

PAID-UP OIL, GAS AND MINERAL LEASE

THE STATE OF TEXAS §
 §
 COUNTY OF LEON §

his *BY*

THIS AGREEMENT, made and entered into this **15th day of March, 2006**, by and between **BYRON CHENEY TINDALL**, dealing herein with ~~her~~ **sole and separate property**, hereinafter called "Lessor," whose mailing address is 288 Woodland Road, Denmark, South Carolina 29042, and **GASTAR EXPLORATION TEXAS, LP.**, hereinafter called "Lessee," whose mailing address is 1331 Lamar, Suite1080, Houston, Texas 77010, WITNESSETH:

1. That Lessor, in consideration of the cash bonus in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the sole and only purpose of exploring, drilling and operating for and producing oil and gas and of laying pipelines, storing oil and building tanks, telephone lines, roads and structures thereon to produce, save, care for, treat and transport said substances produced from the land leased hereunder only, the following described land situated in Leon County, Texas, to-wit:

1,085.238, more or less, out of the Pedro Periera, Jose de Jesus and Mariano Grande Eleven League Grant, Abstract No. 17, Leon County, Texas, and being the same land more particularly described in that certain Warranty Deed dated January 9, 1962, from Gladys Shaw Cheney, et al to W. T. Franklin, recorded in Volume 288, Page 1, of the Deed Records of Leon County, Texas, (hereinafter referred to as "the Leased Premises"); LESS AND EXCEPT those lands lying within the confines of the First Texas Gas, LP, Gastar – Cheney Gas Unit No. 1, 640 acre pooled unit as defined by the Designation of Pooled Unit dated to be effective February 4, 2005 and recorded in Volume 1198, Page 258 of the Official Records of Leon County, Texas.

and containing 727.704 acres of land, more or less.

2. Subject to the other provisions hereof, this lease shall be for a term of **two (2) years** from this date (called "Primary Term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land or lands with which said land is pooled hereunder and the royalties are paid as provided.

3. Lessee shall pay the following royalties, subject to the following provisions:

(a) Lessee shall either pay the Lessor twenty-two and one-half percent (22½%) of the market value of all oil and other liquid hydrocarbons recovered or separated on the leased premises, produced and saved from the leased premises; or after sixty (60) days written notice from Lessor, which notice may be given from time to time, deliver free of cost to Lessor at the wells or to the credit of Lessor into the pipeline to which the well may be connected such percentage of all oil and other liquid hydrocarbons produced and saved from the leased premises.

(b) Lessee shall pay the Lessor twenty-two and one-half percent (22½%) of the market value for all gas (including all substances contained in such gas) produced from the leased premises and sold by Lessee or used off the leased premises, including sulphur produced in conjunction therewith; provided, however, that the royalty portion of such gas shall be free and clear of all of the costs and expenses of dehydrating, transporting, compressing, treating, gathering or otherwise rendering marketable or marketing such gas, and no deduction shall be made for any of such costs and expenses in computing any payment to be made to Lessor pursuant to this clause.

(c) Lessee shall pay Lessor royalty on all gas produced from a well on the leased premises or on lands pooled with the leased premises and sold or used off the leased premises regardless of whether or not such gas is produced to the credit of Lessee or sold

under a contract executed by or binding on Lessee. Should gas be sold under a sales contract not binding on Lessor, Lessor's royalty will be calculated based on the highest price paid for any of the gas produced from the well from which such gas is produced. In no event will the price paid Lessor for Lessor's share of gas be less than the price paid Lessee for Lessee's share of gas.

(d) After the expiration of the primary term, while there is a well on the leased premises capable of producing gas in paying quantities but the production thereof is shut-in or suspended for any reason, Lessee may pay as royalty on or before ninety (90) days after the date on which (i) production from any such well is shut-in or suspended, or (ii) this lease is no longer maintained by compliance with other provisions hereof, whichever is the later date, and thereafter at annual intervals, a sum in the amount of Twenty-Five and No/100 Dollars (\$25.00) per acre, or a minimum of Fifty and No/100 Dollars (\$50.00), whichever is greater, for each and every shut-in gas well; and if such payment is made or tendered in accordance with other provisions hereof, this lease shall not terminate but shall continue in full force, subject to the provisions of paragraph 15, and it will be considered that gas is being produced from the leased premises in paying quantities within the meaning of each pertinent provision of this lease, and in no event shall shut-in well payments maintain this lease in force for a cumulative period exceeding two (2) years. Lessee shall not be entitled to recover any shut-in royalty payments from the future sale of gas. Should the shut-in period extend beyond the expiration of the primary term, such shut-in provision will pertain only to the producing unit of such gas well as provided for in paragraph 15. Should such shut-in royalty payments not be made in a timely manner as provided in this paragraph, it will be considered for all purposes that there is no production or no excuse for delayed production of gas from any such well or wells and unless there is then in effect other preservation provisions of this lease, this lease shall terminate at midnight on the last day provided for the payment of such shut-in royalties, and Lessee shall thereupon furnish to Lessor a release of all its interest in and to this oil and gas lease insofar as that portion of the premises included in the producing unit assigned to such shut-in well.

(e) Lessee agrees that before any gas produced from the leased premises is used or sold off the leased premises, it will be run as would a reasonably prudent operator under the same or similar circumstances, free of cost to Lessor, through an adequate oil and gas separator of a conventional type or equipment at least as efficient, to the end that all liquid hydrocarbons recoverable from the gas by such means will be recovered on the lease.

(f) Lessee agrees that it will not enter into any contract of sale of production from this lease which shall extend more than three (3) years from the effective date of such sales contract unless such contract has adequate provisions for redetermination of price at intervals of not less frequently than three (3) years to assure that production from this lease is not being sold for less than the then current fair market value. Lessee, its successors or assigns, shall advise Lessor of the price and other pertinent terms under which gas from the premises shall be sold and Lessor shall, within thirty (30) days of receiving such notice notify Lessee as to whether Lessee may sell Lessor's royalty share of gas under Lessee's sales contract or whether Lessor shall take and separately dispose of its royalty share of gas. In the event Lessor elects to take and separately dispose of its royalty share of gas, an appropriate gas balancing agreement shall be entered into between the parties.

(g) Lessee will notify Lessor in writing of the date of first sale of oil or gas, and within one hundred twenty (120) days following the date of first sale of oil or gas produced from the leased premises, settlement shall be made by Lessee or by its agent for royalties due hereunder with respect to such oil or gas sold off the premises, and such royalties shall be paid monthly thereafter without the necessity of Lessor executing a division or transfer order. Any royalty not paid within the time specified herein shall be deemed delinquent and shall bear simple interest at the rate of ten percent (10%) per annum or at the highest rate allowed by law to be charged to or against the owner of such lease, or its agent, if the agent is paying Lessor for Lessor's royalty, including the rates provided for under Chapter 91 of the Natural Resources Code as amended adding Subchapter J, whichever is legally greater. Provided, however, with respect to oil or gas produced during any month, if royalty, plus any accrued interest, is delinquent, and is not paid within thirty (30) days after Lessee's receipt of Lessor's written demand for payment, this lease shall terminate. Lessee shall not be

penalized for any delay in Lessor receiving royalty payments resulting from delay in postal services when the royalty payment has been mailed to Lessor at least five (5) days prior to the due date or any delay which may be the result of information provided by Lessor.

4. Lessor hereby authorizes Lessee to deposit any monies which may be paid under the terms of this lease to direct to Lessor at their above listed address which shall continue as the depository, regardless of changes in ownership. Any payment hereunder may be made by check of Lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Lessee may at any time execute and deliver to Lessor or to the depository named above, a release or releases covering any portion or portions of said lands and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the monies payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases. Lessee agrees that if any monies are not paid on or before the date on which same is required to be paid under the terms of this lease, or if this lease terminates for any other reason, then in said event, Lessee shall promptly prepare and execute a recordable release instrument covering the land leased hereunder and shall forward same to Lessor.

5. Subject to the provisions of paragraphs 20 and 21 herein below, Lessee is hereby granted the right to pool or combine the land covered by this lease, or any part or parts thereof, as to all strata or any stratum, with any other land, as to all strata or any stratum, for the production of oil or gas. Pooling in one or more instances shall not exhaust the right of Lessee hereunder to pool this lease or portion thereof into other or different units. Units pooled for oil hereunder shall not exceed forty (40) acres each, and units pooled for gas hereunder shall not exceed six hundred forty (640) acres each, provided that if any federal or state law, executive order, rule or regulation shall prescribe a spacing pattern for the development of the field or allocate a producing allowable based in whole or in part on acreage per well, then any such unit may consist of that minimum number of additional acres which will permit the allocation to such unit and the well thereon of the maximum producing allowable. To affect a unit or units Lessee shall file a written unit designation and surveyor's plat outlining any such unit and describing the participating tracts in the county conveyance records in which the premises are located. A copy of the unit designation shall be furnished to Lessor within thirty (30) days after it is filed in the appropriate county records. Drilling or reworking operations and production on any part of the pooled acreage shall be treated for all purposes hereof (except the payment of royalties on such production) as if such drilling or reworking operations were upon or such production was from the land described in this lease whether the well or wells be located on the land covered by this lease or not. For the purpose of computing the royalties and other payments out of production to which the owners of such interests shall be entitled on production of oil and gas, or either of them, from any such pooled unit, there shall be allocated to the land covered by this lease and included in such unit (or to each separate tract with the unit if this lease covers separate tracts within the unit) a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled unit. Such allocation shall be on an acreage basis; thus, there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production whether it be oil and gas, or either of them so allocated to the land covered by this lease and included in the unit just as though such production were from such land. In the event a portion or portions of the leased premises is pooled or unitized with other land so as to form a pooled unit or units, operations on, completion of a well upon, or production from such unit or units will not maintain this lease in force as to that portion of the leased premises not included in such unit or units. The lease may be maintained in force as to any portion of the leased premises covered hereby and not included in such unit or units in any manner provided for herein; provided, however, if at the end of the primary term or after the expiration of the primary term, Lessee is then engaged in drilling or reworking operations on the non-unitized portion of the leased premises or on acreage pooled therewith, or if Lessee has completed a well as a producer or a dry hole anywhere on the leased premises or lands pooled therewith within ninety (90) days prior to the expiration of the primary term, this lease shall remain in full force and effect as to all non-unitized acreage so long as Lessee commences drilling operations on the non-unitized portion of the leased premises or on acreage pooled therewith within ninety (90) days of the completion of such

well as a producer or a dry hole and conducts continuous operations thereon with no cessation of longer than ninety (90) days between the completion of drilling or reworking operations on a well and the commencement of such operations for the next succeeding well.

6. If, after the expiration of the primary term of this lease, Lessee should drill and abandon a dry hole or holes thereon, or if, after discovery of oil or gas, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences reworking or actual drilling within ninety (90) days thereafter. If, at the expiration of the primary term, oil or gas is not being produced on said land or land pooled therewith and Lessee is then engaged in actual drilling or reworking of any well thereon, this lease shall remain in force so long as drilling or reworking is prosecuted with no cessation of more than ninety (90) consecutive days, and if such operation results in production, so long thereafter as oil or gas is produced in paying quantities from said land or land pooled therewith. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land within six hundred (600) feet of the leased premises for an oil well or within twelve hundred (1200) feet of the leased premises for a gas well, Lessee agrees to commence the drilling of an offset well, as a reasonably prudent operator would under the same or similar circumstances, within one hundred twenty (120) days or release that portion of the leased acreage that would be allocated to such well or unit. If oil or gas is discovered on the land covered by this lease, or on land pooled therewith, Lessee agrees to further develop said land covered by this lease as a reasonably prudent operator would under the same or similar circumstances.

7. Lessee shall have free use of oil, gas and water from said land, except water from the surface owner's wells, tanks, creeks, rivers, streams and springs, for all operations hereunder, provided that no surface water or underground fresh water will be used for water flood or pressure maintenance purposes. Lessee shall have the right at any time within one hundred eighty (180) days after the expiration of this lease to remove all property, machinery and fixtures placed by Lessee on said land, including the right to draw and remove all casing. At the expiration of said one hundred eighty (180) days, if Lessee has failed to remove any property, machinery, fixtures or recoverable casing from the leased premises, title to such property, machinery, fixtures or recoverable casing shall become vested automatically in the Lessor, free of any liens. When required by Lessor, Lessee will bury all pipelines below ordinary plow depth, and no well shall be drilled within four hundred feet (400') of any residence or barn now on said land without the surface owner's consent.

8. Lessee will pay the surface owner for all actual damages to the surface of or crops or improvements on the leased lands caused by or arising out of operations under this lease. Pits and excavations made during drilling operations or otherwise will be filled by Lessee and the surface restored, as nearly as reasonably possible, to its original condition.

9. No assignment of the leasehold working interest in this lease may be made without written approval of Lessor; such approval shall not be unreasonably withheld. Subject to the preceding condition, the provisions hereof shall extend to the heirs, devisees, executors, administrators, successors and assigns of Lessor and Lessee, but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No such change or division in the ownership of the land, or royalties shall be binding upon Lessee for any purpose until Lessee shall have been furnished with the instrument or instruments, or certified copies thereof, evidencing such change or division. In the event of a permitted assignment of this lease as to a segregated portion of said land, the monies payable hereunder shall be apportioned as between the several leasehold owners ratably according to the surface area owned by each, and default in payment by one shall not affect the rights of other leasehold owners hereunder, and liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or a portion thereof who commits such breach.

10. Lessee shall not be liable for delays or defaults in its performance of any agreement or covenant hereunder due to force majeure, except any and all monetary payments due under the terms of this lease. The term "force majeure" as employed herein shall mean: any act of God including but not limited to storms, floods, washouts, landslides and lightning. If Lessee is required, ordered or directed by any federal, state or municipal law, executive order, rule or regulation enacted or promulgated under color of authority to cease drilling operations, reworking operations or producing operations on the land covered by this lease or if Lessee by operation of force majeure is prevented from conducting drilling operations, reworking operations or producing operations, then until such

time as such law, order, rule, regulation, request or force majeure is terminated and for a period of sixty (60) days after such termination each and every provision of this lease or implied covenant arising hereunder that might operate to terminate it or the estate conveyed by it shall be suspended and inoperative and this lease shall continue in full force, provided, however, that in no event will the primary term be extended unless Lessee has begun the actual drilling of a well prior to the date of the expiration of the primary term.

11. If Lessor owns an interest in said land less than the entire and undivided fee simple estate therein, then the royalties, shut-in royalties and any other payments herein provided shall be paid the Lessor in the proportion which Lessor's interest bears to the entire and undivided fee simple estate therein.

12. Lessor herein executes and delivers this lease without warranty of title either expressed or implied. Lessee, at its option, thirty (30) days after giving written notice to Lessor, may discharge any tax lien upon the interest herein leased; and, in the event Lessee does so, Lessee shall have the right to apply royalties, shut-in royalties and any other payments accruing hereunder to reimburse such payment.

13. In the event this lease expires for any reason as to all or any portion of the land described in this lease, Lessee shall furnish Lessor promptly with a written, recordable release instrument covering all of the land as to which this lease has so expired.

14. Lessee shall advise Lessor in writing as to the location of each well drilled upon the leased premises, or on land pooled therewith, on or before seven (7) days after commencement of operations, and shall advise Lessor in writing as to the date of completion or abandonment of each well drilled within thirty (30) days after such completion or abandonment. Within thirty (30) days of Lessor's specific written request to Lessee, Lessee agrees to furnish Lessor with all drilling, completion and production data, reports, title opinions, logs and information requested by Lessor. Such information will be treated confidentially so long as all or a portion of this lease is in force and effect.

15. If at the end of the primary term this lease is still in force, this lease shall expire as to all that part of said land (as hereinafter described) on which there is not a producing oil or gas well or on which Lessee is not then drilling or reworking a well. At the end of the primary term, Lessee shall select and designate a producing unit around and including each producing oil or gas well or drilling or reworking well on the leased premises, the area of such unit to be limited to and conform with the minimum area provided for or established directly or indirectly in the applicable rules and regulations of the appropriate governing body of the state in which the subject acreage is located with reference to the spacing of wells or the size of producing units. As to each producing unit so designated, this lease shall continue in force so long as oil or gas is produced in paying quantities there from or so long as drilling or reworking operations are prosecuted thereon as provided in paragraph 6. In the absence of field rules promulgated by the appropriate governing body of the state in which such acreage is located, the term "producing unit" as used herein means the following number of acres, depending on the depth to which the well has been drilled, and whether the well is an oil or gas well: A. forty (40) acres for an oil well completed at any depth; B. (i) eighty (80) acres for a gas well completed at a depth of less than 2,000 feet subsurface; (ii) one hundred sixty (160) acres for a gas well completed at a depth of 2,000 feet subsurface to 6,000 feet subsurface; (iii) three hundred twenty (320) acres for a gas well completed at a depth of 6,000 feet subsurface to 9,000 feet subsurface; (iv) six hundred forty (640) acres for a gas well completed at a depth greater than 9,000 feet subsurface. If a portion of Lessee's rights terminate as provided in this paragraph 15, then Lessee shall designate in writing the acreage it is allowed to retain around each oil well and each gas well and such written designation shall be filed for record in the county in which such acreage is located. Lessee shall be entitled to designate the number of acres above specified in a form of Lessee's choosing so long as no side is more than twice as long as any other side. The provisions of this paragraph 15 shall not have the effect of relieving the Lessee of its obligations to develop the lease with reasonable diligence after oil or gas is first discovered in paying quantities.

16. If Lessor files a legal action to enforce any express or implied obligation of this lease and receives a favorable judgment from a court of competent jurisdiction, then Lessee shall reimburse Lessor for all costs of such legal proceeding including reasonable attorney's fees.

17. Lessee shall conduct its operations in compliance of all applicable rules and regulations of any regulatory body having jurisdiction on such operations. Lessee agrees to indemnify, save and hold harmless Lessor and Lessor's heirs, devisees, executors, administrators, successors and assigns from and against all claims, damages, demands, losses, environmental liabilities and expenses (including attorneys' fees, court costs and other expenses of litigation) in any way arising out of or relating to Lessee's acts, omissions, performance or operations hereunder. This provision shall extend beyond termination of this agreement.

18. After the expiration of the primary term of this lease, upon the expiration of any extension or renewal, or after cessation of operations as provided herein, whichever occurs last, Lessee shall release all rights lying below seventy-five feet (75') below the base of the deepest producing formation in any well drilled on the leased premises or on lands with which the leased premises has been pooled or unitized.

19. At the time of the lapse of this lease by any of its terms or provisions, Lessee agrees to promptly execute and deliver to Lessor, or file for record in the Office of the County Clerk of Leon County, Texas, a written release and surrender of this lease save and except that portion maintained by virtue of any provisions of this lease.

20. Unless otherwise agreed to in writing by Lessor, there shall be no pooling for oil hereunder until such time as there remains an insufficient amount of leased premises available to support the drilling of and production from an oil well in accordance with governmental spacing requirements. In such event, said insufficient amount of the leased premises not previously allocated to a well or wells may be pooled in accordance with the provisions of this lease. Lessor's consent herein shall not be unreasonably withheld.

21. Unless otherwise agreed to in writing, in the event a portion or portions of the leased premises are pooled or unitized with other lands or leases so as to form a gas pooled unit or units and the unit well is situated on the leased premises, then in such event, not less than one-half of any such gas pooled unit shall be comprised of the leased premises; provided, however, should an insufficient amount of the leased premises be available to fulfill this requirement, then in such event, all of the then remaining acreage out of the leased premises not previously allocated to a well or wells shall be included in said gas pooled unit or units. Furthermore, unless otherwise agreed to in writing by Lessor, in the event a portion or portions of the leased premises are pooled or unitized with other lands or leases so as to form a gas pooled unit or units and the unit well is not situated on the leased premises, then in such event, not less than one-fourth of any such gas pooled unit shall be comprised of the leased premises; provided, however, should an insufficient amount of the leased premises be available to fulfill this requirement, then in such event, all of the then remaining acreage out of the leased premises not previously allocated to a well or wells shall be included in said gas pooled unit or units. Lessor's consent herein shall not be unreasonably withheld.

EXECUTED on the 30th day of May, 2006.

LESSOR:

LESSEE:

Byron Cheney Tindall
Byron Cheney Tindall

GASTAR EXPLORATION TEXAS, L.P. by
GASTAR EXPLORATION TEXAS, LLC,
its General Partner

By: Henry J. Hansen
Henry J. Hansen, Vice President, Land

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THE STATE OF SOUTH CAROLINA

COUNTY OF Bamberg

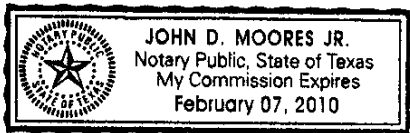
This instrument was acknowledged before on the 30th day of May, 2006, by **BYRON CHENEY TINDALL**.

Belinda Carol Johnston
Notary Public in and for the State of ~~Texas~~
S.C.

THE STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before on the 31st day of July, 2006, by **Henry J. Hansen as Vice President, Land of GASTAR EXPLORATION TEXAS, LLC, General Partner of GASTAR EXPLORATION TEXAS, L.P., a Delaware Limited partnership, on behalf of said Limited Liability Corporation.**



[Signature]
Notary Public in and for the State of Texas

Texas Royalty Brokers

Texas Royalty Brokers

Filed for Record in: Leon County
On: Aug 01, 2006 at 02:47P
As a Recordings
Document Number: 00334382
Amount: \$ 34.00
Receipt Number: 68431
By: Christie Wakefield

STATE OF TEXAS
COUNTY OF LEON
I hereby certify that this instrument was filed on the
date and time stamped hereon by me and was duly recorded
in the volume and page of the named records of:
Leon County
as stamped hereon by me.

Aug 01, 2006
Carla McEachern, County Clerk
Leon County