

ASSIGNMENT OF OIL, GAS & LIQUID HYDROCARBON LEASES

THE STATE OF TEXAS §
 §
COUNTY OF NEWTON §

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS, **BARRY LASKER** (hereinafter referred to as (“Lessee”), whose address is 451 Brown Saddle Street, Houston, Texas 77057, is the Lessee in and owner of those certain Oil, Gas & Liquid Hydrocarbon Leases (the “Leases”) described in Exhibit A attached to this Assignment and made a part hereof, covering lands situated in Newton County, Texas, all as more fully described in the Leases; and

AND WHEREAS, on June 11, 2009, with the consent of the Lessor, a copy of which Assignment is attached hereto as Exhibit B and made part hereof, Lessee assigned its interest and conveyed the Leases to **DELTA OIL & GAS, INC.** (hereinafter referred to as “Assignor”), whose address is Suite 604 - 704 West Pender Street, Vancouver, British Columbia, Canada, V6C 1G8;

AND WHEREAS, Assignor desires to convey a Sixty (60%) percent interest in the Leases to **HILLCREST RESOURCES, LTD.** (hereinafter referred to as “Assignee”), whose address is Suite 303-750 West Pender Street, Vancouver, British Columbia, Canada, V6C 2T7;

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, Assignor has and does hereby GRANT, BARGAIN, SELL, TRANSFER, CONVEY and ASSIGN unto Assignee a Sixty (60%) percent interest in Assignor’s right, title and interest in and to the Leases, subject to the conditions hereof.

Assignee shall indemnify, defend and hold Assignor harmless against any claim, liability, loss or cost which may arise from or be attributable to Assignee’s operations and activities on or relating to its proportionate share of the lands covered by the Leases or lands pooled therewith. Assignee shall fully assume all the responsibilities and liabilities, if any, of the Lessee in the Leases just as if Assignee had originally been named as the Lessee therein.

This Assignment may be executed in counterparts, each of which as so executed shall be given the effect of the execution of the original instrument. If counterparts of this instrument are executed, for recording purposes, the pages containing the signatures and acknowledgments of the parties, as affixed hereto, may be combined, and treated and given effect for all purposes, as a single instrument.

EXECUTED AND DELIVERED, without warranty of title, by the parties as of the dates of their respective notarial acknowledgments to be effective for all purposes as of the 1st day of February, 2010.

ASSIGNOR:

DELTA OIL & GAS, INC.

By: 
Title: PRESIDENT

ASSIGNEE:

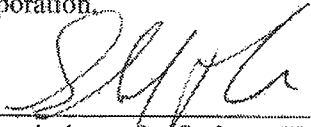
HILLCREST RESOURCES, LTD.

By: _____
Title: _____

PROVINCE OF BRITISH COLUMBIA §
§

This instrument was acknowledged before me this 30 day of DECEMBER, 2009,
by DOUGLAS BOLEN as PRESIDENT of DELTA OIL
& GAS, INC., a Colorado corporation, on behalf of said corporation.

EDWARD L. MAYERHOFER
Barrister & Solicitor
MORTON & COMPANY
1200-750 WEST PENDER STREET
VANCOUVER, B.C. V6C 2T8
604-331-9543


A Commissioner for Oaths or Notary Public
in and for the Province of British Columbia.
My appointment expires N/A

PROVINCE OF BRITISH COLUMBIA §
§

This instrument was acknowledged before me this _____ day of _____, 2010,
by _____ as _____ of HILLCREST
RESOURCES, LTD., a British Columbia, Canada corporation, on behalf of said corporation.

A Commissioner for Oaths or Notary Public
in and for the Province of British Columbia.
My appointment expires _____

EXECUTED AND DELIVERED, without warranty of title, by the parties as of the dates of their respective notarial acknowledgments to be effective for all purposes as of the 1st day of February, 2010.

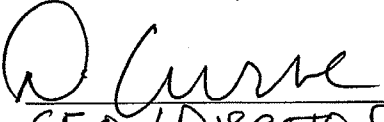
ASSIGNOR:

DELTA OIL & GAS, INC.

By: _____
Title: _____

ASSIGNEE:

HILLCREST RESOURCES, LTD.

By: 
Title: CEO / DIRECTOR

PROVINCE OF BRITISH COLUMBIA §
§

This instrument was acknowledged before me this _____ day of _____, 2009,
by _____ as _____ of DELTA OIL
& GAS, INC., a Colorado corporation, on behalf of said corporation.

A Commissioner for Oaths or Notary Public
in and for the Province of British Columbia.
My appointment expires _____

PROVINCE OF BRITISH COLUMBIA §
§

This instrument was acknowledged before me this 30 day of December, 2010,
by Donald Currie as CEO / Director of HILLCREST
RESOURCES, LTD., a British Columbia, Canada corporation, on behalf of said corporation.

JAMES MUNRO
BARRISTER & SOLICITOR
LANG MICHENER LLP
1500 - 1055 WEST GEORGIA STREET
P.O. BOX 11117
VANCOUVER, B.C. V6E 4N7
TELEPHONE: 604-689-9111

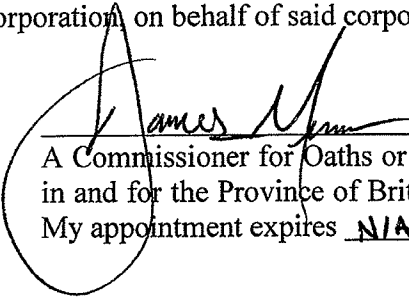

A Commissioner for Oaths or Notary Public
in and for the Province of British Columbia.
My appointment expires N/A

EXHIBIT A

OIL, GAS & LIQUID HYDROCARBON LEASES

ATTACHED TO AND MADE A PART OF THAT CERTAIN ASSIGNMENT OF OIL, GAS AND LIQUID HYDROCARBON LEASES DATED FEBRUARY 1, 2010, FROM **DELTA OIL & GAS, INC.**, AS ASSIGNOR, TO **HILLCREST RESOURCES, LTD.**, AS ASSIGNEE, AS TO A SIXTY (60%) PERCENT INTEREST IN THE FOLLOWING OIL, GAS & LIQUID HYDROCARBON LEASES COVERING 243.81 ACRES, MORE OR LESS, OUT OF THE GEORGE BURGIN SURVEY, A-49, NEWTON COUNTY, TEXAS, TO-WIT:

1. Oil, Gas & Liquid Hydrocarbon Lease dated March 26, 2009, by and between, Donner Properties, as Lessor, and Barry Lasker, as Lessee, a Memorandum of which is recorded in Book 578, Page 799 of the Official Public Records of Newton County, Texas; and
2. Oil, Gas & Liquid Hydrocarbon Lease dated March 26, 2009, by and between James L. Negley and George L. Winter, Trustee of The George L. Winter Revocable Trust, as Lessor, and Barry Lasker, as Lessee, a Memorandum of which is recorded in Book 578, Page 801 of the Official Public Records of Newton County, Texas.

MEMORANDUM OF OIL AND GAS LEASE

STATE OF TEXAS :
 COUNTY OF NEWTON :

KNOW ALL MEN BY THESE PRESENTS:

THIS MEMORANDUM, made and entered into this 26th day of March, 2009, by and between JP Morgan Chase Bank, National Association, appearing as Agent for Richard B. Negley, Laura Negley Gill, Brian L. Winter, Bruce L. Winter, Lutchter Luis Brown, Leonard L. Brown, Emily Brown, Federico L. Brown, collectively ("DONNER PROPERTIES") under that certain Management Agency Agreement, dated June 1, 2002, whose mailing address is Donner Properties, c/o Chase Bank, 12th Floor, 400 Texas Street, Shreveport, Louisiana 71101, "LESSOR", and BARRY LASKER, whose mailing address is 451 Brown Saddle Street, Houston, Texas 77057, hereinafter called "LESSEE".

WITNESSETH

THAT, LESSOR and LESSEE have entered into an Oil and Gas Lease dated and effective the 26th day of March, 2009 pursuant to which the LESSOR has leased to the LESSEE, for the primary term of three (3) years, and upon the terms and conditions therein stated, subject to the royalties therein reserved and subject to termination therein stated, those certain lands of the LESSOR situated in Newton County, Texas and described as follows, to wit:

243.81 acres of land, more or less, being a part of the George Burgin Survey, A-49, Newton County, Texas and being the same lands described as Tract 2 in that certain Deed dated November 13, 1946 from E. W. Brown, Jr., et al to H. L. Brown, et al and recorded in Volume 82, at page 411 of the Deed Records of Newton County, Texas, said Deed and the reference thereto being made for descriptive purposes only.

Reference is here made to said Oil and Gas Lease and it is incorporated herein by reference for all purposes and as fully and to the same extent as if such Oil and Gas Lease were set out herein in full.

Said lease is granted for a bonus consideration of One Hundred (\$100.00) dollars and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by LESSOR, and is maintained in the offices of said LESSEE.

LESSEE expressly agrees that in the event of termination of said Oil and Gas Lease, in whole or in part, under any of the terms, provisions or limitations thereof, LESSEE will file of record in Newton County, Texas, a recordable acknowledgement of such termination, and will deliver to LESSOR a certified copy of said acknowledgement of termination. Said acknowledgement of termination will be, and shall have the effect of, a release of the Oil and Gas Lease referenced herein.

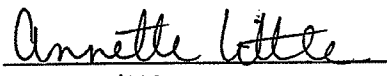
IN WITNESS WHEREOF, the parties hereto have executed this instrument on the dates of the acknowledgements.

WITNESSES:

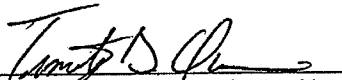

 Diana L. Chance

LESSOR:

JP Morgan Chase Bank, N.A., Agent for
 Donner Properties


 Annette Little

BY:


 Timothy D. Quinn, Sr. Vice President

Leticia A. [Signature]

LESSEE:

Barry Lasker

Cynthia C. Newman

BY:

[Signature]

ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF CADDO

BEFORE ME, the undersigned authority, a Notary Public in and for said Parish and State, on this 25th day of March, 2009 personally appeared Timothy D. Quinn, Senior Vice President of JP Morgan Chase Bank, NA, as Agent for Donner Properties, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act and deed of said JP Morgan Chase Bank, NA, as Agent for Donner Properties, and for the purposes and consideration therein expressed, and in the capacity therein stated.

Patti R. Hartley
Patti R. Hartley, Notary ID# 33238
Bossier Parish, Louisiana
My Commission is for Life



STATE OF TEXAS

COUNTY OF Harris

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, on this 4th day of April, 2009 appeared Barry Lasker, 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.



Kelly Watson
Notary Public for the State of Texas

OIL, GAS & LIQUID HYDROCARBON LEASE

THE STATE of TEXAS)
) KNOW ALL MEN BY THESE PRESENTS, THAT:
COUNTY of NEWTON)

THIS AGREEMENT made and effective this 26th day of March, 2009 (the "effective date"), between JP Morgan Chase Bank, National Association, appearing as Agent for Richard B. Negley, Laura Negley Gill, Brian L. Winter, Bruce L. Winter, Lutchter Luis Brown, Leonard L. Brown, Emily Brown, Federico L. Brown, collectively ("Donner Properties") under that certain Management Agency Agreement, dated June 1, 2002, whose mailing address is Donner Properties, c/o Chase Bank, 12th Floor, 400 Texas Street, Shreveport, LA 71101, hereinafter called "LESSOR" and Barry Lasker, whose mailing address is 451 Brown Saddle Street, Houston, Texas 77057, hereinafter called "LESSEE".

WITNESSETH:

I. GRANTING CLAUSE

A. Lessor, in consideration of One Hundred and no/100 DOLLARS (\$100.00) hereby leases and lets unto Lessee, the nonexclusive right of geophysical exploration and the exclusive right to enter upon and use the land hereinafter described for the exploration for, and production of oil, gas and other similar hydrocarbons together with the use of the surface of the land to the extent necessary for the exploration for and production, storage and transportation of said minerals, including the right to construct, maintain and use roads and pipelines thereon for operations hereunder; the land to which the lease applies being situated in Newton County Texas and described as follows, to wit:

243.81 acres of land, more or less, being a part of the George Burgin Survey, A-49, Newton County, Texas and being the same lands described as Tract 2 in that certain Deed dated November 13, 1946 from E. W. Brown, Jr., et al to H. L. Brown, et al and recorded in Volume 82, at page 411 of the Deed Records of Newton County, Texas, said Deed and the reference thereto being made for descriptive purposes only.

B. For the purpose of calculating any money payments to be made to Lessor by Lessee under the various provisions hereof but subject to the proportionate reduction of royalties and rentals as hereinafter provided, the land covered hereby shall be estimated to comprise a total of 243.81 gross acres, whether it actually contains more or less.

C. The subsurface stratum above 1000 feet below the surface of the ground in the leased premises is hereby excepted and reserved to Lessor, together with the exclusive right to explore for, drill, operate and produce the oil, gas and other liquid hydrocarbons (as defined herein) therefrom; provided, however, Lessee may drill and operate through this reserved subsurface stratum. Lessors will not use the surface or the subsurface of the leased premises in a manner which would unduly interfere with the use thereof by Lessee for the purposes specified herein.

D. This lease shall not be construed to include and Lessor expressly reserves hereby all of the sulfur, coal, lignite, uranium and other fissionable materials, geothermal energy, base and precious metals and any and all other mineral substances, excepting only oil, gas and other liquid hydrocarbons including sulfur produced in conjunction therewith, and their respective constituent products expressly covered by this lease, presently owned by Lessor in, under or upon said land, together with the rights of ingress and egress and use of the leased premises by Lessor and their mineral Lessees for purposes of exploration for and production of the minerals reserved herein to Lessor. Further, Lessor expressly reserves the right to perform or to grant the right to others to perform seismicographic or other geophysical tests for minerals over and across lands described by this lease. Lessor and Lessee shall each conduct their respective operations on said land in such a manner which will not unreasonably interfere with the operations or activities of the other.

E. This lease shall not be construed to include, and Lessor expressly excepts, the right to dispose of salt water, brine or other waste products produced in association with oil, gas or other liquid hydrocarbons by injection into any subsurface stratum of the leased premises.

F. During the primary term hereof, in the event Lessee enters into a mineral lease with any other mineral owner(s) on the above described property or property immediately adjacent or abutting these-described premises on different terms than those provided herein, and such terms are more beneficial to such Lessee, or Lessee pays a bonus, rental or royalty in an amount greater than that to be paid to Lessor herein, then Lessee shall, without the necessity of notice or demand, pay to Lessor herein the same amounts paid to such other owners and on the more beneficial or increased terms granted to them in such lease or leases.

II. PRIMARY TERM

Subject to the other provisions contained herein, this lease shall remain in force for a term of three (3) years from and after the effective date of this lease, hereinafter called "Primary Term", and for so long thereafter as oil, gas or liquid hydrocarbons is produced in paying quantities from said land or from land pooled therewith, or so long as any operation is conducted, and payment is made, or any condition exists which may maintain this lease in force and effect as to all or any portion of the land covered hereby. If this lease is still in effect fifty (50) years after its effective date, Lessor may require Lessee, without further consideration, to transfer and assign all its leasehold rights and obligations hereunder to a bona fide third party assignee willing to pay Lessor a royalty greater than the royalty defined herein; provided, however, that Lessee may at that time agree to match such increased royalty payment as consideration to continue as lessee and continue this lease in force and effect for an additional twenty-five (25) year period. In any event the term of this lease shall not exceed seventy-five (75) years and will automatically terminate on the seventy-fifth anniversary of the effective date of this agreement. Lessee commits to spud a well and continuously prosecute drilling with a reasonable expectation to find oil or gas on the Leased Premises no later than eighteen (18) months from the date of this lease (September 26, 2010). Failure to timely spud will result in the immediate termination of this lease and a penalty of \$100.00 per net mineral acre, payable within seven (7) business days of termination.

III. ROYALTIES

Lessor reserves for themselves, and their heirs, successors and assigns, the following royalties and Lessee, in consideration of Lessor's granting of this lease, covenants and agrees to deliver same to Lessor as follows:

A. On oil, one-fourth (1/4) of that produced and saved from or attributable to the leased premises, free of expense to Lessor, to be, at Lessor's option, (1) delivered into the pipelines, tanks or other receptacles to which Lessee may connect Lessee's wells; (2) delivered at the well or wells in tanks or other receptacles provided by Lessor, at Lessor's own expense; (3) sold by Lessee, for Lessor's account, to the purchaser of Lessee's oil, if sold by Lessee at the well, for the price received by Lessee or any affiliate of Lessee for Lessee's own oil.

B. (1) On gas, including casinghead gas or other gaseous substances produced from said land, one-fourth (1/4) of the then current market value at the wells of such gas, or one-fourth (1/4) of the price received therefore or in lieu thereof by Lessee, whichever is greater. This royalty provision shall apply to all gas sold at the wells, all gas sold or used off the premises and all gas otherwise sold, except as provided below. For purposes of this paragraph, "current market value" shall mean the price Lessee obtains in an arms-length sale under contracts of similar duration for comparable volumes and qualities of gas (or, in the event of something other than an arms-length sale, such as an affiliate, the price Lessee could reasonably have been expected to obtain in such an arms-length sale).

(2) In lieu of the royalty on gas hereinabove provided, in case Lessee shall itself, or through an affiliated company, use gas from the premises in the extraction of gasoline or other products in a plant, Lessor shall be paid as royalty one-fourth (1/4) of the then current market value at the plant of such gasoline or other by-products so extracted. On the residue gas, after the extraction of gasoline or other products at such plant, Lessor shall receive the same royalty on such gas as above provided.

(3) Should Lessee arrange with others for use of gas from the premises in the manufacture or extraction of gasoline or other products in a plant, on a royalty or other basis, Lessor shall be entitled to one-fourth (1/4) of any royalties or other compensation received by the Lessee therefore, or the then current market value, whichever is greater.

(4) In the event re-injection operations are not resorted to or if the gas is not taken to a plant, if the gas from any well shall be sufficiently impregnated with condensate or other hydrocarbons that paying quantities of condensate or other liquid hydrocarbons can be separated therefrom and liquefied as a practical lease operation by the installation by Lessee of mechanical traps, conventional separators or other similar devices, then in such event Lessee shall install upon said lease such device or devices to the end that as much of said condensate or other liquid hydrocarbons as can be separated from such gas may be recovered before marketing or use of the residue gas, and Lessee shall account to Lessor for one-fourth (1/4) of such liquid product so recovered, to be delivered or payable in the same manner and subject to the same conditions as provided for the payment of royalties on oil hereunder. On residue gas remaining thereafter, the same royalties shall be payable as originally hereinabove provided for royalties on gas.

(5) If, at any time during this lease, Lessee completes a well capable of producing gas from the leased premises or lands pooled therewith, but gas is not being produced therefrom, Lessee, at Lessee's election, may pay or tender as royalty (hereinafter sometimes referred to as "shut-in royalty") to the parties entitled to shut-in royalty, or deposit to their credit in the banks named herein, on or before the first day of the month after the expiration of ninety (90) days from the date such well is shut-in, a sum equal to one-twelfth (1/12) of Seventy-Five U.S. Dollars (\$75.00) per net mineral acre for each such net mineral acre of the leased premises which would have been allocated to the governmental proration unit or a pooled unit from which such well would have produced had it not been shut-in, which payment shall maintain this lease in force and effect for a period of one (1) calendar month from the date of payment, it being understood, however, that such payments shall in no manner affect nor alter the provisions of Paragraph V. requiring the periodic drilling of wells. In like manner, with like effect and upon like payments, tenders or deposits on or before the expiration of the last preceding month for which such payment, tender or deposit has been made, this lease may be maintained in force and effect for successive periods of one (1) calendar month each, until such time as this lease is maintained by production, operations or otherwise under the terms hereof; provided, however, such payments shall not operate to maintain this lease in force and effect for any period in excess of two (2) consecutive years for the first such occurrence; nor for any period in excess of twelve (12) months for any succeeding occurrence. Any amounts so paid shall not be treated nor considered as advance royalty payments on any gas produced from such well or wells. Lessee may at any time and from time to time prepay such monthly shut-in royalty for such period as Lessee may elect. Nothing herein shall relieve Lessee of Lessee's obligation to at all times protect the leased premises from drainage.

C. An equal one-fourth (1/4) part of all other liquid hydrocarbons that may be produced from said lands; or at Lessor's election, exercisable from time to time, an equal one-fourth (1/4) part of the full market value in the field of all such other liquid hydrocarbons, provided that when such liquid hydrocarbons are sold, the market value shall not be less than the amount realized by Lessee from the sale thereof in an arms length transaction, and, in any event, without any cost or expense to Lessors and without any deduction of any kind or character.

D. For purposes of this Paragraph III, above, the following terms shall have the meanings set forth below:

(1) Affiliate - the term "affiliate" or "affiliated company," when used in relation to Lessee, means another corporation or business entity of any type which:

- (a) owns more than ten percent (10%) of Lessee's stock or equity;
- (b) more than ten percent (10%) of whose stock or equity is owned by Lessee; or
- (c) more than ten percent (10%) of whose stock or equity is owned by any parent corporation, either directly or indirectly, which parent corporation also owns more than ten percent (10%) of Lessee's stock or equity, either directly or indirectly.

(2) As used herein, the term "Lessee" and "affiliate of Lessee" shall also mean "assignee or assignees of Lessee" and "affiliate of assignee or assignees of Lessee."

E. Lessor's royalties, whether taken in kind or paid in the form of proceeds from the sale of production, shall be deemed the property of Lessor in the custody, trust and care of Lessee until delivered to Lessor, and is at all such times to be free and clear of all costs, claims, charges, expenses, overriding royalties, provided, however, that Lessor's royalties shall bear its proportionate part of relevant taxes, including but not limited to all windfall profits, production, ad valorem, estate and inheritance taxes.

F. No *Division Order*, *Transfer Order*, or any other such instrument shall constitute an amendment, alteration, ratification, adoption, confirmation, waiver or reinstatement of this lease or any sublease, farmout, amendment, deed, conveyance contract, unitization agreement, operating agreement, or any other document affecting the leased premises.

G. The payment or tender of shut-in, minimum and compensatory royalty, delay rental and *force majeure* payment under this lease, may be made by check of Lessee mailed or delivered to the parties entitled thereto or to said Banks on or before the date such payment is due. The depositories named herein, JP Morgan Chase Bank, National Association, whose address is 400 Texas Street, 12th Floor, Shreveport, LA 71101 or their successors or assigns, are Lessors' agents and shall continue as depositories for all payments hereunder regardless of changes in ownership of said land or payments; provided that if said depositories (or any successor depositories) should cease to exist, suspend business, liquidate, fail or refuse to accept any such payment, Lessee shall not be held in default and this lease shall not terminate for failure to make such payment or tender until thirty (30) days after such parties have delivered to Lessee a proper recordable instrument naming another bank as depository to receive such payment or tender.

H. Except as to any royalty gas taken in kind under Paragraph III.E., any and all expenses in marketing the oil, gas and liquid hydrocarbons produced under this lease shall be borne by the Lessee, and none of such expense shall be deducted in computing the royalties payable to Lessor hereunder.

IV. DELAY RENTAL

A. Separate and apart from the additional Bonus installment recited in Paragraph I.H., above, if actual drilling operations are not commenced on said land on or before one (1) year from the date hereof, this lease shall then terminate as to both parties, unless on or before such anniversary date Lessee shall pay or tender to Lessor or to the credit of Lessor in the depository named herein or their successors or assigns, the sum of Fifty and no/100 Dollars (\$50.00) per net mineral acre then covered by this lease (herein sometimes referred to as "delay rentals"), which shall cover the privilege of deferring commencement of actual drilling operations on the leased premises or lands pooled therewith, for a period of twelve (12) months. Thereafter, upon the payment or tender in like manner annually of Fifty and no/100 Dollars (\$50.00) per net mineral acre for the number of net mineral acres then covered by this lease and not surrendered as hereinafter provided, the commencement of actual drilling operations on the leased premises, or lands pooled therewith, may be further deferred for successive periods of twelve (12) months each during the primary term. For purposes of calculation of delay rentals owed under this section, Lessee will provide a unit designation filed of record or a proposed unit designation to Lessor prior to commencement of drilling operations. In conformance with such unit designation, Lessee agrees to timely pay delay rentals on all acreage not then currently reflected on a unit designation provided to Lessor under this section.

B. Lessee may at any time or times execute and deliver to Lessor, or the depository named herein, or place of record, a release or releases covering any portion or portions of the above described premises or rights therein, and thereby surrender this lease in whole or in part as to such portion or portions and be relieved of further obligations as to the acreage surrendered, and thereafter the delay rentals payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases. Notwithstanding any partial release or releases, Lessee may retain ingress and egress rights over and across such released or surrendered lands only if and only for so long as such rights are used for Lessee's operations pursuant hereto on other lands retained by Lessee under this agreement. For the purpose of release and assignment, the recited acreage of any tract shall be considered correct whether it contains more or less, unless subsequent survey or other accurate determination reveals that such recited acreage is incorrect, in which case, the actual acreage shall prevail.

V. CONTINUOUS DEVELOPMENT and MINIMUM ANNUAL ROYALTY

A. If prior to discovery and production of oil, gas or other liquid hydrocarbons on said land or lands pooled therewith, Lessee should drill a dry hole or holes thereon, or if after discovery and production of oil, gas or other liquid hydrocarbons, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences actual drilling or reworking operations within ninety (90) days thereafter or, if it be within the primary term, commences or resumes the payment or tender of delay rentals or commences actual drilling or reworking operations on or before the delay rental paying date next ensuing after the expiration of ninety (90) days from the date of completion of a dry hole or cessation of production. However, if during the primary term Lessee is engaged in actual drilling or reworking operations on the annual delay rental paying date and for that reason the annual delay rental is not paid, and if the

well is a dry hole, then, on or before the expiration of ninety (90) days after date of cessation of actual drilling or reworking operations on such well, this lease shall not terminate if Lessee commences actual drilling operations for the drilling of another well, or pays a proportionate part of the annual delay rental which would have been paid except for such drilling or reworking operations, based on the number of days then remaining to the next ensuing delay rental paying date or to the expiration of the primary term, whichever is applicable.

B. If at the expiration of the primary term, oil, gas or other liquid hydrocarbons are not being produced on said land, or lands pooled therewith, but Lessee is then engaged in actual drilling or reworking operations thereon or shall have completed a dry hole thereon within ninety (90) days prior to the end of the primary term, this lease shall remain in force so long as actual drilling or reworking operations on said well, or actual drilling or reworking operations on any additional well or wells, are prosecuted with no cessation of more than ninety (90) consecutive days, and not more than ninety (90) days lapse between the cessation of operations on one well and the commencement of operations on the next well, and if they result in the production of oil, gas or other liquid hydrocarbons, so long thereafter as oil, gas or such other liquid hydrocarbons, are produced from said land, or this lease is maintained in force and effect under any other provisions of this lease.

C. Notwithstanding the foregoing, it is specifically provided that during the primary term only, and after the discovery and production of oil, gas or other liquid hydrocarbons in paying quantities on the leased premises, or lands pooled therewith, Lessee shall either (1) develop the acreage retained hereunder by the actual drilling of additional wells at one hundred eighty (180) day intervals as herein provided; (2) release those portions of the land covered hereby not included in a producing proration or pooled unit or units, whichever is greater, or (3) Lessee may in lieu of such drilling or release, maintain this lease in force and effect during the primary term as to any land covered hereby which is not included in a producing proration unit or pooled unit (either oil or gas) by the payment of the proportionate part of the delay rentals provided herein as to the acreage not then included in a producing proration or pooled unit or units.

D. After the expiration of the primary term, and after the discovery and production of oil, gas or other liquid hydrocarbons in paying quantities on the leased premises or lands pooled therewith, it is agreed that in the event more than one hundred eighty (180) days elapse between the completion of one well and the commencement of actual drilling operations on the next well, forthwith execute and deliver to the Lessor, or place of record in the County in which said land is located, a release of all the premises covered by this lease, save and except, in the absence of a governmental proration unit or pooled unit, that Lessee may retain under the terms hereof up to forty (40) acres, plus a tolerance of ten percent (10%), surrounding each producing oil well or oil well then being reworked from a depth less than eight thousand feet (8,000') subsurface and not more than 80 acres surrounding each producing oil well or oil well being reworked from a depth of eight thousand feet (8,000') or more subsurface; not more than three hundred twenty (320) acres, plus a tolerance of ten percent (10%), surrounding each producing gas well, shut-in gas well, or gas well then being reworked, or the acres included in any pooled gas unit capable of producing from a depth of less than eight thousand feet (8,000') subsurface; or not more than six hundred forty (640) acres, plus a tolerance of ten percent (10%), surrounding each producing gas well, shut-in gas well, or gas well then being reworked, or the acres included in any pooled gas unit capable of producing from a depth of eight thousand feet (8,000') or more subsurface; each such tract (except the tracts in pooled gas units, if any), to be centered by said well, to be in as nearly a square form as is reasonably possible, unless otherwise agreed to by Lessor, and the tract in each pooled gas unit to be the acreage covered by this lease and included in the unit; provided that if at any time the foregoing arises, the Railroad Commission of Texas or any governmental authority asserting jurisdiction has prescribed or permitted a spacing pattern for the orderly development of the field or allocates a producing allowable for a well with acreage content as a factor which is greater than the above-described acreage, this lease shall remain in force and effect as to the tract or tracts of land designated by Lessee in the manner herein provided containing the maximum number of acres so prescribed or allocated and in effect at the time, such tract around each well and in each pooled gas unit being hereinafter referred to as "well tracts."

E. Each of such well tracts shall be one contiguous area, except for narrow strips used for transportation or owned by a governmental entity, and shall be selected and designated by Lessee in writing by recordable instrument in which the well tract or well tracts shall be accurately described by metes and bounds or other adequate description, and such instrument shall be filed for record in the office of the County Clerk of the County in which said land is located, and a copy of such instrument furnished to Lessor within a reasonable time; when this lease terminates as to any acreage not included in a well tract, Lessee shall lose all rights in the excluded acreage, except easement and lease facilities rights as set forth and specified in

Paragraph V.D. hereof, and be relieved of further development obligations as to the acreage so released. Effective as of the date that Lessee receives the demand for release specified above in Paragraph V.D., each well tract shall be treated the same as if it were covered by a separate lease.

F. After the above provisions requiring the drilling of wells at intervals of one hundred eighty (180) days becomes applicable, it is agreed that should Lessee, at Lessee's election, desire to drill any well with a less interval of time than said one hundred eighty (180) days as above provided, Lessee may do so and receive credit for the unexpired part of such interval of one hundred eighty (180) days so as to result in the accumulation of credit, which accumulated credit of unexpired time shall be added to extend the regular periods of one hundred eighty (180) days between wells as above provided, and may be applied at the Lessee's election in whole or in part without loss of credit to any such interval and this lease shall remain in force and effect in its entirety as to the premises retained hereunder, until the regular intervals and all accumulated unexpired credit as above provided has fully expired.

G. Anything hereinabove to the contrary notwithstanding, it is agreed that in any circumstances where Lessee is required to secure from the United States Army Corps of Engineers permits for the actual drilling and/or operation of wells under the terms of this lease, any period of time referred to in this lease shall be and accordingly is hereby extended to sixty (60) days after such permit is received by Lessee, but in no event more than three hundred sixty-five (365) days between the completion of one well and the commencement of actual drilling operations on the next well. In such event, Lessee shall promptly furnish Lessors a true copy of such permit.

H. On each anniversary date of the first sale of oil, gas or other liquid or gaseous hydrocarbons, or either, produced from said land and Lessee is retaining all or any portion of the lands covered hereby by the production of oil, gas or other hydrocarbons, if the rentals and royalties (including shut-in payments) accrued hereunder, during the preceding twelve (12) months shall not have equaled at least the amount of One Hundred and No/100 U.S. Dollars (\$100.00) per acre for each net mineral acre of land subject to the terms hereof at the commencement of said twelve (12) months, Lessee covenants and agrees that, within thirty (30) days after the receipt from Lessor of notice to such effect, Lessee will promptly pay to Lessor as an additional royalty the amount of the difference between such accrued royalties and the sum of One Hundred and No/Hundredths U.S. Dollars (\$100.00) per acre for each net mineral acre subject to the terms hereof at the commencement of said twelve (12) months. This additional royalty provision, when applicable, shall be in effect for and during the life of this lease after the primary term.

I. Definition of Completion: Completion as used in this lease for fixing a time after which additional operations will be commenced is the earlier of the dates that the State potential test is made on the well being drilled, or fourteen (14) days after the rig used in drilling the well is released from the location or thirty (30) days after the well is drilled to the depth at which drilling ceases.

VI. OFFSET OBLIGATIONS

A. Lessee covenants and agrees to operate the leased premises as a reasonable prudent operator would under the same or similar circumstances and to protect each of the leased premises from drainage by reason of any well drilled on adjacent or nearby lands. The above covenant notwithstanding, in the event a well producing from a unit not comprised of acreage from the leased premises which has been classified as "oil" by the appropriate governmental body is completed on adjacent or nearby lands and is located not more than four hundred sixty-seven feet (467') from the leased premises, or draining on the leased premises, or a well producing from a unit not comprised of acreage from the leased premises which has been classified as "gas" by the appropriate governmental body is completed on adjacent or nearby lands and is located not more than six hundred sixty seven feet (667') from the leased premises, or draining the leased premises, and which is not in a pooled unit containing that portion of the leased premises being drained, Lessee covenants and agrees to, within one hundred twenty (120) days from the date production is first sold, removed or otherwise marketed from said adjacent or nearby producing well, either (1) commence the actual drilling of an offset well on the leased premises to the base of the formation from which the adjacent or nearby producing wells are producing, (2) include in a pooled unit for such well the portion of the leased premises which is being drained, (3) pay Lessor as royalty, in addition to any royalties currently due, a sum equal to the royalties which would be payable under this lease on production from said adjacent or nearby producing well had same been producing on the leased premises, or (4) release by recordable instrument all acreage which is not located within an area provided for in paragraph V.D. or allocated in accordance with this lease to any well on which operations are being conducted; however, such releases shall be limited to the formation from which production in paying quantities is being obtained from the producing well on adjacent or nearby lands.

B. If Lessee elects to pay the above authorized compensatory royalty, then such royalty shall be calculated and paid on a calendar month basis. The compensatory royalty for the calendar month in which production is first marketed from the offsetting well shall be paid on or before the first day of the calendar month next following the expiration of 150 days after the end of said calendar month in which production is first marketed, and subsequent payments shall be made on or before the first day of each succeeding calendar month. If Lessee is neither the operator of, nor the owner of an interest in the offsetting well, and if the operator of such well refuses to divulge to Lessee the actual monthly volume and/or sales price of production from such well, then Lessee shall be authorized to pay the compensatory royalty for each month on estimates of volume and sales price based on such information as may be timely available to Lessee from other sources, such as the Railroad Commission of Texas and/or the Texas Comptroller's Office, provided that each such payment which is made on an estimated basis shall be properly adjusted within 60 days after the date that Lessee directly obtains, or is furnished by Lessor, the actual volume and sales price for the month covered by the estimated payment.

VII. SURFACE OBLIGATIONS

A. Lessee shall pay Lessor, or those entitled to receive same if Lessor does not own surface acreage, the amount of any and all damages caused by any of Lessee's operations to plowed grounds, grounds in cultivation, fruit or nut-bearing trees, commercial-grade trees, growing crops, livestock, wells, cisterns, fresh water sands, fences and gates, improvements or other property or to surface water drainage of any of Lessor's lands covered hereby, or in the vicinity thereof. If Lessee makes any use of any of Lessor's roads in connection with Lessee's operations hereunder, Lessee agrees to maintain such roads in good condition and repair during the period of Lessee's operations, and when Lessee ceases all operations hereunder Lessee will leave such roads in good condition and repair. Lessee agrees to fence all pits dug on said land in connection with drilling or reworking operations and, upon completion of any operations on said land Lessee shall clean out and fill all pits, remove all drilling materials and contaminated soil and replace with uncontaminated top soil to the extent uncontaminated topsoil was removed by Lessee and restore the surface of the land, as nearly as practicable, to the same or better condition as it was before commencement of such operations.

B. In connection with any right given Lessee by this lease to lay pipelines, build roads, bridges, telephone lines and other structures on or under those of the lands covered by this lease not located on a well site or pad in which Lessor own the surface rights, Lessee will procure the written consent of Lessor as to the location thereof, which consent shall not be unreasonably withheld, whether pipelines shall be buried beneath the surface and, if so, at what depth, it being understood by Lessee that the location of the referred to installations are to be planned so as to least interfere with possible present use of the surface. Except as hereinabove otherwise specifically provided, the foregoing shall not limit Lessee's right to determine the location of the well sites.

C. If any roads or other ways are built into the above described lands from any direction for any operations hereunder, Lessee shall:

(1) Erect and maintain a good and substantial gate in good working order at each point where any such road or way enters the above described tract of land through an existing or hereafter erected fence;

(2) Keep all such gates locked from sunset to sunrise except during such times as Lessee is engaged in actual drilling, reworking or similar operations on the leased premises and Lessee shall keep said gates closed at all other times unless Lessee installs proper cattle guards approved by Lessor;

(3) Place and maintain, at all times, at each such gate a clearly legible sign plainly visible to all persons approaching such gate notifying the public that same is a private road, is posted against public use and when traveled upon is at the sole risk and peril of anyone so doing;

(4) Upon the abandonment of this lease, at Lessee's sole cost and expense, and at the option of the above parties, remove such of said gates as may be directed to be removed and thereupon replace and restore the fence.

D. If at any time Lessee conducts operations for the drilling of a well or wells on any part of the leased premises, Lessee will confine Lessee's use of the surface around each such well, except for ingress and egress and transportation, to a maximum of four (4) acres in the form of a square or a rectangle around each such well.

E. It is further agreed that when Lessee procures production of oil, gas or other liquid hydrocarbons on the above described lands, Lessee will thereafter consult with Lessor as to the location of subsequent drill sites to the end that there will be cooperation, to the extent reasonably practical, between Lessor and Lessee in the location of such drill sites.

F. Lessee shall have the right at any time during or within six (6) months after expiration of this lease to remove all properties and fixtures placed by Lessee on said land, including the right to draw and remove all casing, whether from producing or non-producing wells.

VIII. ENVIRONMENTAL INDEMNITY AND RELATED PROVISIONS

A. Lessee covenants and warrants that Lessee and Lessee's use of the leased premises will at all times comply with and conform to all laws, statutes, ordinances, rules and regulations of any governmental, quasi-governmental or regulatory authority ("Laws") which relate to the transportation, storage, placement, handling, treatment, discharge, generation, production, disposal or injection (collectively "Treatment") of oil, gas and other liquid hydrocarbon substances produced hereunder ("Products"); of saltwater, brine and other exempt waste products produced in association with oil or gas ("Exempt Waste"); or of any other waste (including, without limitation, non-exempt wastes), any of the petroleum products, waste products, radioactive waste, polychlorinated biphenyls, asbestos, hazardous materials of any kind, and any other substance which is regulated by any law, statute, ordinance, rule or regulation (collectively "Waste"). Lessee further covenants that it will not engage in or permit any party to engage in any Treatment of any Waste not associated with the exploration, development or production of oil or gas on or which affects the leased premises. Specifically, and without limiting the foregoing, (i) Lessee will not engage in and will not permit any other party to engage in any activity with respect to the leased premises which would cause (a) the leased premises, or the adjoining property to become a non-exempt or hazardous waste treatment storage or disposal facility within the meaning of the Resource Conservation and Recovery Act of 1976 ("RCRA"), as now or hereafter amended, or any similar State law or Local ordinance or other environmental law, (b) a release or threatened release of a hazardous substance from or to the leased premises or the adjoining property within the meaning of the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), as now or hereafter amended or any similar State law or Local ordinance or any other environmental law, or (c) the discharge of pollutants or effluents into any water source or system, or the discharge into the air of any emissions, which would require a permit under the Federal Water Pollution Control Act or the Clean Air Act or any similar State or Local ordinance or other environmental law; (ii) Lessee shall not permit any substance or conditions in or on the leased premises or the adjoining property which might support a claim or cause of action under RCRA, CERCLA, or any other federal, State or local environmental statutes, regulations, ordinances or other environmental regulatory requirements; and (iii) no underground storage tanks will be located in or on the leased premises. In the event either CERCLA or RCRA is amended so as to broaden the meaning of any term defined thereby, such amendment shall apply to Lessee's covenants contained herein, and provided further to the extent that the laws of the State of Texas establish a meaning for such terms which is broader than that specified in either CERCLA or RCRA, the broader meaning or definition shall apply.

B. Lessee at Lessee's cost shall conduct all of its operations under this lease in such a way so as to make a diligent effort to prevent the escape, spill or leakage of any oil, gas or other hydrocarbons, as well as other fuels, liquids, saltwater, gases or solids produced with oil gas or hydrocarbons, chemicals, drilling fluid, drilling mud or waste (whether hazardous or nonhazardous) on or onto the surface of the leased property or into the subsurface or any subsurface strata or formation, in any way, and shall construct and have in place and in operation on the leased property and in the wells thereon all necessary vessels, containers, tanks, pits, pumps, pipes, pipelines and other facilities and equipment necessary to prevent any such escape, spill or leakage. Lessee is conferred no authority to "landfarm" the premises hereof for the purpose of disposal or dispersal of drilling mud and all elements constituent thereto.

C. This lease, and all of the rights of Lessee hereunder, is made subject to all present and future federal, state and local laws, rules, orders and regulations pertaining in any way to protection of air, water (whether surface or subterranean), earth, environmentally sensitive or threatened plant or animal life or any other part of the ecological system. Lessee at its cost shall strictly comply with all such laws, rules and regulations (herein called the "Environmental Laws"). Lessee shall defend, indemnify and hold Lessor harmless from any and all liability, losses, claims, notices, suits, damages, remedial work and causes of action arising from or connected with (i) any failure to comply with any Environmental Law, and/or (ii) the physical condition of the Leased Premises, to the extent such condition is caused, in whole or in part, due

to the actions or inactions of the Lessee, its employees, representatives, agents or assigns. The amounts covered by Lessee's indemnification of Lessor contained in the preceding sentence shall include attorneys' fees and court costs, AND THE INDEMNIFICATION SHALL APPLY REGARDLESS OF WHETHER LESSEE WAS NEGLIGENT, IN WHOLE OR IN PART. Lessee shall furnish Lessor with copies of all reports, applications, permits and any other data or information which Lessee is required to make or file or does make or file with any governmental agency, at the time the same is filed or mailed to such agency.

D. Failure on the part of Lessor to enforce this Article 20 or any provision hereof shall not constitute a waiver of Lessor's right to enforce the same either for the same violation or a future violation of the same or a different kind. Lessor shall have no obligation or liability to Lessee or any other person, firm, corporation, or governmental agency for silence or failure to enforce any provision of this Article 20, the provisions of which are strictly for the benefit of Lessor, its successors and assigns, and not for the benefit of any third person.

E. The provisions of this Paragraph VIII shall survive the termination of this agreement.

F. Immediately upon receipt of any Notice, as hereinafter defined, from any party, Lessee shall deliver to Lessor a true, correct and complete report of any written Notice or a true, correct, and complete report of any non-written Notice. "Notice" shall mean any note, notice, or report of any of the following:

(1) any suit, proceeding, investigation, order, consent order, injunction, writ, award, or action related to or affecting or indicting the Treatment of any Product, Exempt Waste or Waste in or affecting the leased premises;

(2) any spill, contamination, discharge, leakage, release or escape of any Product, Exempt Waste or Waste in or affecting the leased premises, whether sudden or gradual, accidental or anticipated, or of any other nature (hereinafter "Spill");

(3) any dispute relating to Lessee's or any other party's treatment of any Product, Exempt Waste or Waste or any Spill in or affecting the leased premises;

(4) any claims by or against any insurer related to or arising out of any Product, Exempt Waste or Waste or Spill in or affecting the leased premises;

(5) any recommendations or requirements of any governmental or regulatory authority, or insurer relating to any treatment of Product, Exempt Waste or Waste or a Spill in or affecting the leased premises;

(6) any legal requirement or deficiency related to the treatment of Product, Exempt Waste or Waste or any spill in or affecting the leased premises or

G. In the event that (a) Lessee has caused, suffered or permitted, directly or indirectly, any spill in or affecting the leased premises, or (b) any Spill of any Product, Exempt Waste or Waste has occurred on the leased premises during the term of this agreement, then Lessee shall immediately take all of the following actions:

(1) notify Lessor, as provided herein;

(2) take all steps necessary to clean up all such Spill and any contamination related to the Spill in compliance with all state, federal and local laws, rules and regulations;

(3) fully restore the leased premises to its condition prior to the Spill; and

(4) Lessee/Operator/Contractors will provide a copy of its Certificate of Insurance prior to entering the premises.

H. In the event of an assignment, sublease, or other transfer of all or any of Lessee's rights under this Lease, the assignee or sub-lessee must assume all of the Lessee's obligations under this Paragraph VIII. and Lessee shall remain liable for every obligation under this Paragraph VIII arising during the time Lessee owned this lease. The terms of this Lease shall not in any way limit any rights the Indemnified Party may have against Lessee under any law, whether, in effect at the time of execution or created or recognized after such date.

IX. CHANGE OF OWNERSHIP

A. The rights of Lessor hereto may be assigned in whole or in part and the provisions hereof shall extend to Lessor's heirs, successors and assigns, but no change or divisions in the ownership of the land, rentals or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee, and no such change in ownership shall be binding upon Lessee for any purpose until Lessee shall be furnished at least thirty (30) days before any rental or royalty may be due with a certified copy of recorded instrument or other legally authenticated written evidence of such change of ownership.

B. Lessee shall not assign, sublease, transfer or convey this lease, in whole or in part, without the prior written consent of Lessor first having been attained, such consent not to be unreasonably withheld; whereupon, Assignor shall provide to Lessor a copy of the recorded assignment. This condition is an essential element of the lease, and any purported transfer (or agreement to transfer) by Lessee without Lessor's prior written consent shall constitute an active breach of this lease, entitling Lessor to cancel the assignment and Lessee shall have fifteen (15) days after notice to rescind the assignment or Lessor will be entitled to cancel the lease. However, the forfeiture of rights by one Lessee shall not work as a forfeiture of rights of another Lessee, so long as the other Lessee is not in breach of this provision. Further, notwithstanding anything contained herein to the contrary, if any Lessee breaches the terms of this Lease, Lessor will give written notice to Lessee and Lessee will have thirty (30) days of receipt of such notice to consent, any such assignment, sublease, transfer, or conveyance shall not be binding upon Lessor unless and until the instrument accomplishing same is furnished to Lessor. In any such instrument, assignee(s) shall take cognizance of all of the terms and provisions of this lease, and agree(s) to comply therewith and to cure said breach and thereby maintain said Lease in full force and effect; provided however, that nothing herein contained shall be construed as relieving the assignor(s) therein or any prior lessee, sub-lessee or assignee, of any liability or responsibility hereunder, all of whom together with assignee(s), shall be liable solitarily to Lessor for all of the liability and responsibility imposed upon the Lessee hereunder.

X. NOTICE OF DEFAULT

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 by certified mail, return receipt requested, of the facts relied upon as constituting a breach hereof and Lessee, if in default, shall have sixty (60) days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument; provided, however, this provision shall not be construed as imposing any obligation on Lessee to perform an act which Lessee is not otherwise obligated to perform, but instead serves only as a condition to this lease.

XI. PRODUCING LIMITATION (STRATUM OR STRATA)

At the end of the primary term of this lease or upon the expiration of the 180 day period as provided in Article V. hereof, whichever is later, this lease will terminate automatically as to all the mineral leasehold estate lying below one hundred feet (100') below the stratigraphic equivalent of the deepest producing or shut-in well depth in the leased premises or acreage pooled therewith. Upon such termination as to the mineral leasehold estate, other than the producing horizon (stratum) or horizons (strata) as defined above, Lessor and Lessor's successors, heirs or assigns, thereafter shall have the right to reasonable use of the leased premises, but without unreasonable interference with Lessee's rights, for the purposes of investigating, exploring, prospecting and drilling for, producing and owning oil, gas and other liquid hydrocarbons from the horizons (strata) as to which this lease has terminated. Upon the expiration of the primary term, or at any time thereafter, with the period above provided, upon request of Lessors, Lessee shall execute and deliver to Lessor a recordable instrument setting forth the various producing horizon (stratum) or horizons (strata) stated above, as reflected by such reports to the Railroad Commission of Texas or other governmental authority having jurisdiction, so that the limit and extent of Lessee's rights under this lease may be fixed and reflected as a matter of record and, in addition hereto, as requested by Lessors, Lessee shall also execute and deliver to Lessors recordable releases or assignments of any and all interests hereunder not retained as above provided.

XII. POOLING

A. Subject to the limitations hereinafter set forth, and to the provision of Article XII.B., Lessee is hereby conferred the authority and given the power and right, as to the lands described herein and as to any one or more of the formations thereunder and the oil or gas therein or produced therefrom, at any time, and from time to time, either before or after production, to pool and unitize the leasehold estate and the Lessor's royalty estate created by this lease with the

rights of third parties, if any, in lands described herein and with any other land, lands, leases, mineral and royalty rights, or any of them adjacent or adjoining this lease, whether owned by Lessee or some other person, firm or corporation, so as to create by such pooling and unitization one (1) or more units, when to do so would promote the conservation of oil or gas; provided that Lessee shall not be granted the right to pool any of the leased premises for the drilling of or production from any well located on the leased premises which is anticipated to be classified, or ultimately classified, as an "oil" well or as a "gas" well by the governmental entity having jurisdiction over same and; provided, further, that Lessee shall not be conferred the authority or granted the right to pool any of the leased premises for the drilling of or production from any well located on lands outside, adjoining or adjacent to the leased premises unless 1) at least one-half of such pooled unit is comprised of lands included in these leased premises, or 2) such pooled unit includes all of the leased premises not then located within a unit producing in commercially paying quantities from the same formation, whichever is lesser. Each such unit, when limited to any one or more formations and to any one or more of the oil or gas therein or produced therefrom, may from time to time be enlarged and extended by Lessee to additionally include any other formation or formations and any other oil or gas therein or produced therefrom. Also, any such unit may be altered or enlarged by Lessee at any time so long as Lessee complies with the provisions herein contained. Each such unit shall not exceed eighty (80) acres, plus a tolerance of ten percent (10%), when created for oil; three hundred twenty (320) acres, plus a tolerance of ten percent (10%), when created for gas, condensate or any combination of such oil or gas from a depth less than eight thousand feet (8,000') below the surface; and six hundred forty (640) acres, plus a tolerance of ten percent (10%), when created for gas, condensate or any combination of such oil or gas from a depth more than eight thousand feet (8,000') below the surface; provided, however, if the appropriate governmental proration unit or pooled unit for the field in which the above described land is located, be more or less than the above described drilling units, then, in either such event, each such unit created hereunder shall be conformed to said appropriate governmental proration unit. As to each unit so created by Lessee, there shall be allocated to the acreage covered by this lease, and included in the pooled unit, such portion of the production from said unit as the number of acres out of this lease placed in any such unit, as such unit from time to time may be constituted, bears to the total number of acres included in such unit, and Lessor agrees to accept and shall receive the royalties, shut-in or other kind, elsewhere specified in this lease, based upon the production so allocated to this lease or the proceeds therefrom. The commencement, drilling, completion of, reworking of or production from a well on any portion of the unit created hereunder shall have the same effect upon the terms of this lease as if a well were commenced, drilled, completed, reworked or producing on the land embraced by this lease. Lessee may place and use on each unit created hereunder common measuring and storage tanks for production from such unit. BEFORE ANY SUCH GOVERNMENTAL PRORATION UNIT, POOLED UNIT OR UNITIZED UNIT SHALL BE VALID AS TO LESSOR'S LEASED PREMISES, LESSEE MUST HAVE PRIOR WRITTEN CONSENT AS TO THE PROPOSED UNIT; OTHERWISE, IT WILL BE NULL AND VOID. Lessee must execute in writing and record in the county or counties in which each Lessor approved unit created hereunder may be located a *Designation of Unit* identifying and describing each such unit or units so created, and promptly deliver a copy of same to Lessor. The development of and production from each such unit shall be in accordance with the valid orders, rules and regulations of the lawful authority, either Federal or State, having jurisdiction in the premises. Any such unit created by Lessee in accordance with the terms hereof must be released and dissolved by Lessee by a Release and Dissolution of Unit filed for record in the county or counties in which such unit is located within a reasonable time after this lease has terminated as to such unit, and a copy likewise promptly delivered to Lessor. The exercise of the rights granted under this Paragraph XII.A. shall not be construed to cause the cross-conveyance of real property interests in the lands pooled or unitized hereunder. It is understood and agreed between Lessor and Lessee that in the event the leased premises should be comprised of separate parcels or tracts that are not contiguous and should Lessee desire to create a pooled unit pursuant to the terms of this Paragraph XII.A. then in such event the separate parcel or tract, whether one or more, that are included in said pooled unit shall be treated for the purposes of this Paragraph XII.A. as if each parcel or tract were covered by a separate oil and gas lease.

B. The first producing well drilled on any portion of the Leased Premises will be produced on a lease basis and will not be pooled with any other lands.

XIII INSURANCE

A. As a condition of this lease, at all times during the existence of this lease Lessee shall maintain insurance for damages because of bodily injury, including death, to its employees and all others; and from claims for damages to property all of which may arise out of, or result from, Lessee's performance under this lease whether such operations be by Lessee, its assignee, sub-lessee, contractor, subcontractor, agent, or by anyone directly or indirectly employed by Lessee, but not otherwise.

B. The insurance to be carried by Lessee is as follows:

Workers Compensation Insurance for statutory coverage to comply with the laws of the State of (Louisiana or Texas), including the Jones Act and U.S.L. and Harbor Workers Compensation when applicable; Employers Liability Insurance in an amount not less than:

Bodily injury by accident:	\$1,000,000 each accident
Bodily injury by disease:	\$1,000,000 policy limit
Bodily injury by disease:	\$1,000,000 each employee

Comprehensive General Liability (Bodily Injury and Property Damage Insurance) in an amount of not less than:

General Aggregate:	\$2,000,000
Each occurrence:	\$1,000,000
Personal Injury:	\$1,000,000
Products/Completed Operations	\$1,000,000

General Liability Policy shall include the following additional coverage:

- (i) Contractual Liability to cover liability assumed under the Agreement
- (ii) Personal Injury liability with the "contractual" exclusion deleted
- (iii) Product and Completed Operations Liability Insurance
- (iv) Independent Contractors
- (v) Broad Form Property Damage
- (vi) Explosion, Collapse, and Underground (XCU) exclusion deleted
- (vii) Fire/Legal Liability Endorsement
- (viii) Underground, Resources and Equipment Endorsements
- (ix) Sudden and Accidental Seepage and Pollution Coverage

C. Automobile Bodily Injury and Property Damage Liability Insurance. Such insurance shall extend to owned, non-owned, and hired automobiles used in the performance of the rights herein granted. The limits of liability of such insurance shall not be less than One Million Dollars (\$1,000,000) combined single limit for bodily injury and property damage in respect of any one accident or occurrence.

D. Control of Well Insurance in the amount of Five Million Dollars (\$5,000,000.00) with respect to all wells drilled to a depth above eight thousand feet (8,000') of drilled depth and Ten Million Dollars (\$10,000,000.00) with respect to all wells drilled below a depth of at least eight thousand feet (8,000') of drilled depth to include the following items:

- (1) Well control costs and/or expenses incurred in regaining or attempting to regain control of any and all wells which are out of control and in extinguishing or attempting to extinguish oil or gas well fires
- (2) Seepage and pollution, cleanup and contamination.

E. Lessee shall furnish Lessor with certificates establishing that the insurance required in this lease has been acquired, is being properly maintained, that premiums thereof are paid and specifying the policy numbers, names or insurers and expiration dates of said policies, and shall provide that in the event of cancellation thereof, written notice of such cancellation will be given to Lessor by the insurers not less than fifteen (15) days prior to the effective date of such cancellation.

F. In the event that Lessee subcontracts any of the work to be performed or services to be rendered hereunder, or contracts for the furnishing of any services or material required to be furnished by Lessee, then all such contractors or subcontractors shall obtain, maintain and keep in force during the time in which they are engaged in performing work on behalf of Lessee, adequate insurance coverage in accordance with Lessee's normal practice and furnish Lessor acceptable evidence of such insurance upon request.

G. The following shall be provided for in all policies:

- (1) Except for Worker's Compensation, Lessor shall be named as additional insured on all insurance policies with respect to operations performed as described in this lease.
- (2) A waiver of Subrogation by Lessee and its insurers in favor of Lessor.

XIV. FORCE MAJEURE

Should Lessee be prevented from complying with any expressed or implied covenant of this lease, from conducting drilling or reworking operations thereof, 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 other 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 leased premises and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding; provided, however, any period this lease may be so extended shall not exceed two (2) years, and provided further that during such period Lessee shall pay or tender monthly to Lessors or to the Lessors' credit in the depository banks named herein a sum equal to one-twelfth (1/12) of One Hundred and No/Hundredths U.S. Dollars (\$100.00) per acre for each net mineral acre then subject to this lease, the first of such payments to begin on or before the first day of the month after the expiration of thirty (30) days from the date this lease ceased to be maintained by production, operations or otherwise. Nothing in this paragraph shall relieve the Lessee of Lessee's obligation to protect the leased premises from drainage.

XV. COUNTERPARTS

This lease may be executed in counterparts, all of which counterparts shall constitute one single lease between Lessors and Lessee, and this lease shall be binding on each party who joins herein, whether or not this lease is executed by all those named herein as Lessors.

XVI. INFORMATION

As to any and all wells drilled on the above described land or lands pooled therewith, Lessee agrees to furnish Lessor, or Lessor's authorized representatives, daily drilling reports, access to said well or wells at his or their own risk at all reasonable hours and to furnish Lessor or Lessor's authorized representative a copy of any electric log or formation survey made in such well or wells. Such copies are to be delivered to Lessor within thirty (30) days after such request shall have been made. Copies of all applications and reports filed by Lessee with the Railroad Commission of Texas in connection with Lessee's operations hereunder shall also be mailed to Lessor simultaneously with Lessee's mailing of such applications and reports to the Railroad Commission of Texas. In addition, Lessee shall furnish to Lessor any and all seismic data, including interpretations of same, if permitted by contract, obtained by Lessee on the leased premises and of one-half (1/2) mile extending from the perimeter of the leased premises with the understanding that any reliance by Lessor upon interpretations provided by Lessee shall be at Lessor's sole risk. In addition, Lessee agrees to furnish to Lessor any and all title opinions affecting all or a portion of the leased premises, in their entirety, which are relied upon by Lessee or any purchaser of the production hereunder. Within the first three (3) months of the primary term hereof, Lessor shall make available to Lessee copies of the 3D seismic survey conducted by RIMCO et al covering the leased premises plus a half-mile halo surrounding the leased premises (if Lessor received and has the authority to show such halo) to enable Lessee to interpret such data, produce maps and seismic lines for its own benefit to aide Lessee in selecting well locations on the Leased Premises. Lessee shall be bound and abide by any confidentiality or similar agreements to which Lessor may be subject regarding such 3D seismic data and will sign the appropriate confidentiality required by Lessor.

XVII. TIME FOR PAYMENT

Anything herein to the contrary notwithstanding, it is specifically provided that:

A. All royalties on production hereunder shall be payable at Shreveport, Caddo Parish, Louisiana, or at such other place, if any, as may be specified by a particular royalty owner, as to such owner's interest, in a division order or other written instrument executed by owner.

B. Royalties on production shall be paid on a calendar month basis. The royalty for the calendar month in which production is first marketed shall be paid on or before the first day of the calendar month next following the expiration of one hundred twenty (120) days after the date production is first marketed, and subsequent proceeds must be paid no later than (i) sixty days after the end of the calendar month in which subsequent oil production is sold; or (ii) ninety days after the end of the calendar month in which subsequent gas production is sold, except in the

event of (1) a dispute concerning title that would affect distribution of payments; (2) a reasonable doubt that payee: (a) has sold or authorized the sale of its share of the oil or gas to the purchaser of such production; or (b) has clear title to the interest in the proceeds of production; or (3) a requirement in the title opinion that places in issue the title, identity, or whereabouts of the payee and that has not been satisfied by the payee after a reasonable request for curative information has been made by the payor.

C. All past due royalties (including any compensatory royalties payable under Paragraph VI.B.) shall be subject to a Late Charge of two percent (2%) and interest in the amount of twelve percent (12%) per annum, plus attorney's fees, court costs, and other costs in connection with the collection of the unpaid amounts. Any Late Charge that may become applicable shall be due and payable on the last day of each calendar month when this provision becomes applicable. The above described Late Charge is understood and agreed to be liquidated damages for breach of a covenant of this agreement and not compensation for the use or forbearance or detention of money. Notwithstanding, if at any time it is conclusively determined that such Late Charge is governed by and is in excess of applicable usury laws, if any, it is agreed that such excess shall be deemed advance royalties for the period or periods during which such usury laws apply, so that no rate of interest hereunder, if any, shall ever exceed the maximum rate allowed under applicable law.

D. Notwithstanding anything herein to the contrary, upon the failure of Lessee to pay Lessor the royalty payments as provided herein for any reason not caused by Lessor, the Lessors may, at Lessor's option, elect to terminate said lease by serving written notice on Lessee by certified mail, return receipt requested, at the address shown herein, of Lessor's intention to terminate said lease within not less than thirty (30) days of receipt, or any time thereafter, except in the event of (1) a dispute concerning title that would affect distribution of the payments; (2) a reasonable doubt that the payee: (a) has sold or authorized the sale of its share of the oil or gas to the purchaser of such production; or (b) has clear title to the interest in the proceeds of production; or (3) a requirement in the title opinion that places in issue the title, identity, or whereabouts of the payee and that has not been satisfied by the payee after a reasonable request for curative information has been made by the payor. Should Lessee pay Lessor all royalty payments with late charges as provided herein, before such termination date, this lease shall not terminate. However, upon failure of Lessee to pay Lessor said past due royalty payments during said notice period, Lessor may elect to terminate this lease, and title to said land shall revert to Lessor. Lessor may elect to terminate said lease, after the expiration of said notice period, by serving notice of termination upon Lessee and filing a copy of said notice with the County Clerk in the county where said land is located. The effective date of said termination shall be the date said termination is filed with the said County Clerk. In the event of termination of said lease in this manner, Lessee shall not remove any of Lessee's equipment, fixtures, or personal property located on said land, which shall become the property of Lessors.

E. The provisions of this Paragraph XVII shall not apply where Lessor has elected to take Lessor's royalty in kind or market separately Lessor's royalty share of production under the terms of this lease.

F. This lease shall be construed as a security agreement and in the event of bankruptcy or insolvency of Lessee, its successors or assigns, or any purchaser of production from any of said tracts, the payment of all rents, royalties or other obligations hereunder shall be deemed secured and Lessor, its heirs, successors or assigns, at their option, may elect to be treated as a priority creditor.

G. Notwithstanding anything herein to the contrary, Lessor's exercise of the rights under this paragraph shall not be deemed as a waiver of Lessor's right to take all actions necessary to recover unpaid royalties, late charges, interest and other damages incurred.

XVIII. OTHER INTERESTS IN THE LEASED PREMISES

Lessee hereby agrees and all persons are hereby given notice that, upon the termination of any part of this lease, with or without an instrument of release, reassignment or reconveyance, Lessor's interest in said land affected shall be free and clear of any overriding royalty, payment out of production, net profit obligation or carried interest, or any lien or obligation to which it may have been subjected by Lessee, his heirs, successors or assigns, agents or employees. Any such interest, lien or obligation shall, *ipso facto*, cease and terminate and be of no further force and effect upon the termination of all or the encumbered part of this lease, notwithstanding that Lessor may have expressly or impliedly consented to the assignment or the instrument in which such interest, lien or obligation was reserved or created. It is expressly understood and agreed that no lien or encumbrance securing payment for goods or services delivered to Lessee, or his heirs, successors, assigns, agents or employees, in connection with operations on the leased

premises shall attach to Lessor's interests in this lease or the leased premises nor shall such lien or encumbrance survive the termination of all or the encumbered part of this lease or the leased premises.

XIX. TITLE

Lessor makes no warranty of any kind, express or implied, as to title to its ownership and or interest in said land and there shall be no liability on the part of Lessor to refund any amount received under the terms of this lease, nor shall Lessor be required to furnish any bond, abstract or indemnification to any person or entity regarding its title to said lands.

In case of dispute or litigation as to the ownership of or title to the royalties or other payments hereunder or Lessor's or Lessee's title, Lessee may withhold payment of royalties and other payments hereunder without interest until final adjudication or other settlement of such dispute or litigation and evidence satisfactory to Lessee thereof has been delivered to Lessee. Any such funds impounded in Lessee's hands for more than six (6) months shall be placed by Lessee in interest-bearing United States Government securities or bonds for the benefit of Lessor or the person ultimately entitled to such funds. Lessee, however, may in its discretion at any time cash such bonds and deposit the proceeds in the registry of a court of competent jurisdiction.

XX. ATTORNEY'S FEES

It is further specifically provided that in the event it becomes necessary for Lessors to employ an attorney, or attorneys, to enforce any of Lessee's obligations hereunder and Lessors are successful in any court action to enforce same, Lessee agrees to pay all reasonable attorney's fees incurred by Lessors in connection herewith.

XXI. TAXES

Lessor shall be responsible for its share of all severance taxes assessable against and attributable to the leasehold and royalty interest created by or reserved in this lease.

XXII. PARAGRAPH CAPTIONS

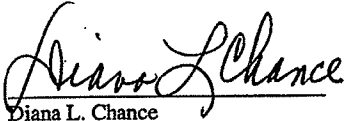
The captions set forth opposite each paragraph number are for convenience only and are not to be used to interpret or have any legal effect on the terms and provisions of this lease.

XXIII. FIDUCIARIES AND AGENTS

It is expressly agreed and understood that any fiduciary or agent executing this instrument executes same solely in the capacities stated and not otherwise, and that the fiduciaries or agents executing this instrument shall have or assume no individual, personal or corporate liability or responsibility by reason of the execution of this instrument, except in such fiduciary or agency capacities, and then solely for such period of time and to such extent as said fiduciaries and agents have the actual authority to enter into this contract and to bind the trust, beneficiary or principal, which authority said fiduciaries or agents do not expressly nor impliedly warrant.

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

WITNESSES:


Diana L. Chance

LESSOR:

JP MORGAN CHASE BANK, N.A., AGENT
FOR DONNER PROPERTIES


Annette Little

By:


Timothy D. Quinn
Senior Vice President

WITNESSES:

Keshia A. D.

Cynthia C. Newman

LESSEE:

BARRY LASKER

By: Barry Lasker

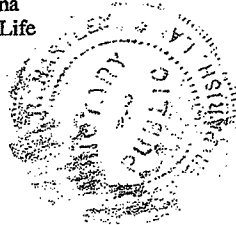
ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF CADDO

BEFORE ME, the undersigned authority, a Notary Public in and for said Parish and State, on this 25th day of March, 2009 personally appeared Timothy D. Quinn, Senior Vice President of JP Morgan Chase Bank, NA, as Agent for Donner Properties, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act and deed of said JP Morgan Chase Bank, NA, as Agent for Donner Properties, and for the purposes and consideration therein expressed, and in the capacity therein stated.

Patti R. Hartley
Patti R. Hartley, Notary ID# 33238
Bossier Parish, Louisiana
My Commission is for Life



STATE OF TEXAS

COUNTY OF HARRIS

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, on this 27th day of April, 2009 appeared Barry Lasker, 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.



Kelly Watson
Notary Public

SCHEDULE OF LESSORS AND INTERESTS

243.81 acres, more or less, out of the George H. Burgin Survey, A- 49, being the same land more particularly described in that certain Deed dated November 13, 1946, executed by E. W. Brown, Jr., et al to H. L. Brown, et al, recorded in Volume 82, Page 411 of the Deed Records of Newton County, Texas.

INTEREST	MINERAL OWNER	STATUS
0.800000	Donner Properties, JP Morgan Chase Bank, Agent 12 th Floor 400 Texas Street Shreveport, LA 71101 Contact: Patti Hartley Donner Properties P. O. Box 1346 Shreveport, LA 71164 318-227-2131	Leased to Barry Lasker Expires March 26, 2012
		<i>de chance e donner properties com.</i>
0.100000	James L. Negley P. O. Box 972985 Dallas, TX 75397-2985 Contact: George Wear, Manager H. L. Brown Management, LLC, Agent P. O. Box 14140, Monroe, LA 71207-4140 1101 Royal Avenue, Monroe, LA 71201 (318) 388-4700	Leased to Barry Lasker Expires March 26, 2012
0.100000	George L. Winter P. O. Box 972978 Dallas, TX 75397-2978 Contact: George Wear, Manager H. L. Brown Management, LLC, Agent P. O. Box 14140, Monroe, LA 71207-4140 1101 Royal Avenue, Monroe, LA 71201 (318) 388-4700	Leased to Barry Lasker Expires March 26, 2012
1.000000	TOTAL	

ROGER A. SOAPE, INC.
 SPECIAL ACCOUNT
 450 GEARS ROAD
 SUITE 780
 HOUSTON, TX 77067
 (281) 440-6347

ENCOREBANK™

13568

35-9384-1130

DATE March 25, 2009

PAY Fifty Eight Thousand Five Hundred Fourteen and 40/100***** DOLLARS \$ 58,514.40

TO
 THE
 ORDER
 OF

Donner Properties,
 JPMorgan Chase Bank, Agent
 400 Texas Ave., 12th Floor
 Shreveport, LA 71101



⑈013568⑈ ⑆⑈113093849⑈ ⑈024320566⑈

Details on back. Security Features Included.

ROGER A. SOAPE, INC.
 SPECIAL ACCOUNT

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.
 DELUXE BUSINESS FORMS 1-800-328-0304 www.deluxeforms.com
 DELUXE - FORM WVCB-3 V-2

DATE	DESCRIPTION	AMOUNT
3/25/2009	Oil and Gas Lease covering 243.81 acres, more or less, out of the B. Burgin Survey, A-49, Newton County, Texas Tax ID#: 72-6076583 Donner Prospect	\$58,514.40

82/411

THE STATE OF TEXAS †
COUNTY OF BEXAR †

Before me, the undersigned authority, on this day personally appeared H. L. Brown, Individually and as Independent Executor of the Estate of Mrs. Carrie L. Brown, deceased, 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, and in the capacities therein stated.

Given under my hand and seal of office, this the 9th day of December, A. D. 1946.

SEAL E. W. Reinhardt
Notary Public, Bexar County, Texas.

THE STATE OF TEXAS †
COUNTY OF ORANGE †

Before me, the undersigned authority, on this day personally appeared Edgar R. Odom and Babbette Moore Odom, his wife, known to me to be the persons whose names are subscribed to the foregoing instrument, and the said Edgar R. Odom acknowledged to me that he executed the same for the purposes and consideration therein expressed. And the said Babbette Moore Odom, wife of the said Edgar R. Odom, having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said Babbette Moore Odom, acknowledged such instrument to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office, this the 13th day of November, A. D. 1946.

SEAL R. Bateman
Notary Public, Orange County, Texas.

Marie E. Rogers
COUNTY CLERK, NEWTON COUNTY, TEXAS.

,

E. W. BROWN, JR., ET AL PARTITION DEED H. L. BROWN, ET AL

DATED: November 13, 1946
FILED: December 19, 1946, at 3 P. M.
RECORDED: February 3, 1947

THE STATE OF TEXAS †
COUNTY OF NEWTON †

KNOW ALL MEN BY THESE PRESENTS:

That this instrument of writing made between E. W. Brown, Jr., H. L. Brown and Babbette Moore Odom, joined herein by her husband, Edgar R. Odom,

W I T N E S S E T H :

THAT WHEREAS, we, the said E. W. Brown, Jr., and H. L. Brown, devisees under the will and E. W. Brown, deceased, and Babette Moore Odom, as only child of R. A. Moore and Fannie Brown Moore, deceased, and grantees of the said R. A. Moore (the said Fannie Brown Moore being one of the devisees under the will of E. W. Brown, and having died intestate on October 12, 1918); and the said E. W. Brown, Jr., H. L. Brown and Babette Moore Odom as devisees under the will of Mrs. Carrie L. Brown (to which said will reference is here made), have and own in common, in the proportion of eight twenty-firsts (8/21sts) by the said E. W. Brown, Jr., eight twenty-firsts (8/21sts) by the said H. L. Brown and five twenty-firsts (5/21sts) by the said Babette Moore Odom, the lands hereinafter described, along with certain other lands and properties; and

WHEREAS, said parties are desirous of making partition of the lands hereafter described to the end that each of them shall hereafter own their respective shares in severalty:

NOW, THEREFORE, it is hereby covenanted, granted, concluded and agreed, by and between said parties, and each of them covenants, grants, concludes and agrees for himself, herself and themselves, and their heirs and assigns, that a partition of said lands be made as follows, to-wit:

That E. W. Brown, Jr., shall from henceforth have, hold possess and enjoy in severalty, by himself, and to him, his heirs and assigns, for his part, share, interest and proportion of said lands and premises, all of those certain lands and parcels of land situated in Newton County, Texas, described as follows, to-wit:

TRACT NO. 1: Being a part of the Geo. H. Burgin Survey Abstract No. 49; in Newton County, Texas, and more particularly described as follows:

Beginning at a point in the West line of the Geo. H. Burgin Survey, said point being 452.58 varas North of the Southwest corner of the Geo. H. Burgin Survey;

Thence North with the West line of the Geo. H. Burgin Survey 724.11 varas to the Southwest corner of Tract No. 2 partitioned and set aside to H. L. Brown;

Thence East with the South line of said Tract No. 2, partitioned and set aside to H. L. Brown, 1900.8 varas to the Southeast corner of said Tract No. 2 in the East line of the Geo. H. Burgin Survey;

Thence South with the East line of the Geo. H. Burgin Survey 724.11 varas to point in the East line of the Geo. H. Burgin Survey;

Thence West 1900.8 varas to the place of beginning and containing 243.81 acres of land.

And H. L. Brown and Babette Moore Odom, joined by her husband, Edgar R. Odom, do grant, release and confirm unto the said E. W. Brown, Jr., the premises above described.

TO HAVE AND TO HOLD the same, with all and singular the rights, hereditaments and appurtenances thereto in anywise belonging, unto

the said E. W. Brown, Jr., his heirs and assigns, forever.

2.

That H. L. Brown shall from henceforth have, hold, possess and enjoy in severalty by himself and to him, his heirs and assigns, for his part, share, interest and proportion of said lands and premises, all those certain tracts and parcels of land in Newton County, Texas, as follows, to-wit:

TRACT NO. 2: Being a part of the Geo. H. Burgin Survey, Abstract No. 49, in Newton County, Texas, and more particularly described as follows:

Beginning at the Northwest corner of the Geo. H. Burgin Survey.

Thence East with the North line of the Geo. H. Burgin Survey 1900.8 varas to the Northeast corner of the Geo. H. Burgin Survey ;

Thence South with the East line of the Geo. H. Burgin Survey, 724.11 varas to a point in the East line of the Geo. H. Burgin Survey;

Thence West 1900.8 varas to a point in the West line of the Geo. H. Burgin Survey;

Thence North along the West line of the Geo. H. Burgin Survey 724.11 varas to the place of beginning and containing 243.81 acres of land.

And E. W. Brown, Jr., Babette Moore Odom, joined by her husband, Edgar R. Odom, do grant, release and confirm unto the said H. L. Brown, the premises above in this paragraph described.

TO HAVE AND TO HOLD the same with all and singular the rights, hereditaments and appurtenances thereto in anywise belonging, unto the said H. L. Brown, his heirs and assigns, forever.

3.

That Babette Moore Odom shall from henceforth have, hold, possess and enjoy in severalty by herself and to her in her own separate right, her heirs and assigns, for her part, share, interest and proportion of said lands and premises, all those certain tracts and parcels of land situated in Newton County, Texas, described as follows, to-wit:

TRACT NO. 3: Being a part of the Geo. H. Burgin Survey, Abstract No. 49, in Newton County, Texas, and more particularly described as follows:

Beginning at the Southwest corner of the Geo. H. Burgin Survey;

Thence North with the West line of the Geo. H. Burgin Survey, 452.58 varas to the Southwest corner of Tract No. 1 partitioned and set aside to E. W. Brown, Jr.,;

Thence East with the South line of said Tract No. 1, partitioned and set aside to E. W. Brown, Jr., 1900.8 varas to the Southeast corner of said Tract No. 1, in the East line of the Geo. H. Burgin Survey;

Thence South with the East line of the Geo. H. Burgin

Survey 452.58 varas to the Southeast corner of the Geo. H. Burgin Survey;
Thence West with the South line of the Geo. H. Burgin
Survey 1900.8 varas to the place of beginning and containing 152,38 acres of
land.

And E. W. Brown, Jr. and H. L. Brown do grant,
release and confirm unto the said Babette Moore Odom the premises hereinabove
in this paragraph described.

TO HAVE AND TO HOLD the same with all and singular
the rights, hereditaments and appurtenances thereto in anywise belonging unto
the said Babette Moore Odom, as her separate property, her heirs and assigns
forever.

4.

It is understood and agreed that the conveyances and
releases hereinabove made are subject to all now existing canal, road,
drainage ditches and other existing easements or rights of way.

5.

It is understood and agreed between all the parties
hereto that the partition evidenced by this instrument constitutes only a
partial distribution and partition of the lands and properties of the said
E. W. Brown, deceased, and Mrs. Carrie L. Brown, deceased, and that the lands
herein partitioned and set forth to the respective grantees are conclusively
accepted by said grantees and all parties herein as having a value equal to
each of their respective interests in the lands hereinabove described and
partitioned, and by virtue hereof the respective grantees have received in
partial partition and distribution of said lands and properties as herein
made, their respective shares in and to said lands to which they are
respectively entitled as devisees under said wills and beneficiaries of said
persons.

6.

In futherance of this partition and at the request
of grantees herein, E. W. Brown, Jr., and H. L. Brown, Independent Executors
of the Estate of Mrs. Carrie L. Brown, deceased, join in this conveyance, and
in consideration of the premises and the conveyances herein made, we, E. W.
Brown, Jr., and H. L. Brown, as Independent Executors of the Estate of Mrs.
Carrie L. Brown, deceased, do hereby convey and quitclaim to the respective
grantees hereinabove named the respective lands above described, set aside and
partitioned, to said grantees as their respective parts and interests in the
above described landd as part of the Estate of Mrs. Carrie L. Brown, deceased.

Witness our hands this the 13th day of November, A. D.

1946.

E. W. Brown, Jr.
Individually and as Independent
Executor of the Estate of Mrs.
Carrie L. Brown, deceased.

H. L. Brown
Individually and as Independent
Executor of the Estrte of Mrs.
Carrie L. Brown, deceased.

Babette Moore Odom

Edgar R. Odom

THE STATE OF TEXAS †

COUNTY OF ORANGE †

Before me, the undersigned authority, on this day personally appeared E. W. Brown, Jr., Individually and as Independent Executor of the Estate of Mrs. Carrie L. Brown, deceased, 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, and in the capacities therein stated.

Given under my hand and seal of office, this the 18th day of November, A. D. 1946.

SEAL Arbana Craft
Notary Public, Orange County, Texas.

THE STATE OF TEXAS †

COUNTY OF BEXAR †

Before me, the undersigned authority, on this day personally appeared H. L. Brown, Individually and as Independent Executor of the Estate of Mrs. Carrie L. Brown, deceased, 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, and in the capacities therein stated.

Given under my hand and seal of office, this the 9th day of December, A. D. 1946.

SEAL E. W. Reinhardt
Notary Public, Bexar County, Texas.

THE STATE OF TEXAS †

COUNTY OF ORANGE †

Before me, the undersigned authority, on this day personally appeared Edgar R. Odom and Babette Moore Odom, his wife, known to me to be the persons whose names are subscribed to the foregoing instrument, and the said Edgar R. Moore acknowledged to me that he executed the same for the purposes and consideration therein expressed. And the said Babette Moore Odom, wife of the said Edgar R. Odom, having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said Babette Moore Odom, wife of the said Edgar R. Odom, acknowledged such instrument to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office, this the 13th day of November, A. D. 1946.

SEAL R. Bateman
Notary Public, Orange County, Texas.

W. E. Rogers
COUNTY CLERK, NEWTON COUNTY, TEXAS.

Title Notes
243.81 acres out of the George H. Burgin Survey, A-49

Warranty Deed 11/126 DR 07-31-1913 08-26-1913	A. M. Watson to - E. W. Brown <i>Remarks: 640.0 acres, the George H. Burgin Survey, A-49. NMR</i>
Partition Deed 82/411 DR 11-13-1946 12-19-1946	E. W. Brown, Jr., H. L. Brown and Babette Moore Odom and husband Edgar R. Odom to - H. L. Brown <i>Remarks: Grantors are heirs and devisees of E. W. Brown and Carrie L. Brown</i> <i>243.81 acres, described by metes and bounds, out of the George H. Burgin Survey, A-49. NMR</i>
Deed 168/21 11-01-1960 12-31-1960	H. L. Brown (sometimes known as H. Lutchter Brown) to - Donner Corporation <i>Remarks: 243.81 acres, described by metes and bounds, out of the George H. Burgin Survey, A-49 + OL: NMR</i>
Deed 203/605 DR 08-01-1972 09-14-1972	Donner Corporation to - Whitney National Bank of New Orleans, Louisiana, agent <i>Remarks: 243.81 acres, described by metes and bounds, out of the George H. Burgin Survey, A-49 + OL: NMR</i>
Deed 356/377 DR 05-08-1973 05-17-1973	Whitney National Bank of New Orleans, Louisiana, agent to - Dr. William C. Winter as Trustee fo a trust f/b/o Bruce L. Winter <i>Remarks: 243.81 acres, described by metes and bounds, out of the George H. Burgin Survey, A-49 + OL: Grantor reserves all OGM.</i>

Assignment & Conveyance
of Donner Properties
264/856 DR
01-22-1975
02-17-1975

Whitney National Bank of New Orleans, Louisiana, agent
to -
First National Bank of Shreveport

*Remarks: All right, title and interest in lands described
in 203/605 DR + OL. NMR*

Assignment & Conveyance
of Donner Properties and Act
of Ratification
488/254 OPR
02-18-2003
11-16-1998 *Effective*
03-20-2003

Bank One, National Association (formerly known as
Bank One, Louisiana, National Association, which was
formerly known as Premier Bank, National Association,
which was formerly known as The First National Bank of
Shreveport)
to -
Bank One Trust Company, National Association
(formerly known as City National Bank of Baton Rouge)

*Remarks: Effective 9/30/1988, The First National Bank
of Shreveport changed its name to Premier Bank,
National Association; Effective June 3, 1996, Premier
Bank, National Association, changed its name to Bank
One, Louisiana, National Association; Effective
November 16, 1998, the fiduciary business of Bank One,
Louisiana, National Association, was conveyed to City
National Bank of Baton Rouge, and City National Bank
of Baton Rouge was merged with and into Bank One
Trust Company, National Association; Effective
February 8, 2001 Bank One, Louisiana, N.A., merged
into Bank One, N.A.*

*The purpose of this instrument is for Bank One, N.A. is to
transfer record title of the Donner Properties to Bank
One Trust Company, N.A., and for Bank One Trust
Company, N.A. to ratify and confirm all agreements
previously executed in its name, as agent under both
agency agreements.*

Act of Delivery of Property
Held by Agent
480/456 OPR
06-30-2002
06-01-2002 *Effective*
06-10-2002

Bank One Trust Company, National Association
to -
James L. Negley and George L. Winter

*Remarks: 10% each in 243.81 acres, described by metes
and bounds, out of the George H. Burgin Survey, A-49.*

Certificate of Merger
543/267 OPR
10-23-2006
03-05-2007

Bank One Trust Company, National Association
to -
JP Morgan Chase Bank, National Association

Remarks: Merger

ROGER A. SOAPE, INC.

450 Gears Road
Suite 780
Houston, Texas 77067-4513

Telecopier (281) 440-0609

Telephone (281) 440-6347

March 25, 2009

Ms. Diana L. Chance
Donner Properties
P. O. Box 1346
Shreveport, LA 71164-1346

Oil and Gas Lease with Barry Lasker
243.81 Acres
George H. Burgin Survey, A-49
Newton County, Texas
RAS, Inc. File No. T2330

Dear Ms. Chance:

As discussed, Donner Properties has executed an Oil and Gas Lease in favor of Barry Lasker covering Donner Properties' undivided 80% mineral interest in and to the subject lands, which Lease reflects the principal terms outlined in our offer letter dated February 25, 2009. James L. Negley and George L. Winter, the owners of the remaining 20% mineral interest in and to the subject lands, are expected to soon execute a Lease (or Leases).

In the expectation that Negley and Winter will lease as above contemplated, Lasker will deliver to you checks to pay the bonus for the Donner/Lasker Lease. However, should Negley and Winter fail to lease by April 30, 2009, Lasker may, at his option, receive a full refund of the bonus paid for the Donner/Lasker Lease if he makes a written request for refund which is delivered to you on or before May 15, 2009.


To indicate your agreement to the foregoing, please date and sign where indicated below, then return a copy of the signed letter to us. Should you have any questions or require additional information, please telephone

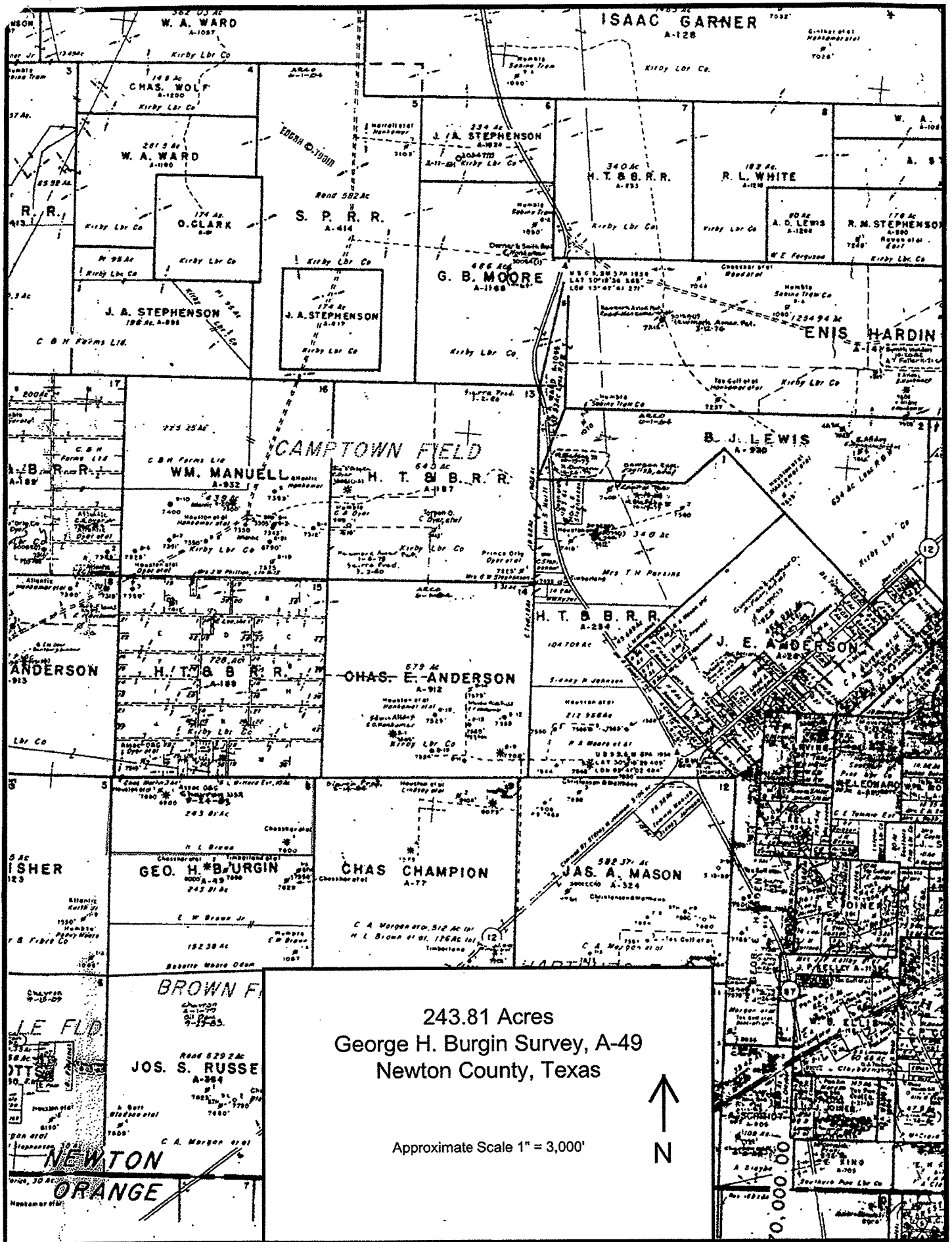
Yours truly,

ROGER A. SOAPE, INC.

Roger A. Soape

AGREED AND ACCEPTED THIS
25th DAY OF MARCH, 2009.


Diana L. Chance

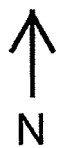


BROWN F.
 9-15-07

JOS. S. RUSSE
 A-384
 782 1/2' x 1 1/2' x 770'
 7800'

243.81 Acres
George H. Burgin Survey, A-49
Newton County, Texas

Approximate Scale 1" = 3,000'



NEWTON
ORANGE

MEMORANDUM OF OIL AND GAS LEASE

STATE OF LOUISIANA:

KNOW ALL MEN BY THESE PRESENTS:

PARISH OF OUACHITA:

THIS MEMORANDUM, made and entered into this 26th day of March, 2009, by and between James L. Negley and George L. Winter, Trustee of The George L. Winter Revocable Trust, appearing herein through H.L. Brown Management L.L.C., Agent, under that certain Management Agency Agreement, dated March 9, 2004, whose mailing address is H.L. Brown Management L.L.C., P.O. Box 14140, Monroe, Louisiana 71207-4140, LESSOR, and Barry Lasker, whose mailing address is 451 Brown Saddle Street, Houston, Texas 77057, hereinafter called "LESSEE".

WITNESSETH

THAT, LESSOR and LESSEE have entered into an Oil and Gas Lease dated and effective the 26th day of March, 2009 pursuant to which the LESSOR has leased to the LESSEE, for the primary term of three (3) years, and upon the terms and conditions therein stated, subject to the royalties therein reserved and subject to termination therein stated, those certain lands of the LESSOR situated in Newton County, Texas and described as follows, to wit:

243.81 acres of land, more or less, being a part of the George Burgin Survey, A-49, Newton County, Texas and being the same lands described as Tract 2 in that certain Deed dated November 13, 1946 from E. W. Brown, Jr., et al to H. L. Brown, et al and recorded in Volume 82, at page 411 of the Deed Records of Newton County, Texas, said Deed and the reference thereto being made for descriptive purposes only.

Reference is here made to said Oil and Gas Lease and it is incorporated herein by reference for all purposes and as fully and to the same extent as if such Oil and Gas Lease were set out herein in full.

Said lease is granted for a bonus consideration of One Hundred (\$100.00) dollars and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by LESSOR, and is maintained in the offices of said LESSEE.

LESSEE expressly agrees that in the event of termination of said Oil and Gas Lease, in whole or in part, under any of the terms, provisions or limitations thereof, LESSEE will file of record in Newton County, Texas, a recordable acknowledgement of such termination, and will deliver to LESSOR a certified copy of said acknowledgement of termination. Said acknowledgement of termination will be, and shall have the effect of, a release of the Oil and Gas Lease referenced herein.

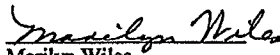
IN WITNESS WHEREOF, the parties hereto have executed this instrument on the dates of the acknowledgements.

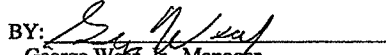
WITNESSES:

LESSOR:


Marshall T. Napper

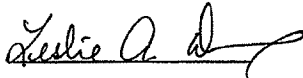
JAMES L. NEGLEY AND
GEORGE L. WINTER, TRUSTEE OF THE
GEORGE L. WINTER REVOCABLE TRUST
BY: HL BROWN MANAGEMENT LLC, AGENT


Marilyn Wiles

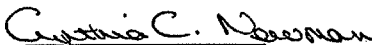
BY: 
George Wear, Jr., Manager

LESSEE:

BARRY LASKER



BY: 

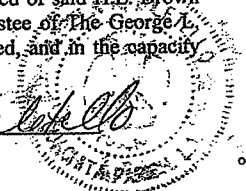


ACKNOWLEDGMENT

STATE OF LOUISIANA

PARISH OF OUACHITA

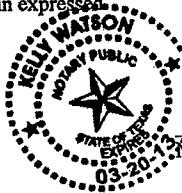
3rd BEFORE ME, the undersigned authority, a Notary Public in and for said Parish and State, on this day of April, 2009, personally appeared George Wear, Jr., Manager of H.L. Brown Management L.L.C., as Agent for James L. Negley and George L. Winter, Trustee of The George L. Winter Revocable Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act and deed of said H.L. Brown Management L.L.C., as Agent for James L. Negley and George L. Winter, Trustee of The George L. Winter Revocable Trust, and for the purposes and consideration therein expressed, and in the capacity therein stated.


Angela A. Miletello
Angela A. Miletello,
Notary ID # 62595
Ouachita Parish, Louisiana
My Commission is for Life.

STATE OF TEXAS

COUNTY OF Harris

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, on this 4th day of April, 2009 appeared Barry Lasker, 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.


Kelly Watson
Notary Public

OIL, GAS & LIQUID HYDROCARBON LEASE

THE STATE of TEXAS }
COUNTY of NEWTON } KNOW ALL MEN BY THESE PRESENTS, THAT:

THIS AGREEMENT made and effective this 26th day of March, 2009 (the "effective date"), between James L. Negley and George L. Winter, Trustee of The George L. Winter Revocable Trust, appearing herein through H.L. Brown Management L.L.C., Agent, under that certain Management Agency Agreement, dated March 9, 2004, whose mailing address is H.L. Brown Management L.L.C., P.O. Box 14140, Monroe, Louisiana 71207-4140, hereinafter called "LESSOR" and Barry Lasker, whose mailing address is 451 Brown Saddle Street, Houston, Texas 77057, hereinafter called "LESSEE".

WITNESSETH:

I. GRANTING CLAUSE

A. Lessor, in consideration of One Hundred and no/100 DOLLARS (\$100.00) hereby leases and lets unto Lessee, the nonexclusive right of geophysical exploration and the exclusive right to enter upon and use the land hereinafter described for the exploration for, and production of oil, gas and other similar hydrocarbons together with the use of the surface of the land to the extent necessary for the exploration for and production, storage and transportation of said minerals, including the right to construct, maintain and use roads and pipelines thereon for operations hereunder; the land to which the lease applies being situated in Newton County Texas and described as follows, to wit:

243.81 acres of land, more or less, being a part of the George Burgin Survey, A-49, Newton County, Texas and being the same lands described as Tract 2 in that certain Deed dated November 13, 1946 from E. W. Brown, Jr., et al to H. L. Brown, et al and recorded in Volume 82, at page 411 of the Deed Records of Newton County, Texas, said Deed and the reference thereto being made for descriptive purposes only.

B. For the purpose of calculating any money payments to be made to Lessor by Lessee under the various provisions hereof but subject to the proportionate reduction of royalties and rentals as hereinafter provided, the land covered hereby shall be estimated to comprise a total of 243.81 gross acres, whether it actually contains more or less.

C. The subsurface stratum above 1000 feet below the surface of the ground in the leased premises is hereby excepted and reserved to Lessor, together with the exclusive right to explore for, drill, operate and produce the oil, gas and other liquid hydrocarbons (as defined herein) therefrom; provided, however, Lessee may drill and operate through this reserved subsurface stratum. Lessors will not use the surface or the subsurface of the leased premises in a manner which would unduly interfere with the use thereof by Lessee for the purposes specified herein.

D. This lease shall not be construed to include and Lessor expressly reserves hereby all of the sulfur, coal, lignite, uranium and other fissionable materials, geothermal energy, base and precious metals and any and all other mineral substances, excepting only oil, gas and other liquid hydrocarbons including sulfur produced in conjunction therewith, and their respective constituent products expressly covered by this lease, presently owned by Lessor in, under or upon said land, together with the rights of ingress and egress and use of the leased premises by Lessor and their mineral Lessees for purposes of exploration for and production of the minerals reserved herein to Lessor. Further, Lessor expressly reserves the right to perform or to grant the right to others to perform seismographic or other geophysical tests for minerals over and across lands described by this lease. Lessor and Lessee shall each conduct their respective operations on said land in such a manner which will not unreasonably interfere with the operations or activities of the other.

E. This lease shall not be construed to include, and Lessor expressly excepts, the right to dispose of salt water, brine or other waste products produced in association with oil, gas or other liquid hydrocarbons by injection into any subsurface stratum of the leased premises.

F. During the primary term hereof, in the event Lessee enters into a mineral lease with any other mineral owner(s) on the above described property or property immediately adjacent or abutting these-described premises on different terms than those provided herein, and such terms are more beneficial to such Lessee, or Lessee pays a bonus, rental or royalty in an amount greater than that to be paid to Lessor herein, then Lessee shall, without the necessity of notice or demand, pay to Lessor herein the same amounts paid to such other owners and on the more beneficial or increased terms granted to them in such lease or leases.

II. PRIMARY TERM

Subject to the other provisions contained herein, this lease shall remain in force for a term of three (3) years from and after the effective date of this lease, hereinafter called "Primary Term", and for so long thereafter as oil, gas or liquid hydrocarbons is produced in paying quantities from said land or from land pooled therewith, or so long as any operation is conducted, and payment is made, or any condition exists which may maintain this lease in force and effect as to all or any portion of the land covered hereby. If this lease is still in effect fifty (50) years after its effective date, Lessor may require Lessee, without further consideration, to transfer and assign all its leasehold rights and obligations hereunder to a bona fide third party assignee willing to pay Lessor a royalty greater than the royalty defined herein; provided, however, that Lessee may at that time agree to match such increased royalty payment as consideration to continue as lessee and continue this lease in force and effect for an additional twenty-five (25) year period. In any event the term of this lease shall not exceed seventy-five (75) years and will automatically terminate on the seventy-fifth anniversary of the effective date of this agreement. Lessee commits to spud a well and continuously prosecute drilling with a reasonable expectation to find oil or gas on the Leased Premises no later than eighteen (18) months from the date of this lease (September 26, 2010). Failure to timely spud will result in the immediate termination of this lease and a penalty of \$100.00 per net mineral acre, payable within seven (7) business days of termination.

III. ROYALTIES

Lessor reserves for themselves, and their heirs, successors and assigns, the following royalties and Lessee, in consideration of Lessor's granting of this lease, covenants and agrees to deliver same to Lessor as follows:

A. On oil, one-fourth (1/4) of that produced and saved from or attributable to the leased premises, free of expense to Lessor, to be, at Lessor's option, (1) delivered into the pipelines, tanks or other receptacles to which Lessee may connect Lessee's wells; (2) delivered at the well or wells in tanks or other receptacles provided by Lessor, at Lessor's own expense; (3) sold by Lessee, for Lessor's account, to the purchaser of Lessee's oil, if sold by Lessee at the well, for the price received by Lessee or any affiliate of Lessee for Lessee's own oil.

B. (1) On gas, including casinghead gas or other gaseous substances produced from said land, one-fourth (1/4) of the then current market value at the wells of such gas, or one-fourth (1/4) of the price received therefore or in lieu thereof by Lessee, whichever is greater. This royalty provision shall apply to all gas sold at the wells, all gas sold or used off the premises and all gas otherwise sold, except as provided below. For purposes of this paragraph, "current market value" shall mean the price Lessee obtains in an arms-length sale under contracts of similar duration for comparable volumes and qualities of gas (or, in the event of something other than an arms-length sale, such as an affiliate, the price Lessee could reasonably have been expected to obtain in such an arms-length sale).

(2) In lieu of the royalty on gas hereinabove provided, in case Lessee shall itself, or through an affiliated company, use gas from the premises in the extraction of gasoline or other products in a plant, Lessor shall be paid as royalty one-fourth (1/4) of the then current market value at the plant of such gasoline or other by-products so extracted. On the residue gas, after the extraction of gasoline or other products at such plant, Lessor shall receive the same royalty on such gas as above provided.

(3) Should Lessee arrange with others for use of gas from the premises in the manufacture or extraction of gasoline or other products in a plant, on a royalty or other basis, Lessor shall be entitled to one-fourth (1/4) of any royalties or other compensation received by the Lessee therefore, or the then current market value, whichever is greater.

(4) In the event re-injection operations are not resorted to or if the gas is not taken to a plant, if the gas from any well shall be sufficiently impregnated with condensate or other hydrocarbons that paying quantities of condensate or other liquid hydrocarbons can be separated therefrom and liquefied as a practical lease operation by the installation by Lessee of mechanical traps, conventional separators or other similar devices, then in such event Lessee shall install upon said lease such device or devices to the end that as much of said condensate or other liquid hydrocarbons as can be separated from such gas may be recovered before marketing or use of the residue gas, and Lessee shall account to Lessor for one-fourth (1/4) of such liquid product so recovered, to be delivered or payable in the same manner and subject to the same conditions as provided for the payment of royalties on oil hereunder. On residue gas remaining thereafter, the same royalties shall be payable as originally hereinabove provided for royalties on gas.

(5) If, at any time during this lease, Lessee completes a well capable of producing gas from the leased premises or lands pooled therewith, but gas is not being produced therefrom, Lessee, at Lessee's election, may pay or tender as royalty (hereinafter sometimes referred to as "shut-in royalty") to the parties entitled to shut-in royalty, or deposit to their credit in the banks named herein, on or before the first day of the month after the expiration of ninety (90) days from the date such well is shut-in, a sum equal to one-twelfth (1/12) of Seventy-Five U.S. Dollars (\$75.00) per net mineral acre for each such net mineral acre of the leased premises which would have been allocated to the governmental proration unit or a pooled unit from which such well would have produced had it not been shut-in, which payment shall maintain this lease in force and effect for a period of one (1) calendar month from the date of payment, it being understood, however, that such payments shall in no manner affect nor alter the provisions of Paragraph V. requiring the periodic drilling of wells. In like manner, with like effect and upon like payments, tenders or deposits on or before the expiration of the last preceding month for which such payment, tender or deposit has been made, this lease may be maintained in force and effect for successive periods of one (1) calendar month each, until such time as this lease is maintained by production, operations or otherwise under the terms hereof; provided, however, such payments shall not operate to maintain this lease in force and effect for any period in excess of two (2) consecutive years for the first such occurrence; nor for any period in excess of twelve (12) months for any succeeding occurrence. Any amounts so paid shall not be treated nor considered as advance royalty payments on any gas produced from such well or wells. Lessee may at any time and from time to time prepay such monthly shut-in royalty for such period as Lessee may elect. Nothing herein shall relieve Lessee of Lessee's obligation to at all times protect the leased premises from drainage.

C. An equal one-fourth (1/4) part of all other liquid hydrocarbons that may be produced from said lands; or at Lessor's election, exercisable from time to time, an equal one-fourth (1/4) part of the full market value in the field of all such other liquid hydrocarbons, provided that when such liquid hydrocarbons are sold, the market value shall not be less than the amount realized by Lessee from the sale thereof in an arms length transaction, and, in any event, without any cost or expense to Lessors and without any deduction of any kind or character.

D. For purposes of this Paragraph III, above, the following terms shall have the meanings set forth below:

(1) Affiliate - the term "affiliate" or "affiliated company," when used in relation to Lessee, means another corporation or business entity of any type which:

- (a) owns more than ten percent (10%) of Lessee's stock or equity;
- (b) more than ten percent (10%) of whose stock or equity is owned by Lessee; or
- (c) more than ten percent (10%) of whose stock or equity is owned by any parent corporation, either directly or indirectly, which parent corporation also owns more than ten percent (10%) of Lessee's stock or equity, either directly or indirectly.

(2) As used herein, the term "Lessee" and "affiliate of Lessee" shall also mean "assignee or assignees of Lessee" and "affiliate of assignee or assignees of Lessee."

E. Lessor's royalties, whether taken in kind or paid in the form of proceeds from the sale of production, shall be deemed the property of Lessor in the custody, trust and care of Lessee until delivered to Lessor, and is at all such times to be free and clear of all costs, claims, charges, expenses, overriding royalties, provided, however, that Lessor's royalties shall bear its proportionate part of relevant taxes, including but not limited to all windfall profits, production, ad valorem, estate and inheritance taxes.

F. No *Division Order*, *Transfer Order*, or any other such instrument shall constitute an amendment, alteration, ratification, adoption, confirmation, waiver or reinstatement of this lease or any sublease, farmout, amendment, deed, conveyance contract, unitization agreement, operating agreement, or any other document affecting the leased premises.

G. The payment or tender of shut-in, minimum and compensatory royalty, delay rental and *force majeure* payment under this lease, may be made by check of Lessee mailed or delivered to the parties entitled thereto or to said Banks on or before the date such payment is due. The depositories named herein, James L. Negley, P.O. Box 972985, Dallas, TX 75397-2985 and George L. Winter, Trustee of The George L. Winter Revocable Trust, P.O. Box 972978, Dallas, TX 75397-2978, or their successors or assigns, are Lessors' agents and shall continue as depositories for all payments hereunder regardless of changes in ownership of said land or payments; provided that if said depositories (or any successor depositories) should cease to exist, suspend business, liquidate, fail or refuse to accept any such payment, Lessee shall not be held in default and this lease shall not terminate for failure to make such payment or tender until thirty (30) days after such parties have delivered to Lessee a proper recordable instrument naming another bank as depository to receive such payment or tender.

H. Except as to any royalty gas taken in kind under Paragraph III.E., any and all expenses in marketing the oil, gas and liquid hydrocarbons produced under this lease shall be borne by the Lessee, and none of such expense shall be deducted in computing the royalties payable to Lessor hereunder.

IV. DELAY RENTAL

A. Separate and apart from the additional Bonus installment recited in Paragraph I.H., above, if actual drilling operations are not commenced on said land on or before one (1) year from the date hereof, this lease shall then terminate as to both parties, unless on or before such anniversary date Lessee shall pay or tender to Lessor or to the credit of Lessor in the depository named herein or their successors or assigns, the sum of Fifty and no/100 Dollars (\$50.00) per net mineral acre then covered by this lease (herein sometimes referred to as "delay rentals"), which shall cover the privilege of deferring commencement of actual drilling operations on the leased premises or lands pooled therewith, for a period of twelve (12) months. Thereafter, upon the payment or tender in like manner annually of Fifty and no/100 Dollars (\$50.00) per net mineral acre for the number of net mineral acres then covered by this lease and not surrendered as hereinafter provided, the commencement of actual drilling operations on the leased premises, or lands pooled therewith, may be further deferred for successive periods of twelve (12) months each during the primary term. For purposes of calculation of delay rentals owed under this section, Lessee will provide a unit designation filed of record or a proposed unit designation to Lessor prior to commencement of drilling operations. In conformance with such unit designation, Lessee agrees to timely pay delay rentals on all acreage not then currently reflected on a unit designation provided to Lessor under this section.

B. Lessee may at any time or times execute and deliver to Lessor, or the depository named herein, or place of record, a release or releases covering any portion or portions of the above described premises or rights therein, and thereby surrender this lease in whole or in part as to such portion or portions and be relieved of further obligations as to the acreage surrendered, and thereafter the delay rentals payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases. Notwithstanding any partial release or releases, Lessee may retain ingress and egress rights over and across such released or surrendered lands only if and only for so long as such rights are used for Lessee's operations pursuant hereto on other lands retained by Lessee under this agreement. For the purpose of release and assignment, the recited acreage of any tract shall be considered correct whether it contains more or less, unless subsequent survey or other accurate determination reveals that such recited acreage is incorrect, in which case, the actual acreage shall prevail.

V. CONTINUOUS DEVELOPMENT and MINIMUM ANNUAL ROYALTY

A. If prior to discovery and production of oil, gas or other liquid hydrocarbons on said land or lands pooled therewith, Lessee should drill a dry hole or holes thereon, or if after discovery and production of oil, gas or other liquid hydrocarbons, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences actual drilling or reworking operations within ninety (90) days thereafter or, if it be within the primary term, commences or resumes the payment or tender of delay rentals or commences actual drilling or reworking operations on or before the delay rental paying date next ensuing after the expiration of ninety (90) days from the date of completion of a dry hole or cessation of production. However, if during the primary term Lessee is engaged in actual drilling or reworking operations on the annual delay rental paying date and for that reason the annual delay rental is not paid, and if the

well is a dry hole, then, on or before the expiration of ninety (90) days after date of cessation of actual drilling or reworking operations on such well, this lease shall not terminate if Lessee commences actual drilling operations for the drilling of another well, or pays a proportionate part of the annual delay rental which would have been paid except for such drilling or reworking operations, based on the number of days then remaining to the next ensuing delay rental paying date or to the expiration of the primary term, whichever is applicable.

B. If at the expiration of the primary term, oil, gas or other liquid hydrocarbons are not being produced on said land, or lands pooled therewith, but Lessee is then engaged in actual drilling or reworking operations thereon or shall have completed a dry hole thereon within ninety (90) days prior to the end of the primary term, this lease shall remain in force so long as actual drilling or reworking operations on said well, or actual drilling or reworking operations on any additional well or wells, are prosecuted with no cessation of more than ninety (90) consecutive days, and not more than ninety (90) days lapse between the cessation of operations on one well and the commencement of operations on the next well, and if they result in the production of oil, gas or other liquid hydrocarbons, so long thereafter as oil, gas or such other liquid hydrocarbons, are produced from said land, or this lease is maintained in force and effect under any other provisions of this lease.

C. Notwithstanding the foregoing, it is specifically provided that during the primary term only, and after the discovery and production of oil, gas or other liquid hydrocarbons in paying quantities on the leased premises, or lands pooled therewith, Lessee shall either (1) develop the acreage retained hereunder by the actual drilling of additional wells at one hundred eighty (180) day intervals as herein provided; (2) release those portions of the land covered hereby not included in a producing proration or pooled unit or units, whichever is greater, or (3) Lessee may in lieu of such drilling or release, maintain this lease in force and effect during the primary term as to any land covered hereby which is not included in a producing proration unit or pooled unit (either oil or gas) by the payment of the proportionate part of the delay rentals provided herein as to the acreage not then included in a producing proration or pooled unit or units.

D. After the expiration of the primary term, and after the discovery and production of oil, gas or other liquid hydrocarbons in paying quantities on the leased premises or lands pooled therewith, it is agreed that in the event more than one hundred eighty (180) days elapse between the completion of one well and the commencement of actual drilling operations on the next well, forthwith execute and deliver to the Lessor, or place of record in the County in which said land is located, a release of all the premises covered by this lease, save and except, in the absence of a governmental proration unit or pooled unit, that Lessee may retain under the terms hereof up to forty (40) acres, plus a tolerance of ten percent (10%), surrounding each producing oil well or oil well then being reworked from a depth less than eight thousand feet (8,000') subsurface and not more than 80 acres surrounding each producing oil well or oil well being reworked from a depth of eight thousand feet (8,000') or more subsurface; not more than three hundred twenty (320) acres, plus a tolerance of ten percent (10%), surrounding each producing gas well, shut-in gas well, or gas well then being reworked, or the acres included in any pooled gas unit capable of producing from a depth of less than eight thousand feet (8,000') subsurface; or not more than six hundred forty (640) acres, plus a tolerance of ten percent (10%), surrounding each producing gas well, shut-in gas well, or gas well then being reworked, or the acres included in any pooled gas unit capable of producing from a depth of eight thousand feet (8,000') or more subsurface; each such tract (except the tracts in pooled gas units, if any), to be centered by said well, to be in as nearly a square form as is reasonably possible, unless otherwise agreed to by Lessor, and the tract in each pooled gas unit to be the acreage covered by this lease and included in the unit; provided that if at any time the foregoing arises, the Railroad Commission of Texas or any governmental authority asserting jurisdiction has prescribed or permitted a spacing pattern for the orderly development of the field or allocates a producing allowable for a well with acreage content as a factor which is greater than the above-described acreage, this lease shall remain in force and effect as to the tract or tracts of land designated by Lessee in the manner herein provided containing the maximum number of acres so prescribed or allocated and in effect at the time, such tract around each well and in each pooled gas unit being hereinafter referred to as "well tracts."

E. Each of such well tracts shall be one contiguous area, except for narrow strips used for transportation or owned by a governmental entity, and shall be selected and designated by Lessee in writing by recordable instrument in which the well tract or well tracts shall be accurately described by metes and bounds or other adequate description, and such instrument shall be filed for record in the office of the County Clerk of the County in which said land is located, and a copy of such instrument furnished to Lessor within a reasonable time; when this lease terminates as to any acreage not included in a well tract, Lessee shall lose all rights in the excluded acreage, except easement and lease facilities rights as set forth and specified in

Paragraph V.D. hereof, and be relieved of further development obligations as to the acreage so released. Effective as of the date that Lessee receives the demand for release specified above in Paragraph V.D., each well tract shall be treated the same as if it were covered by a separate lease.

F. After the above provisions requiring the drilling of wells at intervals of one hundred eighty (180) days becomes applicable, it is agreed that should Lessee, at Lessee's election, desire to drill any well with a less interval of time than said one hundred eighty (180) days as above provided, Lessee may do so and receive credit for the unexpired part of such interval of one hundred eighty (180) days so as to result in the accumulation of credit, which accumulated credit of unexpired time shall be added to extend the regular periods of one hundred eighty (180) days between wells as above provided, and may be applied at the Lessee's election in whole or in part without loss of credit to any such interval and this lease shall remain in force and effect in its entirety as to the premises retained hereunder, until the regular intervals and all accumulated unexpired credit as above provided has fully expired.

G. Anything hereinabove to the contrary notwithstanding, it is agreed that in any circumstances where Lessee is required to secure from the United States Army Corps of Engineers permits for the actual drilling and/or operation of wells under the terms of this lease, any period of time referred to in this lease shall be and accordingly is hereby extended to sixty (60) days after such permit is received by Lessee, but in no event more than three hundred sixty-five (365) days between the completion of one well and the commencement of actual drilling operations on the next well. In such event, Lessee shall promptly furnish Lessors a true copy of such permit.

H. On each anniversary date of the first sale of oil, gas or other liquid or gaseous hydrocarbons, or either, produced from said land and Lessee is retaining all or any portion of the lands covered hereby by the production of oil, gas or other hydrocarbons, if the rentals and royalties (including shut-in payments) accrued hereunder, during the preceding twelve (12) months shall not have equaled at least the amount of One Hundred and No/100 U.S. Dollars (\$100.00) per acre for each net mineral acre of land subject to the terms hereof at the commencement of said twelve (12) months, Lessee covenants and agrees that, within thirty (30) days after the receipt from Lessor of notice to such effect, Lessee will promptly pay to Lessor as an additional royalty the amount of the difference between such accrued royalties and the sum of One Hundred and No/Hundredths U.S. Dollars (\$100.00) per acre for each net mineral acre subject to the terms hereof at the commencement of said twelve (12) months. This additional royalty provision, when applicable, shall be in effect for and during the life of this lease after the primary term.

I. Definition of Completion: Completion as used in this lease for fixing a time after which additional operations will be commenced is the earlier of the dates that the State potential test is made on the well being drilled, or fourteen (14) days after the rig used in drilling the well is released from the location or thirty (30) days after the well is drilled to the depth at which drilling ceases.

VI. OFFSET OBLIGATIONS

A. Lessee covenants and agrees to operate the leased premises as a reasonable prudent operator would under the same or similar circumstances and to protect each of the leased premises from drainage by reason of any well drilled on adjacent or nearby lands. The above covenant notwithstanding, in the event a well producing from a unit not comprised of acreage from the leased premises which has been classified as "oil" by the appropriate governmental body is completed on adjacent or nearby lands and is located not more than four hundred sixty-seven feet (467') from the leased premises, or draining on the leased premises, or a well producing from a unit not comprised of acreage from the leased premises which has been classified as "gas" by the appropriate governmental body is completed on adjacent or nearby lands and is located not more than six hundred sixty seven feet (667') from the leased premises, or draining the leased premises, and which is not in a pooled unit containing that portion of the leased premises being drained, Lessee covenants and agrees to, within one hundred twenty (120) days from the date production is first sold, removed or otherwise marketed from said adjacent or nearby producing well, either (1) commence the actual drilling of an offset well on the leased premises to the base of the formation from which the adjacent or nearby producing wells are producing, (2) include in a pooled unit for such well the portion of the leased premises which is being drained, (3) pay Lessor as royalty, in addition to any royalties currently due, a sum equal to the royalties which would be payable under this lease on production from said adjacent or nearby producing well had same been producing on the leased premises, or (4) release by recordable instrument all acreage which is not located within an area provided for in paragraph V.D. or allocated in accordance with this lease to any well on which operations are being conducted; however, such releases shall be limited to the formation from which production in paying quantities is being obtained from the producing well on adjacent or nearby lands.

B. If Lessee elects to pay the above authorized compensatory royalty, then such royalty shall be calculated and paid on a calendar month basis. The compensatory royalty for the calendar month in which production is first marketed from the offsetting well shall be paid on or before the first day of the calendar month next following the expiration of 150 days after the end of said calendar month in which production is first marketed, and subsequent payments shall be made on or before the first day of each succeeding calendar month. If Lessee is neither the operator of, nor the owner of an interest in the offsetting well, and if the operator of such well refuses to divulge to Lessee the actual monthly volume and/or sales price of production from such well, then Lessee shall be authorized to pay the compensatory royalty for each month on estimates of volume and sales price based on such information as may be timely available to Lessee from other sources, such as the Railroad Commission of Texas and/or the Texas Comptroller's Office, provided that each such payment which is made on an estimated basis shall be properly adjusted within 60 days after the date that Lessee directly obtains, or is furnished by Lessor, the actual volume and sales price for the month covered by the estimated payment.

VII. SURFACE OBLIGATIONS

A. Lessee shall pay Lessor, or those entitled to receive same if Lessor does not own surface acreage, the amount of any and all damages caused by any of Lessee's operations to plowed grounds, grounds in cultivation, fruit or nut-bearing trees, commercial-grade trees, growing crops, livestock, wells, cisterns, fresh water sands, fences and gates, improvements or other property or to surface water drainage of any of Lessor's lands covered hereby, or in the vicinity thereof. If Lessee makes any use of any of Lessor's roads in connection with Lessee's operations hereunder, Lessee agrees to maintain such roads in good condition and repair during the period of Lessee's operations, and when Lessee ceases all operations hereunder Lessee will leave such roads in good condition and repair. Lessee agrees to fence all pits dug on said land in connection with drilling or reworking operations and, upon completion of any operations on said land Lessee shall clean out and fill all pits, remove all drilling materials and contaminated soil and replace with uncontaminated top soil to the extent uncontaminated topsoil was removed by Lessee and restore the surface of the land, as nearly as practicable, to the same or better condition as it was before commencement of such operations.

B. In connection with any right given Lessee by this lease to lay pipelines, build roads, bridges, telephone lines and other structures on or under those of the lands covered by this lease not located on a well site or pad in which Lessor own the surface rights, Lessee will procure the written consent of Lessor as to the location thereof, which consent shall not be unreasonably withheld, whether pipelines shall be buried beneath the surface and, if so, at what depth, it being understood by Lessee that the location of the referred to installations are to be planned so as to least interfere with possible present use of the surface. Except as hereinabove otherwise specifically provided, the foregoing shall not limit Lessee's right to determine the location of the well sites.

C. If any roads or other ways are built into the above described lands from any direction for any operations hereunder, Lessee shall:

(1) Erect and maintain a good and substantial gate in good working order at each point where any such road or way enters the above described tract of land through an existing or hereafter erected fence;

(2) Keep all such gates locked from sunset to sunrise except during such times as Lessee is engaged in actual drilling, reworking or similar operations on the leased premises and Lessee shall keep said gates closed at all other times unless Lessee installs proper cattle guards approved by Lessor;

(3) Place and maintain, at all times, at each such gate a clearly legible sign plainly visible to all persons approaching such gate notifying the public that same is a private road, is posted against public use and when traveled upon is at the sole risk and peril of anyone so doing;

(4) Upon the abandonment of this lease, at Lessee's sole cost and expense, and at the option of the above parties, remove such of said gates as may be directed to be removed and thereupon replace and restore the fence.

D. If at any time Lessee conducts operations for the drilling of a well or wells on any part of the leased premises, Lessee will confine Lessee's use of the surface around each such well, except for ingress and egress and transportation, to a maximum of four (4) acres in the form of a square or a rectangle around each such well.

E. It is further agreed that when Lessee procures production of oil, gas or other liquid hydrocarbons on the above described lands, Lessee will thereafter consult with Lessor as to the location of subsequent drill sites to the end that there will be cooperation, to the extent reasonably practical, between Lessor and Lessee in the location of such drill sites.

F. Lessee shall have the right at any time during or within six (6) months after expiration of this lease to remove all properties and fixtures placed by Lessee on said land, including the right to draw and remove all casing, whether from producing or non-producing wells.

VIII. ENVIRONMENTAL INDEMNITY AND RELATED PROVISIONS

A. Lessee covenants and warrants that Lessee and Lessee's use of the leased premises will at all times comply with and conform to all laws, statutes, ordinances, rules and regulations of any governmental, quasi-governmental or regulatory authority ("Laws") which relate to the transportation, storage, placement, handling, treatment, discharge, generation, production, disposal or injection (collectively "Treatment") of oil, gas and other liquid hydrocarbon substances produced hereunder ("Products"); of saltwater, brine and other exempt waste products produced in association with oil or gas ("Exempt Waste"); or of any other waste (including, without limitation, non-exempt wastes), any of the petroleum products, waste products, radioactive waste, polychlorinated biphenyls, asbestos, hazardous materials of any kind, and any other substance which is regulated by any law, statute, ordinance, rule or regulation (collectively "Waste"). Lessee further covenants that it will not engage in or permit any party to engage in any Treatment of any Waste not associated with the exploration, development or production of oil or gas on or which affects the leased premises. Specifically, and without limiting the foregoing, (i) Lessee will not engage in and will not permit any other party to engage in any activity with respect to the leased premises which would cause (a) the leased premises, or the adjoining property to become a non-exempt or hazardous waste treatment storage or disposal facility within the meaning of the Resource Conservation and Recovery Act of 1976 ("RCRA"), as now or hereafter amended, or any similar State law or Local ordinance or other environmental law, (b) a release or threatened release of a hazardous substance from or to the leased premises or the adjoining property within the meaning of the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), as now or hereafter amended or any similar State law or Local ordinance or any other environmental law, or (c) the discharge of pollutants or effluents into any water source or system, or the discharge into the air of any emissions, which would require a permit under the Federal Water Pollution Control Act or the Clean Air Act or any similar State or Local ordinance or other environmental law; (ii) Lessee shall not permit any substance or conditions in or on the leased premises or the adjoining property which might support a claim or cause of action under RCRA, CERCLA, or any other federal, State or local environmental statutes, regulations, ordinances or other environmental regulatory requirements; and (iii) no underground storage tanks will be located in or on the leased premises. In the event either CERCLA or RCRA is amended so as to broaden the meaning of any term defined thereby, such amendment shall apply to Lessee's covenants contained herein, and provided further to the extent that the laws of the State of Texas establish a meaning for such terms which is broader than that specified in either CERCLA or RCRA, the broader meaning or definition shall apply.

B. Lessee at Lessee's cost shall conduct all of its operations under this lease in such a way so as to make a diligent effort to prevent the escape, spill or leakage of any oil, gas or other hydrocarbons, as well as other fuels, liquids, saltwater, gases or solids produced with oil gas or hydrocarbons, chemicals, drilling fluid, drilling mud or waste (whether hazardous or nonhazardous) on or onto the surface of the leased property or into the subsurface or any subsurface strata or formation, in any way, and shall construct and have in place and in operation on the leased property and in the wells thereon all necessary vessels, containers, tanks, pits, pumps, pipes, pipelines and other facilities and equipment necessary to prevent any such escape, spill or leakage. Lessee is conferred no authority to "landfarm" the premises hereof for the purpose of disposal or dispersal of drilling mud and all elements constituent thereto.

C. This lease, and all of the rights of Lessee hereunder, is made subject to all present and future federal, state and local laws, rules, orders and regulations pertaining in any way to protection of air, water (whether surface or subterranean), earth, environmentally sensitive or threatened plant or animal life or any other part of the ecological system. Lessee at its cost shall strictly comply with all such laws, rules and regulations (herein called the "Environmental Laws"). Lessee shall defend, indemnify and hold Lessor harmless from any and all liability, losses, claims, notices, suits, damages, remedial work and causes of action arising from or connected with (i) any failure to comply with any Environmental Law, and/or (ii) the physical condition of the Leased Premises, to the extent such condition is caused, in whole or in part, due

to the actions or inactions of the Lessee, its employees, representatives, agents or assigns. The amounts covered by Lessee's indemnification of Lessor contained in the preceding sentence shall include attorneys' fees and court costs, AND THE INDEMNIFICATION SHALL APPLY REGARDLESS OF WHETHER LESSEE WAS NEGLIGENT, IN WHOLE OR IN PART. Lessee shall furnish Lessor with copies of all reports, applications, permits and any other data or information which Lessee is required to make or file or does make or file with any governmental agency, at the time the same is filed or mailed to such agency.

D. Failure on the part of Lessor to enforce this Article 20 or any provision hereof shall not constitute a waiver of Lessor's right to enforce the same either for the same violation or a future violation of the same or a different kind. Lessor shall have no obligation or liability to Lessee or any other person, firm, corporation, or governmental agency for silence or failure to enforce any provision of this Article 20, the provisions of which are strictly for the benefit of Lessor, its successors and assigns, and not for the benefit of any third person.

E. The provisions of this Paragraph VIII shall survive the termination of this agreement.

F. Immediately upon receipt of any Notice, as hereinafter defined, from any party, Lessee shall deliver to Lessor a true, correct and complete report of any written Notice or a true, correct, and complete report of any non-written Notice. "Notice" shall mean any note, notice, or report of any of the following:

(1) any suit, proceeding, investigation, order, consent order, injunction, writ, award, or action related to or affecting or indicting the Treatment of any Product, Exempt Waste or Waste in or affecting the leased premises;

(2) any spill, contamination, discharge, leakage, release or escape of any Product, Exempt Waste or Waste in or affecting the leased premises, whether sudden or gradual, accidental or anticipated, or of any other nature (hereinafter "Spill");

(3) any dispute relating to Lessee's or any other party's treatment of any Product, Exempt Waste or Waste or any Spill in or affecting the leased premises;

(4) any claims by or against any insurer related to or arising out of any Product, Exempt Waste or Waste or Spill in or affecting the leased premises;

(5) any recommendations or requirements of any governmental or regulatory authority, or insurer relating to any treatment of Product, Exempt Waste or Waste or a Spill in or affecting the leased premises;

(6) any legal requirement or deficiency related to the treatment of Product, Exempt Waste or Waste or any spill in or affecting the leased premises or

G. In the event that (a) Lessee has caused, suffered or permitted, directly or indirectly, any spill in or affecting the leased premises, or (b) any Spill of any Product, Exempt Waste or Waste has occurred on the leased premises during the term of this agreement, then Lessee shall immediately take all of the following actions:

(1) notify Lessor, as provided herein;

(2) take all steps necessary to clean up all such Spill and any contamination related to the Spill in compliance with all state, federal and local laws, rules and regulations;

(3) fully restore the leased premises to its condition prior to the Spill; and

(4) Lessee/Operator/Contractors will provide a copy of its Certificate of Insurance prior to entering the premises.

H. In the event of an assignment, sublease, or other transfer of all or any of Lessee's rights under this Lease, the assignee or sub-lessee must assume all of the Lessee's obligations under this Paragraph VIII and Lessee shall remain liable for every obligation under this Paragraph VIII arising during the time Lessee owned this lease. The terms of this Lease shall not in any way limit any rights the Indemnified Party may have against Lessee under any law, whether, in effect at the time of execution or created or recognized after such date.

IX. CHANGE OF OWNERSHIP

A. The rights of Lessor hereto may be assigned in whole or in part and the provisions hereof shall extend to Lessor's heirs, successors and assigns, but no change or divisions in the ownership of the land, rentals or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee, and no such change in ownership shall be binding upon Lessee for any purpose until Lessee shall be furnished at least thirty (30) days before any rental or royalty may be due with a certified copy of recorded instrument or other legally authenticated written evidence of such change of ownership.

B. Lessee shall not assign, sublease, transfer or convey this lease, in whole or in part, without the prior written consent of Lessor first having been attained, such consent not to be unreasonably withheld; whereupon, Assignor shall provide to Lessor a copy of the recorded assignment. This condition is an essential element of the lease, and any purported transfer (or agreement to transfer) by Lessee without Lessor's prior written consent shall constitute an active breach of this lease, entitling Lessor to cancel the assignment and Lessee shall have fifteen (15) days after notice to rescind the assignment or Lessor will be entitled to cancel the lease. However, the forfeiture of rights by one Lessee shall not work as a forfeiture of rights of another Lessee, so long as the other Lessee is not in breach of this provision. Further, notwithstanding anything contained herein to the contrary, if any Lessee breaches the terms of this Lease, Lessor will give written notice to Lessee and Lessee will have thirty (30) days of receipt of such notice to consent, any such assignment, sublease, transfer, or conveyance shall not be binding upon Lessor unless and until the instrument accomplishing same is furnished to Lessor. In any such instrument, assignee(s) shall take cognizance of all of the terms and provisions of this lease, and agree(s) to comply therewith and to cure said breach and thereby maintain said Lease in full force and effect; provided however, that nothing herein contained shall be construed as relieving the assignor(s) therein or any prior lessee, sub-lessee or assignee, of any liability or responsibility hereunder, all of whom together with assignee(s), shall be liable solitarily to Lessor for all of the liability and responsibility imposed upon the Lessee hereunder.

X. NOTICE OF DEFAULT

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 by certified mail, return receipt requested, of the facts relied upon as constituting a breach hereof and Lessee, if in default, shall have sixty (60) days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument; provided, however, this provision shall not be construed as imposing any obligation on Lessee to perform an act which Lessee is not otherwise obligated to perform, but instead serves only as a condition to this lease.

XI. PRODUCING LIMITATION (STRATUM OR STRATA)

At the end of the primary term of this lease or upon the expiration of the 180 day period as provided in Article V. hereof, whichever is later, this lease will terminate automatically as to all the mineral leasehold estate lying below one hundred feet (100') below the stratigraphic equivalent of the deepest producing or shut-in well depth in the leased premises or acreage pooled therewith. Upon such termination as to the mineral leasehold estate, other than the producing horizon (stratum) or horizons (strata) as defined above, Lessor and Lessor's successors, heirs or assigns, thereafter shall have the right to reasonable use of the leased premises, but without unreasonable interference with Lessee's rights, for the purposes of investigating, exploring, prospecting and drilling for, producing and owning oil, gas and other liquid hydrocarbons from the horizons (strata) as to which this lease has terminated. Upon the expiration of the primary term, or at any time thereafter, with the period above provided, upon request of Lessors, Lessee shall execute and deliver to Lessor a recordable instrument setting forth the various producing horizon (stratum) or horizons (strata) stated above, as reflected by such reports to the Railroad Commission of Texas or other governmental authority having jurisdiction, so that the limit and extent of Lessee's rights under this lease may be fixed and reflected as a matter of record and, in addition hereto, as requested by Lessors, Lessee shall also execute and deliver to Lessors recordable releases or assignments of any and all interests hereunder not retained as above provided.

XII. POOLING

A. Subject to the limitations hereinafter set forth, and to the provision of Article XII.B., Lessee is hereby conferred the authority and given the power and right, as to the lands described herein and as to any one or more of the formations thereunder and the oil or gas therein or produced therefrom, at any time, and from time to time, either before or after production, to

pool and unitize the leasehold estate and the Lessor's royalty estate created by this lease with the rights of third parties, if any, in lands described herein and with any other land, lands, leases, mineral and royalty rights, or any of them adjacent or adjoining this lease, whether owned by Lessee or some other person, firm or corporation, so as to create by such pooling and unitization one (1) or more units, when to do so would promote the conservation of oil or gas; provided that Lessee shall not be granted the right to pool any of the leased premises for the drilling of or production from any well located on the leased premises which is anticipated to be classified, or ultimately classified, as an "oil" well or as a "gas" well by the governmental entity having jurisdiction over same and; provided, further, that Lessee shall not be conferred the authority or granted the right to pool any of the leased premises for the drilling of or production from any well located on lands outside, adjoining or adjacent to the leased premises unless 1) at least one-half of such pooled unit is comprised of lands included in these leased premises, or 2) such pooled unit includes all of the leased premises not then located within a unit producing in commercially paying quantities from the same formation, whichever is lesser. Each such unit, when limited to any one or more formations and to any one or more of the oil or gas therein or produced therefrom, may from time to time be enlarged and extended by Lessee to additionally include any other formation or formations and any other oil or gas therein or produced therefrom. Also, any such unit may be altered or enlarged by Lessee at any time so long as Lessee complies with the provisions herein contained. Each such unit shall not exceed eighty (80) acres, plus a tolerance of ten percent (10%), when created for oil; three hundred twenty (320) acres, plus a tolerance of ten percent (10%), when created for gas, condensate or any combination of such oil or gas from a depth less than eight thousand feet (8,000') below the surface; and six hundred forty (640) acres, plus a tolerance of ten percent (10%), when created for gas, condensate or any combination of such oil or gas from a depth more than eight thousand feet (8,000') below the surface; provided, however, if the appropriate governmental proration unit or pooled unit for the field in which the above described land is located, be more or less than the above described drilling units, then, in either such event, each such unit created hereunder shall be conformed to said appropriate governmental proration unit. As to each unit so created by Lessee, there shall be allocated to the acreage covered by this lease, and included in the pooled unit, such portion of the production from said unit as the number of acres out of this lease placed in any such unit, as such unit from time to time may be constituted, bears to the total number of acres included in such unit, and Lessor agrees to accept and shall receive the royalties, shut-in or other kind, elsewhere specified in this lease, based upon the production so allocated to this lease or the proceeds therefrom. The commencement, drilling, completion of, reworking of or production from a well on any portion of the unit created hereunder shall have the same effect upon the terms of this lease as if a well were commenced, drilled, completed, reworked or producing on the land embraced by this lease. Lessee may place and use on each unit created hereunder common measuring and storage tanks for production from such unit. BEFORE ANY SUCH GOVERNMENTAL PRORATION UNIT, POOLED UNIT OR UNITIZED UNIT SHALL BE VALID AS TO LESSOR'S LEASED PREMISES, LESSEE MUST HAVE PRIOR WRITTEN CONSENT AS TO THE PROPOSED UNIT; OTHERWISE, IT WILL BE NULL AND VOID. Lessee must execute in writing and record in the county or counties in which each Lessor approved unit created hereunder may be located a *Designation of Unit* identifying and describing each such unit or units so created, and promptly deliver a copy of same to Lessor. The development of and production from each such unit shall be in accordance with the valid orders, rules and regulations of the lawful authority, either Federal or State, having jurisdiction in the premises. Any such unit created by Lessee in accordance with the terms hereof must be released and dissolved by Lessee by a Release and Dissolution of Unit filed for record in the county or counties in which such unit is located within a reasonable time after this lease has terminated as to such unit, and a copy likewise promptly delivered to Lessor. The exercise of the rights granted under this Paragraph XII.A. shall not be construed to cause the cross-conveyance of real property interests in the lands pooled or unitized hereunder. It is understood and agreed between Lessor and Lessee that in the event the leased premises should be comprised of separate parcels or tracts that are not contiguous and should Lessee desire to create a pooled unit pursuant to the terms of this Paragraph XII.A. then in such event the separate parcel or tract, whether one or more, that are included in said pooled unit shall be treated for the purposes of this Paragraph XIIA. as if each parcel or tract were covered by a separate oil and gas lease.

B. The first producing well drilled on any portion of the Leased Premises will be produced on a lease basis and will not be pooled with any other lands.

XIII INSURANCE

A. As a condition of this lease, at all times during the existence of this lease Lessee shall maintain insurance for damages because of bodily injury, including death, to its employees and all others; and from claims for damages to property all of which may arise out of, or result from, Lessee's performance under this lease whether such operations be by Lessee, its assignee,

sub-lessee, contractor, subcontractor, agent, or by anyone directly or indirectly employed by Lessee, but not otherwise.

B. The insurance to be carried by Lessee is as follows:

Workers Compensation Insurance for statutory coverage to comply with the laws of the State of (Louisiana or Texas), including the Jones Act and U.S.L. and Harbor Workers Compensation when applicable; Employers Liability Insurance in an amount not less than:

Bodily injury by accident:	\$1,000,000 each accident
Bodily injury by disease:	\$1,000,000 policy limit
Bodily injury by disease:	\$1,000,000 each employee

Comprehensive General Liability (Bodily Injury and Property Damage Insurance) in an amount of not less than:

General Aggregate:	\$2,000,000
Each occurrence:	\$1,000,000
Personal Injury:	\$1,000,000
Products/Completed Operations	\$1,000,000

General Liability Policy shall include the following additional coverage:

- (i) Contractual Liability to cover liability assumed under the Agreement
- (ii) Personal Injury liability with the "contractual" exclusion deleted
- (iii) Product and Completed Operations Liability Insurance
- (iv) Independent Contractors
- (v) Broad Form Property Damage
- (vi) Explosion, Collapse, and Underground (XCU) exclusion deleted
- (vii) Fire/Legal Liability Endorsement
- (viii) Underground, Resources and Equipment Endorsements
- (ix) Sudden and Accidental Seepage and Pollution Coverage

C. Automobile Bodily Injury and Property Damage Liability Insurance. Such insurance shall extend to owned, non-owned, and hired automobiles used in the performance of the rights herein granted. The limits of liability of such insurance shall not be less than One Million Dollars (\$1,000,000) combined single limit for bodily injury and property damage in respect of any one accident or occurrence.

D. Control of Well Insurance in the amount of Five Million Dollars (\$5,000,000.00) with respect to all wells drilled to a depth above eight thousand feet (8,000') of drilled depth and Ten Million Dollars (\$10,000,000.00) with respect to all wells drilled below a depth of at least eight thousand feet (8,000') of drilled depth to include the following items:

(1) Well control costs and/or expenses incurred in regaining or attempting to regain control of any and all wells which are out of control and in extinguishing or attempting to extinguish oil or gas well fires

(2) Seepage and pollution, cleanup and contamination.

E. Lessee shall furnish Lessor with certificates establishing that the insurance required in this lease has been acquired, is being properly maintained, that premiums thereof are paid and specifying the policy numbers, names of insurers and expiration dates of said policies, and shall provide that in the event of cancellation thereof, written notice of such cancellation will be given to Lessor by the insurers not less than fifteen (15) days prior to the effective date of such cancellation.

F. In the event that Lessee subcontracts any of the work to be performed or services to be rendered hereunder, or contracts for the furnishing of any services or material required to be furnished by Lessee, then all such contractors or subcontractors shall obtain, maintain and keep in force during the time in which they are engaged in performing work on behalf of Lessee, adequate insurance coverage in accordance with Lessee's normal practice and furnish Lessor acceptable evidence of such insurance upon request.

G. The following shall be provided for in all policies:

(1) Except for Worker's Compensation, Lessor shall be named as additional insured on all insurance policies with respect to operations performed as described in this lease.

(2) A waiver of Subrogation by Lessee and its insurers in favor of Lessor.

XIV. FORCE MAJEURE

Should Lessee be prevented from complying with any expressed or implied covenant of this lease, from conducting drilling or reworking operations thereof, 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 other 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 leased premises and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding; provided, however, any period this lease may be so extended shall not exceed two (2) years, and provided further that during such period Lessee shall pay or tender monthly to Lessors or to the Lessors' credit in the depository banks named herein a sum equal to one-twelfth (1/12) of One Hundred and No/Hundredths U.S. Dollars (\$100.00) per acre for each net mineral acre then subject to this lease, the first of such payments to begin on or before the first day of the month after the expiration of thirty (30) days from the date this lease ceased to be maintained by production, operations or otherwise. Nothing in this paragraph shall relieve the Lessee of Lessee's obligation to protect the leased premises from drainage.

XV. COUNTERPARTS

This lease may be executed in counterparts, all of which counterparts shall constitute one single lease between Lessors and Lessee, and this lease shall be binding on each party who joins herein, whether or not this lease is executed by all those named herein as Lessors.

XVI. INFORMATION

As to any and all wells drilled on the above described land or lands pooled therewith, Lessee agrees to furnish Lessor, or Lessor's authorized representatives, daily drilling reports, access to said well or wells at his or their own risk at all reasonable hours and to furnish Lessor or Lessor's authorized representative a copy of any electric log or formation survey made in such well or wells. Such copies are to be delivered to Lessor within thirty (30) days after such request shall have been made. Copies of all applications and reports filed by Lessee with the Railroad Commission of Texas in connection with Lessee's operations hereunder shall also be mailed to Lessor simultaneously with Lessee's mailing of such applications and reports to the Railroad Commission of Texas. In addition, Lessee shall furnish to Lessor any and all seismic data, including interpretations of same, if permitted by contract, obtained by Lessee on the leased premises and of one-half (1/2) mile extending from the perimeter of the leased premises with the understanding that any reliance by Lessor upon interpretations provided by Lessee shall be at Lessor's sole risk. In addition, Lessee agrees to furnish to Lessor any and all title opinions affecting all or a portion of the leased premises, in their entirety, which are relied upon by Lessee or any purchaser of the production hereunder. Within the first three (3) months of the primary term hereof, Lessor shall make available to Lessee copies of the 3D seismic survey conducted by RIMCO et al covering the leased premises plus a half-mile halo surrounding the leased premises (if Lessor received and has the authority to show such halo) to enable Lessee to interpret such data, produce maps and seismic lines for its own benefit to aide Lessee in selecting well locations. Lessee shall be bound and abide by any confidentiality or similar agreements to which Lessor may be subject regarding such 3D seismic data and will sign the appropriate confidentiality required by Lessor.

XVII. TIME FOR PAYMENT

Anything herein to the contrary notwithstanding, it is specifically provided that:

A. All royalties on production hereunder shall be payable at Shreveport, Caddo Parish, Louisiana, or at such other place, if any, as may be specified by a particular royalty owner, as to such owner's interest, in a division order or other written instrument executed by owner.

B. Royalties on production shall be paid on a calendar month basis. The royalty for the calendar month in which production is first marketed shall be paid on or before the first day of

the calendar month next following the expiration of one hundred twenty (120) days after the date production is first marketed, and subsequent proceeds must be paid no later than (i) sixty days after the end of the calendar month in which subsequent oil production is sold; or (ii) ninety days after the end of the calendar month in which subsequent gas production is sold, except in the event of (1) a dispute concerning title that would affect distribution of payments; (2) a reasonable doubt that payee: (a) has sold or authorized the sale of its share of the oil or gas to the purchaser of such production; or (b) has clear title to the interest in the proceeds of production; or (3) a requirement in the title opinion that places in issue the title, identity, or whereabouts of the payee and that has not been satisfied by the payee after a reasonable request for curative information has been made by the payor.

C. All past due royalties (including any compensatory royalties payable under Paragraph VI.B.) shall be subject to a Late Charge of two percent (2%) and interest in the amount of twelve percent (12%) per annum, plus attorney's fees, court costs, and other costs in connection with the collection of the unpaid amounts. Any Late Charge that may become applicable shall be due and payable on the last day of each calendar month when this provision becomes applicable. The above described Late Charge is understood and agreed to be liquidated damages for breach of a covenant of this agreement and not compensation for the use or forbearance or detention of money. Notwithstanding, if at any time it is conclusively determined that such Late Charge is governed by and is in excess of applicable usury laws, if any, it is agreed that such excess shall be deemed advance royalties for the period or periods during which such usury laws apply, so that no rate of interest hereunder, if any, shall ever exceed the maximum rate allowed under applicable law.

D. Notwithstanding anything herein to the contrary, upon the failure of Lessee to pay Lessor the royalty payments as provided herein for any reason not caused by Lessor, the Lessors may, at Lessor's option, elect to terminate said lease by serving written notice on Lessee by certified mail, return receipt requested, at the address shown herein, of Lessor's intention to terminate said lease within not less than thirty (30) days of receipt, or any time thereafter, except in the event of (1) a dispute concerning title that would affect distribution of the payments; (2) a reasonable doubt that the payee: (a) has sold or authorized the sale of its share of the oil or gas to the purchaser of such production; or (b) has clear title to the interest in the proceeds of production; or (3) a requirement in the title opinion that places in issue the title, identity, or whereabouts of the payee and that has not been satisfied by the payee after a reasonable request for curative information has been made by the payor. Should Lessee pay Lessor all royalty payments with late charges as provided herein, before such termination date, this lease shall not terminate. However, upon failure of Lessee to pay Lessor said past due royalty payments during said notice period, Lessor may elect to terminate this lease, and title to said land shall revert to Lessor. Lessor may elect to terminate said lease, after the expiration of said notice period, by serving notice of termination upon Lessee and filing a copy of said notice with the County Clerk in the county where said land is located. The effective date of said termination shall be the date said termination is filed with the said County Clerk. In the event of termination of said lease in this manner, Lessee shall not remove any of Lessee's equipment, fixtures, or personal property located on said land, which shall become the property of Lessors.

E. The provisions of this Paragraph XVII. shall not apply where Lessor has elected to take Lessor's royalty in kind or market separately Lessor's royalty share of production under the terms of this lease.

F. This lease shall be construed as a security agreement and in the event of bankruptcy or insolvency of Lessee, its successors or assigns, or any purchaser of production from any of said tracts, the payment of all rents, royalties or other obligations hereunder shall be deemed secured and Lessor, its heirs, successors or assigns, at their option, may elect to be treated as a priority creditor.

G. Notwithstanding anything herein to the contrary, Lessor's exercise of the rights under this paragraph shall not be deemed as a waiver of Lessor's right to take all actions necessary to recover unpaid royalties, late charges, interest and other damages incurred.

XVIII. OTHER INTERESTS IN THE LEASED PREMISES

Lessee hereby agrees and all persons are hereby given notice that, upon the termination of any part of this lease, with or without an instrument of release, reassignment or reconveyance, Lessor's interest in said land affected shall be free and clear of any overriding royalty, payment out of production, net profit obligation or carried interest, or any lien or obligation to which it may have been subjected by Lessee, his heirs, successors or assigns, agents or employees. Any such interest, lien or obligation shall, *ipso facto*, cease and terminate and be of no further force and effect upon the termination of all or the encumbered part of this lease, notwithstanding that

Lessor may have expressly or impliedly consented to the assignment or the instrument in which such interest, lien or obligation was reserved or created. It is expressly understood and agreed that no lien or encumbrance securing payment for goods or services delivered to Lessee, or his heirs, successors, assigns, agents or employees, in connection with operations on the leased premises shall attach to Lessor's interests in this lease or the leased premises nor shall such lien or encumbrance survive the termination of all or the encumbered part of this lease or the leased premises.

XIX. TITLE

Lessor makes no warranty of any kind, express or implied, as to title to its ownership and or interest in said land and there shall be no liability on the part of Lessor to refund any amount received under the terms of this lease, nor shall Lessor be required to furnish any bond, abstract or indemnification to any person or entity regarding its title to said lands.

In case of dispute or litigation as to the ownership of or title to the royalties or other payments hereunder or Lessor's or Lessee's title, Lessee may withhold payment of royalties and other payments hereunder without interest until final adjudication or other settlement of such dispute or litigation and evidence satisfactory to Lessee thereof has been delivered to Lessee. Any such funds impounded in Lessee's hands for more than six (6) months shall be placed by Lessee in interest-bearing United States Government securities or bonds for the benefit of Lessor or the person ultimately entitled to such funds. Lessee, however, may in its discretion at any time cash such bonds and deposit the proceeds in the registry of a court of competent jurisdiction.

XX. ATTORNEY'S FEES

It is further specifically provided that in the event it becomes necessary for Lessors to employ an attorney, or attorneys, to enforce any of Lessee's obligations hereunder and Lessors are successful in any court action to enforce same, Lessee agrees to pay all reasonable attorney's fees incurred by Lessors in connection herewith.

XXI. TAXES

Lessor shall be responsible for its share of all severance taxes assessable against and attributable to the leasehold and royalty interest created by or reserved in this lease.

XXII. PARAGRAPH CAPTIONS

The captions set forth opposite each paragraph number are for convenience only and are not to be used to interpret or have any legal effect on the terms and provisions of this lease.

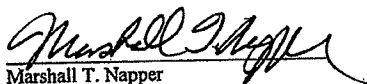
XXIII. FIDUCIARIES AND AGENTS

It is expressly agreed and understood that any fiduciary or agent executing this instrument executes same solely in the capacities stated and not otherwise, and that the fiduciaries or agents executing this instrument shall have or assume no individual, personal or corporate liability or responsibility by reason of the execution of this instrument, except in such fiduciary or agency capacities, and then solely for such period of time and to such extent as said fiduciaries and agents have the actual authority to enter into this contract and to bind the trust, beneficiary or principal, which authority said fiduciaries or agents do not expressly nor impliedly warrant.

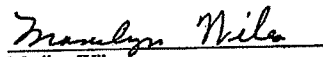
IN WITNESS WHEREOF, this instrument is hereby executed to be effective as of the date first above written.

WITNESSES:

LESSOR:


Marshall T. Napper

JAMES L. NEGLEY AND
GEORGE L. WINTER, TRUSTEE OF THE
GEORGE L. WINTER REVOCABLE TRUST
By: H.L. BROWN MANAGEMENT L.L.C., AGENT


Marilyn Wiles

By: 
George L. Winter, Jr., Manager

Lessor Tax ID:
James L. Negley 457-76-8235
George L. Winter, Trustee of the

WITNESSES:

LESSEE:

BARRY LASKER

[Signature]
[Signature]

By: [Signature]

ACKNOWLEDGMENT

STATE OF LOUISIANA
PARISH OF OUACHITA

BEFORE ME, the undersigned authority, a Notary Public in and for said Parish and State, on this 30th day of April, 2009, personally appeared George Wear, Jr., Manager of H.L. Brown Management L.L.C., as Agent for James L. Negley and George L. Winter, Trustee of The George L. Winter Revocable Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act and deed of said H.L. Brown Management L.L.C., as Agent for James L. Negley and George L. Winter, Trustee of The George L. Winter Revocable Trust, and for the purposes and consideration therein expressed, and in the capacity therein stated.

[Signature]
Angela A. Miletello, Notary D. # 62595
Ouachita Parish, Louisiana
My Commission is for Life.

STATE OF TEXAS
COUNTY OF Harris

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, on this 9th day of April, 2009 appeared Barry Lasker, 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.

[Signature]
Notary Public

SCHEDULE OF LESSORS AND INTERESTS

243.81 acres, more or less, out of the George H. Burgin Survey, A- 49, being the same land more particularly described in that certain Deed dated November 13, 1946, executed by E. W. Brown, Jr., et al to H. L. Brown, et al, recorded in Volume 82, Page 411 of the Deed Records of Newton County, Texas.

INTEREST	MINERAL OWNER	STATUS
0.800000	Donner Properties, JP Morgan Chase Bank, Agent 12 th Floor 400 Texas Street Shreveport, LA 71101 Contact: Patti Hartley Donner Properties P. O. Box 1346 Shreveport, LA 71164 318-227-2131	Leased to Barry Lasker Expires March 26, 2012
0.100000	James L. Negley P. O. Box 972985 Dallas, TX 75397-2985 Contact: George Wear, Manager H. L. Brown Management, LLC, Agent P. O. Box 14140, Monroe, LA 71207-4140 1101 Royal Avenue, Monroe, LA 71201 (318) 388-4700	Leased to Barry Lasker Expires March 26, 2012
0.100000	George L. Winter P. O. Box 972978 Dallas, TX 75397-2978 Contact: George Wear, Manager H. L. Brown Management, LLC, Agent P. O. Box 14140, Monroe, LA 71207-4140 1101 Royal Avenue, Monroe, LA 71201 (318) 388-4700	Leased to Barry Lasker Expires March 26, 2012
1.000000	TOTAL	

ROGER A. SOAPE, INC.
 SPECIAL ACCOUNT
 450 GEARS ROAD
 SUITE 780
 HOUSTON, TX 77067
 (281) 440-6347

ENCOREBANK™

13581

35-9384-1130

DATE April 13, 2009

PAY Seven Thousand Three Hundred Fourteen and 30/100***** DOLLARS \$7,314.30

TO THE ORDER OF James L. Negley
 P.O. Box 972985
 Dallas, Texas 75397-2985



⑈013581⑈ ⑆⑆13093849⑆ ⑆⑆024320566⑆

Details on back. Security Features Included.

ROGER A. SOAPE, INC.
 SPECIAL ACCOUNT

DETACH AND RETAIN THIS STATEMENT
 THIS ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW.
 IF NOT CORRECT PLEASE NOTIFY US PROMPTLY. NO RECEIPT DESIRED.
 DELUXE BUSINESS FORMS 1-800-328-0304 www.deluxeforms.com
 DELUXE - FORM WVCB-3 V-2

DATE	DESCRIPTION	AMOUNT
4/13/2009	Oil, Gas and Liquid Hydrocarbon Lease dated March 26, 2009, covering 243.81 acres, more or less, out of the George Burgin Survey, A-49, Newton County, Texas SS#: 457-76-8235 Donner	\$7,314.30

ROGER A. SOAPE, INC.
 SPECIAL ACCOUNT
 450 GEARS ROAD
 SUITE 780
 HOUSTON, TX 77067
 (281) 440-6347

ENCOREBANK™

13582

35-9384-1130

DATE April 13, 2009

PAY Seven Thousand Three Hundred Fourteen and 30/100***** DOLLARS \$7,314.30

TO THE ORDER OF
 George L. Winter
 P.O. Box 972978
 Dallas, Texas 75397-2978



⑈013582⑈ ⑆113093849⑆ ⑈024320566⑈

Details on back. Security Features Included.

ROGER A. SOAPE, INC.
 SPECIAL ACCOUNT

DETACH AND RETAIN THIS STATEMENT
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DELUXE BUSINESS FORMS 1-800-328-0304 www.deluxeforms.com
 DELUXE - FORM WVCB-3 V-2

DATE	DESCRIPTION	AMOUNT
4/13/2009	Oil, Gas and Liquid Hydrocarbon Lease dated March 26, 2009, covering 243.81 acres, more or less, out of the George Burgin Survey, A-49, Newton County, Texas SS#: 457-76-3082 Donner	\$7,314.30

82/411

THE STATE OF TEXAS †
COUNTY OF BEXAR †

Before me, the undersigned authority, on this day personally appeared H. L. Brown, Individually and as Independent Executor of the Estate of Mrs. Garrie L. Brown, deceased, 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, and in the capacities therein stated.

Given under my hand and seal of office, this the 9th day of December, A. D. 1946.

SEAL E. W. Reinhardt
Notary Public, Bexar County, Texas.

THE STATE OF TEXAS †
COUNTY OF ORANGE †

Before me, the undersigned authority, on this day personally appeared Edgar R. Odom and Babbette Moore Odom, his wife, known to me to be the persons whose names are subscribed to the foregoing instrument, and the said Edgar R. Odom acknowledged to me that he executed the same for the purposes and consideration therein expressed. And the said Babbette Moore Odom, wife of the said Edgar R. Odom, having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said Babbette Moore Odom, acknowledged such instrument to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office, this the 13th day of November, A. D. 1946.

SEAL R. Bateman
Notary Public, Orange County, Texas.

Walter E. Rogers
COUNTY CLERK, NEWTON COUNTY, TEXAS.

E. W. BROWN, JR., ET AL PARTITION DEED H. L. BROWN, ET AL

DATED: November 13, 1946
FILED: December 19, 1946, at 3 P. M.
RECORDED: February 3, 1947

THE STATE OF TEXAS †
COUNTY OF NEWTON †

KNOW ALL MEN BY THESE PRESENTS:

That this instrument of writing made between E. W. Brown, Jr., H. L. Brown and Babbette Moore Odom, joined herein by her husband, Edgar R. Odom,

W I T N E S S E T H :

THAT WHEREAS, we, the said E. W. Brown, Jr., and H. L. Brown, devisees under the will and E. W. Brown, deceased, and Babette Moore Odom, as only child of R. A. Moore and Fannie Brown Moore, deceased, and grantee of the said R. A. Moore (the said Fannie Brown Moore being one of the devisees under the will of E. W. Brown, and having died intestate on October 12, 1918); and the said E. W. Brown, Jr., H. L. Brown and Babette Moore Odom as devisees under the will of Mrs. Carrie L. Brown (to which said will reference is here made), have and own in common, in the proportion of eight twenty-firsts ($8/21$ sts) by the said E. W. Brown, Jr., eight twenty-firsts ($8/21$ sts) by the said H. L. Brown and five twenty-firsts ($5/21$ sts) by the said Babette Moore Odom, the lands hereinafter described, along with certain other lands and properties; and

WHEREAS, said parties are desirous of making partition of the lands hereafter described to the end that each of them shall hereafter own their respective shares in severalty:

NOW, THEREFORE, it is hereby covenanted, granted, concluded and agreed, by and between said parties, and each of them covenants, grants, concludes and agrees for himself, herself and themselves, and their heirs and assigns, that a partition of said lands be made as follows, to-wit:

That E. W. Brown, Jr., shall from henceforth have, hold possess and enjoy in severalty, by himself, and to him, his heirs and assigns, for his part, share, interest and proportion of said lands and premises, all of those certain lands and parcels of land situated in Newton County, Texas, described as follows, to-wit:

TRACT NO. 1: Being a part of the Geo. H. Burgin Survey Abstract No. 49, in Newton County, Texas, and more particularly described as follows:

Beginning at a point in the West line of the Geo. H. Burgin Survey, said point being 452.58 varas North of the Southwest corner of the Geo. H. Burgin Survey;

Thence North with the West line of the Geo. H. Burgin Survey 724.11 varas to the Southwest corner of Tract No. 2 partitioned and set aside to H. L. Brown;

Thence East with the South line of said Tract No. 2, partitioned and set aside to H. L. Brown, 1900.8 varas to the Southeast corner of said Tract No. 2 in the East line of the Geo. H. Burgin Survey;

Thence South with the East line of the Geo. H. Burgin Survey 724.11 varas to point in the East line of the Geo. H. Burgin Survey;

Thence West 1900.8 varas to the place of beginning and containing 243.81 acres of land.

And H. L. Brown and Babette Moore Odom, joined by her husband, Edgar R. Odom, do grant, release and confirm unto the said E. W. Brown, Jr., the premises above described.

TO HAVE AND TO HOLD the same, with all and singular the rights, hereditaments and appurtenances thereto in anywise belonging, unto

the said E. W. Brown, Jr., his heirs and assigns, forever.

2.

That H. L. Brown shall from henceforth have, hold, possess and enjoy in severalty by himself and to him, his heirs and assigns, for his part, share, interest and proportion of said lands and premises, all those certain tracts and parcels of land in Newton County, Texas, as follows, to-wit:

TRACT NO. 2: Being a part of the Geo. H. Burgin Survey, Abstract No. 49, in Newton County, Texas, and more particularly described as follows:

Beginning at the Northwest corner of the Geo. H. Burgin Survey.

Thence East with the North line of the Geo. H. Burgin Survey 1900.8 varas to the Northeast corner of the Geo. H. Burgin Survey;

Thence South with the East line of the Geo. H. Burgin Survey, 724.11 varas to a point in the East line of the Geo. H. Burgin Survey;

Thence West 1900.8 varas to a point in the West line of the Geo. H. Burgin Survey;

Thence North along the West line of the Geo. H. Burgin Survey 724.11 varas to the place of beginning and containing 243.81 acres of land.

And E. W. Brown, Jr., Babbette Moore Odom, joined by her husband, Edgar R. Odom, do grant, release and confirm unto the said H. L. Brown, the premises above in this paragraph described.

TO HAVE AND TO HOLD the same with all and singular the rights, hereditaments and appurtenances thereto in anywise belonging, unto the said H. L. Brown, his heirs and assigns, forever.

3.

That Babbette Moore Odom shall from henceforth have, hold, possess and enjoy in severalty by herself and to her in her own separate right, her heirs and assigns, for her part, share, interest and proportion of said lands and premises, all those certain tracts and parcels of land situated in Newton County, Texas, described as follows, to-wit:

TRACT NO. 3: Being a part of the Geo. H. Burgin Survey, Abstract No. 49, in Newton County, Texas, and more particularly described as follows:

Beginning at the Southwest corner of the Geo. H. Burgin Survey;

Thence North with the West line of the Geo. H. Burgin Survey, 452.58 varas to the Southwest corner of Tract No. 1 partitioned and set aside to E. W. Brown, Jr.;

Thence East with the South line of said Tract No. 1, partitioned and set aside to E. W. Brown, Jr., 1900.8 varas to the Southeast corner of said Tract No. 1, in the East line of the Geo. H. Burgin Survey;

Thence South with the East line of the Geo. H. Burgin

Survey 452.58 varas to the Southeast corner of the Geo. H. Burgin Survey;
Thence West with the South line of the Geo. H. Burgin
Survey 1900.8 varas to the place of beginning and containing 152,38 acres of
land.

And E. W. Brown, Jr. and H. L. Brown do grant,
release and confirm unto the said Babette Moore Odom the premises hereinabove
in this paragraph described.

TO HAVE AND TO HOLD the same with all and singular
the rights, hereditaments and appurtenances thereto in anywise belonging unto
the said Babette Moore Odom, as her separate property, her heirs and assigns
forever.

4.

It is understood and agreed that the conveyances and
releases hereinabove made are subject to all now existing canal, road,
drainage ditches and other existing easements or rights of way.

5.

It is understood and agreed between all the parties
hereto that the partition evidenced by this instrument constitutes only a
partial distribution and partition of the lands and properties of the said
E. W. Brown, deceased, and Mrs. Carrie L. Brown, deceased, and that the lands
herein partitioned and set forth to the respective grantees are conclusively
accepted by said grantees and all parties herein as having a value equal to
each of their respective interests in the lands hereinabove described and
partitioned, and by virtue hereof the respective grantees have received in
partial partition and distribution of said lands and properties as herein
made, their respective shares in and to said lands to which they are
respectively entitled as devisees under said wills and beneficiaries of said
persons.

6.

In futherance of this partition and at the request
of grantees herein, E. W. Brown, Jr., and H. L. Brown, Independent Executors
of the Estate of Mrs. Carrie L. Brown, deceased, join in this conveyance, and
in consideration of the premises and the conveyances herein made, we, E. W.
Brown, Jr., and H. L. Brown, as Independent Executors of the Estate of Mrs.
Carrie L. Brown, deceased, do hereby convey and quitclaim to the respective
grantees hereinabove named the respective lands above described, set aside and
partitioned, to said grantees as their respective parts and interests in the
above described landd as part of the Estate of Mrs. Carrie L. Brown, deceased.

Witness our hands this the 13th day of November, A. D.
1946.

E. W. Brown, Jr.
Individually and as Independent
Executor of the Estate of Mrs.
Carrie L. Brown, deceased.

H. L. Brown
Individually and as Independent
Executor of the Estrte of Mrs.
Carrie L. Brown, deceased.

Babette Moore Odom

Edgar R. Odom

THE STATE OF TEXAS †
COUNTY OF ORANGE †

Before me, the undersigned authority, on this day personally appeared E. W. Brown, Jr., Individually and as Independent Executor of the Estate of Mrs. Carrie L. Brown, deceased, 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, and in the capacities therein stated.

Given under my hand and seal of office, this the 18th day of November, A. D. 1946.

SEAL Arbana Craft
Notary Public, Orange County, Texas.

THE STATE OF TEXAS †
COUNTY OF BEXAR †

Before me, the undersigned authority, on this day personally appeared H. L. Brown, Individually and as Independent Executor of the Estate of Mrs. Carrie L. Brown, deceased, 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, and in the capacities therein stated.

Given under my hand and seal of office, this the 9th day of December, A. D. 1946.

SEAL E. W. Reinhardt
Notary Public, Bexar County, Texas.

THE STATE OF TEXAS †
COUNTY OF ORANGE †

Before me, the undersigned authority, on this day personally appeared Edgar R. Odom and Babette Moore Odom, his wife, known to me to be the persons whose names are subscribed to the foregoing instrument, and the said Edgar R. Moore acknowledged to me that he executed the same for the purposes and consideration therein expressed. And the said Babette Moore Odom, wife of the said Edgar R. Odom, having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said Babette Moore Odom, wife of the said Edgar R. Odom, acknowledged such instrument to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office, this the 13th day of November, A. D. 1946.

SEAL R. Bateman
Notary Public, Orange County, Texas.

W. E. Rogers
COUNTY CLERK, NEWTON COUNTY, TEXAS.

Title Notes
243.81 acres out of the George H. Burgin Survey, A-49

Warranty Deed 11/126 DR 07-31-1913 08-26-1913	A. M. Watson to - E. W. Brown <i>Remarks: 640.0 acres, the George H. Burgin Survey, A-49. NMR</i>
Partition Deed 82/411 DR 11-13-1946 12-19-1946	E. W. Brown, Jr., H. L. Brown and Babette Moore Odom and husband Edgar R. Odom to - H. L. Brown <i>Remarks: Grantors are heirs and devisees of E. W. Brown and Carrie L. Brown</i> <i>243.81 acres, described by metes and bounds, out of the George H. Burgin Survey, A-49. NMR</i>
Deed 168/21 11-01-1960 12-31-1960	H. L. Brown (sometimes known as H. Lutchter Brown) to - Donner Corporation <i>Remarks: 243.81 acres, described by metes and bounds, out of the George H. Burgin Survey, A-49 + OL: NMR</i>
Deed 203/605 DR 08-01-1972 09-14-1972	Donner Corporation to - Whitney National Bank of New Orleans, Louisiana, agent <i>Remarks: 243.81 acres, described by metes and bounds, out of the George H. Burgin Survey, A-49 + OL: NMR</i>
Deed 356/377 DR 05-08-1973 05-17-1973	Whitney National Bank of New Orleans, Louisiana, agent to - Dr. William C. Winter as Trustee fo a trust f/b/o Bruce L. Winter <i>Remarks: 243.81 acres, described by metes and bounds, out of the George H. Burgin Survey, A-49 + OL: Grantor reserves all OGM.</i>

Assignment & Conveyance
of Donner Properties
264/856 DR
01-22-1975
02-17-1975

Whitney National Bank of New Orleans, Louisiana, agent
to -
First National Bank of Shreveport

*Remarks: All right, title and interest in lands described
in 203/605 DR + OL. NMR*

Assignment & Conveyance
of Donner Properties and Act
of Ratification
488/254 OPR
02-18-2003
11-16-1998 *Effective*
03-20-2003

Bank One, National Association (formerly known as
Bank One, Louisiana, National Association, which was
formerly known as Premier Bank, National Association,
which was formerly known as The First National Bank of
Shreveport)

to -

Bank One Trust Company, National Association
(formerly known as City National Bank of Baton Rouge)

*Remarks: Effective 9/30/1988, The First National Bank
of Shreveport changed it's name to Premier Bank,
National Association; Effective June 3, 1996, Premier
Bank, National Association, changed it's name to Bank
One, Louisiana, National Association; Effective
November 16, 1998, the fiduciary business of Bank One,
Louisiana, National Association, was conveyed to City
National Bank of Baton Rouge, and City National Bank
of Baton Rouge was merged with and into Bank One
Trust Company, National Association; Effective
February 8, 2001 Bank One, Louisiana, N.A., merged
into Bank One, N.A.*

*The purpose of this instrument is for Bank One, N.A. is to
transfer record title of the Donner Properties to Bank
One Trust Company, N.A., and for Bank One Trust
Company, N.A. to ratify and confirm all agreements
previously executed in its name, as agent under both
agency agreements.*

Act of Delivery of Property
Held by Agent
480/456 OPR
06-30-2002
06-01-2002 *Effective*
06-10-2002

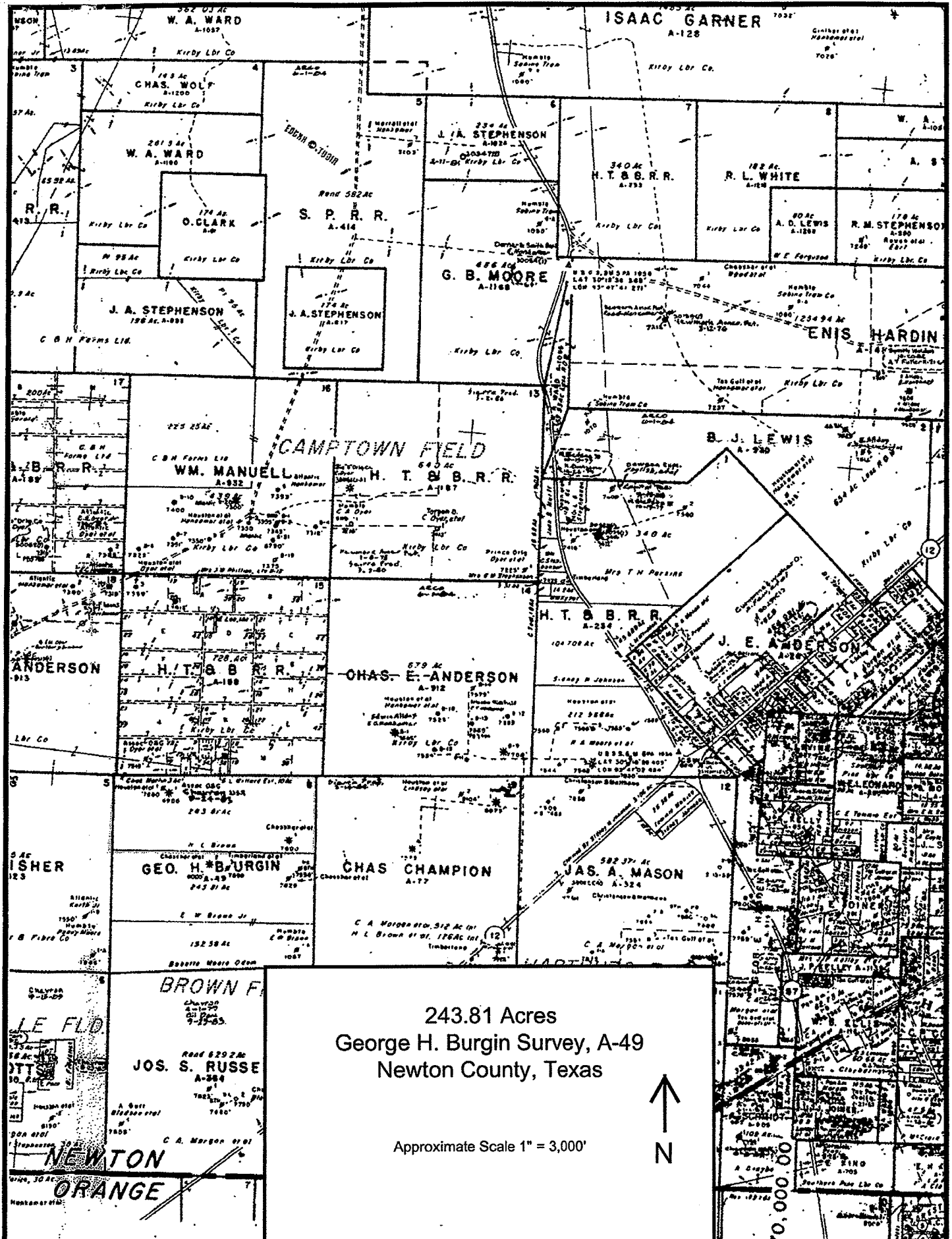
Bank One Trust Company, National Association
to -
James L. Negley and George L. Winter

*Remarks: 10% each in 243.81 acres, described by metes
and bounds, out of the George H. Burgin Survey, A-49.*

Certificate of Merger
543/267 OPR
10-23-2006
03-05-2007

Bank One Trust Company, National Association
to -
JP Morgan Chase Bank, National Association

Remarks: Merger



243.81 Acres
 George H. Burgin Survey, A-49
 Newton County, Texas



Approximate Scale 1" = 3,000'

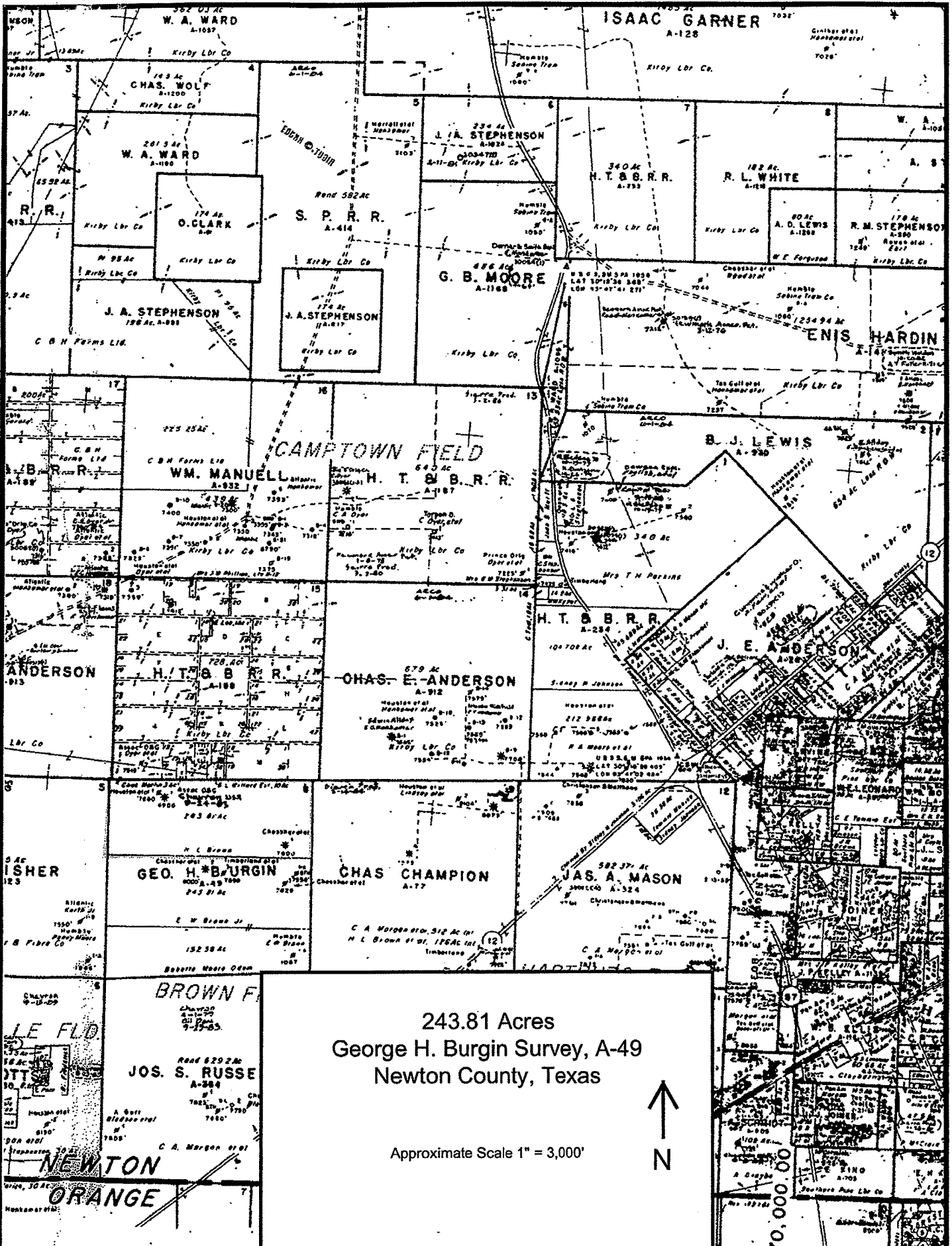


EXHIBIT B

COPY OF ASSIGNMENT AGREEMENT DATED JUNE 11, 2009 BETWEEN BARRY LASKER ("ASSIGNOR") AND DELTA OIL & GAS, INC. ("ASSIGNEE")

ATTACHED TO AND MADE A PART OF THAT CERTAIN ASSIGNMENT OF OIL, GAS AND LIQUID HYDROCARBON LEASES DATED FEBRUARY 1, 2010, FROM **DELTA OIL & GAS, INC.**, AS ASSIGNOR, TO **HILLCREST RESOURCES, LTD.**, AS ASSIGNEE, AS TO A SIXTY (60%) PERCENT INTEREST IN CERTAIN OIL, GAS & LIQUID HYDROCARBON LEASES MORE PARTICULARLY DESCRIBED IN EXHIBIT A HEREOF.

Note: See Exhibit A of this Assignment of Oil, Gas & Liquid Hydrocarbon leases dated December 20, 2010 for the Exhibits attached to the above-referenced agreement.

ASSIGNMENT OF OIL, GAS & LIQUID HYDROCARBON LEASES

THE STATE OF TEXAS §
 §
COUNTY OF NEWTON §

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS, the undersigned **BARRY LASKER** (hereinafter referred to as ("Assignor"), whose address is 451 Brown Saddle Street, Houston, Texas 77057, is the Lessee in and owner of those certain Oil, Gas & Liquid Hydrocarbon Leases (the "Leases") described in Exhibit A attached to this Assignment and made a part hereof, covering lands situated in Newton County, Texas, all as more fully described in the Leases; and

WHEREAS, Assignor desires to convey the Leases to **DELTA OIL & GAS, INC.** (hereinafter referred to as "Assignee"), whose address is Suite 604 - 704 West Pender Street, Vancouver, British Columbia, Canada, V6C 1G8;

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, Assignor has and does hereby GRANT, BARGAIN, SELL, TRANSFER, CONVEY and ASSIGN unto Assignee all of Assignor's right, title and interest in and to the Leases, subject to the conditions hereof.

Assignee shall indemnify, defend and hold Assignor harmless against any claim, liability, loss or cost which may arise from or be attributable to Assignee's operations and activities on or relating to the lands covered by the Leases or lands pooled therewith. Assignee shall fully assume all the responsibilities and liabilities, if any, of the Lessee in the Leases just as if Assignee had originally been named as the Lessee therein.

This Assignment may be executed in counterparts, each of which as so executed shall be given the effect of the execution of the original instrument. If counterparts of this instrument are executed, for recording purposes, the pages containing the signatures and acknowledgments of the parties, as affixed hereto, may be combined, and treated and given effect for all purposes, as a single instrument.

EXECUTED AND DELIVERED, without warranty of title, by the parties as of the dates of their respective notarial acknowledgments to be effective for all purposes as of the 11th day of June, 2009.

ASSIGNOR:

BARRY LASKER

ASSIGNEE:

DELTA OIL & GAS, INC.

By: _____
Title: _____

STATE OF TEXAS §
COUNTY OF HARRIS §

This instrument was acknowledged before me this _____ day of _____, 2009,
by BARRY LASKER.

Notary Public in and for the State of Texas

PROVINCE OF BRITISH COLUMBIA §
 §

This instrument was acknowledged before me this _____ day of _____, 2009,
by _____ as _____ of DELTA OIL
& GAS, INC., a Colorado corporation, on behalf of said corporation.

A Commissioner for Oaths or Notary Public
in and for the Province of British Columbia.
My appointment expires _____

EXHIBIT A

ATTACHED TO AND MADE A PART OF THAT CERTAIN ASSIGNMENT OF OIL, GAS AND LIQUID HYDROCARBON LEASES DATED JUNE 11, 2009, FROM **BARRY LASKER**, AS ASSIGNOR, TO **DELTA OIL & GAS, INC.**, AS ASSIGNEE, AS TO THE FOLLOWING OIL, GAS & LIQUID HYDROCARBON LEASES COVERING 243.81 ACRES, MORE OR LESS, OUT OF THE GEORGE BURGIN SURVEY, A-49, NEWTON COUNTY, TEXAS, TO-WIT:

1. Oil, Gas & Liquid Hydrocarbon Lease dated March 26, 2009, by and between, Donner Properties, as Lessor, and Barry Lasker, as Lessee, a Memorandum of which is recorded in Book 578, Page 799 of the Official Public Records of Newton County, Texas; and
2. Oil, Gas & Liquid Hydrocarbon Lease dated March 26, 2009, by and between James L. Negley and George L. Winter, Trustee of The George L. Winter Revocable Trust, as Lessor, and Barry Lasker, as Lessee, a Memorandum of which is recorded in Book 578, Page 801 of the Official Public Records of Newton County, Texas.

T:\Barry Lasker\T2330 Donner\Working File\Assignment