

COPY

Producers 88 (4-89) - Paid Up
 OGLETX23 - Paid Up (06-2023)
 Version 1.3

PAID-UP OIL AND GAS LEASE

THIS LEASE AGREEMENT is made this 19th day of December, 2024, but effective December 19, 2024, between Janet A. Dance, as Lessor (whether one or more), whose address is 14157 Alls Lane, Frisco, TX 75035 and Drake Exploration LLC, P.O. Box 2388, Longview, TX 75606, as Lessee. This Paid-Up Oil and Gas Lease shall be considered mutually drafted by Lessor and Lessee.

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":

SEE EXHIBIT A, ATTACHED HERETO AND MADE A PART HEREOF, FOR DESCRIPTION OF LEASED PREMISES

in the county of ANDERSON, State of Texas, containing 832.83 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 non-hydrocarbon substances produced in association therewith (including geophysical/seismic operations). 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, upon Lessee's request, any additional or supplemental instruments necessary for a more complete or accurate description of the land so covered. For 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 Four (4) years from the effective 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 the wellhead or Lessee's separator facilities on or in the vicinity of the leased premises, the royalty shall be 18.75% of the proceeds realized by Lessee from the sale thereof computed at the wellhead, such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's facilities computed at the wellhead, 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 including natural gas liquids processed from gas produced from the wellhead, the royalty shall be 18.75% of the proceeds realized by Lessee from the sale thereof computed at the wellhead, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in gathering, processing, transporting or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production based on the higher of market value of the gas computed at the well or the proceeds realized by Lessee from the sale of Lessee's gas computed at the well; 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 or such wells are waiting on hydraulic fracture stimulation, 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 may pay shut-in royalty of one dollar (\$1.00) 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 to Lessor or to Lessor's credit in PAY DIRECT TO LESSOR AT ABOVE ADDRESS, or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check, draft, wire, or direct deposit. Payments or tenders to Lessor or to the depository by electronic deposit or deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. Provided, if the depository should liquidate, be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. Except as provided for in Paragraph 3 above, 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 120 days after completion of operations on such dry hole or within 120 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 or if Lessee has commenced drilling operations on any well within 90 days before the end of the primary term, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 120 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. 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 governmental 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 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. 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 on 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 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. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. In addition to the right and authority to pool as provided hereinabove, Lessee is granted the sole right and authority, exercisable from time to time, to commingle and allocate production from any well located, in part, on the leased premises or lands pooled therewith with other production from the same wellbore located on adjacent tracts or units when, in Lessee's judgment, it is reasonably necessary, efficient or convenient to do so in order to reasonably develop and/or operate the leased premises in an efficient, economical and/or convenient manner. Such allocation of production in the case of a horizontal well traversing partially under the leased premises or lands pooled therewith ("Allocation Well") shall be based on the Lessor's ownership in the leased premises or pooled unit that contains all or a portion of the leased premises and the amount of productive lateral feet (defined as the length of the horizontal well from the first take point to the last take point less any non-perforated zones required under any applicable regulatory rules) that traverses the leased premises or lands pooled therewith compared to the total amount of productive lateral feet of the Allocation Well. To the extent Lessor owns the surface estate, Lessor grants a subsurface easement to allow production from the Allocation Well to cross the leased premises or lands pooled therewith.

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. In the event of a partial release of acreage covered by this lease in accordance with the provision of this paragraph, Lessee may retain such easements over, through, and under the released tracts as are necessary for its operations on other lands 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 herewith, 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. 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 Lessor's 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, epidemic, pandemic, 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. If at any time this lease is maintained in effect, Lessor receives any bona fide offer, acceptable to Lessor, to grant an additional lease which will take effect upon expiration of this lease ("Top Lease") covering all or part of the leased premises, Lessee shall have the continuing option by meeting any such offer to acquire a Top Lease on equivalent terms and conditions. Any offer must be in writing and must set forth the proposed Lessee's name, bonus consideration and royalty consideration to be paid for such Top Lease and include a copy of the lease form to be utilized reflecting all pertinent and relevant terms and conditions of the Top Lease. Lessee shall have fifteen (15) business days after receipt from Lessor of a complete copy of any such offer to advise Lessor in writing of its election to enter into an oil and gas lease with Lessor on equivalent terms and conditions. If Lessee fails to notify Lessor within the aforesaid fifteen (15) business day period of its election to meet any such bona fide offer, Lessor shall have the right to accept said offer. Any Top Lease granted by Lessor in violation of this provision shall be null and void.

13. If at any time this lease is maintained in effect, Lessor receives a bona fide offer, acceptable to Lessor, to purchase all or part of the mineral and/or royalty interest from the leased premises covered by this lease, Lessor hereby agrees to immediately provide Lessee a written notice outlining the specifics of such offer, including the price, terms, and the name of the offeror (the "Preferential Purchase Rights Notice" or "PPRN"). Lessee shall have fifteen (15) business days from the date of receipt of the PPRN to notify Lessor in writing of its election to exercise its exclusive preferred right and option to purchase the mineral and/or royalty interests covered by the offer as per the terms in the PPRN. If Lessee fails to notify Lessor within the aforesaid fifteen (15) business day period of its election to meet any such bona fide offer, Lessee shall be deemed to have declined the right to acquire the subject interests. If Lessee elects to exercise this preferential right-of-first refusal, the consummation of such transaction shall be concluded within sixty (60) business days after Lessor is in receipt of notice from Lessee of its exercise of such election absent a bona fide dispute as to title. Any transaction by Lessor in violation of this provision shall be null and void.

14. 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 canceled 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.

15. 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. In the event the leased premises are encumbered by a mortgage, then prior to the payment of any royalties due hereunder, Lessor agrees to obtain a subordination of mortgage, at Lessor's expense, in a form acceptable to Lessee.

16. Lessee may wish to drill one or more wells that will travel through the subsurface of the leased premises covered by the Lease and that will be bottomed under and producing from lands not owned by Lessor or surface owner ("Other Lands"). Lessor, including as surface owner if applicable, grants Lessee and its agents and contractors, a subsurface easement and right-of-way, under, through, and across the subsurface of the leased premises covered by this Lease, including the right to use subsurface pore space, for the purpose of conducting directional and/or horizontal drilling, reworking, deepening, plugging back, sidetracking, operating, producing, transporting, and marketing hydrocarbons from Other Lands. Such subsurface wellbore easement shall run with the land and survive any expiration, termination, or release of this Lease.

17. Lessee is hereby given the option of extending the primary term of this lease for an additional term of **Two (2) years** years from the expiration of the original primary term. This option may be exercised in relation to all or part of the land covered by this lease by Lessee, its successors or assigns, on or before the expiration of the primary term, by paying an amount equal to \$100.00 per net mineral acre paid to Lessor, its successors or assigns.

18. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and this lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final, and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

This lease may include and is subject to additional terms and conditions as set forth in EXHIBIT A, if attached hereto.

IN WITNESS WHEREOF, this lease is executed to be effective as of the effective date set out 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 (WHETHER ONE OR MORE)

Janet A. Dance

ACKNOWLEDGEMENT

STATE OF _____)

COUNTY OF _____)

This instrument was acknowledged before me on the _____ day of _____, 20____, by Janet A. Dance.

Notary Public

Notary Public, State of _____

Notary's name (printed): _____

Notary's commission expires: _____

EXHIBIT A

This Exhibit 'A' is attached to and made a part of that certain Oil and Gas Lease dated December 19, 2024, by and between Janet A. Dance, as Lessor, and Drake Exploration LLC as Lessee. If any additional provisions, that may be included below, conflict with or are inconsistent with the printed provisions or terms of this lease, the following shall control.

LEASED PREMISES DESCRIPTION

ABSTRACT No.: 509

SURVEY NAME: MARTIN MURCHISON

832.83 acres of land, more or less, a part of the Martin Murchison Survey, A-509, Anderson County, Texas and being described as being the same land described in that certain Warranty Deed dated January 9, 1945 from M.A. Davey to Red Town Farms Company and recorded in Volume 345, Page 583 of the Deed Records of Anderson County, Texas.

SIGNED FOR IDENTIFICATION ONLY:

Janet A. Dance

Texas Royalty Brokers

Texas Royalty Brokers

Texas Royalty Brokers

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

MEMORANDUM OF PAID-UP OIL AND GAS LEASE

THIS "Memorandum" of Paid-Up Oil and Gas Lease is dated as of the **19th** day of **December, 2024**, by and between: **Janet A. Dance**, as Lessor (whether one or more), whose address is 14157 Alis Lane, Frisco, TX 75035, and **Drake Exploration LLC**, as Lessee, whose address is P.O. Box 2388, Longview, TX 75606.

Lessor executed and delivered to Lessee a Paid-Up Oil and Gas Lease (the "Lease"), effective **December 19, 2024** (the "Effective Date"), in which Lessor granted, leased and let to Lessee the following described lands (the "Leased Premises") located in **ANDERSON** County, Texas:

See Exhibit A attached hereto and made a part hereof

The Lease grants Lessee the exclusive right to explore for, drill for, produce and market oil, gas and other hydrocarbon and non-hydrocarbon substances from the Leased Premises during the term of the Lease, the right to construct and maintain for its use and operations such facilities as are provided for in the Lease.

The Lease is for a primary term of **four (4) years** from the Effective Date, with an additional two (2) year option to extend said primary term and is effective 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 from lands or units to which the Leased Premises or lands pooled therewith are allocated production or the Lease is otherwise held all in accordance with the terms of said Lease. The Lease further grants to Lessee a preferential right of first refusal for any offers to top lease or purchase the underlying oil, gas and mineral interests. All terms, covenants and other provisions of the Lease are hereby incorporated into this Memorandum for all purposes. This Memorandum is placed of record for the purpose of giving notice of the Lease.

This Memorandum may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

LESSOR (WHETHER ONE OR MORE):

Janet A. Dance

ACKNOWLEDGMENT

STATE OF _____)

COUNTY OF _____)

This instrument was acknowledged before me on the _____ day of _____, 20_____, by Janet A. Dance.

Notary Public

[SEAL]

Notary Public, State of _____

Notary's name (printed): _____

Notary's commission expires: _____

EXHIBIT A

This Exhibit A is attached to and made a part of that certain Memorandum of Paid-Up Oil and Gas Lease dated **December 19, 2024**, by and between **Janet A. Dance**, as Lessor, and **Drake Exploration LLC**, as Lessee.

LEASED PREMISES DESCRIPTION**ABSTRACT No.: 509****SURVEY NAME: MARTIN MURCHISON**

832.83 acres of land, more or less, a part of the Martin Murchison Survey, A-509, Anderson County, Texas and being described as being the same land described in that certain Warranty Deed dated January 9, 1945 from M.A. Davey to Red Town Farms Company and recorded in Volume 345, Page 583 of the Deed Records of Anderson County, Texas.

Texas Royalty Brokers

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