date:

Mineral Maps By:

Mineral Maps Date:

Pooling Committee Report

To: School Land Board PA04-157
Date of Board Meeting: December 7, 2004 Unit Number: 3553
Effective Date: 12/7/2004
Unit Expiration Date: Permanent
Applicant: BTA OIL PRODUCERS
Operator: BTA OIL PRODUCERS
County 1: Glasscock
County 2:
County 3:
Unit Name: BTA 9703 JV-P Hightower (Wolfcamp)
Field Name: Garden City, W. (Wolfcamp 7880)

<u>Lease Type</u>	<u>MF Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres in Unit</u>	<u>Royalty Participation</u>
HRW	MF098944	0.25	2/3/2001	HBP	15.1	7.5	0.0117188

SF = State Fee HRW = Highway Right of Way UR = Unleased River

Private Acres:	152.5
State Acres:	7.5
Total Unit Acres:	160

<u>Participation Basis:</u>	
Surface Acreage	
<u>State Acreage:</u>	4.69%
<u>State Unit Royalty:</u>	1.17%

<u>Unit Type:</u>	<u>Unitized for:</u>
Permanent	Oil & Gas
<u>Term:</u>	0 Months

<u>Well Location:</u>
Private Land

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
Special Field Rule	160

REMARKS:

- BTA Oil Producers is requesting permanent oil and gas pooling of the Wolfcamp Formation from 7,662 feet to 7,819 feet as shown on the BTA Oil Producers # 3 unit well log.
- On February 11, 1998, the applicant formed a 160 acre unit in the NW/4 of section 4 which included 7.5 acres of highway right of way. The applicant completed the BTA Oil Producers # 1 well in this unit.
- The BTA Oil Producers # 1 well is nearly depleted. The applicant wishes to dissolve this original unit and include the highway right of way acreage in a new secondary recovery unit that includes the S/2 of the NW/4 of section 4 and the N/2 of the SW/4 of section 4.
- The applicant anticipates an additional 65,580 barrels of oil to be produced due to the water injection of the original unit well. With approval of the unit the state's unit royalty participation will be 1.172%.
- The state will participate from the date of first production.

POOLING COMMITTEE RECOMMENDATION:

- The Pooling Committee recommends Board approval of a permanent oil and gas unit under the above-stated provisions.


 Jeffee Martinez-Vargas - Office of the Attorney General

11-23-04

Date:

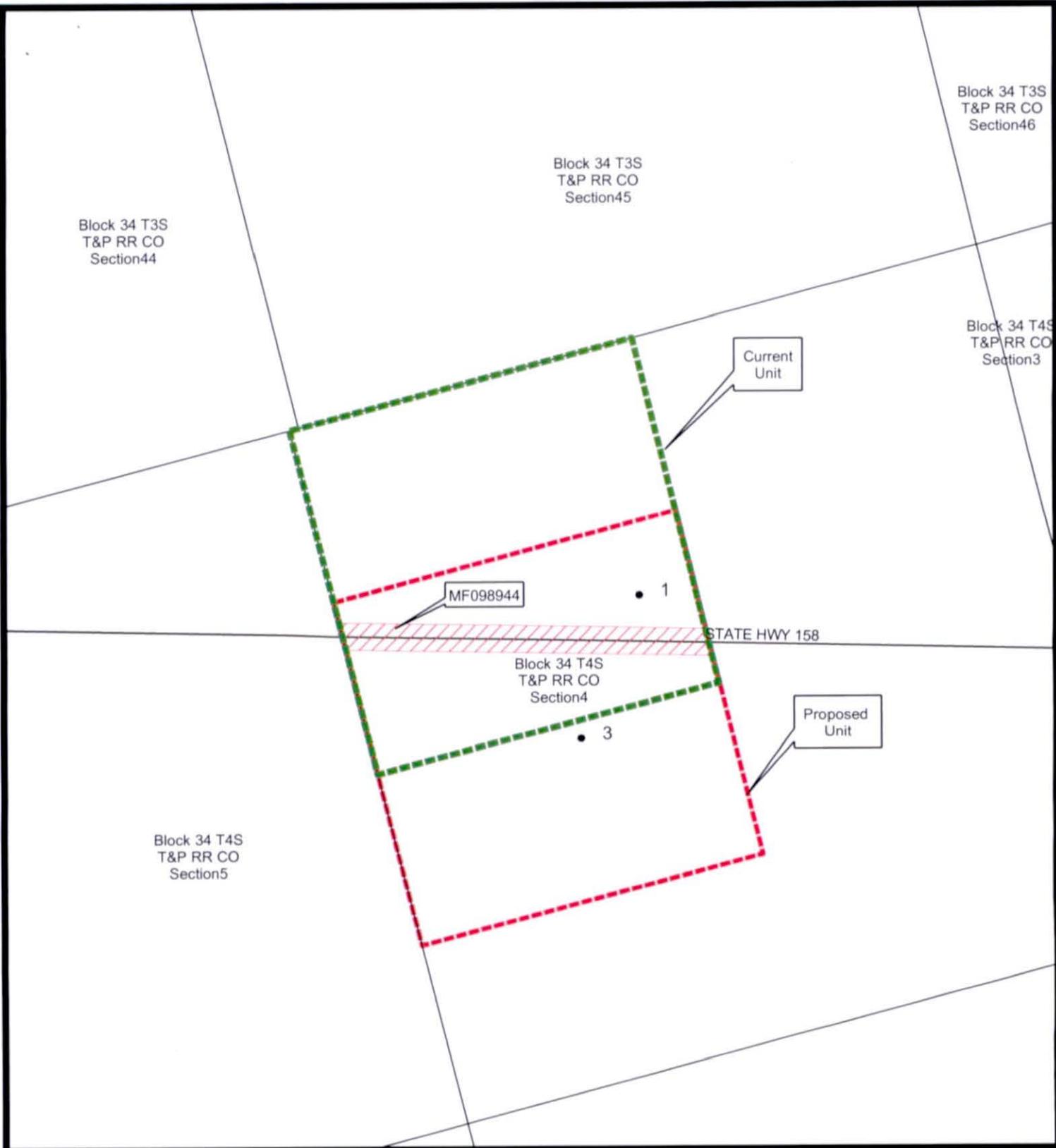

 Peter A. Boone - General Land Office

11-23-04

Date:

 Vacant - Office of the Governor

 Date:



BTA Oil Producers
 BTA 9703 JV-P Hightower (Wolfcamp) Unit
 Garden City, W. (Wolfcamp 7880)
 MF098944
 Glasscock County
 PA04-157

NAD_1927_Albers
 Projection: Albers
 False_Easting: 0.000000
 False_Northing: 0.000000
 Central_Meridian: -100.000000
 Standard_Parallel_1: 28.000000
 Standard_Parallel_2: 35.000000
 Latitude_Of_Origin: 31.000000

GCS_North_American_1927
 0 500 1,000 Feet



The Texas General Land Office makes no representations or warranties regarding the accuracy or completeness of the information depicted on the 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:
 Ferrel Taylor
 Energy Resources - GIS
 December 7, 2004

**RATIFICATION OF DISSOLUTION OF
BTA'S 9703 JV-P HIGHTOWER NO. 1 UNIT
AND DESIGNATION OF BTA'S NEW
9703 JV-P HIGHTOWER (WOLFCAMP) UNIT**

Name of Dissolved Unit: 9703 JV-P Hightower No. 1
Name of New Unit: 9703 JV-P Hightower (Wolfcamp)
County: Glasscock
State: Texas

The undersigned is a Royalty Owner in the 9703 JV-P Hightower No. 1 Unit which was created by Designation of Pooled Unit dated February 11, 1998, recorded in Volume 23, Page 818 of the Deed Records of Glasscock County, Texas, covering the NW/4 of Section 4, Block 34, T-4-S, T&P RR Co. Survey, Glasscock County, Texas ("Original Unit"). By instrument titled "Dissolution of BTA's Original 9703 JV-P Hightower No. 1 Unit and Designation of BTA's New 9703 JV-P Hightower (Wolfcamp) Unit", dated June 3, 2005, the 9703 JV-P Hightower No. 1 Unit was dissolved and the 9703 JV-P Hightower (Wolfcamp) Unit ("New Unit") was established. The undersigned desires to ratify the dissolution of the Original Unit and the creation of the New Unit to the extent of the undersigned's interest in Oil and Gas Leases, mineral, royalty, and/or leasehold interests, and lands included in the New Unit.

For the consideration and purposes stated in the Dissolution of BTA's Original 9703 JV-P Hightower No. 1 Unit and Designation of BTA's New 9703 JV-P Hightower (Wolfcamp) Unit instrument, the undersigned hereby adopts, ratifies and confirms the dissolution of the 9703 JV-P Hightower No. 1 Unit and the designation of the 9703 JV-P Hightower (Wolfcamp) Unit, provided that 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 State Lease in force as to any area outside the unit.

The undersigned executes this Ratification as of the date set opposite the undersigned's signature, agreeing that this Ratification shall be effective as to the undersigned's interest in the Unit as of the Unit Agreement's Effective Date.

Date Executed: JUNE 2005

STATE OF TEXAS

By: 
Jerry E. Patterson, Commissioner
General Land Office

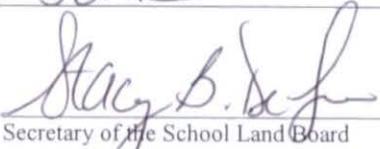
approved:
legal
content
geology
executive



CERTIFICATE

I, Stacy B. De Leon, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on September 21, 2004, the foregoing instrument was approved by said Board under the provisions of Chapter 52 of the Natural Resources Code all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this the 23 day of JUNE, 2005.


Secretary of the School Land Board

DISSOLUTION OF BTA'S ORIGINAL
9703 JV-P HIGHTOWER NO. 1 UNIT AND
DESIGNATION OF BTA'S NEW
9703 JV-P HIGHTOWER (WOLFCAMP) UNIT

State: Texas
County: Glasscock

KNOW ALL MEN BY THESE PRESENTS:

That BTA Oil Producers ("BTA") is the owner of the Oil and Gas Leases described on Exhibit "A" that is attached hereto and made a part hereof, such Oil and Gas Leases being collectively referred to herein as the "Leases"; and

That by instrument entitled Designation of Pooled Unit, dated February 11, 1998, recorded in Volume 23, Page 818 of the Deed Records of Glasscock County, Texas ("Original Declaration"), BTA formed the 9703 JV-P Hightower No. 1 Unit ("Original Unit"), pooling the Leases insofar as the Leases covered the NW/4 of Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas; and

That BTA is the operator of both the 9703 JV-P Hightower No. 1 Well ("No. 1 Well"), which is the unit well for the Original Unit, and the 9703 JV-P Hightower No. 3 Well ("No. 3 Well") that produces from outside the Original Unit but from the same reservoir as the Hightower No. 1 Well; and

That BTA, as the operator of the Original Unit and the No. 3 Well, desires to dissolve the Original Unit and to establish a new pooled unit that is designated as the BTA 9703 JV-P Hightower (Wolfcamp) Unit ("New Unit") that includes both the No. 1 and No. 3 Wells; and

That the New Unit would allow BTA to inject water into the No. 1 Well and produce hydrocarbons from the No. 3 Well that may not otherwise be produced; and

That the School Land Board of The State of Texas has reviewed and approved the dissolution of the Original Unit and creation of the New Unit as set forth below.

NOW, THEREFORE, BTA Oil Producers hereby declares that effective with the commencement of water injection into the No. 1 Well, the Original Unit comprised of the NW/4 of Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas, created by the Original Designation, shall be dissolved, terminated, and no longer in effect, and the Leases included in the Original Unit will no longer be subject to said Original Designation.

BTA Oil Producers also hereby declares that, concurrently with the dissolution of the Original Unit, and also effective with the commencement of water injection into the No. 1 Well, and in order to promote, encourage and accomplish the conservation of natural resources, protect correlative rights, and prevent waste, all oil and/or gas and associated hydrocarbon rights, including all leasehold, royalty, overriding royalty and production payment estates, associated with or related to the Leases and Unit Lands as described below shall be POOLED, COMBINED AND CONSOLIDATED for the operation and production of oil and/or gas and any other hydrocarbons produced in association therewith from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas ("Pooled Substances"), INSOFAR AND ONLY INSOFAR as said Leases cover the following described premises, to-wit:

50519

The S/2 NW/4 and the N/2 SW/4 of Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas, containing 160 acres, more or less, as shown on the plat attached as Exhibit B, limited to depths from 7,662 feet to 7,819 feet as shown on the Schlumberger Borehole Compensated Sonic log dated April 20th, 1998, of the BTA Oil Producers 9703 JV-P Hightower No. 3 Well (API No. 42-173-32880) that is located in Section 4, Block. 34, T-4-S, T&P Ry. Survey, Glasscock County, Texas, such lands being referred to herein as the "Unit Lands."

The New Unit established herein shall be valid and effective for all purposes of the Leases even though there may be a mineral, royalty or leasehold interest in Unit Lands which are not effectively pooled or unitized. Any operations conducted on and/or production from any part of the Unit Lands shall be considered, for all purposes, except the payment of royalty, as operations conducted upon and/or production from the lands described by the Leases. There shall be allocated to the lands covered by each of the Leases within the New Unit the proportion of the total production of Pooled Substances from the Unit Lands which the number of surface acres in each separate tract covered by the Leases within the Unit Lands bears to the total number of surface acres making up the Unit Lands, 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 Pooled Substances from the Unit Lands and allocated in the same manner as though produced under the terms of the Leases.

The New Unit established hereby may be dissolved by the owner and holder of the Leases at its option by filing a declaration to that effect in the appropriate records of Glasscock County, Texas, if, at that time, no operations are being conducted for Pooled Substances on the Unit Lands. This instrument may be amended from time to time hereafter to correct any errors or omissions.

The dissolution of the Original Unit and creation of the New Unit shall be effective as of the date of first water injection into the No. 1 Well. BTA, its successors or assigns, shall file an instrument in the appropriate records of Glasscock County, Texas, setting forth this effective date.

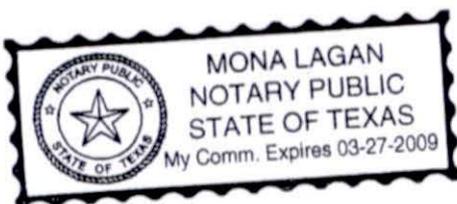
IN WITNESS WHEREOF, this instrument is executed this 3rd day of June, 2005.

BTA OIL PRODUCERS

By: *Barry Beal, Jr.*
Barry Beal, Jr., Partner RCH

STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

This instrument as acknowledged before me on this 3rd day of June, 2005, by Barry Beal, Jr., Partner of BTA Oil Producers, on behalf of said partnership.



Mona Lagan
Notary Public, State of Texas

50579

EXHIBIT "A"
 ATTACHED TO AND MADE A PART OF DISSOLUTION OF
 BTA' S ORIGINAL 9703 JV-P HIGHTOWER NO. 1 UNIT AND DESIGNATION
 OF BTA'S NEW 9703 JV-P HIGHTOWER (WOLFCAMP) UNIT

Page 1 of 7

<u>Lease Date</u>	<u>Lessor</u>	<u>Lessee</u>	<u>Description</u>	<u>Book</u>	<u>Page</u>
2/03/98	Commissioner of the General Land Office of the State of Texas	BTA Oil Producers	15.13 acres of land, more or less, situated in the T&P Ry. Co. Survey, Glasscock County, Texas and being the same land described in the following deeds Recorded in the Deed Records of Glasscock County, Texas: Deed from Zora Christie, a widow to the State of Texas dated 9/19/38 and recorded in V. 47, P. 373, of the Deed Records of Glasscock County, Texas	23	477
1/07/97	Jean Durrell, individually and as Independent Executrix of the Estate of Sue Y. Powell	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey Glasscock County, Texas	11	513
1/02/97	Randell Louie Sherrod and wife, Velma Zora Sherrod, as Trustees of the Randell Louie and Velma Zora Sherrod Master Trust	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey Glasscock County, Texas	11	515
1/03/97	Cecil Wayne Roberts	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey Glasscock County, Texas	11	614
1/03/97	Martha Joan McKandles	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	11	616

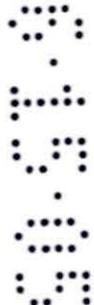


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<u>Lease Date</u>	<u>Lessor</u>	<u>Lessee</u>	<u>Description</u>	<u>Book</u>	<u>Page</u>
12/19/96	Aileen Oakes	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey Glasscock County, Texas	11	732
1/07/97	Frederick H. Winston, Executor of the Estate of James O. Winston, Jr.	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas, among other lands	11	740
1/22/97	Donald Combs and wife, Eva W. Combs	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	11	742
12/30/96	Elizabeth B. Sanders	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	12	416
12/30/96	Gladis Barnes	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	12	420
12/30/96	James Barnes and wife, Lupita Barnes	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	12	430
12/30/96	W.F. Barnes, Jr. and wife, Dorine Barnes	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	12	425
1/14/97	Frank J. Hightower	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	12	484
1/18/97	Willie B. DuBose	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	12	492

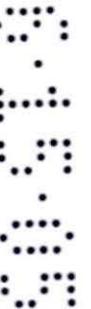


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<u>Lease Date</u>	<u>Lessor</u>	<u>Lessee</u>	<u>Description</u>	<u>Book</u>	<u>Page</u>
1/18/97	Beth Ann Spraberry	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	12	494
1/06/97	Hoyle McCright	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	12	688
1/17/97	The Grand Lodge of Texas, A.F. & A.M., a Texas non-profit corporation, for its Masonic Home and School of Texas	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	12	690
1/02/97	Iris Gerber Damson, acting by and through her attorney-in-fact Kenneth DuBroff	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey Glasscock County, Texas, among other lands	13	45
1/02/97	Kenneth DuBroff and Ernest Gelman, Trustees under the Will of Edward Gerber	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas, among other lands	13	48
1/06/97	Martha Goble	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	13	372

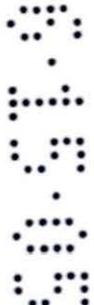


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<u>Lease Date</u>	<u>Lessor</u>	<u>Lessee</u>	<u>Description</u>	<u>Book</u>	<u>Page</u>
3/10/97	The University of Texas Law School Foundation	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	14	464
3/05/97	Cactus Resources	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	14	736
2/10/97	States, Inc.	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	16 23	58 219 (Amend)
1/21/97	Bill F. Hicks and David F. Williams, Independent Co-Executors of the Estate and Trustees under the Will of Ceil W. Moore; and Betty Klein, individually	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	16	287
1/23/97	Catherine Robertson Warren and James Louis Robertson	BTA Oil Producers	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	16	622
5/13/97	HEP Oil Company, L.L.C.	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	16	682



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<u>Lease Date</u>	<u>Lessor</u>	<u>Lessee</u>	<u>Description</u>	<u>Book</u>	<u>Page</u>
4/29/97	H.R. Wardlaw, III, John S. Wardlaw and Warren P. Wardlaw	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas, among other lands	16	751
7/22/97	William C. Eiland	BTA Oil Producers	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	17	205
6/17/97	Virginia H. Penn	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co Survey, Glasscock County, Texas	17	461
7/22/97	J. Kirk Ary and wife, Rebecca L. Ary	BTA Oil Producers	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	18	85
9/08/97	NationsBank of Texas, N.A., Trustee of the Sally Moore Kato Trust and the John Prentiss Moore Trust	BTA Oil Producers	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas, among other lands	19	218



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<u>Lease Date</u>	<u>Lessor</u>	<u>Lessee</u>	<u>Description</u>	<u>Book</u>	<u>Page</u>
9/08/97	NationsBank of Texas, N.A., Trustee of the Joe G. and Ruby W. Sauer Management Trust and Trustee U/W/O Joe G. Sauer	BTA Oil Producers	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	19	222
9/03/97	Sugarberry Oil and Gas Corporation	BTA Oil Producers	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas, among other lands	19	691
9/03/97	Robert W. Floyd and wife, Sharon T. Floyd	BTA Oil Producers	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas, among other lands	19	698
8/18/97	Overton Bank & Trust, N.A. and Mary Frances Robertson, Co-Trustees of the Mary Frances Robertson Trust	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	20	404
8/18/97	Overton Bank & Trust, N.A., and Mary Frances Robertson, Co-Trustees of the Robertson Children's Trust	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	20	407



EXHIBIT "A"

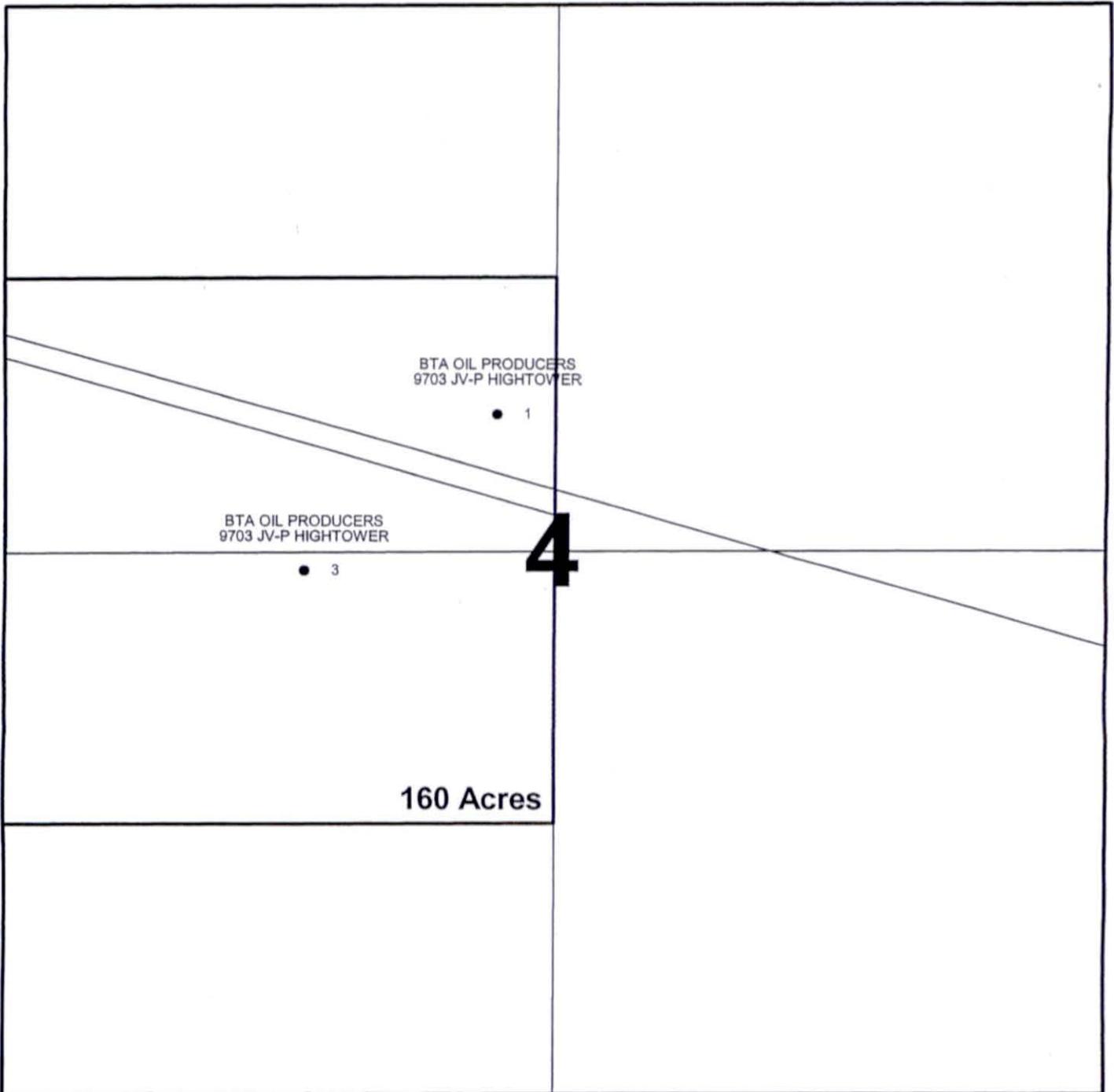
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<u>Lease Date</u>	<u>Lessor</u>	<u>Lessee</u>	<u>Description</u>	<u>Book</u>	<u>Page</u>
1/06/97	Eldon J. Byars	Perry & Perry, Inc.	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	15	147
9/17/97	Pacific Enterprises ABC Corporation	BTA Oil Producers	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	19	607
11/06/97	Marathon Oil Company	BTA Oil Producers	Section 4, Block 34, T-4-S, T&P Ry. Co. Survey, Glasscock County, Texas	20	641 (Memorandum of Oil & Gas Lease)



EXHIBIT "B"

ATTACHED TO AND MADE A PART OF
DISSOLUTION OF BTA'S ORIGINAL 9703
JV-P HIGHTOWER NO. 1 UNIT AND
DESIGNATION OF BTA'S NEW 9703 JV-P
HIGHTOWER (WOLFCAMP) UNIT



90570

File No. MF098944 14.
Isoling Committee Report
Dissolution & Designation
Date Filed: 6/24/05 Unit 8
Jerry E. Patterson, Commissioner
By RL

2005
JUN 24