

Re: Paid-Up Oil, Gas and Mineral Lease
Labor 24, League 271, Loving County School Land Survey, Dawson County, Texas

Mr. McBrayer,

CGS Operating, LLC, proposes to lease a tract and/or tract(s) of land in which you appear to own a mineral interest in, located in Dawson County, Texas. According to the records of Dawson County, Texas it appears that you own an undivided **63.7100 Net mineral acres combined in 191.1300 Gross** acres of land described below. The terms for such lease are as stated below, and within the Lease:

Lease Proposal:

3 Year Primary Term, 2 Year Option Term

\$350.00 per Net Mineral Acre

25% Royalty

(\$350.00 x 63.7100= \$22,298.50 Bonus)

3 Year Primary Term, 2 Year Option Term

\$400.00 per Net Mineral Acre

23% Royalty

(\$400.00 x 63.7100= \$25,484.00 Bonus)

Please find enclosed herewith the Memorandum and Paid-Up Oil, Gas and Mineral Lease in duplicate (one marked **COPY** for your records). Please sign the Memorandum and Paid-Up Oil, Gas and Mineral Lease above your name, exactly as it is typed (where indicated) in the presence of a Notary Public. **Be sure the Notary dates, signs and seals the acknowledgment (where indicated).**

Please return the ORIGINAL EXECUTED MEMORANDUM AND PAID-UP OIL, GAS AND MINERAL LEASE in the addressed return envelope to the address provided above, and retain the MEMORANDUM AND PAID-UP OIL, GAS AND MINERAL LEASE marked "**COPY**" for your records. Please fill in and sign the W-9 form and return with the executed documents for tax purposes.

Once the correctly executed and notarized Memorandum and Paid-Up Oil, Gas and Mineral Lease and W-9 form are received, they will be processed, and a check will be issued within approximately 30 business days.

If you have any questions regarding any of the above information please feel free to contact me at the following number or e-mail address. The enclosed offer is good for fourteen (14) days from the date noted above**, and is subject to the verification of title, and the execution of a mutually agreeable lease form. Lessee has the right to rescind this offer at any time. Thank you for your time and attention in this matter. We look forward to the prospect of working with you.

Sincerely,

Grant Peveto
Independent Landman
(903) 330-7447 (mobile)
grant@pevetoinc.com

COUNTY OF DAWSON

This Memorandum of Oil, Gas and Mineral Lease is made by and between **Gary Stewart McBrayer**, hereinafter referred to as Lessor, whose address is 28 N. Pleasant Ave., Ridgewood, New Jersey 07450 and CGS OPERATING, LLC, hereinafter referred to as Lessee, whose address is P. O. Box 2615, Decatur, Texas 76234 (the "Memorandum").

Lessor did grant, lease, let and demise to Lessee that certain real property situated in Dawson County which is described hereto for the purpose of exploring and drilling for and operating and producing oil and gas, pursuant to the terms and provisions of that certain Paid-Up Oil, Gas and Mineral Lease between Lessor and Lessee, the terms of which are described as follows (the "Lease"):

Date: June 15, 2020
Lessor: Gary Stewart McBrayer
Lessee: CGS Operating, LLC
Term: Three (3) years
Lease Option: Two (2) years
Leased Premises:

BEING 191.13 acres, more or less, all of Labor 24, League 271, Loving County School Lands Survey, Dawson County, Texas, more particularly described as tract 6 in that certain Partition Deed dated February 4, 1998, from O.M. Archer, et al, as Grantor, to Alvin Maurice Archer, as Grantee, and recorded in Volume 484, Page 229, in the Deed Records of Dawson County, Texas.

Lessor and Lessee understand that the lands covered hereby are also covered by prior oil and gas lease (the "Prior Lease") dated July 9, 2015, recorded in Volume 774, Page 306, of the Official Public Records of Dawson County, Texas, whose primary term has not yet expired. The parties hereof agree that the term of the Lease shall commence and the estate created hereby shall vest when said Prior Lease terminates, but in no event shall the term commence nor the estate vest after the expiration of three (3) years from the date of the Lease. In regard to any obligations, covenants or conditions contained in the Lease that may relate to the date of the Lease, for the purposes of any such provisions, that date shall be the date the Lease commences and the estates created hereby vests. Lessor represents and warrants that Lessor has not entered into any extension, modification, ratification, renewal, amendment or agreement to renew or amend, so as to extend the primary term set forth therein and Lessor covenants and agrees not to extend, modify, ratify, renew, amend or agree to renew or amend said Prior Lease so as to extend the primary term set forth therein. Further, Lessor will require the Lessee under the Prior Lease to meet all obligations and requirements.

Reference is hereby made to executed copies of the Lease in possession of Lessor and Lessee respectively, for all of the provisions thereof, and by this reference same are incorporated herein and made a part hereof in all respects as though fully set forth herein.

The purpose of this Memorandum is to evidence of record the existence of the Lease and Lessor and Lessee have agreed to file this Memorandum in lieu of filing the Lease in full in said County.