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PAID UP OIL AND GAS LEASE

THIS AGREEMENT (the "Lease"), made and entered into this 25th day of August, 2022, by and between the **UNDERSIGNED NAMED LESSOR(S)**, whose address is shown in care of the agents listed in the Notices section of this Lease, hereinafter collectively referred to as "Lessor", and **Corsicana Oil & Gas Company, LLC**, whose address is 10443 North May Avenue #839, Oklahoma City, Oklahoma 73120, hereinafter referred to as "Lessee".

GRANT OF LEASE

1. That Lessor, in consideration of Ten Dollars (\$10.00) and other valuable considerations, including the royalties herein provided, and other covenants and agreements of the Lessee contained in this Lease, hereby grants, leases and lets exclusively unto Lessee for the sole and only purpose of exploring, drilling, operating power stations, injecting gas, water and other fluids into subsurface strata, laying pipelines, and construction of roads, frac ponds, tanks, telephone lines and structures thereon and to produce, save, care for, treat and transport oil, gas and liquid hydrocarbons, or their constituent products, (the "Leased Substances") from the following described land situated in **Howard County**, State of Texas, to-wit:

LEGAL DESCRIPTION:

107.101 acres, more or less, in the Southwest Quarter (SW/4) of Section 26, Block 31, Township 1 North, T & P Ry Co. Survey, Howard County, Texas, being the same tract set aside to Allan Guthrie in paragraph 1.C of that certain Partition Deed dated July 16, 2001 and between Betty Jean Lee, Shirley Guthrie, John Allan Guthrie and wife Ethel Guthrie, and Janet Sims and recorded in Volume 836, at Page 311, of the Official Public Records of Howard County, Texas;

27.086 acres, more or less, in the Southeast Quarter (SE/4) of Section 27, Block 31, Township 1 North, T & P Ry Co. Survey, Howard County, Texas, being all of that certain 107.086 acres, more or less, set aside to Shirley Guthrie in paragraph 1.B of that certain Partition Deed dated July 16, 2001 and between Betty Jean Lee, Shirley Guthrie, John Allan Guthrie and wife Ethel Guthrie, and Janet Sims and recorded in Volume 836, at Page 311, of the Official Public Records of Howard County, Texas, less and except 80 acres lying within the Guthrie-Buford #27 IH Unit described in that certain Designation of Pooled Unit and Declaration of Pooling recorded in Volume 1006, at Page 175, of the Official Public Records of Howard County, Texas; and

46 acres, more or less, out of the East Half of the Northeast Quarter (E/2 of NE/4) of Section 27, Block 31, Township 1 North, T & P Ry Co. Survey, Howard County, Texas, and being bounded: to the North by an 80 acre tract comprised of 50 acres conveyed to W. H. Robinson by deed dated March 11, 1930 and recorded in Book 80, at Page 307, of the Deed Records of Howard County, Texas, and 30 acres conveyed to W. H. Robinson by deed dated January 26, 1915 and recorded in

Book 33, at Page 180, of the Deed Records of Howard County, Texas; to the East by Section 26; to the South by a 107.086 acre tract conveyed to Shirley Guthrie and a 107.094 acre tract conveyed to Janet Sims in that certain Partition Deed dated July 16, 2001 and recorded in Volume 836, at Page 311, of the Official Public Records of Howard County, Texas; and to the West by the Guthrie-Buford #27 Unit.

(collectively, the "Leased Premises")

PRIMARY TERM

2. Subject to other provisions contained herein, this Lease shall be for a term of three (3) years from the date first above written (the "Primary Term") and as long thereafter as Leased Substances are produced in commercial paying quantities from the Leased Premises or lands with which the Leased Premises are pooled or unitized therewith in compliance with this Lease or this Lease is otherwise held as provided for herein.

ROYALTY

3. The royalties to be paid by Lessee are:

OIL ROYALTY

(a) On oil and other liquid hydrocarbons, One-fourth (1/4th) of that produced and saved from said Leased Premises, the same to be delivered at the well if requested by Lessor or to the credit of Lessor free and clear of costs and expenses into the purchaser's pipeline to which the wells may be connected or other point of sale or use to the credit of Lessor. Lessee may from time to time purchase any royalty oil or other liquid hydrocarbons in its possession, paying the market price at Lessee's point of sale therefore prevailing for the field where produced on the date of purchase.

GAS ROYALTY

(b) On unprocessed gas, including casinghead gas or other gaseous substances produced from the Leased Premises and sold or used (other than for lease operations pursuant to sub-paragraph 3(i) below), One-fourth (1/4th) of the market value of such gas, at the time or times that the same is used or delivered and at the point of delivery to the purchaser or at the place of use.

PLANT PRODUCTS ROYALTY

(c) Should any gas, casinghead gas or other gaseous substance produced from the Leased Premises be processed in a plant located on or off the Leased Premises in which Lessee or its assigns or any affiliate or subsidiary thereof owns an interest, for the extraction or the manufacture of gasoline, or other products, Lessor shall be paid as royalty the market value at the plant of One-fourth (1/4th) of the gasoline or other products so extracted or manufactured therefrom less One-fourth (1/4th) of the actual cost of manufacturing, processing or extracting the

same, but no charge or deduction shall be made for amortizing the cost of the construction of such plant by the owner thereof or for administrative or overhead cost or expenses. Upon written request by Lessor, no more frequently than once a year, Lessee shall make available to Lessor or Lessor's representative all of Lessee's books, records and accounts regarding and pertaining to the cost and operation of such plant.

(d) Should any gas, casinghead gas or other gaseous substance be so processed in a plant in which Lessee or its assigns or any affiliate or subsidiary thereof own no interest, then Lessor shall be paid as royalty the higher of (1) One-fourth (1/4th) of the market value at the point of sale by Lessee to a third party of all gasoline or other gaseous substance produced from the Leased Premises, or (2) One-fourth (1/4th) of the proceeds derived from the sale thereof or other payments received from the owner of the plant under the agreement pursuant to which said gas, casinghead gas or other gaseous substances produced from the Leased Premises are processed.

RESIDUE GAS ROYALTY

(e) In addition to the royalties which are to be paid to Lessor on any such plant products, there shall also be paid to Lessor as a royalty on all residue gas produced from the Leased Premises and sold or used (other than for lease operations pursuant to sub-paragraph 3(i) below), after being processed in any such plant, One-fourth (1/4th) of the market value of such gas at the time or times that the same is used or delivered and at the point of delivery by Lessee to the purchaser or the place of use, or One-fourth (1/4th) of the proceeds of the sale of such residue gas, whichever is higher.

SHUT IN ROYALTY

(f) On each gas well located on any part of the Leased Premises and capable of producing commercial quantities of gas and from which gas is not being sold for lack of market, Lessee may pay for each such well as royalty on or before ninety (90) days after the date on which, (1) said well is shut in, or (2) the Leased Premises or any portion thereof is included in a pooled unit on which a shut-in well is located, or (3) this Lease ceases to be otherwise maintained as provided herein, whichever is the later date, and thereafter at annual intervals on or before the anniversary of the date the first payment is made, a sum equal to Fifty Dollars (\$50.00) per net mineral acre then covered by this Lease shall be made to Lessor, and if such payment is made or tendered, this Lease shall not terminate, and it will be considered that gas is being produced from the Leased Premises in paying quantities, provided however, this Lease may not be maintained as to any acreage covered hereby solely by the payment of shut-in gas well royalty for a consecutive total of more than two (2) years or a cumulative total of three (3) years.

(g) Lessee may shut-in an oil well producing from the Leased Premises, or lands pooled therewith, which is capable of producing commercial quantities of oil, if the arithmetic average of the daily settlement price, not including weekends or any other day on which commercial banks in Houston, Texas are authorized by law to close, for the "Light Sweet Crude Oil" prompt month contract reported by the New York Mercantile Exchange ("NYMEX") for the first week of the delivery month through the last week of the delivery month (also referred to as the "NYMEX CMA), plus the NYMEX Roll (defined below), is less than Fifteen and No/100 Dollars (\$15.00).

If an oil well is shut-in under this paragraph and this Lease ceases to be otherwise maintained, Lessee shall provide Lessor with written notice and payment in the amount equal to Fifty and No/100 Dollars (\$50.00) per net mineral acre covered by this Lease, on or before fourteen (14) days after the date on which said well is shut-in, and this Lease shall not terminate, and it will be considered that oil is being produced from the Leased Premises, provided however, this Lease may not be maintained as to any acreage covered hereby solely by the payment of shut-in oil well royalty for more than thirty (30) consecutive days or for a cumulative total of more than one (1) year. "NYMEX Roll" means the arithmetic average of the daily settlement price for the crude contract reported by the NYMEX from the day the delivery month becomes the prompt trading month through the last day of trading for the delivery month, less the average of the daily settlement price for the second month NYMEX crude contract trading over the same period, times a percentage calculated from the number of trading days starting with the first day of the delivery month and ending with the day preceding the first trade day after the NYMEX crude contract expiration date during the delivery month, divided by the number of trading days in the delivery month.

EXCLUSION OF CHARGES ON ROYALTY SHARE

(h) Except as otherwise specifically provided herein, Lessor's royalty share of Leased Substances and products separated, extracted or manufactured therefrom shall be delivered to the purchaser's pipeline to which the wells may be connected or other point of sale or use to the credit of Lessor, free of all charges, costs and expenses, including but not limited to the cost of developing, producing, gathering separating storing, treating, measuring, dehydrating, compressing, manufacturing, marketing and transporting produced water, Leased Substances or products separated, extracted or manufactured from Leased Substances, except Lessor's share of production or severance taxes lawfully and properly chargeable against Lessor's royalty share thereof. It is specifically agreed that the above does not allow Lessor to be charged for any post-production treatment or transportation charges, except as specifically allowed by this Lease. Notwithstanding any provision stated above, Lessee's ability to flare the entire stream of gas and not pay a royalty is limited to thirty (30) days cumulatively, after which Lessee shall pay the market value of such flared gas as if it had been sold; however, the thirty (30) day limitation shall not include days in which Lessee's weighted average sales price for all gas of a comparable quality passing through the gathering system to which the well(s) are connected is (or would be) less than 50 cents per mcf (\$0.50/mcf). If prices for Leased Substances are negative, Lessee may not charge back the losses to Lessor or off-set such losses against any other amounts due and payable to Lessor.

(i) Lessee shall have free use of the Leased Substances (including residue gas) and produced water for the conduct of all drilling and producing operations conducted on the Leased Premises (but not for processing or manufacturing plant operations) and the royalty on oil or other liquid hydrocarbons, gas, casinghead gas and other gaseous substances shall be computed after deducting any so used.

UNCONDITIONAL OBLIGATION FOR ROYALTY PAYMENT

(j) Lessee is unconditionally obligated to Lessor to make and shall be liable for the payment of royalties hereunder irrespective of the execution by Lessor of a division order or any similar agreement in favor of any such third party purchaser. Accounting and payment to Lessor of royalties pursuant to this Lease shall commence so that they would be reasonably calculated to be received by Lessor, no later than one hundred twenty (120) days after the end of the month of the first sale of production from each well so drilled and completed under this Lease. Thereafter for subsequent production from such well, all payments of royalties, unless otherwise specifically provided herein, shall be made on or before the last day of the first calendar month following the calendar month in which the oil production sale occurred and the last day of the second calendar month following the calendar month in which the gas production sale occurred. Unless otherwise herein expressly provided, any royalties or other payments provided for in this Lease which are suspended or not paid to Lessor within the time-period specified therefore shall accrue interest at twelve percent (12%) per annum, from due date until paid. In addition, except as provided below, should Lessee at any time fail to make royalty payments to Lessor in compliance with the terms of this Lease, Lessor may, at Lessor's election, cancel this Lease as to all the Leased Premises covered hereby by giving Lessee sixty (60) days advance written notice of such cancellation, mailed via certified mail, return receipt requested and addressed to Lessee's legal department with the words "FAILURE TO PAY ROYALTY" written conspicuously on the letter. Lessee may avoid such cancellation by paying Lessor all sums (including interest) then owed by Lessee to Lessor prior to the expiration of said sixty (60) day period. In the event all such sums (including interest) then owed by Lessee to Lessor have not been paid to Lessor prior to the expiration of said sixty (60) day period, then this Lease shall automatically terminate and all rights granted by Lessor to Lessee shall be divested of Lessee and vested in Lessor. However, if (i) royalties or other payments required in this Lease are not paid to Lessor due to a good faith dispute, supported by a title opinion from a qualified oil and gas attorney, as to Lessor's ownership of the minerals or royalties in the Leased Premises, or (ii) Lessee is paying royalty but there is a dispute over the amount of royalty owed, then this Lease may not be terminated until Lessor is granted a non-appealable judgment from a court of competent jurisdiction and Lessee fails to pay within thirty (30) days of such order. Acceptance by Lessor of royalties which are past due shall not act as a waiver or estoppel of Lessor's right to receive or recover any and all interest due thereon under the provisions hereof unless the written acceptance or acknowledgment by Lessor to Lessee expressly so provides. Any tender or payment to Lessor of a sum less than the total amount due the Lessor hereunder which is made or intended to be made as an offer of settlement or an accord and satisfaction by or on behalf of Lessee, must be accompanied by a Notice of Settlement Offer, so denominated, addressed to Lessor. Any such offer of settlement submitted solely by the tender of a check containing language of settlement or accord and satisfaction printed or otherwise inserted thereon shall not be deemed an offer of settlement or accord and satisfaction unless accompanied by such a Notice of Settlement Offer. Lessee shall pay all costs of litigation, including reasonable attorney's fees, expert witness and consultation fees incurred by Lessor in connection with any lawsuit in which Lessor is successful in recovering royalties or interest or in terminating this Lease due to Lessee's failure to pay royalties within the period set forth herein.

RIGHT TO TAKE IN KIND

(k) Lessor shall have the right at Lessor's election to be exercised, waived and re-exercised at any time, but for no less than six (6) consecutive months, to take in kind and market, without limitation or restriction by reason of any contract entered into by Lessee, Lessor's royalty share of all or any part of the Leased Substances, and/or of the distillate, gasoline and other products separated, extracted or manufactured from the gas, and/or the residue gas, into storage or transportation facilities furnished by Lessor at Lessor's cost, risk and expense at the well. Lessor shall give Lessee at least sixty (60) days notice of Lessor's election to take in kind and to market Lessor's royalty share of any Leased Substances and shall hold Lessee harmless from any damage to Lessee's facilities due to the taking in kind. Lessee's delivery of the same to Lessor or to Lessor's purchaser shall discharge Lessee of any further liability or responsibility to Lessor under the royalty provisions hereof as to such production or products taken in kind and marketed by Lessor. Lessor shall bear any additional expense that may be incurred in the delivery of such royalty gas to facilities furnished by Lessor or the delivery thereof to Lessor's purchaser of such gas. Notwithstanding anything to the contrary, however, Lessee reserves the right but not the obligation to install and maintain, at Lessor's expense, any such equipment that will connect to or exist on Lessee's production facilities in connection with Lessor taking its royalty in kind hereunder. Lessor shall release, indemnify and defend Lessee against any and all claims, losses, costs, liabilities and/or damages of any nature arising out of or connected with Lessor's election to take said royalty in kind.

SEPARATION COMMINGLING AND METERING

(l) Lessee shall: (i) run Leased Substances, free of cost, through a gravity-based Oil and Gas separator of conventional type and of adequate size and efficiency such that all liquid hydrocarbons recoverable from the Gas by such means shall be recovered; and (ii) separately measure production from any well producing from the Leased Premises, or lands pooled therewith, and comply with all applicable American Gas Association (AGA) Standards, as well as the American Petroleum Institute (API) Manual of Petroleum Measurement Standards (MPMS) for any measurement device or tank that covers the standards, practices, guidelines, recommendations and procedures which include, but are not limited to, the design, installation, calibration, testing and handling of samples and operation of a metering system used for the measurement of hydrocarbons in liquid form or Gas at any meter location on the Leased Premises.

RENTAL

4. This is a paid-up lease and no delay rentals shall be due. The bonus paid hereunder is consideration for this Lease and shall not be allocated as mere rental for a period. Lessee may at any time execute and deliver to Lessor a release covering any portion or portions of the Leased Premises and thereby surrender this Lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

PROPORTIONATE REDUCTION

5. If Lessor's interest in the minerals covered by this Lease in, on and under the Leased Premises is less than the undivided fee simple estate to the entirety thereof, then Lessor agrees that the royalties provided in this Lease shall be paid to the Lessor in the proportion to which Lessor's interest bears to the entire undivided fee simple estate therein.

OPERATIONS

6. (a) If after the expiration of the Primary Term and prior to discovery and production of Leased Substances on the Leased Premises, Lessee should drill a dry hole or holes thereon, or after discovery and production of Leased Substances, the production thereof should cease, permanently or temporarily, from any cause, and if in either case, this Lease is not then otherwise maintained in force and effect, this Lease shall not terminate if operations for drilling or reworking are commenced or resumed within ninety (90) days thereafter.

(b) If such abandonment of a well as a dry hole or for any other reason, or such permanent or temporary cessation of production occurs within ninety (90) days prior to or at any time after the expiration of the Primary Term, and this Lease is not otherwise maintained in force and effect, this Lease shall not terminate if such operations for drilling or reworking are commenced or resumed within ninety (90) days after abandonment of the well as a dry hole, or for any other reason, or cessation of production.

(c) No drilling or reworking operations shall perpetuate this Lease under the terms of this Paragraph Six (6) or under Paragraphs Eleven (11) or Seventeen (17) or any other paragraph hereof unless the same are timely commenced and, thereafter prosecuted continuously and with due diligence in a good faith effort to discover or restore production of the Leased Substances in commercial paying quantities.

(d) In the event a well or wells producing Leased Substances in paying quantities should be brought in as to depths covered by this Lease on adjacent property not owned by Lessor, or on any property adjacent to any unit formed under the terms of this Lease and not owned by Lessor, or on adjacent property owned by Lessor which are being explored and developed for oil or gas by a third party under a different lease, and said encroaching well or wells, or any take-point in a horizontal well or wells is located less than the minimum offset spacing distance under relevant special field rules permitted by the Texas Railroad Commission from the Lease line or is draining the Leased Premises, or lands pooled therewith, Lessee shall provide to Lessor a plat of such well or wells on adjacent property setting forth the location thereof and Lessee shall commence the actual drilling of an offset well or wells, of which the productive wellbore or wellbores shall be located at the same depths or horizons as the encroaching well and as near to the Lease line as permitted under Rule 37, Chapter 16 of the Texas Administrative Code, or local field rules issued by the Texas Railroad Commission and can be drilled by Lessee as a reasonably prudent operator, on or before the earlier of 180 days after the completion of the encroaching well or wells on adjacent property, or within 120 days after the filing of a completion report on said well or wells, if the completion report was not available to Lessee except through the completion report. It is further provided that, in lieu of drilling an offset to any such encroaching oil or gas

well, Lessee shall have the option of (i) paying Lessor, as royalty in accordance with the terms of this Lease, a sum equal to the royalties which would be payable under this Lease on the production from such well if same had been drilled and produced under this lease, and, as long as Lessee may elect to pay such royalty in lieu of drilling an offset well, it will be considered that oil or gas is being produced from the Leased Premises as to the same number of acres and of the same configuration as would be ascribed to a similar well completed on the Leased Premises pursuant to the provisions of said Paragraph 11, or (ii) executing and delivering to Lessor a release of this Lease as to the acreage offsetting the producing well or wells, such released acreage to be of the same number of acres and of the same configuration and depth as would be allocated to a Producing Unit (as defined in paragraph 11 below) if Lessee had drilled and completed an offset well or wells on the Leased Premises; however, Lessee shall not be obligated to release any acreage already in a Producing Unit which contains a well producing in commercial paying quantities from the same interval(s) or horizon(s) as the encroaching well.

(e) If Lessee, its successors or assigns, intends to make a claim or to file a suit against an adjoining owner, Lessee or operator for drainage or damage to the common reservoir underlying the Leased Premises, Lessee will notify Lessor, and will represent Lessor's interest in such claim or cause of action without cost to Lessor unless Lessor notifies Lessee, its successors or assigns in writing to the contrary. If Lessee, its successors or assigns recovers damages, either by settlement or as a result of such cause of action, Lessor shall be entitled to share in such recovery pro rata according to the royalty percentage paid under this Lease.

7. After the discovery and production of Leased Substances in commercial paying quantities on and from the Leased Premises Lessee agrees to develop the Leased Premises for the production of oil and gas in a diligent and prudent manner as would a reasonably prudent operator under the same or similar circumstances.

ASSIGNMENT

8. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns; but no change or division in ownership of the Leased Premises, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change of division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished with a copy of the recorded instrument or instruments evidencing same. No assignment of this Lease or any interest therein or any portion thereof shall be made unless the assignee expressly assumes and agrees to perform each and every obligation imposed by this Lease as to the assigned Lease acreage or interest therein. No assignment of this Lease or any portion thereof or interest therein shall operate to release the original Lessee or subsequent assigns from any of the obligations imposed upon the Lessee hereunder accruing prior to the assignment. No assignment by Lessee shall be effective until Lessor be notified in writing of such assignment together with the name and address of assignee. Lessee shall promptly furnish Lessor a copy of any and all assignments, with recording information if applicable, as they occur, of this Lease or any portion thereof or interest therein. All such copies required pursuant to this paragraph shall be sent as other notices provided in this Lease.

SPECIAL-WARRANTY CLAUSE

9. Lessor hereby warrants and agrees to defend the title to said lands as to persons claiming by, through and under Lessor, but not otherwise.

FORCE MAJEURE

10. Should Lessee be prevented, through no fault or omission on its own part from complying with any express or implied covenant of this Lease, from conducting drilling or reworking operations thereon or from producing Leased Substances therefrom by reason of or by operation of any federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this Lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing Leased Substances from the Leased Premises. Lessee shall not be liable for delays or defaults in its performance of any agreement or covenant hereunder due to force majeure. The term "force majeure" as employed herein shall mean: any act of God, including but not limited to storms, floods, washouts, landslides and lightning. Lessee shall give prompt written notice to Lessor of the circumstances causing any such prevention, delay, default or force majeure and keep Lessor informed as to its efforts to overcome the same.

PARTIAL RELEASE CLAUSE

11. Subject to Paragraph Seventeen (17) herein, after the expiration of the Primary Term or the continuous development program set forth in paragraph 17, whichever is later, this Lease shall terminate as to all parts of the Leased Premises which are not then included in a Producing Unit (as hereinafter defined), and shall be permanently released from the provisions of this Lease. A "Producing Unit" shall mean the following:

- (a) Producing Unit for a Vertical Well. The Producing Unit for each vertical well then producing oil or gas shall consist of not more than the number of surface acres of contiguous land around each such well as set forth below:
 - i. Ten (10) acres for a vertical well producing from a depth between the surface and down to and including **1,500 feet** below the surface;
 - ii. Twenty (20) acres for a vertical well producing from a depth between **1,500 feet** below the surface and down to and including **4,000 feet** below the surface; and
 - iii. Forty (40) acres for a vertical well producing from a depth deeper than **4,000 feet** below the surface.

Producing Units are to be as nearly as practical in the form of a square or rectangle, with the wellbore being as close to the center as possible.

- (b) The Producing Unit for a Horizontal Well. The Producing Unit for a well having a horizontal lateral leg ("Horizontal Well") shall contain the amount of acreage determined by the following formula: $.068 \times$ the horizontal lateral leg (measured from the first take point to the last take point). However: (a) if the acreage contained in the Producing Unit for a Horizontal Well is not divisible by 20, the acreage will be rounded up to the next number divisible by 20; and (b) a Producing Unit for a Horizontal Well shall never exceed 680 acres without first obtaining Lessor's prior written consent. For example, a Producing Unit for a Horizontal Well with a horizontal lateral length of 9,900 feet would contain 680 acres ($9,900 \times .068 = 673$, rounded up to 680).
- (c) A Producing Unit shall be as nearly as practical in the form of a square or rectangle.
- (d) One (1) year from the expiration of the Primary Term or the continuous development program set forth in paragraph 17, whichever is later, a Producing Unit shall be limited to 250 feet below the deepest producing perforations in such Producing Unit. Lessee may not use pilot holes or irregularly spaced perforations in an attempt to retain depths, below the primary area of production, under this Lease.

Two (2) years from the expiration of the Primary Term or the continuous development program set forth in Paragraph 17, whichever is later Producing Unit for a Horizontal Well shall contain the amount of acreage determined by the following formula: $.032 \times$ the horizontal lateral leg (measured from the first take point to the last take point). However: (a) if the acreage contained in the Producing Unit for a Horizontal Well is not divisible by 20, the acreage will be rounded up to the next number divisible by 20; and (b) a Producing Unit for a Horizontal Well shall never exceed 320 acres without first obtaining Lessor's prior written consent. For example, a Producing Unit for a Horizontal Well with a horizontal lateral length of 4,500 feet would contain 160 acres ($4,500 \times .032 = 144$, rounded up to 160).

In the event Lessee pools all or part of the Leased Premises, in accordance with the terms and conditions of this Lease, , such pooled unit shall consist solely of acreage and depths allocated to one (1) or more Producing Unit.

Within sixty (60) days after expiration of this Lease, as to any part of the Leased Premises, Lessee must file with each County Clerk in the County where the Leased Premises is located, an instrument in writing which releases the Lease as to all Leased Premises and depths except for the Leased Premises and depths included in a Producing Unit, as set forth above. Lessee shall furnish Lessor with a copy of said instrument(s), no later than thirty (30) days after recordation.

INDEMNIFICATION

12. Lessee agrees hereby to indemnify and hold harmless the Lessor, its successors and assignees, from any loss which Lessor might incur due to the actions or omissions of the Lessee, its successors and assigns or of any person acting on behalf of any of them, in the drilling, completing or operating of any well or wells on the Leased Premises, and does hereby agree to reimburse said Lessor for any such losses or damage growing out of any claims or causes of action against the Lessor by third parties. This indemnity shall be binding upon the successors and assigns of the Lessee.

INFORMATION REQUIRED

13. Upon request by Lessor, Lessee agrees to furnish Lessor, at no cost or expense to Lessor, the following material promptly as it is prepared for or by Lessee or as it becomes available to Lessee relating only to the Leased Premises:

- (a) Full and complete copies of any title opinions limited to Lessor's interest and survey information;
- (b) Copies of all forms, reports, and applications filed with the Railroad Commission of the State of Texas, or any other governmental agency; and
- (c) All drilling reports, testing logging, completing and plugging data information.

Lessee shall also furnish, without the need for a request from Lessor, notice of intent to commence drilling operations at least seven (7) days prior to commencement, and thirty (30) days after completion and testing of a well, the production results from such well. Any reliance placed by Lessor on any such information furnished by Lessee in good faith shall be entirely at Lessor's risk. Furthermore, any of the foregoing material that is confidential to Lessee, and is so marked when delivered to Lessor, shall be kept confidential by Lessor and not disclosed except to Lessor's professional and/or technical advisors or consultants, who must also agree in writing to keep the material confidential, during the Primary Term of this Lease to which such confidential material pertains. However, any and all information or data which is available to the general public at the Texas Railroad Commission, geological log libraries, or other agencies or businesses shall not be considered confidential and proprietary property of Lessee even if it is so marked by Lessee, except completion and testing results shall be kept confidential by Lessor as provided above, until a completion report is filed with the State of Texas.

POOLING AND UNITIZATION

14. Lessee shall have the right to (i) pool or unitize all or any portion of the Leased Premises with any other land, lease or leases, provided that the entire Leased Premises is pooled into such unit and such units do not exceed 680 acres, and otherwise comply with this Lease and (ii) drill a well pursuant to an exception to Rule 37, Chapter 16 of the Texas Administrative Code, or local field rules issued by the Texas Railroad Commission, or successor agency, provided any

first or last take-point that is physically on the Leased Premises, or lands pooled therewith, is located as near to the boundary line as practicable and permitted under Rule 37, Chapter 16 of the Texas Administrative Code, or local field rules issued by the Texas Railroad Commission and if operationally prudent, subject to an event outside of Lessee's control occurring on the well that would otherwise require Lessee to change the first or last take-point to a distance further away from the boundary line. For any unit formed pursuant to this paragraph, any lands and depths within such pooled unit that are not allocated to a Producing Unit, as defined in Paragraph 11, shall be permanently released from the pooled unit, upon any expiration of the Lease pursuant to Paragraph 11. Acceptance by Lessor of royalties on production of Leased Substances from a unit not in compliance herewith shall not act as a waiver or estoppel of Lessor's rights under this paragraph. A unit validly created hereunder shall be valid and effective for all purposes of this Lease even though there may be mineral, royalty or other interest in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, operations conducted upon the Leased Premises under this Lease. There shall be allocated to the Leased Premises within each such unit (or to each separate tract within the unit if this Lease covers separate tracts within the unit) that proportion of the total production of unitized oil or gas or both from the unit, after deducting any used in Lease or unit operations, which the number of surface acres in such land (or in each such separate tract) covered by this Lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, to be the entire production of unitized oil or gas from the land to which allocated in the same manner as though produced therefrom under the terms of this Lease. The formation of any unit hereunder which includes land not covered by this Lease shall not have the effect of exchanging or transferring any interest under this Lease (including, without limitation, any shut-in or compensatory royalty which may become payable under this Lease) between parties owning interests in the Leased Premises covered by this Lease and parties owning interests in land not covered by this Lease. Neither shall it impair the right or obligations of Lessee to release as provided in this agreement, except that Lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled Leases are released as to lands within the unit. At any time while this Lease is in force, Lessee may dissolve any unit established hereunder by filing for record in the public office where this Lease is recorded a declaration to that effect, if at that time no operations or production are being conducted thereon for unitized minerals. Subject to the provision of Paragraph 11, and this Paragraph 14, a unit once established hereunder shall remain in force so long as production in commercial paying quantities is maintained in the Unit and this Lease is otherwise in effect.

JURISDICTION

15 It is agreed that any suits at law or in equity shall be initiated in the court of proper jurisdiction of the State of Texas and venue of all such actions shall lie exclusively in the county where the Leased Premises or any part thereof be located, with appeals to the appropriate appellate court of the State of Texas; and this Lease shall be construed and interpreted at all times in accordance with the laws of the State of Texas. Subject to paragraph three, for any action which does not involve recovery of royalties owed to Lessor, and otherwise is regarding, in any way, this Lease, the prevailing party will be entitled to reasonable attorney's fees, expert witnesses,

consulting fees, and prejudgment interest as provided herein or determined by law, if there be no applicable interest provision herein.

LIABILITY FOR UNPLUGGED WELLS

16. It is expressly agreed and stipulated that the Lessee, or its successors or assigns, assumes all liability and responsibility for all unplugged wells located on the Leased Premises which were drilled, completed or produced by Lessee.

CONTINUOUS DEVELOPMENT

17. Rights granted under this Lease shall be extended beyond the Primary Term provided herein, if, and only if, (a) Lessee has obtained production in commercial paying quantities, prior to the expiration of said Primary Term, or (b) whether or not Lessee has obtained production in commercial paying quantities under the Lease, if Lessee is then engaged in actual drilling operations or completion operations on the Leased Premises, or lands pooled or unitized therewith, at the end of the Primary Term in which case Lessee, his successors and assigns may complete any such well as a producer or a dry hole, or (c) if Lessee has completed a well as a producer or as a dry hole within sixty (60) days prior to the expiration of the Primary Term.

If one of the above has occurred, then the continued validity of such rights as to undrilled or non-producing acreage shall be extended beyond the Primary Term if Lessee undertakes a continuous drilling program on the Leased Premises and shall be expressly conditioned upon the timely commencement of operations for drilling at least one additional well on the Leased Premises or lands pooled therewith, within 180 days commencing at the end of the Primary Term provided herein (in the event lessee is not engaged in actual drilling or Completion Operations (as hereinafter defined) on the Leased Premises at the expiration of the primary term) and allowing not more than 180 days to elapse between the Completion (as hereinafter defined) of one well and the Commencement of Operations (as hereinafter defined) of the succeeding well. In conducting such continuous development program, Lessee shall be entitled to accumulate and later use time, if any, saved between wells, beginning with the second well under the continuous development program. If Commencement of Operations for a well is begun sooner than 180 days after the Completion of the last preceding well, the portion of the prescribed 180-day period not used may be carried forward and added to the period between subsequent wells with said time balance not to exceed 270 days. However, if the prior well Completion is a vertical well of less than 4,000 feet, the continuous drilling time periods of this paragraph shall be 60 days instead of 180 days to the Commencement of Operations of the next well and no time balance may be accumulated. For purposes of this Lease, "Commencement of Operations" is defined as a rig capable of drilling to the permitted depth actually positioned on the location drill bit in the ground and turning to the right. For purposes of this Lease, "Completion" is defined as 45 days after release of the drilling rig from the well location. For purposes of this Lease, "Completion Operations" are defined as actual work in the hole of an oil and gas well, to make such well ready for production. Effective at the end of the first such 180-day period during which no Commencement of Operations for an additional well shall have been commenced and completed (either for production or as a dry hole) at a depth not shallower than a depth necessary to test potential commercial producing zones on the Leased Premises, all rights granted to Lessee

hereunder shall cease and terminate except as to each well then producing which had previously been drilled hereunder by Lessee, its successors or assigns and the Producing Unit allocated to each such well, in accordance with provisions contained in Paragraph Eleven (11) herein. After a partial termination of this Lease as herein provided, each Producing Unit retained under the provisions hereof shall be deemed to be covered by a separate Lease having the terms and provisions hereof (except as to the land description) to the end that this Lease shall be continued in force as to each Producing Unit only so long as there is production in commercial paying quantities or drilling or reworking operations are produced thereon as provided elsewhere herein. Nevertheless, Lessee shall have the right to exercise the easements above granted across the Leased Premises for the benefit of any said Producing Unit, and this right shall survive the partial termination of this Lease as to any area covered hereby in order that such easements may be used for the benefit of any Producing Unit, as to which this Lease remains in force.

THIRD PARTY PAYMENTS

18. In the event the mineral estate of Lessor is burdened by any production payments, out of production attributable to Lessor's mineral estate, which documentation is filed of record in the county where the Leased Premises are located, Lessee or the purchaser of production shall pay directly to the owner of such interests the proceeds attributable to such production payment, out of production attributable to Lessor's mineral interest.

ENVIRONMENTAL ISSUES, INDEMNIFICATION AND INSURANCE

19. Lessee, its heirs, successors, and assigns agree to indemnify, defend, reimburse and hold harmless:

- (a) Lessor; and
- (b) Any other person who acquires a portion of the property in any manner, including but not limited to, through purchase, at a foreclosure sale or otherwise through the exercise of the rights and remedies of Lessor under this lease; and
- (c) The directors, officers, shareholders, employees, partners, agents, contractors, subcontractors, experts, licensees, affiliates, lessees, mortgagees, trustees, and invitees of Lessor (collectively the "Indemnified Parties"), from and against any and all loss or damage to property, injuries, to or death of persons, contamination, environmental damages arising from Lessee's activities after the date of this Lease, including the presence of hazardous materials upon, about or beneath the Leased Premises or migrating to or from the Leased Premises, or arising in any manner whatsoever out of the violation of any federal or state environmental requirements pertaining to the Leased Premises and the activities thereon by Lessee, or the breach of any warranty or covenant or the inaccuracy of any representation of the Lessee contained in this Lease, including claims and damages arising in whole or in part from the negligence of Lessee.

This obligation shall include, but not be limited to, the burden and expense of defending all claims, suits and administrative proceedings (with counsel reasonably approved by

the Indemnified Parties and approved by Lessee), even if such claims, suits or proceedings are groundless, false or fraudulent, and in conducting all negotiations of any description, in paying and discharging, when and as the same become due, any and all judgments, penalties or other sums due against such Indemnified Parties. In case of any action or proceeding brought against Lessor by reason of any such claim caused by Lessee's activities hereunder, Lessee, upon notice from Lessor, agrees to defend the action or proceeding by counsel reasonably acceptable to Lessor and Lessee. Lessor, at its sole expense, may employ additional counsel of its choice to associate with the counsel representing Lessee.

The obligations of Lessee in this paragraph shall survive for four (4) years after the expiration or termination of this Lease.

The obligations of Lessee under this paragraph shall not be affected by any investigation by or on behalf of Lessor, or by any information which Lessor may have or obtain with respect thereto.

20. Lessee shall be responsible for complying with all local, state and federal laws and regulations regarding the storage, use and disposal of any hazardous toxic materials on the Leased Premises. In the event any toxic or hazardous material owned or used by the Lessee spills, leaks or overflows on or from the Leased Premises, or while being transported to or from the Leased Premises, it shall be the responsibility of the Lessee to promptly report the occurrence of such incident to the authorities or governmental agency specified by regulation or law and to promptly report the incident to Lessor. Lessee shall solely be responsible for all costs involved in the cleanup, removal and disposition of the contaminated material from the Leased Premises or any other property that the spill, leak or overflow contaminates, in accordance with the procedures prescribed by the applicable laws or regulations. The Lessee shall notify the Lessor of any order, request, notification or other written or oral communication from any agency relating to the potential violation of any environmental regulation or law relating to the Leased Premises. Lessee shall not use or store hazardous material on the Leased Premises in quantities exceeding that normally stored or used for operating and maintaining the wells on said Leases.

21. THE ABOVE INDEMNITY OBLIGATIONS OF THE LESSEE ARE NOT INTENDED TO APPLY UNDER CIRCUMSTANCES OF THE SOLE NEGLIGENCE OF THE LESSOR.

22. Lessee shall procure and maintain throughout the lease term, at its sole cost and expense, a policy of commercial general liability insurance for the oil and gas industry, insuring both Lessee and Lessor against all claims, demands, or actions arising out of or in connection with Lessee's operations hereunder. Lessee shall also ensure that its subcontractors or anyone directly or indirectly employed or working in conjunction with Lessee shall also maintain such insurance. The insurance shall include, but shall not be limited to, all bodily injury, property damage, personal injury liability, advertising injury, occurrence-based coverage, including for pollution claims or suits, contractual liability coverage, including all obligations and indemnities and other requirements placed on Lessee under this agreement. The limits for such insurance coverage shall be not less than \$1,000,000.00 for each occurrence, and \$2,000,000.00 in the aggregate. Lessee may elect to self-insure its insurance obligations under this Agreement so long as Lessee has a net

worth of at least \$100,000,000 (one-hundred million dollars) and maintains said net worth requirement. If Lessee desires to self-insure, Lessee shall deliver to Lessor at least thirty (30) days prior to self-insuring a notice that it intends to self-insure hereunder, together with financial statements evidencing that Lessee has met the net worth requirement set forth above. If at any time while this Lease is in effect, Lessee is self-insuring and its net worth falls below the minimum net worth requirement set forth above, then Lessee shall no longer be entitled to self-insure and Lessee shall procure all insurance otherwise required by this Lease.

NOTICES AND RELEASES

23. Unless specified otherwise herein, any information to be furnished hereunder, any notice required or permitted hereunder shall be made to the parties at the addresses given below, with notices required in writing to be sent by both email and first-class mail:

To Lessor: John Allan Guthrie, Jr.
53 Heartstone Drive
Santa Fe, New Mexico 87506
Email: guthrieja@gmail.com
Tel: 505-709-8207

Gilbert Lea Guthrie
2735 N. Wilderness Ct.
Wichita, Kansas 67226
Email: glgict@swbell.net
Tel: 316-648-4771

With a Copy To: G. Wade Caldwell
Caldwell East & Finlayson PLLC
700 N. St. Mary's Street, Suite 1825
San Antonio, Texas 78205
Email: gcaldwell@ceflegalsa.com
Tel: 210-228-3617

To Lessee: Corsicana Oil & Gas Company, LLC
10443 North May Avenue #839
Oklahoma City, Oklahoma 73120
ATTN: Sandy Ellis
Email: sandy@corsicanaoilandgas.com
T I: _____

24. Lessee, its heirs, successors and assigns agree that prior to the plugging and abandonment of any well on any portion or portions of the Leased Premises at any time to notify Lessor of such abandonment and within sixty (60) days of such abandonment to furnish Lessor, (a) copies of Texas Railroad Commission Form W-3, Plugging Report, and (b) a recorded release of this Lease insofar as it covers the spacing or proration unit on which such well is located if this Lease is no longer being maintained by any other provisions contained herein.

SEPARATE TRACTS/NO COMMUNITIZATION

25. If this Lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended or shall be implied, or result from, the inclusion of such separate tracts within this Lease. As used in this paragraph, the words "separate tract" mean any tract with royalty ownership differing now or hereafter, either as to the parties or amounts, from that as to any other part of the Leased Premises. Lessor has included multiple tracts under this Lease for the convenience of Lessor and Lessee, the express agreement and stipulation of the parties is that this Lease is not a "community lease" and that no communitization of royalty interest shall occur and that each separate tract shall be, for purposes of calculating and paying of royalty interest, considered a separate Lease.

RECORDING OF LEASE

26. Lessee shall be responsible for recording this instrument or a Memorandum of Oil and Gas Lease in the Public Records of the appropriate county. A copy of the recorded Lease or Memorandum of Lease shall be delivered to Lessor upon written request.

SURFACE USE PROVISIONS

(The following provisions shall only apply if Lessor is also the surface owner of the Leased Premises and if a partial owner of the surface, only as to the portion on which the Lessor owns the surface)

27. Upon abandonment of any well or other surface site, Lessee agrees to return the site to or near its original condition as is reasonably practicable and remove all debris, rubbish and equipment. Lessor may, at its option, and upon written notice to Lessee, elect to take over any electrical service installed by Lessee, and Lessee will execute a Bill of Sale to Lessor for such improvements, at no cost to Lessor.

28. As a part of the consideration for the execution of this Lease, the Lessee herein agrees for itself, its successors, assigns and legal representatives, that it will, at its sole cost and expense, and at no cost to Lessor, during the term of this Lease and as long thereafter as any operations or production is accomplished by Lessee or its successors, assigns or legal representatives, on any part of the Leased Premises owned by Lessor (of which the land covered by this Lease is a part) to (1) improve and maintain, as all-weather roads, any presently existing roads on such property used by Lessee, and (2) where necessary, construct and maintain good all-weather leading from the entrance to such properties to the location of any producing well. Upon request of Lessor, Lessee agrees to install heavy duty cattle guards on any roads utilized by Lessee where such roads intersect Lessor's fences or gate.

29. Lessee agrees to pay the surface owner of the Leased Premises the following for damage to the surface of the Leased Premises:

a. Well Location Damages:

- i. Twenty Thousand Dollars (\$20,000.00) for less than 4,000 feet permit depth (up to 90,000 sq. ft. damaged area);
 - ii. Thirty Thousand Dollars (\$30,000.00) for 4,000 feet to 7,999 feet measured depth (up to 140,000 sq. ft. damaged area);
 - iii. Forty Thousand Dollars (\$40,000.00) for 8,000 feet to 13,000 feet measured depth (up to 200,000 sq. ft. damaged area);
 - iv. Fifty Thousand Dollars (\$50,000.00) for greater than 13,000 feet measured depth (up to 250,000 sq. ft. damaged area); and
 - v. Nine Thousand Five Hundred Dollars (\$9,500.00) for additional wellbores from same well pad.
- b. Twelve Thousand Dollars (\$12,000.00) for each on-Lease central tank battery (up to 75,000 sq. ft.) and no less than \$0.12/sq. ft. on-lease central tank battery greater than 75,000 sq. ft.;
- c. Fifty Dollars (\$50.00) per rod for new roads constructed by Lessee on the Leased Premises;
- d. Eighty dollars (\$80.00) per rod for new pipelines, with a diameter of less than 6 inches, laid or buried on the Leased Premises. For new pipelines with a diameter of 6 inches or greater, the price is to be agree upon, using the University Lands – West Texas Operations Rate and Damage Schedule as a guide, before the new pipelines are laid or buried on the Leased Premises;
- e. Forty-five Dollars (\$45.00) per rod for utility lines with less than a 30,000 volt line capacity. For utility lines with more than a 30,000 volt capacity, the price is to be agreed to upon using the University Lands – West Texas Operations Rate and Damage Schedule as a guide, before utility lines are constructed or buried on the Leased Premises;
- f. Damage to, or loss of use of, crops, trees, turf, livestock, water wells, fences, roads, buildings or other improvements, or other personal property damaged as a result of operations of Lessee under this Lease shall be paid to Lessor or its tenants at the replacement cost of said loss or damage. Lessee shall pay the surface owner the surface damages listed in sub-paragraphs (a) – (e) above prior to the start of construction. Lessee shall pay the surface damages set forth in this sub-paragraph (e) within 60 days after written notice by Lessor of the accrual of such damages;
- g. Should Lessee, in the course of its operations, remove or destroy any oak, pecan, walnut, cedar elm or Madrone tree growing on the Leased Premises with a diameter of ten (10) inches or greater when measured twenty-four (24) inches above ground level, Lessee shall pay to Lessor as liquidated damages, in addition to any other damage payments provided herein, the sum of \$1,000.00 per tree and the sum of \$2,000.00 per tree for any trees with a diameter of twenty-four (24) inches or greater when measured twenty-four (24) inches above ground level; and

- h. It is understood that Lessee shall pay Lessor for the use of caliche or limestone at the rate of \$5.00 per yard, proportionately reduced to the interest Lessor owns in the surface of the Leased Premises.

30. For all pipelines, flowlines and underground utility lines constructed on the Leased Premises, Lessee shall: (i) bury the pipe at a minimum depth of three feet (3') and shall promptly fill any erosion, compaction, or removal of the pipe cover to maintain this depth; (ii) maintain all berms on slopes so as to prevent erosion of the surface; and (iii) level, re grade, and at Lessor's option seed and fertilize with vegetation seed of Lessor's choice, and of reasonable and appropriate choice for the climate and topography. Lessor must send written notice if it requests reseeding. The centerline of any pipeline, flowline and utility line must be surveyed and clearly marked, and the Lessor provided with a copy of the survey, prior to construction. The centerline may not be moved without the prior written consent of Lessor.

31. Upon abandonment of any pipeline or flowline, in whole or in part, Lessee must, within six (6) months, either remove or forfeit the pipe. If Lessee elects to remove the pipe, then Lessee shall restore the ground to as nearly as practicable to the original contour that existed immediately prior to the commencement of any work. If Lessee elects to forfeit the pipe, Lessee shall leave the pipe clean of any substances and turn over to Lessor, at which point Lessor shall thenceforth assume all risks and obligations attendant to ownership and use of such pipe.

32. Lessee shall conduct operations on the Leased Premises in a manner that minimizes interference with Lessor's use of the Leased Premises and subject to the following restrictions: (i) no well pad will be located less than 200 feet from any house or barn; and (ii) within a reasonable time after cessation of all drilling, completion or reworking operations to take place on a given pad site, Lessee shall reduce the size of the well pad to the minimum area necessary to support Lessee's operations.

33. In the event it is necessary for Lessee to cut any of Lessor's existing fences, it shall be properly supported on either side of the contemplated opening by suitable "H" braces to prevent the remainder of the fence from sagging. If necessary to prevent the escape of Lessor's livestock, Lessee shall construct gates, cattle guards and/or fences. Upon completion of construction, all fences cut or disturbed by construction shall be repaired or replaced using materials of like kind and quality, to substantially the same condition as existed prior to Lessee cutting or disturbing such fences.

34. No hunting, fishing or recreational activities shall be allowed on the Leased Premises, nor shall any firearms, alcoholic beverages or illicit drugs be brought onto the Leased Premises by Lessee or its assigns, employees, agents, contractors, or representatives.

35. Lessee agrees to consult with and reasonably accommodate the surface owner regarding the placement of all well sites, roads, pipelines, power lines, telephone lines and tank batteries and to locate all such items and other structures which it has a right to locate upon the Leased Premises under the provision of this Lease at such as to reduce the interference with the surface use of the Leased Premises, insofar as it is reasonably practical to do so, and in such a manner as to reduce the risk of soil erosion insofar as it is reasonably and economically practical.

36. In connection with Lessee's exploration, drilling and development operations, including the drilling, completion and fracing operations on any well drilled hereunder, Lessee

shall not utilize any water from Lessor's tanks, ponds or water wells without a prior written agreement with Lessor for such use. However, Lessee may utilize water produced from water wells drilled and operated by Lessee upon the Leased Premises, provided such use does not interfere with Lessor's water wells and supply of water. Lessee agrees to compensate Lessor for water for Lessee's water wells utilized in connection with its operations on the Leased Premises as follows:

- a. Ten thousand dollars (\$10,000.00) for each oil or gas well drilled by Lessee to compensate Lessor for all water used in connection with the drilling and completion of such well (including fracing operations); plus,
- b. Fifty cents (\$0.50) per barrel (42 gallon) for all other water utilized by Lessee in connection with its exploration and development operations, including fracing operations.

Lessee agrees after cessation of its use of any water well drilled by Lessee on the Leased Premises, and prior to plugging or removing the casing therefrom, to tender such water well or wells and related equipment to Lessor, and if Lessor shall elect to accept same, such water well shall be and become the property of Lessor and Lessor agrees to execute a bill of sale and transfer agreement and other documents required by any regulatory body; provided, however, that Lessee shall have the right to use such well or wells at any time during the continuance of this Lease in connection with any of Lessee's operations on the Leased Premises, and provided further, that Lessor will thenceforth assume all risks and obligations attendant to Lessor's ownership and use of said water well or wells. Upon written request, Lessee shall provide to Lessor copies of all logs and other information available on said water well or wells.

37. Lessee shall at all times conduct its operations on the Leased Premises with a reasonable and prudent degree of care and safeguards against soil erosion, damage to terraces, grades or other soil-conserving devices, soil and water pollution or contamination, injury to wildlife or livestock, damage to buildings, fences, roads or other improvements to the Leased Premises, and unreasonable interference with Lessor's use of the Leased Premises. Lessee at all times shall keep the Leased Premises free from trash and debris.

38. Lessee shall not bury or otherwise dispose of debris, trash, pit liners and other oil and gas waste, including produced water, drill cuttings and drilling mud on the Leased Premises. All such waste shall be removed from the Leased Premises and properly disposed of in compliance with all environmental laws. Lessee shall have no right to dig any water storage pits on the Leased Premises except with Lessor's written consent.

NON PARTICIPATION IN A WELL

39. 24. If a well is completed on the Leased Premises, or lands pooled therewith, after the Effective Date of this Lease, and Lessee, its affiliates, heirs, assigns, devisees, or agent is not the operator of such well, is not a non-operator under a Joint Operating Agreement or other type of Operating Agreement covering the well where another entity acting as operator will be tendering royalties for such well, or is not otherwise a "payor" under Texas Natural Resources Code Section 91.401(2) (a "Third Party Well"), then Lessee shall either (i) timely pay all royalty amounts due according to the terms and condition of this Lease, as if Lessee was the operator or

“payor” of the Third Party Well, or (ii) file with each County Clerk in the County where the Leased Premises is located, an instrument in writing which releases the Lease as to all Leased Premises covering the subject well, within thirty (30) days of the Commencement of Operations (as defined in Paragraph 17) for the Third Party Well.

NOTICE AND RIGHT TO CURE

40. Except for disputes over non-payment of royalty, no litigation shall be initiated by Lessor for damages, forfeiture or cancellation with respect to any breach or default by Lessee hereunder, for a period of at least sixty (60) days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to commence to remedy the breach or default within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

COUNTERPART EXECUTION

41. This agreement may be executed in any number of identical counterparts, each of which for all purposes is to be deemed an original, and all of which constitute, collectively, one agreement. Additionally, after each such counterpart is executed, the pages containing signatures and acknowledgements may be removed from each counterpart and attached to a single counterpart of this Agreement.

IN WITNESS WHEREOF, this Lease is executed on the date of the acknowledgements attached hereto, but shall be effective as of the effective date recited above.

[SIGNATURE PAGES FOLLOW]

Texas Royalty Brokers

LESSOR: John Allan Guthrie, Jr., individually

Texas Royalty Brokers

THE STATE OF NEW MEXICO §

§

COUNTY OF _____ §

This instrument was acknowledged before me this _____ day of _____, 2022 by
JOHN ALLAN GUTHRIE, JR.

NOTARY PUBLIC
STATE OF NEW MEXICO

Texas Royalty Brokers

Texas Royalty Brokers

LESSOR: Gilbert Lea Guthrie, individually

Texas Royalty Brokers

THE STATE OF KANSAS

§

COUNTY OF _____

§

§

This instrument was acknowledged before me this _____ day of _____, 2022
by GILBERT LEA GUTHRIE.

NOTARY PUBLIC
STATE OF KANSAS

Texas Royalty Brokers

Texas Royalty Brokers

LESSEE: Corsicana Oil & Gas Company, LLC

By: _____

THE STATE OF _____ §
COUNTY OF _____ §

This instrument was acknowledged before me this _____ day of _____, 20__ by
_____,
_____, a _____, on behalf of such
_____.

NOTARY PUBLIC
STATE OF _____

M:\Clients\2000\2201 OIL AND GAS CLIENTS\965 Guthrie-Sims - Blk T1N Secs 26 & 27 Howard Co - Negotiate Lease\OGL\Execution Copies\2022 09 01 Exec Cpy Guthrie OGL_Block 31
Township 1N Howard docx