

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.

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 28th day of June, 2014, between Susan C. Zahratka, as LESSOR, whose mailing address is 3407 E. Erie Avenue, Lorain, Ohio 44052-2516 and Silver Creek Oil & Gas, LLC, as LESSEE, whose mailing address is 5525 N. MacArthur Blvd., Suite 775, Irving, Texas 75038.

WITNESSETH:

1. Lessor, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration in hand paid and hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let exclusively unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil and gas, together with the right to make surveys on Leased Premises, conducting exploration, geologic and geophysical surveys of seismic, core test, gravity and magnetic methods, injecting gas, water and other fluids, and air into subsurface strata, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, and other structures on Leased Premises, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting oil and gas produced from the land covered hereby. The interest covered hereby, herein called "Leased Premises", is located in UPTON COUNTY, TEXAS and is described as follows Notwithstanding any contrary provision hereof, lessee shall have only those surface rights as lessor has as a result of the 25% undivided mineral interest.

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR THE DESCRIPTION OF LANDS HEREIN LEASED AND FOR ADDITIONAL TERMS AND PROVISIONS and being only a 25% mineral interest in the lands described on Exhibit A.

All references to "land" or "Leased Premises" shall refer only to lessor's undivided 25% interest in the mineral rights of the tracts described on Exhibit A.

2. This is a paid up lease requiring no rentals or payments (except the royalties and certain other payments as provided herein) and is subject to the other provisions contained herein. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of **Three (3) years** from the date hereof, hereinafter called "Primary Term", and as long thereafter as oil or gas being produced in paying quantities from Leased Premises or land pooled therewith. All prepaid rent and bonus shall be non-refundable in all circumstances.

For the purpose of determining the amount of any bonus or other payment hereunder, Leased Premises shall be deemed to contain **640.00 acres in fee (in which lessor holds only a 25% mineral interest) with Lessor therefore holding 160 net mineral acres**, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof.

3. As royalty, lessee covenants and agrees: (a) to deliver to the credit of lessor, in the pipelines to which lessee may connect its wells, the equal of the value (as defined below) of **one-fifth (1/5th)** part of all oil produced and saved by lessee from Leased Premises and to pay lessor within 120 days following the first delivery to a purchaser of oil or gas produced from the leased premises and each month thereafter within 60 days after receipt of the market price, being defined as the market value at the well for such oil and other liquid hydrocarbons of like grade and gravity prevailing in the area on the day such oil and other hydrocarbons are run from the lease stock tanks in the field of such **one-fifth (1/5th)** part of such oil at the point of sale on the day of sale, lessor's interest to bear **one-fifth (1/5th)** of the cost of treating oil to render it marketable pipe line oil; (b) to pay lessor for gas (as defined below) produced from Leased Premises (1) each month within 60 days after receipt **one-fifth (1/5th)** of the gross amount received by lessee, computed at the point of sale, or (2) when used by lessee off Leased Premises or in the manufacture of gasoline or other products, **one-fifth (1/5th)** of the gross amount received from the sale of gasoline or other products extracted therefrom and **one-fifth (1/5th)** of the gross amount received from the sale of residue gas after deducting the amount used for plant fuel and/or compression. Notwithstanding any contrary provision hereof, if a cost is permitted to be deducted from a royalty, the cost may not be more than the fair market value thereof. In the event any costs are paid to any party affiliated or under common control with or related to lessee or to any party with an interest in lessee, lessee shall have the burden to prove that the costs are fair market value. Any payments not paid when due shall bear interest from the due date at the prime rate plus one percentage point on the due date as published in the Wall Street Journal or similar publication if it is no longer published. "Gas" shall mean methane and all heavier hydrocarbons that are gaseous at 72 degrees Fahrenheit.

If, at the expiration of the primary term or at any time or times thereafter, there is any well on Leased Premises or on lands with which Leased Premises or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on Leased Premises for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of one hundred twenty (120) consecutive days, and during such time there are no operations on Leased Premises, then at or before the expiration of said one hundred twenty day period, lessee shall pay or tender, by negotiable check of lessee, as royalty, a sum equal to TEN DOLLAR (\$10.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said one hundred twenty day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be paid directly to Lessor's address as shown above. If at any time that lessee pays or tenders shut-in royalty, and two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder shall be made by negotiable check of lessee delivered to the party entitled to receive payment on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. Lessee's failure to pay or tender or to properly or timely pay or tender such sum as royalty shall render Lessee liable for the amount due but it shall not operate to terminate this lease unless, should lessee be past due for more than 90 days on any payments hereinafter described, and lessor should provide written notice to lessee, lessee shall then have 45 days to pay all past due royalties or this lease shall be terminated. Notwithstanding any contrary provision hereof, lessor shall never be under any obligation to or be required to make any payment to lessee or any other party or make any contribution to any costs of lessee or any other party.

4. Lessee, at its option, is hereby given the right and authority to pool or combine the acreage covered by this lease or any portion thereof as to oil and gas, or either of them, with any other land covered by this lease, and/or with any other land, lease or leases in the immediate vicinity thereof to the extent hereinafter stipulated, when in lessee's judgment it is necessary or advisable to do so in order to properly explore, or to develop and operate said leased premises in compliance with the spacing rules of the Railroad Commission of Texas or other lawful authority, or when to do so would, in the judgment of lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for vertical wellbore development of oil hereunder shall not substantially exceed 160 acres each in area, and units pooled for horizontal wellbore development of oil hereunder shall not substantially exceed 640 acres each in area plus a tolerance of ten percent (10%) thereof, and units pooled for vertical wellbore development of gas shall not substantially exceed 160 acres in area, and units pooled for horizontal wellbore development of gas hereunder shall not substantially exceed 640 acres each in area plus a tolerance of ten percent (10%) thereof, provided that should a governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well to be drilled, drilling or already drilled, units thereafter created may conform substantially in size with those prescribed or permitted by governmental regulations.

For the purpose of the foregoing, the term "horizontal wellbore development" means a well in which the horizontal component of the gross completion interval in the reservoir is at least one hundred (100) feet. Lessee under the provisions hereof may pool or combine acreage covered by this lease or any portion thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units.

The pooling in one or more instances shall not exhaust the rights of the lessee hereunder to pool this lease or portions thereof into other units. 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, completion, 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, completion 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. Royalties hereunder shall be computed on the portion of such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land. The production from an oil well will be considered as production from the lease or oil pooled unit from which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit. The formation of any unit hereunder shall not have the effect of changing the ownership of any shut-in production royalty which may become payable under this lease. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended nor shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool as provided above with consequent allocation of production as above provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises. 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, so long as the total acreage therein does not exceed the maximum herein specified. Also each such drilling or production unit, when limited to any one or more formations and to any one or more of the minerals therein or produced therefrom, may from time to time be enlarged and extended by lessee to include additionally any other formation or formations. In making such a revision, lessee shall file or 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. Lessee may place and use on each unit created hereunder common measuring and reworking tanks for production from such unit. In the absence of production 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 interest. Notwithstanding any contrary provision of this lease, if less than the entire Leased Premises is pooled and the term of this lease, but for the pooling, would not be extended, this lease will be extended or remain in force only as to the portion of the Leased Premises included in the pooling unit.

After the Primary Term, lessee shall have the option to either designate a production unit for each well, which shall not exceed 320 acres or, if a well is drilled on a pooled unit, lessee shall designate a Pooled Unit not to surpass the acreage allowed under Provision 4. Lessee shall promptly notify lessor of the creation and location of each production unit. Any portion of the Leased Premises, which is not included in a production unit or pooled unit, or extended in any other manner described in this lease, after the Primary Term or any extension thereof pursuant to the terms of this Lease, shall be automatically released from this lease and this lease shall be deemed to be terminated as to those portions.

5. If, at the expiration of the primary term, oil or gas is not being produced from Leased Premises or land pooled therewith but Lessee is then engaged in operations for drilling, mining or reworking of any well thereon or shall have completed a dry hole thereon within one hundred eighty (180) days prior to the end of the primary term, this lease shall remain in force so long as operations on said well, or for the drilling or reworking of an additional well, are commenced and prosecuted (whether on the same or successive wells) with no cessation of more than one hundred eighty (180) consecutive days, and, if they result in production, so long thereafter as oil or gas is produced from Leased Premises or land pooled therewith. If, after the expiration of the primary term of this lease and after oil or gas is produced in paying quantities from Leased Premises or land pooled therewith, production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within one hundred eighty (180) days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than one hundred eighty (180) consecutive days, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced in paying quantities from Leased Premises or land pooled therewith. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within two hundred (200) feet of and draining Leased Premises, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest. The judgment of the Lessee, when not fraudulently or negligently exercised, in carrying out the purpose of this lease shall be conclusive.

6. Whenever used in this lease, the word "operations" shall mean operations for and any of the following: substantial and material drilling, completing, reworking, recompleting, deepening, plugging back or repairing of a well bore itself and surface equipment repair or replacement required to produce the wellbore, but not other surface activities, in search for or in an endeavor to obtain production of oil or gas, production of oil or gas, in paying quantities.

7. Lessee shall have free use of oil, gas and water from Leased Premises, except water from Lessor's wells and tanks, for all operations hereunder including repressuring, pressure maintenance, cycling and secondary recovery operations, and the royalty shall be computed after deducting any so used. Any structures and facilities placed on Leased Premises by Lessee for operations hereunder and any well or wells on Leased Premises drilled or used for the injection of salt water or other fluids may also be used for Lessee's operations on other lands in the same area. Lessee shall have the right at any time during or within 90 days after the expiration of this lease to remove all property and fixtures placed by Lessee on Leased Premises, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on Leased Premises without Lessor's consent. For the same consideration stated herein, Lessor further grants, sells and conveys to Lessee a subsurface right-of-way and easement in, through and under the Leased Premises for the purpose of drilling oil and/or gas wells to, and producing through said wells oil or gas from, lands other than the leased premises provided that the same are in a pooling unit with the Leased Premises, together with the right of ingress and egress to said wells. Lessee shall pay for damages caused by its operations to growing crops and timber on Leased

Premises.

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 land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U.S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part, liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

9. The breach by Lessee of any obligation arising hereunder shall work a forfeiture and termination of this lease and cause a termination and reversion of the estate created hereby and be grounds for cancellation hereof in whole or in part. No obligation reasonably to develop the leased premises shall arise during the primary term. If after the expiration of the primary term, Lessor considers that operations are not at any time being conducted in compliance with this lease or that Lessee is in default or breach of this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have ninety days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument.

10. Lessor makes no representations or warranties (whether express or implied) with respect to any matters. Not in limitation of the foregoing, Lessor makes no representations or warranties as to the title held by Lessor, rights granted to Lessee under this lease, the physical condition of the Leased Premises, and the suitability of the Leased Premises for any purpose. Lessee shall take the Leased Premises in their "as is" condition. Lessee at its option may discharge any tax, mortgage or other lien upon Leased Premises, either in whole or in part, and in the event Lessee does so, it shall be subrogated to such lien with right to enforce same and apply royalties accruing hereunder toward satisfying same.

11. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing any oil or gas therefrom by (1) reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force majeure, and Federal or state law or any order, rule or regulation of governmental authority, or (2) any other cause, whether similar or dissimilar, beyond the reasonable control of the Lessee (except financial), 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 the primary term hereof shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the lease premises; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding. Notwithstanding the foregoing to the contrary, This Section 11 shall not extend the primary term or any other period for more than 120 days and before any delay under this section is effective, Lessee shall notify Lessor in writing of the nature of the circumstances in detail causing any delay.

12. Notwithstanding the termination of this lease as to a portion of the lands covered hereby, Lessee shall nevertheless continue to have the right of ingress and egress from the lands still subject to this Lease (the "Retained Lands"), for all purposes described and allowed hereunder, together with easements, right-of-ways, roads, pipelines and other facilities on, over and across all the lands originally covered by this Lease, for access to and from the Retained Lands, and for the gathering or transportation of oil or gas produced from Retained Lands.

13. Lessee is hereby given the option to extend the Primary Term of this Lease for an additional **Two (2) years** from the expiration of the Primary Term. This option may be exercised by Lessee at any time prior to the expiration of the Primary Term by paying to lessor or lessor's heirs, legal representatives, successors or assigns, a bonus consideration for 160 acres equivalent to that which was paid for this lease, owned by lessor or lessor's heirs, legal representatives, successors or assigns in the Leased Premises. This payment shall be made by negotiable check of lessee delivered to lessor at any time during the original primary term hereof. If, at the time this payment is made, various parties are entitled to specific amounts according to Lessee's records, this payment may be divided between said parties and paid in the same proportion. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a Primary Term of Five (5) years.

14. Lessee shall indemnify, defend and hold lessor harmless from any and all actions, causes of action, obligations, demands, claims, liabilities, costs and expenses (including, but not limited to, court costs and reasonable attorneys' fees) arising, directly or indirectly, due to any breach of this lease or the acts or omissions of lessee or any party authorized by lessee in, on or about the Leased Premises INCLUDING, BUT NOT LIMITED TO, ANY OF THE FOREGOING RELATING TO ACTUAL OR ALLEGED ACTS OR OMISSIONS OF LESSOR. Lessor may choose the attorneys to represent her. This indemnity shall survive the termination of this lease.

15. Lessee shall promptly deliver to lessor copies of all documents filed with any regulatory authority, agency or officials and all documents evidencing any assignment of all or any portion of lessee's interest in this lease and any documents relating the pooling. On request of lessor, lessee shall promptly deliver to lessor copies of well logs, well tests, records of sales and prices and royalty calculations and records of all costs that reduce royalties. Additionally lessee shall make available to lessor a viewing of the results of all seismic testing in the office of Lessee, provided that lessor shall keep the same confidential until this lease terminates in its entirety.

IN WITNESS WHEREOF, this instrument is executed on the date first above writte.

Susan C. Zahratka

Susan C. Zahratka

ACKNOWLEDGEMENT

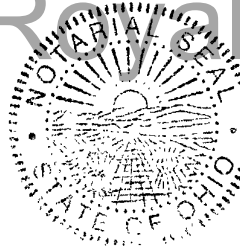
STATE OF OHIO
COUNTY OF
LORAIN

This instrument was acknowledged before me this 28th day of June, 2014 by Susan C. Zahratka.

(SEAL)

Robert P. Ellis, Jr.
Notary Public

My Commission Expires:



ROBERT P. ELLIS, JR.
Attorney At Law
NOTARY PUBLIC
STATE OF OHIO
My Commission Has
No Expiration Date
Section 147.03 O.R.C.

Texas Royalty Brokers

Texas Royalty Brokers

EXHIBIT " A "

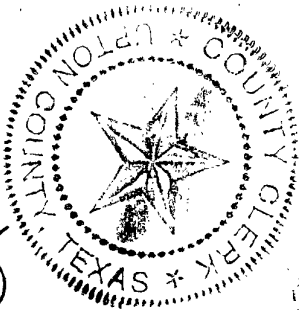
Attached to and made a part of that certain Oil, Gas and Mineral Lease dated June 28, 2014 between Susan C. Zahratka, as Lessor, and Silver Creek Oil & Gas, LLC, as Lessee.

LEASED PREMISES: Being a 25% mineral interest in the following tracts:

Tract 1: 320.0 acres, more or less, being the West Half (W2) of Section 3, Block X, J.H. Gibson Survey, Cert. 209, Upton County, Texas

Tract 2: 160.0 acres, more or less, being the Northeast Quarter (NE4) of Section 3, Block X, J.H. Gibson Survey, Cert. 209, Upton County, Texas

Tract 3: 160.0 acres, more or less, being the Southeast Quarter (SE4) of Section 3, Block X, J.H. Gibson Survey, Cert. 209, Upton County, Texas



Honorable Lohanda McMurrary,
County Clerk
Upton County

STATE OF TEXAS COUNTY OF UPTON
I hereby certify that this
instrument was filed on
the date and time stamped
hereon by me and was duly
recorded in the volume
and page of the Official Public
Records of Upton County
as stamped hereon by me.
Jul 09, 2014

Filed for Record in:
Upton County
On: Jul 09, 2014 at 04:37P
As a
RECORD
Document Number: 00160704
Amount 42.00
Receipt Number - 67961
By:
Aeriana Salinas