



UPSHUR COUNTY COMMISSIONERS COURT

GILMER, TEXAS

June 18, 1984

Commissioners Court met in Special Session with all members of the court present.

Judge Dean read the minutes of the June 11th meeting. Motion by Paul Davis seconded by J.W. Meadows to approve the minutes as read. Motion carried.

Motion by J.W. Meadows seconded by Paul Davis to approve Oil & Gas and Mineral Lease from Wendon Exploration Co. for blocks 51,60 and 73 of the North tract of the Upshur County School Land in Baylor County. Motion Carried. Copy attached.

Motion by Delmo Lawson seconded by J.W. Meadows to approve a Permit Application by James A. Winn to place a culvert installation within the ROW of Bentley Drive. Motion carried. Copy attached.

Motion by Delmo Lawson seconded by Paul Davis to approve a Special Road Use Agreement by Pittsburg Logging and Timber for the use of Sparrow road. Motion carried. Copy attached.

Juvenile Probation Officer, Ronnie Mitchell met with the court concerning Liability Insurance for the Juvenile Probation Office. Motion was made by Paul Davis seconded by J.W. Meadows to place a copy of the Comprehensive Automobile Liability Insurance Coverage for the Department into the court Motion carried. Copy attached.

Motion by Charles Still seconded by Delmo Lawson to wait until Monday, June 25th to approve bids for the Trucks without beds. Motion carried.

Motion by Delmo Lawson seconded by Paul Davis to approve the payment of the unpaid bills. Motion carried. Copy attached.

Court went into Executive Session

After Executive Session, Motion was made by Charles Still seconded by J.W. Meadows to adjourn. Motion carried.

COUNTY JUDGE

COMMISSIONER PCT. #1

COMMISSIONER PCT. #2

COMMISSIONER PCT. #3

COMMISSIONER PCT. #4

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 29 day of May 19 84, between Upshur County, a Political Subdivision of the State of Texas, Acting herein by and through its Commissioners Court which is here unto duly authorized.

Lessor (whether one or more), whose address is Box 790, Gilmer, Texas 75644 and Wendon Exploration Company 7557 Rambler Road, Suite 1000, Dallas, Tx 75231 Lessee, WITNESSETH

Lessor in consideration of -----Ten and more----- Dollars (\$ 10.00-----), in hand paid, of the royalties herein provided and of the agreements of Lessee herein contained hereby grants leases and lets exclusively unto Lessee for the purpose of investigating exploring, prospecting drilling and mining for and producing oil, gas and all other minerals, conducting exploration, geologic and geophysical surveys by seismograph core test gravity and magnetic methods injecting gas water and other fluids and air into subsurface strata laying pipe lines building roads tanks, power stations, telephone lines and other structures thereon and on over and across lands owned or claimed by Lessor adjacent and contiguous thereto to produce, save take care of, treat, transport and own said products and housing its employees the following described land in Baylor County Texas, to wit

Being Blocks 51, 60, and 73 of the Crittenden Subdivision of the North Tract of the Upshur County School Land Survey, Abstract No. 557.

This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above For the purpose of calculating the rental payments hereinafter provided for, said land is estimated to comprise 120.00 acres, whether it actually comprises more or less

2 Subject to the other provisions herein contained, this lease shall be for a term of (3) three years from this date (called 'primary term') and as long thereafter as oil gas or other mineral is produced from said land or land with which said land is pooled hereunder

3 The royalties to be paid by Lessee are (a) on oil, one eighth of that produced and saved from said land, the same to be delivered at the wells or to the credit of Lessor into the pipelines to which the wells may be connected Lessee may from time to time purchase any royalty oil in its possession paying the market price therefor prevailing for the field where produced on the date of purchase (b) to pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, one eighth of the amount realized by lessee, computed at the mouth of the well or (2) when used by lessee off said land or in the manufacture of gasoline or other products, one eighth of the amount realized from the sale of gasoline or other products extracted therefrom and one eighth of the amount realized from the sale of residue gas after deducting the amount used for plant fuel and or compression while there is a gas well on this lease or on acreage pooled therewith but gas is not being sold or used, Lessee may pay as royalty, on or before ninety (90) days after the date on which (1) said well is shut in, or (2) the land covered hereby or any portion thereof is included in a pooled unit on which a well is located, or (3) this lease ceases to be otherwise maintained as provided herein, whichever is the later date and thereafter at annual intervals on or before the anniversary of the date the first payment is made, a sum equal to the amount of the annual rental payable in lieu of drilling operations during the primary term on the number of acres subject to this lease at the time such payment is made, and if such payment is made or tendered, this lease shall not terminate, and it will be considered that gas is being produced from this lease in paying quantities 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 mined and marketed the royalty shall be fifty cents (50c) per long ton Lessee shall have free use of oil gas coal 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

4 Lessee, at its option is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof as to oil and gas or either of them, with any other land covered by this lease and/or with any other land, lease or leases in the immediate vicinity thereof to the extent hereinafter stipulated, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore or to develop and operate said leased premises in compliance with the spacing rules of the Railroad Commission of Texas, or other lawful authority, or when to do so would in the judgment of Lessee promote the conservation of oil and gas in and under and that may be produced from said premises Units pooled for oil hereunder shall not substantially exceed 40 acres each in area, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each plus a tolerance of ten percent (10%) thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well to be drilled drilling or already drilled units thereafter created may conform substantially in size with those prescribed or permitted by governmental regulations Lessee under the provisions hereof may pool or combine acreage covered by this lease or any portion thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units in to which the lease is pooled or combined as to any other stratum or strata and oil units need not conform as to area with gas units The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units Lessee shall file for record in the appropriate records of the county in which the leased premises are situated an instrument describing and designating the pooled acreage as a pooled unit and upon such recordation the unit shall be effective as to all parties hereto their heirs, successors and assigns irrespective of whether or not the unit is likewise effective as to all other owners of surface, mineral, royalty, or other rights in land included in such unit Lessee may at its election exercise its pooling option before or after commencing operations for or completing an oil or gas well on the leased premises and the pooled unit may include but it is not required to include land or leases upon which a well capable of producing oil or gas in paying quantities has theretofore been completed or upon which operations for the drilling of a well for oil or gas have theretofore been commenced In the event of operations for drilling on or production of oil or gas from any part of a pooled unit which includes all or a portion of the land covered by this lease regardless of whether such operations for drilling were commenced or such production was secured before or after the execution of this instrument or the instrument designating the pooled unit such operations shall be considered as operations for drilling on or production of oil and gas from land covered by this lease whether or not the well or wells be located on the premises covered by this lease and in such event operations for drilling shall be deemed to have been commenced on said land within the meaning of paragraph 5 of this lease and the entire acreage constituting such unit or units as to oil and gas or either of them as herein provided shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them shall be entitled on production of oil and gas or either of them, from the pooled unit there shall be allocated to the land covered by this lease and included in said unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled unit Such allocation shall be on an acreage basis—that is to say there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas or either of them produced from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the pooled unit bears to the total number of surface acres included in the pooled unit Royalties hereunder shall be computed on the portion of such production whether it be oil and gas or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land The production from an oil well will be considered as production from the lease or oil pooled unit which it is producing and not as production from a gas pooled unit, and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit The formation of any unit hereunder shall not have the effect of changing the ownership of any delay rental or shut in production royalty which may become payable under this lease If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest 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 as provided above with consequent allocation of production as above provided As used in this paragraph 4 the words "separate tract" mean any tract with royalty ownership differing now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises

5 If operations for drilling are not commenced on said land or on acreage pooled therewith as above provided on or before one year from this date, the lease shall then terminate as to both parties, unless on or before such anniversary date Lessee shall pay or tender (or shall make a bona fide attempt to pay or tender, as hereinafter

stated) to Lessor or to the credit of Lessor in Gilmer National Bank at P.O. Box 460, Gilmer,

Texas, (which bank and its successors are Lessor's agent and shall continue as the depository for all rentals payable hereunder regardless of changes in ownership of said land or the rentals) the sum of One hundred twenty and 00/100-----

Dollars (\$ 120.00-----), (herein called rentals), which shall cover the privilege of deferring commencement of drilling operations for a period of twelve (12) months In like manner and upon like payments or tenders annually the commencement of drilling operations may be further deferred for successive periods of twelve (12) months each during the primary term The payment or tender of rental under this paragraph and of royalty under paragraph 3 on any gas well from which gas is not being sold or used may be made by the check or draft of Lessee mailed or delivered to the parties entitled thereto or to said bank on or before the date of payment If such bank (or any successor bank) should fail liquidate or be succeeded by another bank or for any reason fail or refuse to accept rental Lessee shall not be held in default for failure to make such payment or tender or rental until thirty (30) days after Lessor shall deliver to Lessee a proper recordable instrument naming another bank as agent to receive such payments or tenders If Lessee shall, on or before any anniversary date, make a bona fide attempt to pay or deposit rental to a Lessor entitled thereto according to Lessee's records or to a Lessor, who, prior to such attempted payment or deposit has given Lessee notice, in accordance with subsequent provisions of this lease, of his right to receive rental and if such payment or deposit shall be ineffective or erroneous in any regard, Lessee shall be unconditionally obligated to pay to such Lessor the rental properly payable for the rental period involved, and this lease shall not terminate but shall be maintained in the same manner as if such erroneous or ineffective rental payment or deposit had been properly made, provided that the erroneous or ineffective rental payment or deposit be corrected within 30 days after receipt by Lessee of written notice from such Lessor of such error accompanied by such instruments as are necessary to enable Lessee to make proper payment The down cash payment is consideration for this lease according to its terms and shall not be allocated as a mere rental for a period Lessee may at any time or times execute and deliver to lessor or to the depository above named or place of record a release or releases of this lease as to all or any part of the above described premises, or of any mineral or horizon under all or any part thereof, and thereby be relieved of all obligations as to the released land or interest If this lease is released as to all minerals and horizon under a portion of the land covered by this lease, the rentals and other payments computed in accordance therewith shall thereupon be reduced in the proportion that the number of surface acres within such released portion bears to the total number of surface acres which was covered by this lease immediately prior to such release

6 If prior to discovery and production of oil, gas or other mineral on said land or on acreage pooled therewith Lessee should drill a dry hole or holes thereon, or if after discovery and production of oil, gas or other mineral, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within sixty (60) days thereafter or if it be within the primary term commences or resumes the payment or tender of rentals or commences operations for drilling or reworking on or before the rental paying date next ensuing after the expiration of sixty days from date of completion of dry hole or cessation of production. If at any time subsequent to sixty (60) days prior to the beginning of the last year of the primary term and prior to the discovery of oil, gas or other mineral on said land, or on acreage pooled therewith, Lessee should drill a dry hole thereon, no rental payment or operations are necessary in order to keep the lease in force during the remainder of the primary term. If at the expiration of the primary term, oil, gas or other mineral is not being produced on said land, or on acreage pooled therewith but Lessee is then engaged in drilling or reworking operations thereon or shall have completed a dry hole thereon within sixty (60) days prior to the end of the primary term, the lease shall remain in force so long as operation on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than sixty (60) consecutive days, and if they result in the production of oil, gas or other mineral, so long thereafter as oil, gas or other mineral is produced from said land or acreage pooled therewith. Any pooled unit designated by Lessee in accordance with the terms hereof may be dissolved by Lessee by instrument filed for record in the appropriate records of the county in which the leased premises are situated at any time after the completion of a dry hole or the cessation of production on said unit. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within three hundred thirty (330) feet of and draining the leased premises, or acreage pooled therewith, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances.

7 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.

8 The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, successors and assigns, but no change or division in ownership of the land, rentals or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee, and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U.S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part, liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. In the event of the death of any person entitled to rentals hereunder, Lessee may pay or tender such rentals to the credit of the deceased or the estate of the deceased until such time as Lessee is furnished with proper evidence of the appointment and qualification of an executor or administrator of the estate, or if there be none, then until Lessee is furnished with evidence satisfactory to it as to the heirs or devisees of the deceased and that all debts of the estate have been paid. If at any time two or more persons be entitled to participate in the rental payable hereunder, Lessee may pay or tender said rental jointly to such persons or to their joint credit in the depository named herein, or, at Lessee's election, the proportionate part of said rentals to which each participant is entitled may be paid or tendered to him separately or to his separate credit in said depository, and payment or tender to any participant of his portion of the rentals hereunder shall maintain this lease as to such participant. In event of assignment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be apportionable as between the several leasehold owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

9 The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof and Lessee, if in default, shall have sixty days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument. After the discovery of oil, gas or other mineral in paying quantities on said premises, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator, but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder and capable of producing gas or other mineral in paying quantities.

10 Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in event of failure of title, it is agreed that if this lease covers a less interest in the oil, gas, sulphur or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) or no interest therein, then the royalties, delay rental and other 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. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalties herein provided. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same. Failure of Lessee to reduce rental paid hereunder shall not impair the right of Lessee to reduce royalties.

11 Should Lessee be prevented from complying with any express or implied covenant of this lease from conducting drilling or reworking operations thereon or from producing oil or gas therefrom by reason of scarcity of or inability to obtain or to use equipment or material or by operation of force majeure, any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith, and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the lease premises, and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

12. All reference herein to 1/8th royalty is hereby amended to read 1/6th royalty. IN WITNESS WHEREOF, this instrument is executed on the date first above written.

Everett Dean
Everett Dean, County Judge 1
Delmo Lawson
Delmo Lawson, Commissioner 1

J. W. Meadows
J. W. Meadows, Commissioner 2
Charles Still
Charles Still, Commissioner 3
Paul Davis
Paul Davis, Commissioner 4

STATE OF Texas
COUNTY OF Upshur

Everett Dean, Delmo Lawson, J. W. Meadows, Charles Still and Paul Davis

Before me, the undersigned authority, on this day personally appeared Everett Dean, Delmo Lawson, J. W. Meadows, Charles Still and Paul Davis their known to me to be the person, S whose name S is (are) subscribed to the foregoing instrument and acknowledged to me that they executed the same as their free act and deed for the purposes and consideration therein expressed.

Given under my hand and seal of office this 18 day of June, 1984
My Commission Expires 7-28-84
Dorbie Hankins
Notary Public in and for Upshur County, State of Texas

STATE OF _____ COUNTY OF _____ HUSBAND AND WIFE ACKNOWLEDGMENT

Before me, the undersigned authority, on this day personally appeared _____ and _____ husband 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 as their free act and deed for the purposes and consideration therein expressed.

Given under my hand and seal of office this _____ day of _____, 19____
My Commission Expires _____
Notary Public in and for _____ County, State of _____

Product R4-14761 Revised with 640 Acre Pooling Provision
Oil, Gas and Mineral Lease
FROM _____ TO _____
Dated _____ 19____
No Acres _____
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.
By _____ County Clerk
Deputy
When recorded return to _____
Pound Printing & Stationery Co., Houston, Texas

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PERMIT APPLICATION FOR
USE OF UPSHUR COUNTY RIGHT OF WAY

TO: THE UPSHUR COUNTY COMMISSIONERS COURT
COUNTY OF UPSHUR
GIIMER, TEXAS

PRECINCT 1
DATE June 13, 1984

Formal notice is hereby given that James A. Winn
whose principal address is P.O. Box 117, Diana, Texas 75640
does propose to place a culvert installation
within the ROW of County Road Bentley Drive
as follows:

The location and description of the proposed lines or appertenances is more fully shown by three (3) copies of drawings attached to this application.

All work will be as directed by the County Commissioner or his designate in full accordance with Upshur County Road & Bridge Department policies and specifications.

Proposed construction will begin, if approved, on or after _____ day of _____, 19____.

NAME _____

TITLE _____

ADDRESS _____

James A. Winn
6-18-84

SPECIAL ROAD USE AGREEMENT CONTRACT

THE STATE OF TEXAS |
COUNTY OF UPSHUR | KNOW ALL MEN BY THESE PRESENTS

The undersigned, Pittsburg Logging and Timber, hereinafter referred to as First Party, enters into and makes an agreement with Upshur County Commissioner of Precinct No. 1, Upshur County, Texas, and in order to get material to market it is necessary to use a portion of Upshur County roads located in Precinct No. 1, over which Commissioner has jurisdiction and obligation to maintain in good repair and both parties being aware of possible damage to said roads as a result of hauling on and over same enter into the following agreement.

1.

First Party agrees to use only that section of (describe road) Sparrow Road

2.

First Party agrees to use its vehicles in such a manner as not to block or interfere with other traffic on said road so that said road will be open to travel by the public at all times.

3.

First Party agrees to grade, maintain and otherwise repair said road using its own equipment, labor and materials, if any needed, during the duration of time that First Party is removing pulp wood from its lands located in Precinct No. 1, Upshur County.

4.

First Party agrees to put said road back into the same condition as it was prior to the commencement of hauling operations on the part of First Party.

5.

First Party agrees to post surety bond in the amount of _____ to Upshur County Commissioners Court to insure performance of agreement.

6.

Nothing herein shall be construed as a waiver by the Commissioner of the authority granted him by Article 6716, V.A.C.S., but the rights and authority granted the Commissioner by the terms of Article 6716, V.A.C.S. are expressly reserved by the Commissioner in the event First Party fails to abide by the conditions above set forth.

WITNESS our hands this the 18 day of June, A.D. 1934.

Archie Nelson
FIRST PARTY
Pittsburg Logging & Timber
P.O. Box 607
Pittsburg, Texas 75686

Samuel Dean
COUNTY JUDGE

Delma Lawson
COMMISSIONER #1

J.W. Messers
COMMISSIONER #2

Charles H. Hill
COMMISSIONER #3

Paul W. ...
COMMISSIONER #4

11-24 1983 635



COMPREHENSIVE AUTOMOBILE LIABILITY INSURANCE
COVERAGE PART - TEXAS

11-1-83 / 10-1-84

ADDITIONAL DECLARATIONS

Policy No. CG 20 64 19

SCHEDULE OF AUTOMOBILE LIABILITY HAZARDS

DESCRIPTION OF HAZARDS

ADVANCE PREMIUM

1. Owned Automobiles—Premium Basis—Per Automobile

Town or City and State in Which the Automobile Will Be Principally Garaged	Year of Model	Trade Name	Body Type and Model, Truck Size, Tank Gallonage Capacity, or Bus Seating Capacity	Identification Number Serial Number Motor Number	Purposes of Use	ADVANCE PREMIUM	
						BODILY INJURY	PROPERTY DAMAGE
See schedule						4534.	4332.

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2. Hired Automobiles—Premium Basis—Cost of Hire							21.	4.
Types Hired	Locations Where Automobiles Will Be Principally Used	Purposes of Use	Estimated Cost of Hire	Rates Per \$100 Cost of Hire				
				BI	PD			
Priv. Pass	Upshur County T.09	B & P	If any	2.610	2.990	21.	4.	
Commercial	Upshur County T.09	C	If any	4.150	2.210			
3. Non-Owned Automobiles—Premium Basis—Total Number of Employees							21.	4.
Estimated Total Number of Employees 0-25								
TOTALS						\$4576.	\$4340.	
TOTAL ADVANCE PREMIUM						\$8916.		

I. COVERAGE C—BODILY INJURY LIABILITY
COVERAGE D—PROPERTY DAMAGE LIABILITY

The Company will pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay as damages because of

- C bodily injury or
- D property damage

to which this insurance applies caused by an occurrence and arising out of the ownership, maintenance or use including loading and unloading of any automobile and the Company shall have the right and duty to defend any suit against the Insured seeking damages in account of such bodily injury or property damage even if any of the allegations of the suit are groundless, false or fraudulent and may make such investigation and settlement of any claim or suit as it deems expedient but the Company shall not be obligated to pay any claim or judgment or to defend any suit after the applicable limit of the Company's liability has been exhausted by payment of judgments or settlements.

Exclusions

This insurance does not apply

- (a) to liability assumed by the Insured under any contract or agreement
- (b) to any obligation for which the Insured or any carrier as his insurer may be held liable under any workmen's compensation, unemployment compensation or disability benefits law, or under any similar law,
- (c) to bodily injury to any employee of the Insured arising out of and in the course of his employment by the Insured or to any obligation of the Insured to indemnify another because of damages arising out of such injury but this exclusion does not apply to any such injury arising out of and in the course of domestic employment by the Insured unless benefits therefor are in whole or in part either payable or required to be provided under any workmen's compensation law,
- (d) to property damage to
 - (1) property owned or being transported by the Insured or
 - (2) property rented to or in the care, custody or control of the Insured or as to which the Insured is for any purpose exercising physical control other than property damage to a residence or private garage by a private passenger automobile covered by this insurance,
- (e) to bodily injury or property damage due to war, whether or not declared, civil war, insurrection, rebellion or revolution or to any act or condition incident to any of the foregoing with respect to expenses for first aid under the Supplementary Payments provision
- (f) to bodily injury or property damage arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acid, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water but this exclusion does not apply if such discharge, dispersal, release or escape is sudden and accidental.

II. PERSONS INSURED

Each of the following is an Insured under this insurance to the extent set forth below:

- (a) the Named Insured
- (b) any partner or executive officer thereof but with respect to a non-owned automobile only while such automobile is being used in the business of the Named Insured
 - (1) any other person while using an owned automobile or a hired automobile with the permission of the Named Insured provided his actual operation or use is not negligent; his other actual use thereof is within the scope of such permission; and with respect to bodily injury or property damage arising out of the loading or unloading thereof, such other person shall be an Insured only if he is
 - (i) a lessee or borrower of the automobile or
 - (ii) an employee of the Named Insured or of such lessee or borrower
 - (2) any other person or organization but only with respect to his or its liability because of acts or omissions of an Insured under (a) or (b) above

None of the following is an Insured:

- (1) any person while engaged in the business of his employer with respect to bodily injury or any fellow employee of such person insured in the course of his employment
- (2) the owner or lessee of whom the Named Insured is a sub lessee of a hired automobile or the owner of a non-owned automobile of any agent or employee of any such owner or lessee
- (3) an executive officer with respect to an automobile owned by him or by a member of his household
- (4) any person or organization, other than the Named Insured, with respect to
 - (i) a motor vehicle while used with any trailer owned or hired by such person or organization and not covered by like insurance in

the Company (except a trailer designed for use with a private passenger automobile and not being used for business purposes with another type motor vehicle), or

- (2) a trailer while used with any motor vehicle owned or hired by such person or organization and not covered by like insurance in the Company,
- (v) any person while employed in or otherwise engaged in duties in connection with an automobile business, other than an automobile business operated by the Named Insured

This insurance does not apply to bodily injury or property damage arising out of (1) a non-owned automobile used in the conduct of any partnership or joint venture of which the Insured is a partner or member and which is not designated in this policy as a Named Insured or (2) if the Named Insured is a partner in an automobile owned by or registered in the name of a partner thereof

III. LIMITS OF LIABILITY

Regardless of the number of (1) insureds under this policy (2) persons or organizations who sustain bodily injury or property damage, (3) claims made or suits brought on account of bodily injury or property damage or (4) automobiles to which this policy applies the Company's liability is limited as follows:

Coverage C—The limit of bodily injury liability stated in the Declarations as applicable to each person is the limit of the Company's liability for all damages including damages for care and loss of services because of bodily injury sustained by one person as the result of any one occurrence but subject to the above provision respecting each person the total liability of the Company for all damages including damages for care and loss of services because of bodily injury sustained by two or more persons as the result of any one occurrence shall not exceed the limit of bodily injury liability stated in the Declarations as applicable to each occurrence.

Coverage D—The total liability of the Company for all damages because of all property damage sustained by one or more persons or organizations as the result of any one occurrence shall not exceed the limit of property damage liability stated in the Declarations as applicable to each occurrence.

Coverages C and D—For the purpose of determining the limit of the Company's liability for all bodily injury and property damage arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one occurrence.

IV. POLICY PERIOD TERRITORY

This insurance applies only to bodily injury or property damage which occurs within the territory described in paragraph (1) or (2) of the definition of "policy territory."

V. ADDITIONAL DEFINITIONS

When used in reference to this insurance (including endorsements forming a part of the policy):

automobile business means the business or occupation of selling, repairing, servicing, storing or parking automobiles

"hired automobile" means an automobile not owned by the Named Insured which is used under contract in transit or loaned to the Named Insured provided such automobile is not owned by or registered in the name of (a) a partner or executive officer of the Named Insured or (b) an employee or agent of the Named Insured who is granted an operating allowance of any sort for the use of such automobile

non-owned automobile means an automobile which is neither an owned automobile nor a hired automobile

owned automobile means an automobile owned by the Named Insured

"private passenger automobile" means a four wheel private passenger or station wagon type automobile

"trailer" includes semi-trailer but does not include mobile equipment.

VI. ADDITIONAL CONDITIONS

A. Excess Insurance—Hired and Non Owned Automobiles

With respect to a hired automobile or a non-owned automobile this insurance shall be excess insurance over any other valid and collectible insurance available to the Insured.

B. Out of State Insurance

If under the provisions of the motor vehicle financial responsibility law or the motor vehicle compulsory insurance law of any state or province or any state or province a non-resident is required to maintain insurance with respect to the operation or use of a motor vehicle in such state or province and such insurance requirements are greater than the insurance provided by the policy, the limits of the Company's liability and kinds of coverage afforded by the policy shall be as set forth in such law in lieu of the insurance otherwise provided by the policy but only to the extent required by such law and only with respect to the operation or use of a motor vehicle in such state or province provided that the insurance under this provision shall be reduced to the extent that there is other valid and collectible insurance under this or any other motor vehicle insurance policy. In no event shall any person be entitled to receive duplicate payments for the same elements or loss.

UPSHUR COUNTY TRUST & AGENCY ACCOUNT

K On

<u>CLAIM NO:</u>	<u>PAY TO:</u>	<u>CLASSIFICATION:</u>	<u>AMOUNT:</u>
2293	Doris Leitsinger - pd. 6/11/84	10-642-477	\$ 49.25
2294	Quality Auto - pd. 6/12/84	10-409-720	3,946.63
2295	Ray Associates, Inc.	10-409-480	3,632.00
2296	Syble Blackburn, District Clerk, Marion County	10-435-412/198.00 10-435-414/833.40	1,031.40
2297	R. E. "Bob" Crowder	10-455-426	32.20
2298	Johnny Miller	10-630-425	153.22
2299	Etex Telephone Coop.	16-612-443/24.00 18-614-443/33.67	57.67
3000	R. E. McClelland	75-515-479	300.00