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MEMORANDUM OF OIL AND GAS LEASE

STATE OF TEXAS §

COUNTY OF FISHER §

KNOW ALL MEN BY THESE PRESENTS:

This Memorandum of Oil and Gas Lease is executed to evidence that certain Paid Up Oil and Gas Lease made to be effective as of the **March 1st**, 2022, by and between **Mark Nowlin and wife, Lisa Gayle Nowlin** whose address is: 776 FM 2832, Rotan, TX 79546 (hereinafter "**Lessor**") and **Eagle Permian Partners, LLC**, whose address is P.O. Box 3095, Abilene, Texas 79604 (hereinafter "**Lessee**").

Lessor and Lessee have entered into the above referenced oil and gas lease for a primary term of three (3) years with an option to extend for two (2) additional years, covering the following described lands situated in Fisher County, Texas:

160 acres, more or less, being the Southeast Quarter (SE/4) of Section 44, Block 2, H&TC Railway Co. Survey, Fisher County, Texas.

This memorandum may be executed in multiple counterparts, each of which shall be deemed to constitute one instrument.

A fully executed copy of the above-referenced oil and gas lease is in possession of both Lessor and Lessee at their respective addresses above.

LESSOR:

Signature: _____

Mark Nowlin

Signature: _____

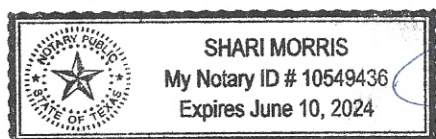
Lisa Gayle Nowlin

ACKNOWLEDGEMENTS

THE STATE OF TEXAS §

COUNTY OF Fisher §

The foregoing instrument was acknowledged before me this 14 day of March, 2022 by **Mark Nowlin and wife, Lisa Gayle Nowlin**.



Shari Morris
Notary Public, State of Texas

PAID UP OIL AND GAS LEASE

THIS LEASE AGREEMENT is made as of the 1st day of March, 2022, between Mark Nowlin and wife, Lisa Gayle Nowlin, as Lessor (whether one or more) whose address is: 776 FM 2832, Rotan, TX 79546, and Eagle Permian Partners, LLC, as Lessee, whose address is P.O. Box 3095, Abilene, Texas 79604.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

160 acres, more or less, being the Southeast Quarter (SE/4) of Section 44, Block 2, H&TC Railway Co. Survey, Fisher County, Texas.

in the county of Fisher, State of Texas, containing 160 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of **Three (3) years** from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be **Twenty two percent (22%)** of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be **Twenty two percent (22%)** of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered direct to Lessor at above address. All payments may be made by check and such payments to Lessor deposited in the U.S. Mails in a stamped envelope addressed to the Lessor at the last address known to Lessee shall constitute proper payment.

5. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a

horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate government authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel, and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means a well in which there is a horizontal component in the gross completion reservoir or interval after the vertical component. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production of which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent that any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized therewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds without Lessor's consent. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessors consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails 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.

13. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made and, in addition to its other rights, may reimburse

itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

14. Lessor hereby grants to Lessee the option to extend the primary term of this lease for two (2) years from the expiration of the original primary term hereof as to all of the leased premises then held hereunder which would expire unless so extended. This option may be exercised by Lessee, or its successors and assigns, prior to the expiration of the primary term hereof by sending a check to Lessor in the sum of \$460.00 per net mineral acre for each acre of this lease selected by Lessee for extension. Said two-year extension shall be subject to all other terms and provisions of this lease.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

LESSOR:

Signature:

Mark Nowlin
Mark Nowlin

Signature:

Lisa Gayle Nowlin
Lisa Gayle Nowlin

ACKNOWLEDGEMENTS

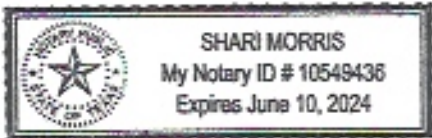
THE STATE OF TEXAS

§

COUNTY OF Fisher

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The foregoing instrument was acknowledged before me this 14 day of March, 2022 by Mark Nowlin and wife Lisa Gayle Nowlin.



Shari Morris
Notary Public, State of Texas

EXHIBIT "A"***Attached to and made a part of Oil and Gas Lease.***

Notwithstanding anything contained in the attached printed form lease to the contrary, it is understood and agreed that if any of the provisions set forth in the addendum conflict with the terms contained in such printed form, the additional provisions and conditions set forth in the addendum shall supersede and be controlling over any such conflicting provisions.

1. **CONTINUOUS DEVELOPMENT.** If, at the end of the primary term, (i) Lessee is producing oil, gas or other hydrocarbons from any well on the leased premises, operations for drilling the first Continuous Development Program well must be commenced within 180 days after the expiration of primary term, or (ii) Lessee is engaged in the Actual Drilling of an oil or gas well, or has reached total permitted depth to a formation reasonably believed to contain hydrocarbons in paying quantities on an oil or gas well within the previous one hundred eighty (180) days, this lease shall continue so long as drilling is continued with no cessation or interruption of more than one hundred eighty (180) consecutive days between the completion of one well and the commencement of Actual Drilling of the next succeeding well ("Continuous Development Program"). For the purposes of interpretation of this provision, a well shall be determined to be completed sixty (60) days after the drilling rig used to drill such well is moved off location. For all purposes of this lease the term "Actual Drilling" will be defined as having a rig on location that is capable of drilling to the permitted total depth, which must be within a formation reasonably believed to contain commercially recoverable deposits of oil and/or gas.

2. Notwithstanding any other provisions in the Lease, upon the expiration of the Continuous Development Program, or the expiration of the primary term if there is no Continuous Development Program, this lease shall automatically expire as to all lands covered by this lease, SAVE & EXCEPT that acreage inside a producing unit or pooled unit, each horizontal well on the Leased Premises producing oil or gas in paying quantities (if a gas well, a well capable of producing gas in paying quantities with all shut-in payments having been paid thereon), together with six hundred and forty (640) acres, plus a ten percent acreage tolerance, and will additionally terminate as to all depths 150 feet below the base of the stratigraphic equivalent of the deepest producing formation within such unit(s). If this lease partially terminates pursuant to this paragraph, or is canceled for any cause, Lessee shall retain or shall be granted any easements necessary to operations on the acreage retained.

3. **ASSIGNMENT.** Excluding any assignment from Lessee to an affiliate, the rights of Operator hereunder may be assigned in whole or in part only with the consent of Owner, which consent shall not be unreasonably withheld, and the provisions hereof shall proportionally extend to Operator's successors, and assigns. No change or division of either party's ownership of the rights or payments due hereunder, however accomplished, shall operate to enlarge the obligations or diminish the rights of the Agreement. No such change or division of ownership shall be binding upon the non-assigning party until they have been notified in writing and provided legal or other satisfactory documentation to verify a recordable chain of title. As such, the termination provisions of Section 12 shall be unenforceable and all payments provided hereunder shall cease and be placed in suspense until ownership and chain of title is verified to the reasonable satisfaction of all parties involved.

4. **TIMELY PAYMENT OF ROYALTY.** Within 90 days following the date of the first sale of oil and gas produced from the lease premises, Lessee, or the purchaser of production, shall pay Lessor for the royalties due under the Lease. Royalties shall be paid monthly thereafter. If Lessee or purchaser fails to make timely payments of royalty, Lessor may give written notice specifying the day of the month on which all royalties must be paid for all production sold or delivered off the lease premises through the end of the month preceding the specified date of payment. Lessee's failure to comply with this provision within sixty (60) days after receipt of Lessor's written notice, payor must pay interest to Lessor at two percentage points above the percentage rate charged on loans to depository institutions by the New York Federal Reserve Bank, adhering to the Texas Natural Resources Code 91.403. If nonpayment of royalties persists, payor shall be subject to Texas Natural Resources Code 91.404 and will have thirty (30) days from receipt of required written notice from Lessor in which to pay any outstanding royalties and interest, after which time Lessor will have cause for action of nonpayment of proceeds in any court of competent jurisdiction in the county in which the oil or gas well is located.

5. **LIMITATION ON SHUT-IN ROYALTY.** Notwithstanding any provision relative to a "shut in" gas well, it is understood and agreed that Lessee shall not be entitled to hold this lease under the shut-in gas clause provisions therein set out for any single continuous period lasting longer than two (2) years beyond the date of shut-in.

6. **DISTANCE REQUIREMENTS.** No surface operations shall be conducted within 500' of any residence or barn located on the leased Properties without prior approval from Lessor. Horizontal drilling operations underneath these areas shall be permitted.

7. **LIMITATION ON POOLING.** Notwithstanding anything to the contrary, pooling shall be permitted only with adjoining and contiguous lands so as to form a standard Railroad Commission Proration Unit, with each such governmental proration unit to contain the number of acres prescribed or permitted by the Railroad Commission of Texas or other regulating authority in order for obtaining the maximum producing allowable for the each well(s) drilled. Pooling for a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so.

8. **ANTI-COMMUNITIZATION.** At the expiration of the primary term hereof, as extended pursuant to the continuous development program described in Paragraph 1 and 2 above, except to the extent that any pooled unit has been expressly and properly formed with respect to lands covered by this lease, each of the various tracts of lands covered by this lease shall be deemed to be subject to a separate and distinct lease to the same extent as if Lessor had executed a separate lease for each tract of land. Thereafter, the payment of royalty, shut-in gas royalty, and delay rentals, drilling, or reworking operations, or the commercial production of oil and/or gas shall maintain this Lease only as to the tract of land to which the payments or operations pertain or apply, and shall in no way maintain this Lease as to any of the other tracts described in this lease form.

9. **SURFACE PROVISIONS:** With respect to actual operations conducted on the land it is agreed as follows:

- a) Lessee shall notify Lessors at least five (5) days prior to the commencement of any operations on the Land which involve substantial disruption of the surface, including without limitation, surveying activities, the staking of well locations, and the construction of drilling sites, pits, roads, tanks or other surface disturbances, advising Lessors of the proposed location of same.

- b) Lessee agrees to bury all pipelines, flowlines, electric transmission lines, injection/disposal lines, or other lines necessary to Lessee's operations on the Land below plow depth, utilizing roadways where reasonably possible. All ditches dug for such purposes shall be double cut with subsurface soil first returned into the ditch over said line and the topsoil then replaced above the base soil. In connection with the laying of such lines, any rocks brought to the surface shall be placed back in the ditch below said depth or removed from the Land. Under no circumstances shall said rocks be left on the surface or plowed back into the surface by Lessee.
- c) Lessee agrees to notify Lessor of all flowlines, pipelines, electric transmission lines, injection/disposal lines, and other lines necessary to Lessee's operations on the Land. Lessor shall have the right but not the obligation to approve of the location which approval shall not be unreasonably withheld.
- d) Lessee agrees to notify Lessor of all tanks batteries and disposal facilities necessary to lessee's operations on the Land. Lessor shall have the right but not the obligation to approve of the location which approval shall not be unreasonably withheld. It shall not be considered unreasonable for Lessor to require tank battery locations to be located on a boundary line of the Property.
- e) Lessee agrees to install and operate Lessee's equipment necessary to Lessee's operations on the lands in such a manner to minimize interference with or affecting Lessor's agricultural practices as reasonably possible.
- f) Lessee agrees to maintain all roads utilized by Lessee in good repair and condition at all times. Lessee agrees to notify Lessor of all roads that shall be constructed by Lessee. Lessor shall have the right but not the obligation to approve of the location of such roads which approval shall not be unreasonably withheld. Any new roads installed shall be constructed as all-weather roads by application of gravel or caliche.
- g) Lessee agrees to keep all roads, production sites or other surface disturbances created or used by lessee in conducting operations on the subject Land free of noxious weeds and grasses; however, if requested by Lessor, Lessee agrees to provide Lessee with the type of any chemical treatment and/or sterilization product being used to keep land free of noxious weeds and grasses. Lessee agrees to reasonably use those chemicals in common use for like applications in Fisher County, Texas.
- h) Lessee agrees to keep all areas of operations free of trash and other debris and inoperable equipment at all times. Lessor's property shall not be used for parking and the storing of vehicles and equipment.
- i) Upon cessation of use or abandonment of any drill sites, pit area, well Location, tank battery location, roadway or other surface disturbance. Lessee shall (i) remove all rock, gravel, caliche, or other materials foreign to the natural condition of the land; (ii) level and fill with topsoil all pits, ruts, or other surface disturbances in such a manner as to reasonably restore same to the natural contour of the land; (iii) clean the area to the end that all objects, materials and structures not reasonably necessary to the production of oil and/or gas are removed and eliminated. (iv) reestablish grass cover in the area of any surface disturbance on uncultivated land, and (v) otherwise restore the surface of the premises to its original condition as nearly as reasonably possible. All road surfacing material removed shall be stockpiled at a location designated by Surface Owner and shall be the Property of Surface Owner.
- j) During drilling operations all drilling mud, saltwater, radioactive material, poisonous waste, and other deleterious substances and other fluids shall be stored or placed in containers as in accordance with the Railroad Commission of Texas State Wide Rule 8.
- k) Upon completion of any drilling operation, the reserve pits shall be pumped dry and the Liquid contents shall be removed from the premises. All plastic liners and contaminated soil must then be hauled off and removed from the leased premises.
- l) Any saltwater produced from wells drilled upon the Land shall be disposed of off the premises, or shall be stored and reinjected subject to a subsequent Disposal Agreement between the parties hereto, if same may be negotiated.
- m) Lessee obligates itself to protect the potable water, in, under and on the Land from contamination from oil and gas operations, and upon the abandonment of any well, Lessee shall plug the same in compliance with the applicable laws, rules and regulations of any governmental authority having jurisdiction over such matters.
- n) Lessee shall not cut any fences or install any gates or cattle guards without first notifying Lessors. The cut must be made at the place designated by Lessor reasonably in an area that was requested by Lessee. Prior to cutting any fence, Lessee will brace the existing fence adequately on both sides of the proposed cut so to avoid slackening of the wires. Promptly after making my cut in a fence (whether an outside fence or an inside fence), Lessee shall install and maintain a substantial iron cattle guard, constructed on concrete or substantial wood sills, capable of turning cattle, which cattle guard shall become the property of lessor. Lessee shall promptly close all gates which Lessee, its agents, servants, and/or employees may use in Lessee's operations on the leased premises to prevent the escape of cattle or livestock of Lessors through any open gates. Lessee further agrees to comply with all reasonable rules and regulations imposed by Lessor with regard to opening, closing and locking all such gates. Any damages caused by Lessee's operations to existing fences, cattle guards, corrals or any other improvement on the leased premises will be repaired by Lessee.
- o) Lessee, if requested by Lessors, shall construct and maintain a substantial barbed or net wire fence around each site of Lessee's surface facilities (including but not limited to pumping units, tank batteries and pit) sufficient to keep all livestock out of such sites.
- p) In construction of roads, tank batteries, drilling locations, or other surface disturbances, Lessee shall prevent erosion insofar as possible at all cuts made in any canyon or hillside by use of terraces or similar erosion control.
- q) Each tank battery shall have a dike built around the location of 1.5 times the size to hold all oil which can be stored in the tank battery.
- r) Lessee shall not permit any of its employees, servants, contractors, subcontractors, agents or other third parties acting on behalf of Lessee, entering upon the Land under the authority of this agreement, to bring upon the premises any alcoholic beverages or

illegal drugs. Further, Lessee shall not permit its employees, servants, contractors, subcontractors, agents or other third parties acting on behalf of Lessee, entering upon the Land under the authority of this agreement, to hunt on any portion of the premises or to take or carry any firearms thereon for any purpose whatsoever. Lessors, or Lessors' representative, shall have the right to deny access to or expel from the Land anyone found carrying any such prohibited substances or any form of firearms.

- s) Lessee shall conduct its operations on the Land in a reasonably prudent manner and in compliance with the laws, rules and regulations pertaining to oil and gas operations within the State of Texas. Further, Lessee shall be responsible for all its employees, servants, contractors, subcontractors, agents or other third parties acting on behalf of Lessee who are involved or in any manner connected with Lessee's operations and/or activities on the Land.
- t) Any use of fresh water, from wells or impoundment, or disposal of salt/brine water, from or on the Property by Lessee shall be prohibited unless the subject of a subsequent written agreement between the parties hereto. In the event an agreement is reached for the drilling of a water well by Lessee, it is agreed that any water well(s) drilled by Lessee on the leased premises shall be completed and cased with a minimum of five inch (5") casing if such water well is drilled upon non irrigated lands and a minimum of eight inch (8") casing if such water well is drilled upon irrigated lands.
- u) Operator shall not store any Equipment or personal property on the Premises except for use in Operator's Operations on the Premises. Pipe, pumpjacks, and other equipment or apparatus not being actively used in production operations shall not be left or abandoned on the Premises.
- v) Operator agrees to exercise its rights to the use of the surface of the land in such a manner not to interfere with existing operations of the Owner on the said Premises.
- w) The use of caliche or gravel from the Property is prohibited without the consent of, and agreed compensation to Lessor.
- x) Owner acknowledges that the abandonment of certain pipelines, flow lines, gathering lines, and utility lines may at times be best accomplished without their permanent removal. In all cases, Operator will discuss the remediation plan with Owner and will proceed with the appropriate remediation as prescribed by the rules, laws, and regulations governing such remediation at the time of restoration and with reasonable accommodation of the surface estate, provided, however, that no above ground pipelines, flowlines, gathering lines, or utility lines may be abandoned in place by Lessor.

10. SURFACE DAMAGE AMOUNTS. The following are agreed to by the parties to be reasonable surface damages to be paid by Lessee:

Payments for Road and Electrical Right-of-Way Easements shall be calculated on the basis of **\$16.50 per rod**.

Payments for Pipeline Right-of-Way Easement shall be calculated on the basis of **\$16.50 per rod** for a maximum number of two pipelines laid in the described easement. Any additional pipelines will be calculated at **\$16.50 per rod per additional pipeline** needed.

Payment for new location for drilling of Oil and Gas well shall be calculated and paid **\$6,000.00 per acre** (20 Acre minimum) and shall pay **\$4,000.00** per each additional acre needed over and above 2 acres.

Payment for new location for drilling of Disposal well(s) shall be calculated at **\$4,000.00** per acre.

Re-entry of any existing well for conversion to a disposal well shall be paid and calculated at **\$4,000.00 per acre** of any new lands needed to enlarge the existing location.

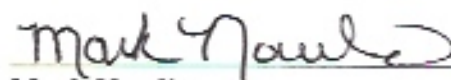
For damages for tank batteries not located on the drilling location, Lessee shall pay **\$4,000.00** per acre.

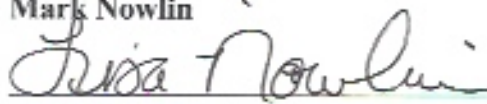
Lessee agrees to reimburse Lessor for damages to livestock on the Leased Premises which result in the death of livestock caused by Oil & Operations including saltwater and fluid leaks. Livestock damages shall be paid based on the fair market value of the livestock as determined by estimates from the Abilene Livestock Auction based upon descriptions of the livestock, including age, sex, and weight. Registered livestock damages shall be calculated at 1.75 times the market price described above.

Lessor agrees to pay Surface Owner fair market value, as determined by both parties, for all damages to pasture or cultivated lands occurring from any salt water leaks or contamination to the lands during the term of this agreement. In the event of a disagreement, damages shall be paid per the multiple crop insurance yield for the crop on the Leased Premises, if available.

11. MINERAL OWNERSHIP. Lessor and Lessee believe that the total gross acres contained in the lease total _____ acres; Lessor and Lessee believe that the net mineral acreage contained in the lease totals _____ net mineral acres. The lease bonus shall be paid upon the net mineral acreage as determined by Lessee; provided, however, that in the event that the net mineral acreage does not equal that amount as set out above, Lessee shall provide Lessor's counsel with copies of its runsheets and title reports for Lessor's review of the accuracy of the report and correction, if necessary.

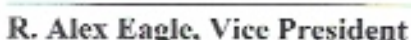
Lessor:


Mark Nowlin


Lisa Gayle Nowlin

Lessee:

EAGLE PERMIAN PARTNERS, LLC


R. Alex Eagle, Vice President