

**NOTICE OF CONFIDENTIALITY RIGHTS: A NATURAL PERSON MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION BEFORE IT IS FILED IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

XTO REV PROD 88 (7-69) PAID UP (04/17/07)

**OIL, GAS AND MINERAL LEASE**

THIS AGREEMENT made this 7<sup>th</sup> day of February, 2012, between Erwin U. Reagan and wife, Jewell Yvonne Reagan, Lessor (whether one or more), whose address is: 617 North Commerce, Marquez, TX 77865, and XTO Energy Inc., Lessee, whose address is: 810 Houston St., Fort Worth, Texas 76102, WITNESSETH:

1. Lessor, in consideration of ten dollars and other valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease and let 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, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, 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, employee houses and other structures on said land, necessary or useful in Lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land," is located in the County of Robertson, State of Texas, and is described as follows:

**SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR LEGAL DESCRIPTION OF SAID LAND.**

**SEE EXHIBIT "B" ATTACHED HERETO AND MADE A PART HEREOF FOR ADDITIONAL PROVISIONS OF LEASE.**

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessor by limitation, prescription, possession, reversion, after-acquired title or unrecorded instrument or (b) as to which Lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 39.621 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. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. 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 operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. As royalty, Lessee covenants and agrees: (a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its wells, the equal 1/8 part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such 1/8 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest, in either case, to bear 1/8 of the cost of treating oil to render it marketable pipe line oil; (b) To pay Lessor on gas and casinghead gas produced from said land (1) when sold by Lessee, 1/8 of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of 1/8 of such gas and casinghead gas; (c) To pay Lessor on all other minerals mined and marketed or utilized by Lessee from said land, one-tenth either in kind or value at the well or mine at Lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar (\$1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land 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 said land 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 ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, a sum equal to one dollar (\$1.00) 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 ninety 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 deposited in such bank as directed by Lessor, or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that Lessee pays or tenders shut-in royalty, 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 such 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 may be made by check or draft of Lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair Lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance; provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas, other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement, are permitted or required under any governmental rule or order, 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, any such unit may be established or enlarged to conform to the size permitted or required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Such unit shall become effective as of the date provided for in said instrument or instruments but if said instrument or instruments make no such provision, then such unit shall become effective on the date such instrument or instruments are so filed of record. Each of said options may be exercised by Lessee at any time and from time to time while this lease is in force, and whether before or after operations or production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. 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. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each such separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interests in land not covered by this lease. Neither shall it impair the right of Lessee to release as provided in paragraph 5 hereof, except that Lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force Lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time there is no unitized minerals being produced from such unit. Any unit formed may be amended, re-formed, reduced or enlarged by Lessee at its election at any time and from time to time after the original forming thereof by filing an appropriate instrument of record in the public office in which the pooled acreage is located. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or 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 or unitize as provided in this paragraph 4 with consequent allocation of production as herein 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.



Attached to and made a part of that certain Oil, Gas and Mineral Lease dated February 7, 2012, by and between Erwin U. Reagan and wife, Jewell Yvonne Reagan, as Lessor, and XTO Energy Inc., as Lessee, covering 39.621 acres of land, more or less, out of the Maria de la Concepcion Marquez Eleven Leagues Grant, A-25, Robertson County, Texas.

**EXHIBIT "A"**

39.621 acres, more or less, in Two (2) Tracts, out of the Maria de la Concepcion Marquez Eleven Leagues Grant, A-25, Robertson County, Texas, as follows to-wit:

FIRST TRACT: 33.10 acres of land, more or less, out of the Maria de la Concepcion Marquez Eleven Leagues Grant, A-25, Robertson County, Texas and being the same land described in that certain Warranty Deed dated September 26, 1980, from Beverly Ann Reagan to Erwin U. Reagan, recorded in Volume 361, Page 64, Public Records, Robertson County, Texas.

SECOND TRACT: 6.521 acres, more or less, out of the Maria de la Concepcion Marquez Eleven Leagues Grant, A-25, Robertson County, Texas and being the same land described in that certain Warranty Deed dated January 16, 2008, from Erwin Ulric Reagan and wife, Jewel Yvonne Reagan to XTO Energy, Inc., recorded in Volume 1018, Page 700, Official Public Records, Robertson County, Texas.

SIGNED FOR IDENTIFICATION:

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Erwin U. Reagan

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Jewell Yvonne Reagan

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MEMORANDUM OF OIL, GAS AND MINERAL LEASE

COPY

THE STATE OF TEXAS }

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF ROBERTSON }

That **Erwin U. Reagan and wife, Jewell Yvonne Reagan**, (herein referred to as "Lessor", whether one or more), whose address is 617 North Commerce, Marquez, Texas 77865 and **XTO ENERGY INC.**, whose address is 810 Houston Street, Fort Worth, Texas 76102 (hereinafter referred to as "Lessee"), hereby acknowledge and give notice that Lessor has executed and delivered to Lessee an Oil, Gas and Mineral Lease dated **February 7, 2012** (hereinafter referred to as the "Lease"), under the terms of which Lessor has granted, leased and let exclusively unto Lessee and Lessee's successors and assigns (subject to each and all of the terms and provisions thereof), for the sole and only purpose of investigating, exploring, prospecting, drilling and operating for, developing and producing oil and gas (for the purposes thereof, references to "oil and gas" includes oil, gas casinghead gas and the by-products thereof, and such other hydrocarbon substances, carbon dioxide, helium, sulphur and other minerals as produced in association with, incidental to and as a part of the production of oil or gas, herein "Associated Minerals"), on the land situated in Robertson County, Texas, described to wit:

39.621 acres, more or less, in Two (2) Tracts, out of the Maria de la Concepcion Marquez Eleven Leagues Grant, A-25, Robertson County, Texas, as follows to-wit:

FIRST TRACT: 33.10 acres of land, more or less, out of the Maria de la Concepcion Marquez Eleven Leagues Grant, A-25, Robertson County, Texas and being the same land described in that certain Warranty Deed dated September 26, 1980, from Beverly Ann Reagan to Erwin U. Reagan, recorded in Volume 361, Page 64, Public Records, Robertson County, Texas.

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Subject to the other terms and provision thereof, the Lease **provides for a primary term of three (3) years**, from and after the date of said oil, gas and mineral lease, and as long thereafter as oil and/or gas, together with any Associated Minerals, is produced from the Lease Premises in paying quantities, or as long as the Lease may be continued in force and effect under the other terms and provisions thereof.

Lessor and Lessee hereby refer to the Lease for all of its terms and provisions and incorporate the same herein by reference as fully as if it were copied at length herein. The original executed lease is in the possession of Lessee in their office, whose address is 810 Houston Street, Fort Worth, Texas 76102.

This Memorandum of Oil and Gas Lease shall not be deemed to enlarge, restrict or change the rights of any of the parties to the Lease, but is for the purpose of giving record notice of the existence of the Lease in lieu of recording it at length. In the event of any conflict, the terms and provisions contained in the Lease shall control and prevail over the terms and provisions of this Memorandum of Oil and Gas Lease.

Attached to and made a part of that certain Oil, Gas and Mineral Lease dated February 7, 2012, by and between Erwin U. Reagan and wife, Jewell Yvonne Reagan, as Lessor, and XTO Energy Inc., as Lessee, covering 39.621 acres of land, more or less, out of the Maria de la Concepcion Marquez Eleven Leagues Grant, A-25, Robertson County, Texas.

**EXHIBIT "B"**

The following agreements and provisions shall supersede and govern the provisions in the printed form text of this lease to the contrary, and shall inure to the benefit of, and be binding upon the parties hereto and their respective heirs, representatives, and assigns.

13. Notwithstanding any other provision hereof, this lease covers only oil and gas. The term "oil and gas" means oil, gas, and other liquid and gaseous hydrocarbons and their constituent elements produced through a well bore.
14. Following the expiration of the primary term of this lease or the expiration of any extension or renewal of the primary term, whichever occurs last, drilling or reworking operations on or production from a pooled unit or units established under the provisions of this lease, which includes a portion or portions of the leased premises and other land, shall maintain this lease in force only as to land included within the boundaries of such unit or units; however, this lease may be maintained in force as to any portion of the leased premises covered hereby and not included within the surface boundaries of such unit or units in any manner provided for in this lease.
15. It is agreed and understood that wherever the designation "one-eighth" (1/8) appears in paragraph three (3) hereof, the same shall be deleted and the designation "one-fourth" (1/4) shall be substituted therefore.
16. Lessor shall keep the terms and conditions of this Lease strictly confidential. Lessee may file a Memorandum of Oil and Gas Lease which will be signed by the Lessor, using a form satisfactory to Lessee, in the County Records in lieu of this Lease being recorded. Lessor and Lessee agree that the said Memorandum will be binding just the same as if said Lease were filed for record in its complete form including Exhibits

SIGNED FOR IDENTIFICATION:

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Erwin U. Reagan

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Jewell Yvonne Reagan