

TIPPS SANDERS, MASTERS & WATSON  
ATTORNEYS AT LAW  
SUITE 712 WICHITA NAT'L BLDG  
WICHITA FALLS TEXAS

THE STATE OF TEXAS |

COUNTY OF UPSHUR |

BE IT REMEMBERED That on the 21st day of October, 1957, the Honorable Commissioners Court of Upshur County, Texas met in special session with the following officers and members present, to-wit:

J. W. Bryce, County Judge;  
Horace Morris, Commissioner of Precinct No. 4;  
Cloe Spencer, Commissioner of Precinct No. 3;  
Bryant Holmes, Commissioner of Precinct No. 2;  
Jim Shockey, Commissioner of Precinct No. 1; and  
R. C. Vivian, Clerk of the County Court,

said meeting being held in the courtroom of said Commissioners at the Courthouse in Gilmer, Texas, when and where, among other proceedings, the following Resolution, Order and Decree was duly considered and adopted:

UPSHUR COUNTY SCHOOL LANDS, RESOLUTION

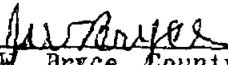
"Whereas, The Commissioners Court of Upshur County, Texas, have determined that it is advisable to make an oil and gas lease of and upon the following described lands situated in Baylor County, Texas, to-wit:

Being Blocks Nos. 13, 32, 58 and 75 of the J. F. Crittenden Subdivision of the North Upshur County School Lands, containing 160 acres, more or less, which land is owned by Upshur County, Texas;

and

WHEREAS, The aforesaid Commissioners Court desires to give proper notice of intention to lease such lands and request bids therefor by publication of such notice in a newspaper of general circulation within Upshur County, Texas, for the time and in the manner required by law:

THEREFORE, Be it ordered and resolved by the Court upon a motion duly made, seconded, and passed by this Court, that the Commissioners Court of Upshur County, Texas, give notice of its intention to lease the above described land for oil, gas or other mineral purposes and request bids therefor, and that said notice be duly published in Upshur County, Texas, in a newspaper of general circulation in said County, once a week for three consecutive weeks in the manner and for the time required by law, and that the 18th day of November, 1957, at 10:00 A.M., be, and the same is hereby designated as the time, in the Courtroom of said Commissioners Court at the Courthouse in Gilmer, Texas, be, and the same is hereby designated as the place where the Commissioners Court will receive and consider bids for such mineral leases as the Commissioners Court may determine to make."

  
J. W. Bryce, County Judge

  
Horace Morris, Commissioner of Precinct No. 1

2

Cloe Spencer  
Cloe Spencer, Commissioner of Precinct No.3

Bryant Holmes  
Bryant Holmes, Commissioner of Precinct No.2

Jim Shockey  
Jim Shockey, Commissioner of Precinct No.1

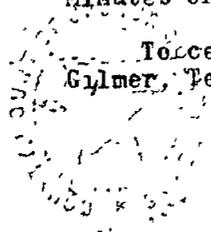
R. C. Vivian  
R. C. Vivian, Clerk of the County Court

THE STATE OF TEXAS |

COUNTY OF UPSHUR |

I, R. C. Vivian, Clerk of the County Court of Upshur County, Texas, do hereby certify that the above and foregoing is a true and correct copy of an order of the Commissioners Court of Upshur County, as the same now appears of record in Commissioners Court Minutes of Upshur County, Texas.

To certify which witness my hand and seal of office, at Gilmer, Texas, this 21st day of October, A.D. 1957.



R. C. Vivian  
Clerk of the County Court

TIPPS SANDERS MASTERS & WATSON  
ATTORNEYS AT LAW  
SUITE 712 WICHITA NAT L BLDG  
WICHITA FALLS TEXAS

3

PUBLIC NOTICE

Notice is hereby given that the Commissioners Court of Upshur County, Texas, has determined to lease for oil, gas and other minerals the following described land belonging to the permanent school fund of Upshur County, Texas, and situated in Baylor County, Texas, to-wit:

Being all of Blocks Nos. 13, 32, 58 and 75 of the J. F. Crittenden Subdivision of the North tract of the Upshur County School Lands, and containing 160 acres, more or less,

THAT on the 18th day of November, A.D. 1957, at 10:00 A.M., the Commissioners Court of Upshur County, Texas, will meet at the Courthouse in Gilmer, Texas, in the Courtroom of the Commissioners Court, and consider all bids submitted for the leasing of said lands described above herein, or any parts or portions thereof.

The Commissioners Court reserves the right to reject all and any bids if in the judgment of the Commissioners Court the bids submitted do not represent the fair value of such lease or leases, and no bid will be considered for a lease that does not retain for the Lessor the 1/8 free royalty at least, nor any lease wherein the primary term for more than ten years is bid therefor.

IN WITNESS WHEREOF, The Commissioners Court of Upshur County, Texas, has caused this notice to be given by virtue of an appropriate order entered on the Minutes of said Court.

Dated this 21st day of October, A.D. 1957.

COMMISSIONERS COURT,  
UPSHUR COUNTY, TEXAS

By J. W. Bryce  
County Judge

THE STATE OF TEXAS )

COUNTY OF UPSHUR )

BE IT REMEMBERED That on the 18th day of November, 1957, the Honorable Commissioners Court of Upshur County, Texas, met in regular session with the following officers and members present, to-wit:

J. W. Bryce, County Judge,  
Jim Shockey, Commissioner of Precinct No. 1;  
Bryant Holmes, Commissioner of Precinct No. 2;  
Cloe Spencer, Commissioner of Precinct No. 3;  
Horace Morris, Commissioner of Precinct No. 4; and  
R. C. Vivian, Clerk of the County Court,

said meeting being held in the courtroom of said Commissioners at the Courthouse in Gilmer, Texas, when and where, among other proceedings, the following Resolution, Order and Decree was duly considered and adopted:

UPSHUR COUNTY SCHOOL LANDS RESOLUTION

"WHEREAS, At a meeting of the Commissioners Court of Upshur County, Texas, held October 21, 1957, said Commissioners Court resolved to hear bids for the making of oil, gas and mineral leases upon Upshur County School Lands, including the following described lands in Baylor County, Texas, to-wit:

Being Blocks Nos. 13, 32, 58 and 75 of the  
J. F. Crittenden Subdivision of the North  
Tract of the Upshur County School Lands,  
and containing 160 acres, more or less; and

WHEREAS, Notice of intention to lease such lands and requesting bids therefor has been duly published in Upshur County, Texas, in a newspaper of general circulation within the county once a week for three consecutive weeks in the manner and for the time required by law, copies of such notice and the publisher's certificate being on file with this court, and

WHEREAS, The court having this day examined and considered all bids submitted, and it appearing to the court that A. R. Dillard has made a bid for a lease covering the above described lands, the lease to be for a term of five years, and so long thereafter as oil, gas or other minerals is produced from said lands, the lease to provide for a royalty to Upshur County of 1/8 of oil and gas, 1/10 of other minerals except sulphur which is 50¢ per long ton, and providing for a royalty of \$50.00 per well per year on shut-in gas wells; providing further for an annual delay rental in lieu of drilling of \$1.00 per acre, payable on each anniversary date in the office of the County Treasurer of Upshur County, the said bidder offering a cash bonus for the lease of \$4,404.80 payable to Upshur County, which amount was tendered with the bid, and the said bidder agreeing to accept title to said lease without further examination of abstracts; and

WHEREAS, Upon due consideration, it appears to this court that the foregoing bid is the best and highest bid received and represents the fair value of such a lease, upon a motion duly made,

5

seconded, and passed by this court;

BE IT ORDERED AND RESOLVED That the bid of A. R. Dillard be accepted and the cash bonus for said lease having been tendered to the County Treasurer of Upshur County, it is further ordered and resolved that an oil and gas lease on behalf of Upshur County to the said A. R. Dillard be executed and delivered to him forthwith by the Commissioners Court."

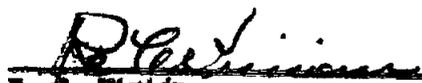
  
 \_\_\_\_\_  
 J. W. Bryce, County Judge

THE STATE OF TEXAS I

COUNTY OF UPSHUR X  
 (

I, R. C. Vivian, Clerk of the County Court of Upshur County, Texas, do hereby certify that the above and foregoing is a true and correct copy of an order of the Commissioners Court of Upshur County, as the same now appears of record in Commissioners Court Minutes of Upshur County, Texas.

To certify which witness my hand and seal of office, at Gilmer, Texas, this 19 day of November, A.D. 1957.

  
 \_\_\_\_\_  
 R. C. Vivian  
 Clerk of the County Court

PRODUCERS #2-REV -A

# Oil, Gas and Mineral Lease

THIS AGREEMENT made this 18th day of November 1957 between Upshur County, Texas, a political subdivision, acting by and through the undersigned members of the Commission of Court of said County,

Lessor (whether one or more) and A. R. Dillard

Lessee, WITNESSETH

I Lessor in consideration of Forty Four Hundred Four and 80/100 Dollars

4,404.80 ( \$4,404.80 ), in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants lease and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals laying pipe lines, building tanks, power stations, telephones lines and other structures thereon to produce, save, store and own said products including salt water and to house its employees, the following described land in Baylor County Texas to-wit:

**All of Blocks Nos. 13, 32, 58 and 75 of the J. F. Crittenden Subdivision of the North Tract of the Upshur County School lands as per plat of record in the Baylor County, Records, to which reference is here made, and containing 160 acres, more or less.**

2. Subject to the other provisions herein contained, this lease shall be for a term of 5 years from this date (called primary term) and as long thereafter as oil, gas or other mineral is produced from said land hereunder, or as long as drilling, or reworking operations are being conducted on said land as is hereinafter provided.

3. The royalties to be paid by Lessee are (a) on all one-eighth of that produced and saved from said land, the same to be delivered at the wells or to the credit of Lessor into the pipe line to which the wells may be connected. Lessee may from time to time purchase any royalty oil in its possession paying therefor the market price prevailing for the field where produced on the date of purchase, (b) on gas, including casinghead gas or other gaseous substance, produced from said land and sold or used off the premises or in the manufacture of gasoline or other product therefrom, the market value at the well of one-eighth of the gas so sold or used, provided that on gas sold at the wells the royalty shall be one-eighth of the amount realized from such sale; where gas from a well producing gas only is not sold or used Lessee may pay as royalty Fifty Dollars (\$50.00) per well per year and upon such payment it will be considered that gas is being produced within the meaning of Paragraph 2 hereof, and (c) on all other minerals mined and marketed, one-tenth either in kind or value, at the well or mine, at Lessee's election except that on sulphur the royalty shall be fifty cents (50c) per long ton marketed. Lessee shall have free use of oil, gas, coal, wood and water from said land except water from Lessor's wells, for all operations hereunder and the royalty on oil, gas and coal shall be computed after deducting any so used. Lessor shall have the privilege at his risk and expense of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon out of any surplus gas not needed for operations hereunder.

4. If operations for drilling are not commenced on said land on or before one year from this date, this lease shall then terminate as to both parties, unless on or before such anniversary date Lessee shall pay or tender to Lessor the sum of

One Hundred Sixty and No/100 Dollars

( \$ 160.00 ), herein called rental, which shall cover the privilege of deferring commencement of drilling operations for a period of one year. If the making and upon like payment or tender, annually, the commencement of drilling operations may be further deferred for successive periods of one year each during the primary term. All payments or tenders herein provided for may be made to Lessor personally or by letter addressed to

**Office of the County Treasurer of Upshur County, Texas**  
(or any successor bank) and mailed on or before the due date of the payment or tender transmitting Lessee's check, with assignment of such right to the County Treasurer of Upshur County, Texas, who shall be deemed to have received the same for the purpose of this lease. Lessee may from time to time execute and deliver to Lessor or to the depository above named, or place of record a release or releases covering all or any portion, of the above described land and thereby surrender this lease as to such portion or portions and be thereby relieved of all obligations as to the acreage surrendered. After such release or releases any rentals accruing hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by such release or releases. For all of the purposes hereof, it is agreed that the above described land comprises 160 acres, whether it actually comprises more or less. The down cash payment is consideration for this lease, according to its terms, and shall not be allocated as mere rental for a period, and Lessor agrees with Lessee that said amount is an adequate consideration for every right granted hereof.

5. If, during the primary term and prior to the discovery of any mineral on said land Lessee should drill a dry hole thereon, this lease shall not terminate if Lessee either commences additional operations for drilling on or before the rental date next ensuing after the expiration of sixty (60) days after the abandonment of said dry hole or commences or resumes the payment or tender of rentals, as hereinabove provided on or before the rental date next ensuing after the expiration of sixty (60) days after the abandonment of said dry hole. If a dry hole is completed and abandoned during the last period of the primary term Lessee's rights shall remain in full force and effect without further operations until the expiration of said period. After the discovery of any mineral in paying quantities on the land all of Lessee's rights shall remain in effect as long as any mineral is produced therefrom and if, during the primary term the production of all minerals therefrom should cease from any cause, this lease shall not terminate if Lessee either commences or resumes the payment or tender of rentals as hereinabove provided on or before the rental date next ensuing after the expiration of sixty (60) days after the cessation of production or commences additional drilling or reworking operations on or before said next ensuing rental date. If cessation of production occurs at any time after the expiration of the primary term then this lease shall not terminate if Lessee until production is again procured, does not allow more than sixty (60) days to elapse between the cessation of production and the commencement of additional drilling or reworking operations in a bona fide effort to again obtain production and successive attempts may be made so long as not more than sixty (60) days are allowed to elapse between the completion or abandonment of one well and the commencement of operations on another until production is again obtained. If, at the expiration of the primary term, oil, gas or other mineral is not being produced from the land then covered hereby but Lessee is then engaged in operations for drilling or reworking operations on some part of the land hereunder this lease shall not terminate if Lessee does not allow more than sixty (60) days to elapse between the abandonment of one well and the commencement of drilling or reworking operations on another until production is obtained. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land of another and within three hundred and thirty (330) feet of and draining the leased premises Lessee covenants to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances.

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

7. The rights and estates of either party hereto may be assigned in whole or in part but no change or division in the ownership of the land, rentals or royalties however accomplished shall operate to enlarge the obligations nor to diminish the rights, privileges and estates of Lessee nor to impair the effect of any payment made by or of any act performed by Lessee hereunder. And no such change or division in the ownership of said land the rentals or royalties however accomplished shall ever be binding upon Lessee for any purpose until Lessee has been furnished by Lessor or by his heirs, devisees, legal representatives or assigns with satisfactory written evidence thereof including (if such change is effected by conveyance) the original recorded instruments of title or certified copies thereof. An assignment of this lease in whole or in part shall as to the extent of such assignment, relieve and discharge Lessee of all obligations hereunder. If this lease is assigned in its entirety as to any part of the acreage the right and options to pay rentals is apportioned as between the several owners ratably according to the surface area of each and failure by one or more of them to pay his share of the rental shall not affect this lease on the part of the land upon which pro rata rentals are timely paid or tendered. Drilling or production on any portion of the premises covered by this lease shall inure to the benefit of the several owners of the lease upon all portions of the leased premises so far as concerns the continuance of this lease in effect under the terms hereof. If six or more parties become entitled to royalty hereunder Lessee may withhold payment thereon until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all. All covenants and agreements of Lessor herein contained shall run with the above described land and the minerals thereunder, and the rentals and royalties hereunder and all covenants and agreements of Lessee shall run with the estate created under the terms hereof, all of which shall extend to and be binding upon the heirs, legal representatives, successors and assigns of the respective parties hereto.

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

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

J. W. Bryce  
J. W. Bryce, County Judge

Horace Morris  
Horace Morris  
Cloe Spencer  
Cloe Spencer  
Bryant Holmes  
Bryant Holmes  
Jim Shockey  
Jim Shockey  
COMMISSIONERS

THE STATE OF TEXAS,

County of UPSHUR

Before me, the undersigned authority, on this day personally appeared **HORACE MORRIS, CLOE SPENCER, BRYANT HOLMES, JIM SHOCKEY AND J. W. BRYCE**

known to me to be the identical person S whose name S are/is subscribed to the foregoing instrument and acknowledged to me that he, y executed the same for the purposes and consideration therein expressed **and in the capacities therein stated.**

Given under my hand and seal of office this the 19 day of November A. D. 19 57

*H. A. Wheeler*

Notary Public in and for UPSHUR County Texas.

THE STATE OF TEXAS

County of \_\_\_\_\_

Before me, the undersigned authority, on this day personally appeared \_\_\_\_\_

and wife \_\_\_\_\_ known to me to be the persons whose names are subscribed to the foregoing instrument and acknowledged to me that they executed the same for the purposes and consideration therein expressed.

And the said \_\_\_\_\_ wife of \_\_\_\_\_

having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said \_\_\_\_\_

had willingly signed the same for the purposes and consideration therein expressed and that she did not wish to retract it

Given under my hand and seal of office this the \_\_\_\_\_ day of \_\_\_\_\_ A. D. 19 \_\_\_\_\_

Notary Public in and for \_\_\_\_\_ County Texas

Producers 88 Rev. -A

**Oil, Gas and Mineral Lease**

FROM

TO

Dated \_\_\_\_\_ 19 \_\_\_\_\_

No. Acres \_\_\_\_\_

County, Texas \_\_\_\_\_

Term \_\_\_\_\_

This instrument was filed for record on the \_\_\_\_\_

day of \_\_\_\_\_ 19 \_\_\_\_\_ at \_\_\_\_\_

o'clock \_\_\_\_\_ M and duly recorded in \_\_\_\_\_

Book \_\_\_\_\_ Page \_\_\_\_\_

of the records of this office.

R. C. VIVIAN  
CLERK UPSHUR COUNTY

Deputy  
JUL 19 11 00 AM  
when recorded return to