

**METES AND BOUNDS DESCRIPTION
OF THE ACCRETION AND RIPARIAN ACREAGE
TO THE REMAINDER OF THE NESW OF SECTION 26, T. 18 N., R. 20 W.,
NOT COVERED BY EXISTING LEASE OK NM 97250,
LOCATED ALONG THE CANADIAN RIVER,
DEWEY COUNTY, OKLAHOMA**

Beginning at a point on the South line of said existing lease, said point being S 00 Degrees 02' 55" W., a distance of 977.87 feet from a 3/8" Iron Rod with cap at the Center of Section 26, T. 18 N., R. 20 W., Dewey County, Oklahoma;

Thence continuing S 18 Degrees 11' 10" W., a distance of 1521.07 feet to a proportional point on the 2000 left bank;

Thence S 07 Degrees 21' 53" E., a distance of 121.38 feet to a point on the 2000 medial line;

Thence along the 2000 medial line the following courses and distances:

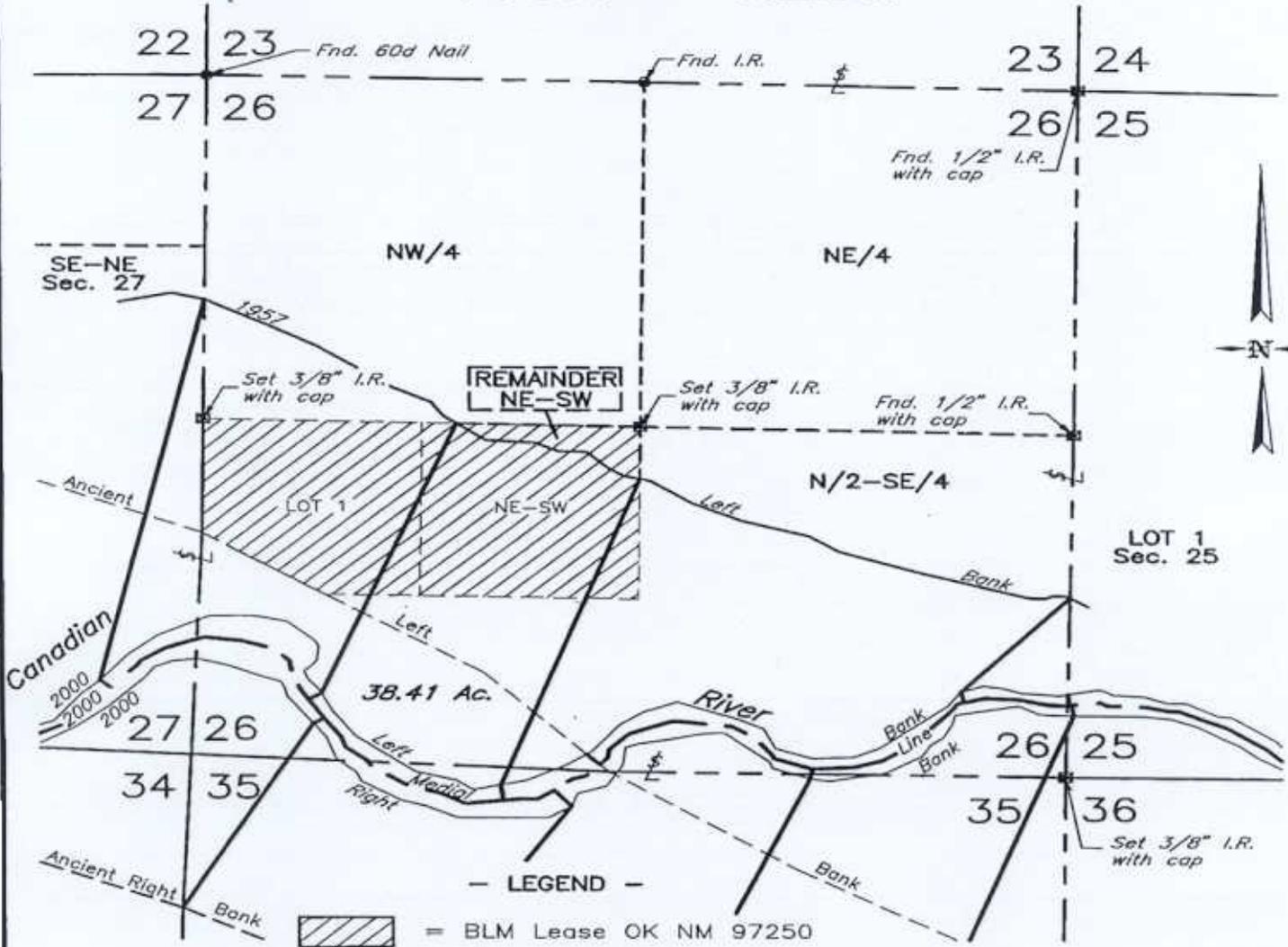
S 82 Degrees 38' 07" W., a distance of 216.39 feet;
N 60 Degrees 18' 17" W., a distance of 158.35 feet;
N 73 Degrees 45' 53" W., a distance of 192.45 feet;
N 54 Degrees 42' 00" W., a distance of 262.28 feet;
N 23 Degrees 09' 38" W., a distance of 38.58 feet;
N 49 Degrees 49' 35" W., a distance of 168.34 feet;
N 19 Degrees 12' 51" W., a distance of 86.26 feet;
N 35 Degrees 00' 10" W., a distance of 153.79 feet;
N 32 Degrees 23' 14" W., a distance of 185.33 feet to a point;

Thence N 57 Degrees 36' 46" E., a distance of 87.79 feet to a proportional point on the 2000 left bank;

Thence N 19 Degrees 36' 36" E., a distance of 806.33 feet to a point on the South line of said existing lease;

Thence along the South line of said existing lease, S 89 Degrees 45' 29" E., a distance of 1225.03 feet to the point of beginning, and containing 38.41 acres of land more or less.

T18N - R20W



PLAT SHOWING
**UNLEASED B.L.M. ACREAGE
 NOT COVERED IN BLM LEASE OK NM 97250,
 SECTION 26, T18N - R20W
 DEWEY COUNTY, OKLAHOMA**

SURVEYOR'S CERTIFICATE :

I, T. Wayne Fisch, Oklahoma Registered Professional Land Surveyor No. 1378, do hereby certify that this plat was prepared from data established by our August, 2001 survey for the purpose of platting that portion of accretion and riparian acreage being considered for government lease.

T. Wayne Fisch
 T. Wayne Fisch, R.P.L.S. No. 1378



SOURCE DATA :

Topographic Land Surveyors accretion and riparian survey Drawing Number 103204-R2-02-X, dated August 3, 2001.

| | | | | | |
|--------------|----------|------|----|--|---------------------|
| | | | | COMANCHE EXPLORATION CO. LLC OKLAHOMA CITY, OKLAHOMA | SCALE: 1" = 1000" |
| | | | | | DATE: 8-2-2001 |
| NO. | REVISION | DATE | BY | SURVEYING AND MAPPING BY TOPOGRAPHIC LAND SURVEYORS <small>6709 N. Classen, Okla. City, OK. 73116 (405) 843-4847 Certificate of Authorization No. 1293, Exp. June 30, 2003</small> | JOB NO.: R2002B.dwg |
| CALC. BY : | | W.F. | | | DRAWING NUMBER: |
| DRAWN BY: | | W.F. | | | 103204-R2-02-B |
| APPROVED BY: | | W.F. | | | SHEET 1 OF 3 |

**DESCRIPTION FOR MINERAL LEASING OF
TRACT S-1Ao
SABINE NATIONAL FOREST
SHELBY COUNTY, TEXAS
1458.83 ACRES**

All that certain tract or parcel of land lying and being in Shelby County, Texas, on the waters of Martinez Bayou and Brittain Creek, tributaries of Sabine River, embracing in whole or in part the following patented surveys: Domingo Gonzales, A-237, dated February 10, 1846; Richard Hailey, Jr., A-118A, dated May 1, 1856; and William Kerr, A-402, dated January 15, 1862, and contains **1,458.83** acres, more or less for mineral leasing, SUBJECT TO an undivided 50% interest on 173.00 acres described as follows and reserved in deed dated 10/1/1913 from J. M. P. Ingram Estate to Pickering Lumber Company and recorded in Volume 78, Page 48, Shelby County Deed Records. Tract S-1Ao was acquired from Pickering Lumber Company by deed dated December 28, 1935 and recorded in Volume 176, Page 410 et seq, Deed Records, Shelby County, Texas, and originally contained 1,472.00 acres, more or less. Approximately 13.17 acres was quit claimed to the Heirs of O. H. Polley on March 11, 1955, leaving a total U.S. ownership of 1,458.83 acres. An unrecorded Exchange Deed dated April 2, 1985 also exchanged a portion of the surface of Tract S-1Ao containing 156.91 acres to the Sabine River Authority but the U.S. retained all mineral ownership.

13.17 acres Quit Claimed to Heirs of O. H. Polley: Beginning at point A, a stake set in a fence line and on line 6-7 of Forest Service Tract S-1Ao. From the stake, corner 7 of F.S. Tract S-1Ao, a F.S. standard concrete monument marked S-150, bears East, 12.79 chains distant.

Thence seven lines with a fence, and within the boundaries of F.S. Tract S-1Ao: S 15° 00' W, 2.96 chains to point B; S 89° 00' W, 8.89 chains to point C; S 77° 00' W, 7.82 chains to point D; S 83° 00' W, 8.34 chains to point E; N 66° 30' W, 5.23 chains to point F; N 49° 45' W, 2.70 chains to point G; N 61° 00' W, 4.10 chains to point H, a stake in a fence line and on line 6-7 of F.S. Tract S-1Ao. From point H, corner 6 of F.S. Tract S-1Ao bears West, 94.29 chains;

Thence East with said line 6-7 of F.S. Tract S-1Ao, 36.01 chains to the place of beginning, containing 13.17 acres of land.

173.00 acres subject to undivided 50% interest: All that certain four parcels of land containing 102.00 acres, 2.00 acres, 49.00 acres and 20.00 acres, totaling 173.00 acres, more or less, lying and being in the William Kerr Survey, A-402 and more described as follows in deed from J. M. P. Ingram Estate to Pickering Lumber Company dated October 1, 1913, and recorded in Volume 78, Page 48, Shelby County Deed Records:

First Tract: 102.00 acres, more or less, in the northwest corner of said Kerr Survey beginning at William Kerr's northwest corner;
Thence S 28° 00' E, 600 varas to a stake;
Thence East at 608 varas East Hamilton and Center road, at 678 varas East Hamilton and Myrick's Ferry road, 983 varas a branch, 998 varas a stake;
Thence North, 510 varas to a stake on the Gonzales south boundary line;
Thence West with said line to the place of beginning.

Second Tract: 2.00 acres, more or less, a part of the William Kerr Survey beginning in the center of a small hollow or ravine, corner being on the line dividing the Kerr Headright between Geo. P. Raines and Samuel Burns, et al, a stake;

Thence North, 180 feet to a stake in the field;

Thence West parallel with said division line, 484 feet;

Thence South, 180 feet to said division line;

Thence East with said division line 484 feet to the place of beginning.

Third Tract: 49.00 acres, more or less, lying partly on the Richard Hailey Survey, A-118A, and partly on the William Kerr Survey, beginning at the northeast corner of the tract of two acres off of the Kerr Headright sold by Raines to Payne, a stake in mound;

Thence North, 50 varas to stake in mound;

Thence West, 100 varas stake in mound, two pines marked X;

Thence North, 267 varas to a stake, 2 pines marked R.T.;

Thence West, 390 varas a branch, 720 varas to a white oak on the Roberts Spring branch, conditional line between Raines and T. E. Wiggins, a sugar maple marked P.H.;

Thence down said branch in a southerly direction with its meanders, 208 varas to one of Wiggins east corners on said branch, a holly and white oak marked R.W.;

Thence S 27° 00' W, 196 varas to a large pine marked B, white oak marked W, this being the northwest corner of a survey made for the heirs of Smith & Burns (call omitted in deed);

Thence East, at 226 varas little Martinez creek, 604 varas N.W. corner of said Payne 2 acre survey, stake in mound;

Thence East with north boundary line 174 varas to the beginning.

Fourth Tract: 20.00 acres, more or less, lying partly on the Richard Hailey's Jr. headright Survey, A-121, and partly on the William Kerr headright Survey, A-402; Beginning at the southwest corner of that certain 49 acres tract of land described in and conveyed by George P. Raines to Jas. P. Payne, of date November 24, 1877, this corner being in a lane;

Thence S 27° 00' W, 170 varas to corner on North Bank of Martinez Bayou;

Thence down and with said Bayou A 15 East, 150 varas to the old ford on the road from Sexton to East Hamilton;

Thence with said road as the line running in a northeasterly direction to the southeast corner of the James P. Payne two acre tract;

Thence West along the south line of said 2 acre tract, and along the south line of the Jas. P. Payne 49 acre tract, 982 varas to the place of beginning.

**DESCRIPTION FOR MINERAL LEASING OF
TRACT S-1g PARCEL #1
SABINE NATIONAL FOREST
SHELBY COUNTY, TEXAS
2,534.30 ACRES**

All that certain tract or parcel of land lying and being in Shelby County, Texas, on the waters of Sabine River and Tenaha Bayou, embracing in whole or in part the following patented surveys: Jane Stoddard, A-905, dated October 11, 1882; Joseph B. Craig, A-117, dated December 22, 1855; Tyre Buckley, A-896, dated June 8, 1882; Samuel C. Henderson, A-324, dated April 2, 1852; Hiram Kirkpatrick, A-406, dated September 20, 1850; John Stewart, A-646, dated November 6, 1850; John Stewart, A-862, dated December 2, 1879; Samuel Dameron, A-159, dated April 2, 1852; Samuel Dameron, A-160, dated April 1, 1852; and H. K. Green, A-950, dated December 30, 1886, and containing **2,534.30** acres, more or less, herein described for mineral leasing purposes as Tract S-1g Parcel #1. Parent Tract S-1g was acquired from Pickering Lumber Company by deed dated December 28, 1935 and recorded in Volume 176, Page 410 et seq, Deed Records, Shelby County, Texas and contained 4,616.80 acres, more or less. Unrecorded Exchange Deed dated April 2, 1985 exchanged a portion of the surface of Tract S-1g containing 3,586.78 acres over the entire tract to the Sabine River Authority but the U.S. retained all mineral ownership.

Beginning at corner 1 of USFS Tract No. S-1g, identical with the third corner of the Elisha Hammers Survey, A-323, and the second corner of the John Stewart Survey, A-646, a Forest Service standard concrete post marked S-38;

Thence a calculated bearing and distance across Tract S-1g and within the Jane Stoddard Survey, A-905, S 88° 22' E, 139.80 chains to corner 12 of Tract S-1g, the eighth corner of the H. E. & W. T. R.R. Survey No. 2, A-1168, said line common to the southern boundary of Tract S-1g Parcel #2 lease offer;

Thence S 00° 15' W, common to the Jane Stoddard Survey and the H. E. & W.T.R.R. Survey No. 2, 61.30 chains to corner 13 of Tract S-1g;

Thence two lines common to the Joseph B. Craig Survey, A-117, and the H. E. & W.T.R.R. Survey No. 2: East, 22.41 chains to corner 14 of Tract S-1g; S 01° 30' E, 56.87 chains to corner 15 of Tract S-1g;

Thence S 88° 30' W, common to the Everett Ritter Survey, A-584, and in part to the Joseph B. Craig and Tyre Buckley Survey, A-896, 77.30 chains to corner 16 of Tract S-1g, a Forest Service standard concrete post marked S-36;

Thence N 01° 45' W, common to the Tyre Buckley Survey and the W. A. Paul Survey, A-567, 49.70 chains to corner 17 of Tract S-1g;

Thence S 88° 15' W, common in part to the Tyre Buckley and W. A. Paul Surveys and partly within the Tyre Buckley Survey, 45.72 chains to corner 18 of Tract S-1g, a Forest Service standard concrete post marked S-37;

Thence North, within the Tyre Buckley Survey, 10.98 chains to corner 19 of Tract S-1g, on the southerly line of the Samuel C. Henderson Survey, A-324;

Thence S 88° 15' W, common in part to the Tyre Buckley and Samuel C. Henderson Surveys, 34.00 chains to corner 20 of Tract S-1g;

Tract S-1g Parcel #1
Description Page 2

Thence S 00° 15' E, common to the Tyre Buckley Survey and the Hiram Kirkpatrick Survey, A-406, 37.80 chains to corner 21 of Tract S-1g;

Thence seven lines within the Tyre Buckley Survey:

S 74° 00' E, 3.16 chains to corner 22 of Tract S-1g;
N 00° 30' W, 3.26 chains to corner 23 of Tract S-1g;
S 73° 30' E, 18.36 chains to corner 24 of Tract S-1g;
N 17° 00' E, 4.63 chains to corner 25 of Tract S-1g;
S 73° 30' E, 2.17 chains to corner 26 of Tract S-1g;
S 17° 00' W, 4.63 chains to corner 27 of Tract S-1g;
S 73° 00' E, 13.05 chains to corner 28 of Tract S-1g;

Thence S 00° 30' W, within the Tyre Buckley Survey, 10.90 chains to corner 29 of Tract S-1g;

Thence four lines within the Tyre Buckley Survey:

S 61° 00' W, 9.11 chains to corner 30 of Tract S-1g;
S 19° 00' E, 12.76 chains to corner 31 of Tract S-1g;
N 73° 00' E, 3.39 chains to corner 32 of Tract S-1g;
S 00° 30' W, 7.74 chains to corner 33 of Tract S-1g;

Thence S 87° 00' W, common to the Tyre Buckley Survey and in part to the E. C. Thomas Survey, A-716 and the J. T. Duncan Survey, A-161, 34.40 chains to corner 34 of Tract S-1g, a corner of the Tyre Buckley and Hiram Kirkpatrick Surveys, a Forest Service standard concrete post marked S-30;

Thence N 00° 15' W, common to the Tyre Buckley and Hiram Kirkpatrick Surveys, 32.00 chains to corner 35 of Tract S-1g;

Thence S 89° 00' W, within the Hiram Kirkpatrick Survey, 21.90 chains to corner 36 of Tract S-1g;

Thence N 01° 30' W, common to the Hiram Kirkpatrick Survey and the Samuel Dameron Survey, A-160, 10.46 chains to corner 37 of Tract S-1g;

Thence N 76° 00' W, within the Samuel Dameron Survey, A-160, 87.84 chains to corner 38 of Tract S-1g;

Thence S 00° 15' W, common to the H. K. Green Survey, A-950, and the Samuel Dameron Survey, A-160, 11.94 chains to corner 39 of Tract S-1g, the fifth corner of the H. K. Green Survey and the second corner of the Naze Carroll Survey, A-1087;

Thence S 88° 45' W, common to the Naze Carroll and H. K. Green Surveys, 36.77 chains to corner 40 of Tract S-1g;

Thence three lines within the H. K. Green Survey: N 01° 30' E, 29.40 chains to corner 41 of Tract S-1g; N 85° 00' E, 11.20 chains to corner 42 of Tract S-1g; N 02° 30' W, 13.00 chains to corner 43 of Tract S-1g, on the southerly line of the John Stewart Survey, A-862;

Thence N 84° 00' E, common to the H. K. Green and the John Stewart Surveys, 17.20 chains to corner 44 of Tract S-1g;

Thence two lines within the John Stewart Survey: N 21° 00' E, 8.67 chains to corner 45 of Tract S-1g; N 81° 30' E, 13.40 chains to corner 46 of Tract S-1g;

Thence N 15° 00' E, common to the Samuel Dameron Survey, A-159, and the John Stewart Survey, A-862, 14.00 chains to corner 47 of Tract S-1g;

Thence N 01° 30' E, common to the John Stewart Survey, A-646, and the John Stewart Survey, A-862, at 29.45 chains a F.S. standard concrete post marked S-39 on the right bank of Tenaha Bayou. At 29.70 chains corner 48 of Tract S-1g, the first corner of the John Stewart Survey, A-646, and the second corner of the Elisha Hammers Survey, A-323, a point with witnesses in the center of Tenaha Bayou;

Thence S 88° 40' E, common to the Elisha Hammers and John Stewart, A-646, Surveys, 90.00 chains to the place of beginning, containing 2,647.70 acres, more or less, LESS AND EXCEPT Exception No. 1 to Tract S-1g, the J. S. Swan Tract of 113.40 acres, leaving a net area of 2,534.30 acres, more or less.

Exception No. 1: Beginning at corner 1, identical with the third corner of the Samuel Dameron Survey, A-160, and the eleventh corner of the Hiram Kirkpatrick Survey, a F.S. standard concrete post marked S-111. Corner No. 37 of Tract S-1g bears S 01° 30' E, 13.57 chains distant;

Thence N 76° 00' W, common to the Samuel Dameron Survey, A-160, and the John Stewart Survey, A-646, 40.70 chains to corner 2 of Exception No. 1 of Tract S-1g, the fourth corner of the Samuel Dameron Survey, A-159;

Thence N 15° 15' E, common to the Samuel Dameron Survey, A-159, and the Hiram Kirkpatrick Survey, 17.72 chains to corner 3 of Exception No. 1 of Tract S-1g, a corner of the John Stewart Survey;

Thence East, common to the John Stewart and Hiram Kirkpatrick Surveys, 46.37 chains to corner 4 of Exception No. 1 of Tract S-1g;

Thence two lines within the Hiram Kirkpatrick Survey: S 00° 15' W, 26.20 chains to corner 5 of Exception No. 1 of Tract S-1g; West, 12.21 chains to the place of beginning, containing 113.40 acres, more or less.

**DESCRIPTION FOR MINERAL LEASING OF
TRACT S-1g PARCEL #2
SABINE NATIONAL FOREST
SHELBY COUNTY, TEXAS
2,082.50 ACRES**

All that certain tract or parcel of land lying and being in Shelby County, Texas, on the waters of Sabine River and Tenaha Bayou, embracing in whole or in part the following patented surveys: S. J. Smith, A-712, dated February 28, 1877; Elisha Hammers, A-323, dated April 26, 1876; Mary Brooks, A-78, dated August 25, 1862; Jane Stoddard, A-905, dated October 11, 1882; J. W. Sanders, A-1145, dated April 2, 1906; G. W. Robinson, A-619, dated April 7, 1857, and containing **2,082.50**, acres, more or less, herein described for mineral leasing purposes as Tract S-1g Parcel #2 and being all of Tract S-1g less and except those lands within Tract S-1g Parcel #1 containing 2,534.30 acres. Parent Tract S-1g was acquired from Pickering Lumber Company by deed dated December 28, 1935 and recorded in Volume 176, Page 410 et seq, Deed Records, Shelby County, Texas and contained 4,616.80 acres, more or less. Unrecorded Exchange Deed dated April 2, 1985 exchanged a portion of the surface of Tract S-1g containing 3,586.78 acres to the Sabine River Authority over the entire tract but the U.S. retained all mineral ownership.

Less and Except 2,534.30 acres within Tract S-1g Parcel #1: Beginning at corner 1 of USFS Tract No. S-1g, identical with the third corner of the Elisha Hammers Survey, A-323, and the second corner of the John Stewart Survey, A-646, a Forest Service standard concrete post marked S-38;

Thence a calculated bearing and distance across Tract S-1g and within the Jane Stoddard Survey, A-905, S 88° 22' E, 139.80 chains to corner 12 of Tract S-1g, the eighth corner of the H. E. & W. T. R.R. Survey No. 2, A-1168, said line common to the southern boundary of Tract S-1g Parcel #2 lease offer;

Thence S 00° 15' W, common to the Jane Stoddard Survey and the H. E. & W.T.R.R. Survey No. 2, 61.30 chains to corner 13 of Tract S-1g;

Thence two lines common to the Joseph B. Craig Survey, A-117, and the H. E. & W.T.R.R. Survey No. 2: East, 22.41 chains to corner 14 of Tract S-1g; S 01° 30' E, 56.87 chains to corner 15 of Tract S-1g;

Thence S 88° 30' W, common to the Everett Ritter Survey, A-584, and in part to the Joseph B. Craig and Tyre Buckley Survey, A-896, 77.30 chains to corner 16 of Tract S-1g, a Forest Service standard concrete post marked S-36;

Thence N 01° 45' W, common to the Tyre Buckley Survey and the W. A. Paul Survey, A-567, 49.70 chains to corner 17 of Tract S-1g;

Thence S 88° 15' W, common in part to the Tyre Buckley and W. A. Paul Surveys and partly within the Tyre Buckley Survey, 45.72 chains to corner 18 of Tract S-1g, a Forest Service standard concrete post marked S-37;

Thence North, within the Tyre Buckley Survey, 10.98 chains to corner 19 of Tract S-1g, on the southerly line of the Samuel C. Henderson Survey, A-324;

Thence S 88° 15' W, common in part to the Tyre Buckley and Samuel C. Henderson Surveys, 34.00 chains to corner 20 of Tract S-1g;

Tract S-1g Parcel #2
Description Page 2

Thence S 00° 15' E, common to the Tyre Buckley Survey and the Hiram Kirkpatrick Survey, A-406, 37.80 chains to corner 21 of Tract S-1g;

Thence seven lines within the Tyre Buckley Survey:

S 74° 00' E, 3.16 chains to corner 22 of Tract S-1g;
N 00° 30' W, 3.26 chains to corner 23 of Tract S-1g;
S 73° 30' E, 18.36 chains to corner 24 of Tract S-1g;
N 17° 00' E, 4.63 chains to corner 25 of Tract S-1g;
S 73° 30' E, 2.17 chains to corner 26 of Tract S-1g;
S 17° 00' W, 4.63 chains to corner 27 of Tract S-1g;
S 73° 00' E, 13.05 chains to corner 28 of Tract S-1g;

Thence S 00° 30' W, within the Tyre Buckley Survey, 10.90 chains to corner 29 of Tract S-1g;

Thence four lines within the Tyre Buckley Survey:

S 61° 00' W, 9.11 chains to corner 30 of Tract S-1g;
S 19° 00' E, 12.76 chains to corner 31 of Tract S-1g;
N 73° 00' E, 3.39 chains to corner 32 of Tract S-1g;
S 00° 30' W, 7.74 chains to corner 33 of Tract S-1g;

Thence S 87° 00' W, common to the Tyre Buckley Survey and in part to the E. C. Thomas Survey, A-716 and the J. T. Duncan Survey, A-161, 34.40 chains to corner 34 of Tract S-1g, a corner of the Tyre Buckley and Hiram Kirkpatrick Surveys, a Forest Service standard concrete post marked S-30;

Thence N 00° 15' W, common to the Tyre Buckley and Hiram Kirkpatrick Surveys, 32.00 chains to corner 35 of Tract S-1g;

Thence S 89° 00' W, within the Hiram Kirkpatrick Survey, 21.90 chains to corner 36 of Tract S-1g;

Thence N 01° 30' W, common to the Hiram Kirkpatrick Survey and the Samuel Dameron Survey, A-160, 10.46 chains to corner 37 of Tract S-1g;

Thence N 76° 00' W, within the Samuel Dameron Survey, A-160, 87.84 chains to corner 38 of Tract S-1g;

Thence S 00° 15' W, common to the H. K. Green Survey, A-950, and the Samuel Dameron Survey, A-160, 11.94 chains to corner 39 of Tract S-1g, the fifth corner of the H. K. Green Survey and the second corner of the Naze Carroll Survey, A-1087;

Thence S 88° 45' W, common to the Naze Carroll and H. K. Green Surveys, 36.77 chains to corner 40 of Tract S-1g;

Thence three lines within the H. K. Green Survey: N 01° 30' E, 29.40 chains to corner 41 of Tract S-1g;
N 85° 00' E, 11.20 chains to corner 42 of Tract S-1g; N 02° 30' W, 13.00 chains to corner 43 of Tract S-1g,
on the southerly line of the John Stewart Survey, A-862;

Tract S-1g Parcel #2
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Thence N 84° 00' E, common to the H. K. Green and the John Stewart Surveys, 17.20 chains to corner 44 of Tract S-1g;

Thence two lines within the John Stewart Survey: N 21° 00' E, 8.67 chains to corner 45 of Tract S-1g; N 81° 30' E, 13.40 chains to corner 46 of Tract S-1g;

Thence N 15° 00' E, common to the Samuel Dameron Survey, A-159, and the John Stewart Survey, A-862, 14.00 chains to corner 47 of Tract S-1g;

Thence N 01° 30' E, common to the John Stewart Survey, A-646, and the John Stewart Survey, A-862, at 29.45 chains a F.S. standard concrete post marked S-39 on the right bank of Tenaha Bayou. At 29.70 chains corner 48 of Tract S-1g, the first corner of the John Stewart Survey, A-646, and the second corner of the Elisha Hammers Survey, A-323, a point with witnesses in the center of Tenaha Bayou;

Thence S 88° 40' E, common to the Elisha Hammers and John Stewart, A-646, Surveys, 90.00 chains to the place of beginning, containing 2,647.70 acres, more or less, LESS AND EXCEPT Exception No. 1 to Tract S-1g, the J. S. Swan Tract of 113.40 acres, leaving a net area of 2,534.30 acres, more or less.

Exception No. 1: Beginning at corner 1, identical with the third corner of the Samuel Dameron Survey, A-160, and the eleventh corner of the Hiram Kirkpatrick Survey, a F.S. standard concrete post marked S-111. Corner No. 37 of Tract S-1g bears S 01° 30' E, 13.57 chains distant;

Thence N 76° 00' W, common to the Samuel Dameron Survey, A-160, and the John Stewart Survey, A-646, 40.70 chains to corner 2 of Exception No. 1 of Tract S-1g, the fourth corner of the Samuel Dameron Survey, A-159;

Thence N 15° 15' E, common to the Samuel Dameron Survey, A-159, and the Hiram Kirkpatrick Survey, 17.72 chains to corner 3 of Exception No. 1 of Tract S-1g, a corner of the John Stewart Survey;

Thence East, common to the John Stewart and Hiram Kirkpatrick Surveys, 46.37 chains to corner 4 of Exception No. 1 of Tract S-1g;

Thence two lines within the Hiram Kirkpatrick Survey: S 00° 15' W, 26.20 chains to corner 5 of Exception No. 1 of Tract S-1g; West, 12.21 chains to the place of beginning, containing 113.40 acres, more or less.

LEAVING A NET AREA FOR TRACT S-1g PARCEL #2 OF 2,082.50 ACRES.

DESCRIPTION FOR MINERAL LEASING OF
TRACT S-1-I PARCEL #1
SABINE NATIONAL FOREST
SHELBY COUNTY, TEXAS
1,976.58 ACRES

All that certain tract or parcel of land lying and being in Shelby County, Texas, on the Sabine River, embracing in part the Sherwood O'Banion Survey, A-536, dated August 5, 1854, the Frederick Latham Survey, A-452, dated September 12, 1878, and the Weldon Hopson Survey, A-375, dated December 5, 1876. Said parcel is identified for mineral leasing purposes as Tract S-1-I Parcel #1 and contains two separate sections for a total of approximately **1,976.58** acres, more or less. Part A contains approximately 1,843.76 acres, more or less, less and except 160.00 acres of outstanding minerals described in deed dated 12/10/1921 from W. I. Davis to Pickering Lumber Company and recorded in Volume 114, Page 630, Shelby County Records, leaving a total of 1,683.76 acres of 100% U.S. ownership for Part A. Part B contains approximately 292.82 acres, more or less, SUBJECT TO an undivided 50% interest as reserved in deed dated 12/1/1916 from J. M. P. Ingram to Pickering Lumber Company and recorded in Volume 87, Page 566, Shelby County Records. Parent Tract S-1-I was acquired from Pickering Lumber Company by deed dated December 28, 1935 and recorded in Volume 176, Page 410 et seq, Deed Records, Shelby County, Texas. Unrecorded Exchange Deed dated April 2, 1985 exchanged a portion of the surface of Tract S-1-I to the Sabine River Authority with the U.S. retaining all mineral ownership. It is not the intention of this description to include any lands within the bordering existing issued Bureau of Land Management (BLM) leases NM-37867 or NM-71596.

Part A, 1,683.76 acres: All that certain parcel of land lying entirely within the Sherwood O'Banion Survey, A-536, described as follows for mineral leasing purposes. Beginning at corner 29 of USFS Tract No. S-1-I, the second corner of the Samuel Wilson Survey, A-828, a stake with witnesses;

Thence a calculated bearing and distance of N15° 14' 30" W, 140.85 chains across Tract S-1-I within the Sherwood O'Banion Survey, A-536, to a point for corner in the west line of Tract S-1-I, said line common to issued BLM lease NM-37867;

Thence a calculated bearing and distance of N 39° 30' E, common in part to Forest Service Tract S-1-II and common to the Cyrena McReara Survey, A-457 and the Sherwood O'Banion Survey, 7.00 chains to the northwest corner of the Sherwood O'Banion Survey, common to the most southwest corner of the Bennett H. Bowden Survey, A-53, a point for corner;

Thence a calculated bearing and distance of S 81° 20' E, 81.00 chains across Tract S-1-I within the Sherwood O'Banion Survey to a point for corner in the west line of a 121.8-acre tract of land with outstanding mineral interest, known as Lot No. 20, the northwest corner of Lot No. 20 bears North, 11.3 chains, said line common to issued BLM lease NM-71596;

Thence South, along the west line of said Lot No. 20, a calculated distance of 24.90 chains to the southwest corner of Lot No. 20;

Thence East, along the south line of said Lot No. 20, a calculated distance of 33.67 chains to the southeast corner of Lot No. 20;

Thence North, along the east line of said Lot No. 20, a calculated distance of 19.77 chains to a point for corner;

Tract S-1-I Parcel #1
Description Page 2

Thence a calculated bearing and distance of S 81° 20' E, 70.00 chains across Tract S-1-I within the Sherwood O'Banion Survey to a point for corner on the right bank of the Sabine River from which the most southerly southeast corner of the Robert Monday Survey, A-476, bears N 44° 25' W, 37.50 chains, said line common to issued BLM lease NM-71596;

Thence in a general southerly direction with a line near the right bank of the Sabine River, with its calculated meanders as follows: S 19° 28' E, 17.00 chains to a point; East, 10.00 chains to a point; N 40° 00' E, 20.00 chains to a point; S 67° 00' E, 10.00 chains to a point; S 50° 00' W, 65.00 chains to a point; S 39° 00' E, 35.00 chains to a point; S 39° 00' W, 20.00 chains to a point; N 45° 00' W, 5.00 chains to a point; N 39° 00' E, 10.00 chains to a point; N 50° 06' 09" W, 43.68 chains to a point; S 30° 00' W, 50.00 chains to a point; South, 21.50 chains to a point and line of Tract S-1-I, the northeast corner of the Frederick Latham Survey, A-452, a stake with witnesses on the right bank of the Sabine River;

Thence N 89° 15' W, with the north line of the Frederick Latham Survey, common to the north boundary of lease offer Tract S-1-I Part B, and continuing common to the Sherwood O'Banion and Charles Brittain A-84 Surveys, at 51.50 chains corner 28 of Forest Service Tract S-1-I, the second corner of the Frederick Latham Survey and the first corner of the Charles Brittain Survey. At 92.00 chains, corner 29 of Tract S-1-I, the point of beginning, containing 1,843.76 acres, more or less, LESS AND EXCEPT a 160 acres tract of land known as Lot No. 21 out of the Sherwood O'Banion Survey as reserved in deed dated 12/10/1921 from W. I. Davis to Pickering Lumber Company and recorded in Volume 114, Page 630, Shelby County Records, and described as follows for mineral leasing purposes, leaving a total of **1,683.76** acres, more or less.

160.00 acre Lot No. 21, Sherwood O'Banion Survey: Beginning at a stake on the south bank of Brushy Creek where Haley's line crosses the same, a Beech which bends over the creek bears N 14° 30' E, 0.11 chains distant, the southeast corner of the Bennett H. Bowden Survey, A-53, bears N 40° 30' E, 70.80 chains;

Thence up said creek N 79° 00' W, 46.62 chains to a stake on the south bank of the same, a Beech bears S 48° 30' W, 0.23 chains, a Beech bears N 88° 00' W, 0.23 chains;

Thence South, 47.14 chains a sweet gum bears N 30° 30' E, 0.04 chains, a post oak bears S 87° 00' W, 0.34 chains; a red oak bears S 15° 30' E, 0.29 chains;

Thence East, at 9.20 chains and 18.10 chains a road, in all 25.25 chains to a rock, a pine bears N 86° E, 3.58 chains;

Thence N 32° 00' E, at 0.16 chains past A. Dills southwest corner, at 26.94 chains corner a pine and red oak, the corner of a small field;

Thence N 22° 00' E, 16.62 chains to the place of beginning containing 160.00 acres of land, more or less, leaving **1,683.76** acres of land, more or less, in Tract S-1-I Part A.

Part B, 292.82 acres: All that certain undivided 50% mineral interest in and under the Frederick Latham 151.70 acre Survey, A-452, and the Weldon Hopson 160 acres Survey, A-375, as reserved by J. M. P. Ingram in that certain confirmation deed dated December 1, 1916 from J. M. P. Ingram to W. R. Pickering Lumber Company, recorded in Volume 87, Page 566 of the Deed Records, Shelby County, Texas, and described as follows for mineral leasing purposes:

Beginning at corner 28 of USFS Tract No. S-1-I, the second corner of the Frederick Latham Survey and the first corner of the Charles Brittain Survey, A-84, a stake with witnesses;

Thence S 00° 33' E, common in part to the Frederick Latham and Weldon Hopson Surveys and in part to the Charles Brittain Survey and Nicy Jones Survey, A-396, 67.00 chains to corner 27 of Tract S-1-I, a Forest Service standard concrete post marked S-131;

Thence N 89° 50' E, common to the Weldon Hopson Survey and the Domingo Gonzales Survey, A-237, 40.50 chains to corner 26 of Tract S-1-I, the third corner of the Weldon Hopson Survey;

Thence N 00° 10' W, common to the Jacob Johnson Survey, A-397, and in part to the Weldon Hopson and Frederick Latham Surveys, 50.00 chains to corner 25 of Tract S-1-I;

Thence S 89° 00' E, common to the Jacob Johnson and Frederick Latham Surveys, 15.50 chains to corner 24 of Tract S-1-I, a stake with witnesses on the west bank of Sabine River;

Thence with the meanders of the west bank of the Sabine River to a point in the north line of the Frederick Latham Survey, having a calculated chord bearing and distance of N 16° 51' W, 17.22 chains;

Thence N 89° 15' W, with said north line of the Latham Survey and common to lease offer Tract S-1-I Part A, 51.50 chains to the place of beginning, containing **292.82** acres of land, more or less.

**DESCRIPTION FOR MINERAL LEASING OF
TRACT S-66 PARCEL #1
SABINE NATIONAL FOREST
SHELBY COUNTY, TEXAS
70.14 ACRES**

All that certain tract or parcel of land lying and being in Shelby County, Texas, and lying entirely within the Tyre Buckley Survey, A-896, dated June 8, 1882 and containing **70.14** acres, more or less, herein described for mineral leasing purposes as Tract S-66 Parcel #1. Parent Tract S-66 was acquired from W.I. Davis, et al by deed dated May 30, 1978 and recorded in Volume 545, Page 831 et seq, Deed Records, Shelby County, Texas and contained 135.76 acres, more or less, SUBJECT TO an undivided 50% interest on said 70.14 acres described as follows and reserved in deed dated 3/21/1962 from Annie Lawrence to T. J. Gilliam and recorded in Volume 398 Page 322, Shelby County Deed.

Beginning at the southeast corner, corner 6, of the Forest Service Tract S-66, said point being also the southeast corner of the herein described Parcel #1.

Thence from said point and place of beginning N 74° 42' 51" W, 855.27 feet to corner 5 of Tract S-66;

Thence N 15° 04' 26" E, 305.44 feet to corner 4 of Tract S-66;

Thence N 75° 19' 34" W, 136.72 feet to corner 3 of Tract S-66;

Thence S 14° 57' 49" W, 307.26 feet to corner 2 of Tract S-66;

Thence N 75° 17' 10" W, 1223.15 feet to corner 1 of Tract S-66;

Thence S 02° 52' 15" E, 206.32 feet to corner 16 of Tract S-66;

Thence N 74° 05' 24" W, 208.30 feet to corner 15 of Tract S-66, the southwest corner of Parcel #1;

Thence N 00° 15' W, 1219.48 feet to a point for corner on the line between corners 15 and 14 of Tract S-66;

Thence East, across Tract S-66 and common to the southern boundary line of the remaining 65.62 acre portion of Tract S-66 reserved by W. I. Davis, et al, 2289.00 feet to the northeast corner of Parcel #1, said point being on line between corners 6 and 7 of Tract S-66;

Thence S 01° 37' 33" E, 1639.38 feet to the point and place of beginning, containing 70.14 acres, more or less.

**DESCRIPTION OF
TRACT S-1a-I PARCEL #5A
SABINE NATIONAL FOREST
SHELBY COUNTY, TEXAS
847.79 ACRES**

All that certain tract or parcel of land lying and being in Shelby County, Texas, on the waters of Tenaha Bayou and Grannies Creek, tributaries of the Sabine River, embracing in part the Bartlett H. Simpson Survey, A-635, dated July 9, 1841 and the H. J. Ervin Survey, A-913, dated December 27, 1883 and being identified for mineral leasing purposes as Tract S-1a-I Parcel #5A. Parent Tract S-1a-I was acquired from Pickering Lumber Company by deed dated December 28, 1935 and recorded in Volume 176, Page 410-483, Deed Records, Shelby County, Texas. Tract S-1a-I Parcel #5A contains approximately **847.79** acres, more or less, and is described as follows for mineral leasing purposes only. **It is not the intention of this description of Tract S-1a-I Parcel #5A to include any lands within the bordering existing issued Bureau of Land Management (BLM) leases NM-26410, NM-26413, NM-26414, NM-61390 and NM-89747, or to create any gaps between this parcel and said existing leases.**

Beginning at corner 30 on the exterior boundary of Forest Service (FS) Tract S-1a-I, Shelby County, Texas, a stake with witnesses;

Thence S 89°30' E, with the boundary of FS Tract S-1a-I, common to the Bartlett H. Simpson Survey, A-635 and the John Beauchamp Survey, A-42, and partly within the Bartlett H. Simpson Survey, at 23.60 chains the second corner of the John Beauchamp Survey and the second corner of the Bartlett H. Simpson Survey, at 30.80 chains corner 31 of Tract S-1a-I;

Thence S 00°15' E, within the Bartlett H. Simpson Survey, 20.55 chains to corner 32 of Tract S-1a-I;

Thence N 89°00' E, continuing within the Bartlett H. Simpson Survey, 40.00 chains to corner 33 of Tract S-1a-I;

Thence leaving the exterior boundary of FS Tract S-1a-I, a calculated bearing of S 46°47' E across the Bartlett H. Simpson Survey and within said Tract S-1a-I, a calculated distance of approximately 21.539 chains to a point which is 80 chains distant from a previously producing oil well known as "De Kalb", said line being a common boundary with issued BLM lease NM-26413;

Thence southwesterly and southeasterly on the arc of a circle crossing the Bartlett H. Simpson Survey and the H. J. Ervin Survey, A-913, with said circle having a radius of 80 chains centered on well "De Kalb", an arc with a calculated length of approximately 159.129 chains and a calculated chord bearing and distance of S 14° 24' E, 134.163 chains to a point on the boundary of FS Tract S-1a-I between corners 95 and 96, said arc also being a common boundary with issued BLM lease NM-61390;

Thence S 00°15' E, with the boundary of Tract S-1a-I, common to the M. F. Roberts Survey, A-601 and the H. J. Ervin Survey, approximately 10.50 chains to corner 96, the fourth corner of the H. J. Ervin Survey;

Thence N 87° 40' E, common to the M.F. Roberts and Messer Fain Surveys, 27.00 chains to corner 97, a Forest Service standard concrete post marked S-57;

Thence S 02° 30' W, with the Messer Fain Survey, 22.40 chains to corner 98 of Tract S-1a-I;

Thence S 89° 30' W, within the Messer Fain Survey, 38.76 chains to corner 99 of Tract S-1a-I;

Thence S 00° 45' W, common to the Bartlett H. Simpson and Messer Fain Surveys, and partly within the Messer Fain Survey, 38.31 chains to corner 100 of Tract S-1a-I;

Thence S 88° 15' W, with the Messer Fain Survey, 11.21 chains to corner 101 of Tract S-1a-I;

Thence two (2) lines within the Messer Fain Survey: North, 1.42 chains to corner 102 of Tract S-1a-I; West, 10.48 chains to corner 103 of Tract S-1a-I;

Thence S 0° 30' E, within the Messer Fain Survey, 17.36 chains to corner 104 of Tract S-1a-I;

Thence West, common to the Messer Fain Survey and the James Forsythe Survey, A-204, 16.90 chains to corner 105 of Tract S-1a-I;

Thence two (2) lines within the Messer Fain Survey: North, 5.45 chains to corner 106 of Tract S-1a-I; West, 5.77 chains to corner 107 of Tract S-1a-I, a FS standard concrete post marked S-55;

Thence N 00° 40' W, common to the Messer Fain Survey and the John Sample Survey, A-660, 38.50 chains to corner 108 of Tract S-1a-I, the third corner of the Messer Fain Survey and the third corner of the John Sample Survey, a F.S. standard concrete post marked S-54;

Thence leaving the exterior boundary of Tract S-1a-I and crossing said tract within the Bartlett H. Simpson Survey, common to the eastern boundary line of issued BLM lease #NM-26410, a calculated bearing and distance of N 16° 39' W, 216.66 chains to corner 30 of Tract S-1a-I, the point of beginning, containing 1,243.59 acres, more or less, **SAVE AND EXCEPT** the following described 395.80 acres currently leased under BLM lease #NM-89747, **LEAVING A NET AREA of 847.79 acres, more or less, available for Parcel #5A.**

NM-89747, 395.80 acres: Beginning at corner 96 of USFS Tract Sla-1;

Thence twelve lines with Tract S-1a-I:

| <u>Bearing</u> | <u>Distance in Chains</u> | <u>To Corner of S-1a-I</u> |
|----------------|---------------------------|----------------------------|
| N 87° 40' E | 27.00 | 97 |
| S 02° 30' W | 22.40 | 98 |
| S 89° 30' W | 38.76 | 99 |
| S 00° 45' W | 38.31 | 100 |
| S 88° 15' W | 11.21 | 101 |
| North | 1.42 | 102 |
| West | 10.48 | 103 |
| S 00° 30' E | 17.36 | 104 |

| <u>Bearing</u> | <u>Distance in Chains</u> | <u>To Corner of S-1a-I</u> |
|----------------|---------------------------|----------------------------|
| West | 16.90 | 105 |
| North | 5.45 | 106 |
| West | 5.77 | 107 |
| N 00° 40' W | 38.50 | 108 |

Thence leaving the exterior boundary of Tract S-1a-I across the tract within the Bartlett H. Simpson Survey and common in part to issued BLM lease #NM-26410, a calculated bearing and distance of N 16° 39' W, 31.40 chains to a point on the direct connection line between corners 108 and 30 of Tract S-1a-I;

Thence a calculated bearing and distance of N 88° 08' 17" E, across Tract S-1a-I and common to the southern boundary of lease offer Tract S-1a-I Parcel #5A, 66.94 chains to the place of beginning, containing 395.80 acres, more or less.

**LEAVING A NET AREA OF 847.79 ACRES, MORE OR LESS, FOR TRACT S-1a-I
PARCEL #5A**

**DESCRIPTION OF
TRACT S-1a-I PARCEL #5B
SABINE NATIONAL FOREST
SHELBY COUNTY, TEXAS
461.90 ACRES**

All that certain tract or parcel of land lying and being in Shelby County, Texas, on the waters of Tenaha Bayou and Grannies Creek, tributaries of the Sabine River, embracing in part the James Forsythe Survey, A-204, dated February 24, 1848, and the C. M. Hill Survey, A-1121, dated April 29, 1903 and being identified for mineral leasing purposes as Tract S-1a-I Parcel #5B. Parent Tract S-1a-I was acquired from Pickering Lumber Company by deed dated December 28, 1935 and recorded in Volume 176, Page 410 et seq, Deed Records, Shelby County, Texas. Tract S-1a-I Parcel #5B contains approximately **461.90** acres, more or less, and is described as follows for mineral leasing purposes only. **It is not the intention of this description of Tract S-1a-I Parcel #5B to include any lands within the bordering existing issued Bureau of Land Management (BLM) leases NM-11063, NM-89747, NM-26413, or NM-61390 or offered Parcel Tract S-1a-I Parcel #5C, or any part of the 100-acre and 38-acre outstanding interests reserved in deed from W. I. Davis to Pickering Lumber Company dated 11/17/1930 and filed for record 1/12/1931 and recorded in Volume 149, Page 277, Shelby County Deed Records, or to create any gaps between this parcel and said existing leases, adjacent parcels or outstanding interest.**

Beginning at a point within the C. M. Hill Survey, A-1121, on the direct connecting line between corners 70 and 92 of USFS Tract S-1a-I, a calculated bearing and distance of S 81° 31' 57" W, 39.446 chains from corner 70 of S-1a-I, said point being 1 mile (80 chains) distant from old oil well "I. R. Roberts";

Thence southeasterly along the arc of a circle, having a radius of 1 mile (80 chains) centered on said oil well "I.R. Roberts", crossing in part the C. M. Hill Survey and the James Forsythe Survey, A-204, an arc with a calculated length of approximately 48.560 chains, and having a calculated chord bearing and distance of S 51° 28' 13" E, 47.818 chains to a point 1 mile (80 chains) distant from previously producing oil well "H.M. Roberts #2, said arc being a common boundary to lease offer S-1a-I Parcel #5C Part 1;

Thence Easterly along the arc of a circle having a radius of 1 mile (80 chains) centered on said well "H.M. Roberts #2", continuing across the said Forsythe Survey, an arc with a calculated length of approximately 40.203 chains, and a calculated chord bearing and distance of S 70° 36' 12" E, 39.781 chains to a point on the east boundary of said Tract S-1a-I, said arc being a common boundary to issued BLM lease NM-11063;

Thence South, with the boundaries of Tract S-1a-I and Tract S-1a-II and common in part to the Jesse McKelvey Survey, A-462, the R. S. Forbess Survey, A-210, and the said Forsythe Survey, a calculated distance of approximately 66.770 chains to corner 73 of Tract S-1a-I, a point in the center of Mustang Bayou;

Thence upstream with a traverse of the center line of Mustang Bayou, within the James Forsythe Survey, S 64° 00' W - 0.14 chains; N 25° 30' W - 2.16 chains; N 33° 30' W - 3.43 chains; N 54° 30' W - 3.78 chains; N 38° 00' W - 5.08 chains; N 87° 00' W - 2.73 chains; N 57° 00' W - 1.92 chains; S 67° 00' W - 1.91 chains; N 67° 00' W - 2.20 chains; N 85° 00' W - 1.80 chains to corner 74 of Tract S-1a-I, a point in the center of Mustang Bayou;

Thence South 25° 30' West, within the James Forsythe Survey, 16.20 chains to corner 75 of Tract S-1a-I;

Thence S 00° 30' E, within the James Forsythe Survey, 31.15 chains to corner 76 of Tract S-1a-I, a F. S. standard concrete post marked S 60;

Thence S 89° 00' W, common to the James Forsythe Survey and the John Mosley Survey, A-493, 21.55 chains to corner 77 of Tract S-1a-I;

Thence fourteen lines within the James Forsythe Survey:

N 03° 00' W, 10.70 chains to corner 78 of Tract S-1a-I;
S 89° 00' W, 27.90 chains to corner 79 of Tract S-1a-I;
N 00° 10' E, with Forest Service Tract S-1a-V, 20.40 chains to corner 80 of Tract S-1a-I;
East, 3.42 chains to corner 81 of Tract S-1a-I;
North, 2.95 chains to corner 82 of Tract S-1a-I;
West, 3.42 chains to corner 83 of Tract S-1a-I;
N 00° 10' E, 8.21 chains to corner 84 of Tract S-1a-I ;
N 89° 40' E, 37.50 chains to corner 85 of Tract S-1a-I;
North, 7.16 chains to corner 86 of Tract S-1a-I;
N 89° 45' E, 17.05 chains to corner 87 of Tract S-1a-I;
N 05° 00' W, 24.00 chains to corner 88 of Tract S-1a-I;
S 89° 15' W, 36.88 chains to corner 89 of Tract S-1a-I;
N 02° 40' W, 12.59 chains to corner 90 of Tract S-1a-I, a F.S. standard concrete post marked S 72;
S 89° 00' W, 79.30 chains to corner 91 of Tract S-1a-I;

Thence N 00° 45' W, within the Forsythe Survey, a calculated distance of approximately 24.331 chains to a point for corner, said point being the southwest corner of that certain 100-acre tract in which the mineral rights were reserved by deed from W. I. Davis to Pickering Lumber Company dated November 17, 1930 and filed January 12, 1931, in Volume 149, Page 277, Deed Records of Shelby County, Texas;

Thence East, within the Forsythe Survey and along the south boundary of said 100-acre tract, a calculated distance of approximately 39.492 chains to a point for corner, said point being the southeast corner of said 100-acre tract;

Thence North, along the east boundary of said 100-acre tract and within the Forsythe Survey, a calculated distance of approximately 25.445 chains to a point for corner, said point being on an arc which is 1 mile (80 chains) distant from previously producing well "De Kalb" and said point also being common to issued BLM lease NM-61390;

Thence Northerly within the Forsythe Survey and the C. M. Hill Survey, along the arc of a circle having a radius of 1 mile (80 chains) centered on said well "De Kalb", an arc with a calculated length of approximately 6.959 chains and having a calculated chord bearing and distance of N 22° 11' 15" E, common to the southeasterly boundary of issued BLM lease NM-61390, 6.957 chains

to a point on the direct connection line between corners 70 and 92 of Tract S-1a-I, said point also being common to issued BLM leases NM-61390 and NM-26413;

Thence a calculated bearing and distance of N 81° 31' 57" E, within the C. M. Hill Survey and common to the southern boundary of issued BLM lease NM-26413, along the direct connecting line between corners 70 and 92 of Tract S-1a-I, approximately 23.529 chains to the point of beginning, containing 800.50 acres of land, more or less, **SAVE AND EXCEPT** the following described 338.60 acres, segregated into issued BLM lease NM-89747, **leaving a NET AREA of 461.90 acres, more or less, for Tract S-1a-I Parcel #5B.**

NM-89747, 338.60 acres: Beginning at corner 73 of U.S.F.S. Tract S-1a-I, a point in the center of Mustang Bayou, and thence with the boundary of issued BLM lease NMA-89747 as follows:

Thence upstream with a traverse of the center line of Mustang Bayou, within the James Forsythe Survey, S 64° 00' W - 0.14 chains; N 25° 30' W - 2.16 chains; N 33° 30' W - 3.43 chains; N 54° 30' W - 3.78 chains; N 38° 00' W - 5.08 chains; N 87° 00' W - 2.73 chains; N 57° 00' W - 1.92 chains; S 67° 00' W - 1.91 chains; N 67° 00' W - 2.20 chains; N 85° 00' W - 1.80 chains to corner 74 of Tract S-1a-I, a point in the center of Mustang Bayou;

Thence South 25° 30' West, within the James Forsythe Survey, 16.20 chains to corner 75 of Tract S-1a-I;

Thence S 00° 30' E, within the James Forsythe Survey, 31.15 chains to corner 76 of Tract S-1a-I, a F. S. standard concrete post marked S 60;

Thence S 89° 00' W, common to the James Forsythe Survey and the John Mosley Survey, A-493, 21.55 chains to corner 77 of Tract S-1a-I;

Thence fourteen lines within the James Forsythe Survey:

N 03° 00' W, 10.70 chains to corner 78 of Tract S-1a-I;
S 89° 00' W, 27.90 chains to corner 79 of Tract S-1a-I;
N 00° 10' E, with Forest Service Tract S-1a-V, 20.40 chains to corner 80 of Tract S-1a-I;
East, 3.42 chains to corner 81 of Tract S-1a-I;
North, 2.95 chains to corner 82 of Tract S-1a-I;
West, 3.42 chains to corner 83 of Tract S-1a-I;
N 00° 10' E, 8.21 chains to corner 84 of Tract S-1a-I ;
N 89° 40' E, 37.50 chains to corner 85 of Tract S-1a-I;
North, 7.16 chains to corner 86 of Tract S-1a-I;
N 89° 45' E, 17.05 chains to corner 87 of Tract S-1a-I;
N 05° 00' W, 24.00 chains to corner 88 of Tract S-1a-I;
S 89° 15' W, 36.88 chains to corner 89 of Tract S-1a-I;
N 02° 40' W, 12.59 chains to corner 90 of Tract S-1a-I, a F.S. standard concrete post marked S 72;

Thence across Tract S-1a-I, within the James Forsythe Survey and common to the south boundary line of lease offer Tract S-1a-I Parcel #5B, a calculated bearing and distance of N 88° 22' 08" E, 60.72 chains to a point for corner on the boundary line of Tract S-1a-I between corners 72 and 73, same being the common boundary between issued BLM leases NM-89747 and NM-89749;

Thence South, with the boundaries of the above said leases and the boundary of Tract S-1a-I, 53.20 chains to corner 73, the place of beginning, containing 338.60 acres, more or less.

LEAVING A NET AREA OF 461.90 acres, more or less, for Tract S-1a-I Parcel #5B

**DESCRIPTION OF
TRACT S-1a-I PARCEL #5C PART #1 and PART #2
SABINE NATIONAL FOREST
SHELBY COUNTY, TEXAS
323.45 ACRES**

All that certain tracts or parcels of land lying and being in Shelby County, Texas, on the waters of Tenaha Bayou and Grannies Creek, tributaries of the Sabine River, and being two separate parts of land identified as Tract S-1a-I Parcel #5C Parts #1 and #2 for mineral leasing purposes. Tract S-1a-I Parcel #5C Part #1 contains approximately 149.52 acres, more or less, and Part #2 contains approximately 173.93 acres, more or less, for a total combined acreage of **323.45** acres, more or less, for Tract S-1a-I Parcel #5C. Parent Tracts S-1a-I and S-1a-II were both acquired from Pickering Lumber Company by deed dated December 28, 1935 and recorded in Volume 176, Page 410 et seq, Deed Records, Shelby County, Texas. Each part of Tract S-1a-I Parcel #5C is described as follows for mineral leasing purposes only.

Tract S-1a-I Parcel #5C Part #1, 149.52 acres: All that certain parcel of land embracing in part the James Forsythe Survey, A-204, dated February 24, 1848, the C. M. Hill Survey, A-1121, dated April 29, 1903 and the William J. Crane Survey, A-95, dated April 30, 1945 within Tract S-1a-I. Said parcel contains approximately 149.52 acres, more or less, and is identified for mineral leasing purposes as Tract S-1a-I Parcel #5C Part #1. **It is not the intent of Tract S-1a-I Parcel #5C Part #1 to include any lands within the bordering existing issued Bureau of Land Management (BLM) leases NM-11063 or NM-26413, offered parcel Tract S-1a-I Parcel #5B, or any part of an adjacent 290-acre outstanding interest in the Crane Survey granted to Peyton S. Graves, et al in a Judgment between Graves vs W. R. Pickering Lumber Company dated 11/19/1918 and filed 2/18/1919 and recorded in Volume 96, Page 499, Shelby County Deed Records, or to create any gaps between this parcel and said existing leases, adjacent parcels or outstanding interest.**

Beginning at a point which bears 80.00 chains from an old oil well known as the "I.R Roberts" well, said beginning point being S 29° 59' 33" W, 163.50 chains from the northernmost northeast corner of the William J. Crane Survey, A-95, said northeast corner also being corner 66 of U.S. Forest Service Tract No. S-1a-I;

Thence N 89° 20' 09" E, within the Crane Survey and along the southern boundary of a 290-acre outstanding interest, approximately 20.690 chains to a point for corner, said point being 80.00 chains from the "H.M. Roberts" #2 oil well and being on the western arc of issued BLM lease NM-11063;

Thence in a Southeasterly direction in part within the Crane Survey, the C.M. Hill Survey, A-1121, and the James Forsythe Survey, A-204, along a curve to the left 80.00 chains radius with the said "H. M. Roberts" #2 well as the radius point, an arc with a calculated length of approximately 126.758 chains, and a calculated chord bearing and distance of S 10° 48' 53" E, 113.908 chains to a point, said point being 80.00 chains from said "H.M. Roberts" #2 oil well, and said point also being 80.00 chains from said "I.R. Roberts" old oil well, and said arc also being common to the western boundary of issued BLM lease NM-11063;

Thence in a Northwesterly direction in part within the Forsythe, Hill and Crane Surveys, along a curve to the right 80.00 chains radius with said "I.R. Roberts" old oil well as a radius point and common in part to lease offer Tract S-1a-I Parcel #5B and issued BLM lease NM-26413, an arc with a calculated length of approximately 134.644 chains and a calculated chord bearing and distance of N 20° 38' 37" W, 119.306 chains to the place of beginning, containing **149.52** acres, more or less.

Tract S-1a-I Parcel #5C Part #2, 173.93 acres: All that certain tract or parcel of land embracing in part the William J. Crane Survey, A-95, dated April 30, 1945 within Tract S-1a-I and a portion of Tract S-1a-II in the M. K. Withers Survey, A-769, dated November 3, 1856. Said parcel contains approximately 173.93 acres, more or less, and is identified for mineral leasing purposes as Tract S-1a-I Parcel #5C Part #2. Parent Tracts S-1a-I and S-1a-II were both acquired from Pickering Lumber Company by deed dated December 28, 1935 and recorded in Volume 176, Page 410 et seq, Deed Records, Shelby County, Texas. **It is not the intent of this description of Tract S-1a-I Parcel #5C Part #2 to include any lands within the bordering existing issued Bureau of Land Management (BLM) leases NM-11063, NM-26414, NM-89748 or NM-89843, or any part of an adjacent 290-acre outstanding interest in the Crane Survey granted to Peyton S. Graves, et al in a Judgment between Graves vs W. R. Pickering Lumber Company dated 11/19/1918 and filed 2/18/1919 and recorded in Volume 96, Page 499, Shelby County Deed Records, or to create any gaps between this parcel and said existing leases or outstanding interest.**

Beginning at corner 42 of US Forest Service Tract No. S-1a-II within the M. K. Withers Survey, A-769;

Thence N 89° 50' E, continuing within the Withers Survey, 21.30 chains to corner 43 of Tract S-1a-II;

Thence S 01° 00' E, within the Withers Survey, a calculated distance of approximately 32.654 chains to a point for corner, said point being 80.00 chains distant from the H.M. Roberts oil well No. 1;

Thence in a Westerly direction in the Withers Survey along a curve to the left with 80.00 chains radius, having said H.M. Roberts oil well No. 1 as a radius point, and being common to the northern arc boundary of issued BLM lease NM-11063 and crossing the common boundary between FS Tracts S-1a-I and S-1a-II into the William J. Crane Survey of FS Tract S-1a-I, said arc having a calculated length of approximately 74.103 chains and a calculated chord bearing and distance of S 86° 42' 11" W, 71.483 chains to a point for corner, said point being 80.00 chains from said H.M. Roberts oil well No. 1, said point also being 80.00 chains from the H.M. Roberts oil well No.2;

Thence in a Southwesterly direction within the Crane Survey along a curve to the left with 80.00 chains radius, having said H.M. Roberts oil well No. 2 as a radius point and being common to the arc boundary of issued BLM lease NM-11063, an arc with a calculated length of approximately 16.981 chains and a calculated chord bearing and distance of S 55° 30' 08" W, 16.949 chains to a point for corner, said point being 80.00 chains from said H. M. Roberts oil well No. 2;

Thence North, within the Crane Survey and along the eastern boundary of a 290-acre outstanding interest, a calculated distance of approximately 18.612 chains to a point for corner, said point being 80.00 chains from an old oil well known as the I. R. Roberts well;

Thence in a Northeasterly direction within the Crane Survey along a curve to the right with 80.00 chains radius, having said I. R. Roberts old oil well as a radius point and being common to a southerly boundary of issued BLM lease NM-26414, an arc with a calculated length of approximately 32.783 chains and a calculated chord bearing and distance N 74° 40' 41" E, 32.555 chains to a point for corner, said point being 80.00 chains from said I.R. Roberts old oil well, said point also being 80.00 chains from an old oil well known as the R. L. Milam Well No. 1;

Thence in a Northeasterly direction within the Crane Survey of Tract S-1a-I, along a curve to the right with 80.00 chains radius, having said old R. L. Milam oil well No. 1 as a radius point, and common to the southerly boundaries of issued BLM leases NM-26414 and NM-89843 and crossing the common boundary between FS Tracts S-1a-I and S-1a-II back into the M. K. Withers Survey of Tract S-1a-II, an arc with a calculated length of approximately 39.314 chains and a calculated chord bearing and distance of N 55° 24' 30" E, 38.920 chains to a point for corner, said point being 80.00 chains from said old R.L. Milam oil well No. 1, said point also being on the direct line between corners 41 and 42 of said Tract No. S 1 a-II;

Thence South, within the M. K. Withers Survey, a calculated distance of approximately 3.021 chains to corner 42 of Tract S-1a-II, the place of beginning, containing **173.93** acres, more or less,

BOTH PARTS OF TRACT S-1a-I PARCEL #5C TOTALING A NET AREA OF 323.45 ACRES, MORE OR LESS.

**DESCRIPTION OF
TRACT S-1a-I PARCEL #5D
SABINE NATIONAL FOREST
SHELBY COUNTY, TEXAS
80.00 ACRES**

All that certain tract or parcel of land lying and being in Shelby County, Texas, on the waters of Tenaha Bayou and Grannies Creek, tributaries of the Sabine River, embracing in part the Bartlett H. Simpson Survey, A-635, dated July 9, 1841 and being identified for mineral leasing purposes as Tract S-1a-I Parcel #5D. Parent Tract S-1a-I was acquired from Pickering Lumber Company by deed dated December 28, 1935 and recorded in Volume 176, Page 410 et seq, Deed Records, Shelby County, Texas. Tract S-1a-I Parcel #5D contains approximately **80.00** acres, more or less, and is described as follows for mineral leasing purposes only. **It is not the intent of this description of Tract S-1a-I Parcel #5D to include any lands within the surrounding existing issued Bureau of Land Management (BLM) lease NM-61390, or to create any gaps between this parcel and said existing lease.**

Beginning at corner 96 of Forest Service (FS) Tract S-1a-I, the northwest corner of the H. J. Ervin Survey, A-913, which is also a point on the east line of the Bartlett H. Simpson Survey, A-635;

Thence North, within Tract S-1a-I, along the east line of the Simpson Survey and common in part to the G. H. Monroe Survey, A-517, the L. D. Jenkins Survey, A-1124, and the William J. Crane Survey, A-95, a calculated distance of 2,640 feet to a point for corner on the line between the Simpson and W. J. Crane Surveys, said line also common to the boundary of issued BLM lease NM-61390;

Thence West, within Tract S-1a-I, at a right angle to the east line of the Simpson Survey and continuing with the boundary of issued BLM lease NM-61390, a calculated distance of 1,320 feet to a point for corner within the Simpson Survey;

Thence South, within Tract S-1a-I, at a right angle and continuing with the boundary of issued BLM lease NM-61390, a calculated distance of 2,640 feet to a point for corner within the Simpson Survey;

Thence East, within Tract S-1a-I, at a right angle and continuing with the boundary of issued BLM lease NM-61390, a calculated distance of 1,320 feet to the Point of Beginning on the east line of the Simpson Survey and the northwest corner of the H. J. Ervin Survey, containing **80.00** acres, more or less.

**DESCRIPTION OF
TRACT S-1a-I PARCEL #5E
SABINE NATIONAL FOREST
SHELBY COUNTY, TEXAS
198.71 ACRES**

All that certain tract or parcel of land lying and being in Shelby County, Texas, on the waters of Tenaha Bayou and Grannies Creek, tributaries of the Sabine River, embracing in part the William J. Crane Survey, A-95, dated April 30, 1845, and the L. D. Jenkins Survey, A-1124, dated August 25, 1903, and being identified for mineral leasing purposes as Tract S-1a-I Parcel #5E. Parent Tract S-1a-I was acquired from Pickering Lumber Company by deed dated December 28, 1935 and recorded in Volume 176, Page 410 et seq, Deed Records, Shelby County, Texas. Tract S-1a-I Parcel #5E contains approximately **198.71** acres, more or less, and is described as follows for mineral leasing purposes only. **It is not the intent of this description of Tract S-1a-I Parcel #5E to include any lands within the bordering existing issued Bureau of Land Management (BLM) lease NM-61390 or the 100-acre or 38-acre outstanding interest reserved in deed from W. I. Davis to Pickering Lumber Company dated 11/17/1930 and filed for record 1/12/1931 and recorded in Volume 149, Page 277, Shelby County Deed Records, or to create any gaps between this parcel and said existing lease or outstanding interests.**

Beginning at corner 92 of Tract S-1a-I, the thirteenth corner of the James Forsythe Survey, A-204, and the third corner of the G. H. Monroe Survey, A-517, a stake with witnesses;

Thence Westerly, along the south line of the L. D. Jenkins Survey, A-1124, and the north line of the said Monroe Survey, approximately 560 feet to Corner 93 of US Forest Service Tract No. S-1a-I, having a calculated chord bearing and distance of S 88° 03' 24" W, 560.32 chains;

Thence North, at a right angle to the south line of the Jenkins Survey, a calculated distance of 1,300 feet to a point for corner within the W. J. Crane Survey, A-95, said line common to issued BLM lease NM-61390;

Thence eight lines within FS Tract S-1a-I and the W. J. Crane Survey and common to issued BLM lease NM-61390:

West, at a right angle to the previous line, a calculated distance of 1,200 feet to a point for corner;

South, at a right angle to the previous line, a calculated distance of 600 feet to a point for corner on the south line of the W. J. Crane Survey;

West, along the south line of the Crane Survey, a calculated distance of 1,900 feet to a point for corner;

North, at a right angle to the south line of the Crane Survey, a calculated distance of 1,320 feet to a point for corner;

East, at a right angle to the previous line, a calculated distance of 1,000 feet to a point for corner;

North, at a right angle to the previous line, a calculated distance of 800 feet to a point for corner;

East, at a right angle to the previous line, a calculated distance of 3,500 feet to a point for corner;

South, at a right angle to the previous line, a calculated distance of 2,190 feet to a point for corner, said point common to the northern boundary of a 38-acre and 100-acre tract of outstanding minerals as reserved in deed from W. I. Davis to Pickering Lumber Company dated 11/17/1930 and filed for record 1/12/1931 and recorded in Volume 149, Page 277, Shelby County Deed Records;

Thence West, with the northern boundary of the L. D. Jenkins Survey and common to the northern boundary of the outstanding interest, a calculated distance of 840 feet to a point for corner;

Thence South, within the Jenkins Survey and common to the western boundary of the outstanding interest, a calculated distance of 611 feet to the place of beginning, called to contain **198.71** acres, more or less.

**DESCRIPTION OF
TRACT S-1a-I PARCEL #5F
SABINE NATIONAL FOREST
SHELBY COUNTY, TEXAS
40.00 ACRES**

All that certain tract or parcel of land lying and being in Shelby County, Texas, on the waters of Tenaha Bayou and Grannies Creek, tributaries of the Sabine River, lying wholly within the William J. Crane Survey, A-95, dated April 30, 1845, and being identified for mineral leasing purposes as Tract S-1a-I Parcel #5F. Parent Tract S-1a-I was acquired from Pickering Lumber Company by deed dated December 28, 1935 and recorded in Volume 176, Page 410 et seq, Deed Records, Shelby County, Texas. Tract S-1a-I Parcel #5F contains approximately **40.00** acres, more or less, and is described as follows for mineral leasing purposes only. **It is not the intent of this description of Tract S-1a-I Parcel #5F to include any lands within the surrounding existing issued Bureau of Land Management (BLM) lease NM-61390, or to create any gaps between this parcel and said existing lease.**

Commencing at the southwest corner of the W. J. Crane Survey, A-95, go Easterly along the south line of the Crane Survey, common to the north line of the L. D. Jenkins Survey, A-1124, 7,100 feet to a point on the line between the Crane and Jenkins Surveys. Thence go Northerly at a right angle to the south line of the Crane Survey, 4,250 feet to the Point of Beginning, within the Crane Survey;

Thence West, at a right angle to the previous line and within the Crane Survey, a calculated distance of 1,320 feet to a point for corner within Tract S-1a-I, said line common to issued BLM lease NM-61390;

Thence South, at a right angle to the previous line and within the Crane Survey, a calculated distance of 1,320 feet to a point for corner within Tract S-1a-I, said line common to issued BLM lease NM-61390;

Thence East, at a right angle to the previous line and within the Crane Survey, a calculated distance of 1,320 feet to a point for corner within Tract S-1a-I, said line common to issued BLM lease NM-61390;

Thence North, at a right angle to the previous line and common to issued BLM lease NM-61390, a calculated distance of 1,320 feet to the Point of Beginning, containing **40.00** acres, more or less.

**DESCRIPTION OF
TRACT S-1a-II PARCEL #1
SABINE NATIONAL FOREST
SHELBY COUNTY, TEXAS
509.84 ACRES**

All that certain tract or parcel of land lying and being in Shelby County, Texas, on the waters of Grannies Creek, a tributary of the Sabine River, embracing in whole or in part the following patented surveys: Aaron Castleberry, A-98, dated December 18, 1845; Valentine J. Withers, A-768, dated December 10, 1849; Jesse McCelvey, A-462, dated March 10, 1906; and the T. J. Fancher Survey, A-1042, dated December 21, 1895, and being identified for mineral leasing purposes as Tract S-1a-II Parcel #1. Parent Tract S-1a-II was acquired from Pickering Lumber Company by deed dated December 28, 1935 and recorded in Volume 176, Page 410 et seq, Deed Records, Shelby County, Texas. Tract S-1a-II Parcel #1 contains approximately **509.84** acres, more or less, and is described as follows for mineral leasing purposes only. **It is not the intent of this description of Tract S-1a-II Parcel #1 to include any lands within the surrounding existing issued Bureau of Land Management (BLM) leases NM-11063, NM-89750, NM-89749, or lease offer Tract S-1a-I Parcel #5B, or to create any gaps between this parcel and said existing leases or adjacent parcels.**

Beginning at corner 85 of U.S. Forest Service Tract S-1a-II within the Valentine J. Withers Survey, A-768, a F.S. standard concrete post marked S-66;

Thence S 01° 20' E, within the Valentine J. Withers Survey, 24.33 chains to corner 86 of Tract S-1a-II;

Thence N 88° 45' E, common to the Jesse McCelvey Survey, A-462, and the Valentine J. Withers Survey, 58.01 chains to corner 87 of Tract S-1a-II;

Thence N 01° 00' W, common to the McCelvey and Withers Surveys, 2.35 chains to corner 88 of Tract S-1a-II;

Thence N 89° 00' E, within the Jesse McCelvey Survey, 27.85 chains to corner 89 of Tract S-1a-II;

Thence N 01° 00' W, common to the Jesse McCelvey Survey and the John Haley Survey, A-291, 3.21 chains to corner 90 of Tract S-1a-II;

Thence S 72° 10' E, within the John Haley Survey, 32.75 chains to corner 91 of Tract S-1a-II, a FS standard concrete post marked S-63;

Thence two lines within the John Haley Survey: S 89° 45' W, 14.98 chains to corner 92 of Tract S-1a-II; S 03° 00' E, 25.29 chains to corner 93 of Tract S-1a-II;

Thence N 89° 10' E, common to the John Haley Survey and in part to the William D. Woodfin Survey, A-765, and the Sebastian Francois Survey, A-207, a calculated distance of 8.00 chains to a point on the direct connecting line between corners 93 and 94 of Tract S-1a-II, from which the now abandoned McCord Oil Co. Pickering Well No. 1 bears 80.00 chains distant;

Thence in a southerly direction 80.00 chains radially from said Pickering well, an arc with a calculated length of approximately 15.824 chains and a calculated chord bearing and distance of S 01°00' West, 15.799 chains to a point from which the Pickering Well No. 1 bears 80.00 chains distant;

Thence across Tract S-1a-II within the William Woodfin Survey, a calculated bearing and distance of S 51° 03' W, approximately 115.00 chains to corner 11 of Tract S-1a-II, the eighth corner of the William D. Woodfin Survey and the third corner of the N. F. Cook Survey, A-141;

Thence N 20° 20' W, common to the N. F. Cook Survey and in part to the William D. Woodfin Survey and the Charles G. Bruce Survey, A-1114, 47.80 chains to corner 12 of Tract S-1a-II;

Thence S 68° 37' W, common to the N. F. Cook Survey and in part to the Charles G. Bruce Survey and the T. J. Fancher Survey, A-1042, 28.90 chains to corner 13 of Tract S-1a-II;

Thence N 01° 45' W, common to the Susan Latham Survey, A-450, and the T. J. Fancher Survey, 17.40 chains to corner 14 of Tract S-1a-II, a FS standard concrete post marked S-70;

Thence N 89° 20' W, common to the T. J. Fancher and Susan Latham Surveys, 17.80 chains to corner 15 of Tract S-1a-II;

Thence three lines within the T. J. Fancher Survey:

N 00° 30' E, 10.95 chains to corner 16 of Tract S-1a-II;
East, 3.90 chains to corner 17 of Tract S-1a-II;
N 00° 30' W, 7.60 chains to corner 18 of Tract S-1a-II;

Thence S 88° 45' W, common to the Jesse McCelvey and T. J. Fancher Surveys, 38.50 chains to corner 19 of Tract S-1a-II;

Thence S 00° 15' W, within the T. J. Fancher Survey, 19.00 chains to corner 20 of Tract S-1a-II;

Thence N 89° 30' W, common to the T. J. Fancher Survey and the Pleasant Sparks Survey, A-1061, 9.15 chains to corner 21 of Tract S-1a-II;

Thence N 01° 00' W, common to the T. J. Fancher Survey and the Pleasant Sparks Survey, 19.86 chains to corner 22 of Tract S-1a-II;

Thence S 88° 45' W, common to the Jesse McCelvey and Pleasant Sparks Surveys, 14.50 chains to corner 23 of Tract S-1a-II, a FS standard concrete post marked S-71;

Thence S 00° 40' E, common to the R. S. Forbess Survey, A-210, and in part to the Pleasant Sparks Survey and the R. M. Shull Survey, A-967, 45.60 chains to corner 24 of Tract S-1a-II;

Thence S 89° 00' W, common to the R. S. Forbess and R. M. Shull Surveys, 26.82 chains to corner 25 of Tract S-1a-II;

Thence North, with the common boundary of Forest Service Tracts S-1a-1 and S-1a-II and common to the James Forsythe Survey, A-204 and in part to the R. S. Forbess and Jesse McCelvey Surveys, a calculated distance of approximately 58.50 chains to a point from which the abandoned H.M. Roberts well #2 bears 80.00 chains, which said Roberts well #2 is located approximately southwest from the abandoned H. M. Roberts well #1, said line also being the eastern boundary of issued BLM lease NM-89747 and lease offer Tract S-1a-I Parcel #5B;

Thence in a northeasterly direction across Tract S-1a-II within the Jesse McCelvey Survey, 80.00 chains radially from the said Roberts well #2, an arc with a calculated length of approximately 48.637 chains and a calculated chord bearing and distance of N 77° 35' 00" E, 47.891 chains to a point from which said Roberts well #2 bears 80.00 chains, and the said Roberts well #1 bears 80.00 chains distant, said arc also being the southerly boundary of issued BLM lease NM-11063;

Thence continuing in a northeasterly direction across Tract S-1a-II partly within the Jesse McCelvey Survey and the Aaron Castleberry Survey, A-98, 80.00 chains radially from said Roberts well #1, an arc with a calculated length of approximately 45.133 chains and a calculated chord bearing and distance of N 45° 25' 16" E, 44.537 chains to a point from which said Roberts well #1 bears 80.00 chains, and the abandoned R.L. Milam well bears 80.00 chains, said arc also being the southeasterly boundary of issued BLM lease NM-11063 and said point being common to issued BLM leases NM-11063 and NM-89750;

Thence in a northeasterly direction across Tract S-1a-II and within the Aaron Castleberry Survey and in part within the Valentine J. Withers Survey, 80.00 chains radially from said R.L. Milam well, an arc with a calculated length of approximately 28.416 chains and a chord bearing and distance of N 56° 10' 33" E, 28.267 chains to a point from which said Milam well bears 80.00 chains, and corner 84 of Tract S-1a-II bears S 89° 00' W, 3.00 chains distant, said arc also being the southern boundary of issued BLM lease NM-89750;

Thence N 89° 00' E, within the Valentine J. Withers Survey, a calculated distance of 22.68 chains to corner 85, the place of beginning, containing 1,636.04 acres of land, more or less, **SAVE AND EXCEPT** the three following tracts of 987.70 acres, 18.20 acres, and 120.30 acres, respectively, which are segregated from the above parcel and currently leased in issued BLM lease in TXNM-89749, **LEAVING A NET AREA OF 509.84 acres, more or less, for Tract S-1a-II Parcel #1.**

Tract 1 (NM-89749) called 987.70 acres: The easterly portion of Tract S-1a-II Parcel #1 and segregated therefrom into issued BLM lease NM-89749:

Beginning at corner 86 of U.S. Forest Service Tract Number S-1a-II within the Valentine Winters Survey, A-768;

Thence with the boundary of issued BLM lease NM-89749 as follows traversing through the Jesse McCelvey and John Haley Surveys:

| <u>True Bearings</u> | <u>Distance in Chains</u> | <u>To Corner of S- 1a-II</u> |
|----------------------|---------------------------|--|
| N 88° 45' E | 58.01 | 87 |
| N 01° 00' W | 2.35 | 88 |
| N 89° 00' E | 27.85 | 89 |
| N 01' 00' W | 3.21 | 90 |
| S 72° 10' E | 32.75 | 91 |
| S 89° 45' W | 14.98 | 92 |
| S 03° 00' E | 25.29 | 93 |
| N 89° 10' E | 8.00 | to a point from which the McCord Oil Company Pickering Well No. 1 (now abandoned) bears 80.00 chains distance, which said Pickering Well was located S 08° 37' W, 47.36 chains from class A corner 65 of Tract S- 1a-II; |

Thence in a southerly direction, 80.00 chains radially from said Pickering well, an arc with a calculated length of 15.824 chains and a calculated chord bearing and distance of S 01° 00' W, 15.799 chains, to a point from which said Pickering well bears N 85° 20' E, 80.00 chains distant;

Thence across Tract S- 1a-II within the William Woodfin Survey, a calculated bearing and distance of S 51° 03' W, 115.00 chains to corner 11 of Tract S-1a-II, the eighth corner of the William D. Woodfin Survey and the third corner of the N. F. Cook Survey, A- 141, said line being common to the northwesterly boundary of issued BLM lease NM-77174;

Thence N 20° 20' W, common to the N. F. Cook Survey and in part to the William D. Woodfin Survey and the Charles G. Bruce Survey, A- 1114, 47.80 chains to corner 12 of Tract S- 1a-II;

Thence S 68° 37' W, common to the N. F. Cook Survey and in part to the Charles G. Bruce Survey and the T. J. Fancher Survey, A- 1042, 28.90 chains to corner 13 of Tract S- 1a-II;

Thence N 01° 45' W, common to the Susan Latham Survey, A-450, and the T. J. Fancher Survey, 17.40 chains to corner 14 of Tract S- 1a-II, a FS standard concrete post marked S-70;

Thence departing from the boundary of FS Tract S- 1a-II and across the lands covered thereby, with said line being the southeastern boundary of Tract S- 1a-II Parcel #1, a calculated bearing and distance of N 19° 16' 27" E, 68.157 chains to corner 86, the place of beginning, called to contain 987.70 acres, more or less.

Tract 2 (NM-89749) called 18.20 acres: The southerly portion of lease offer Tract S- 1a-II Parcel #1 and segregated therefrom into issued BLM lease NM-89749:

Beginning at corner 19 of U.S.F.S. Tract S- 1a-II, a point common to the T. J. Fancher and Jesse McCelvey Surveys and common to a southern boundary of lease offer Tract S- 1a-II Parcel #1;

Thence S 00° 15' W, within the T. J. Fancher Survey, 19.00 chains to corner 20 of Tract S- 1a-II;

Thence N 89° 30' W, common to the T. J. Fancher Survey and the Pleasant Sparks Survey, A-1061, 9.15 chains to corner 21 of Tract S-1a-II;

Thence N 01° 00' W, common to the T. J. Fancher Survey and the Pleasant Sparks Survey, 19.86 chains to corner 22 of Tract S-1a-II;

Thence departing from the boundary of Tract S-1a-II and across the lands covered thereby and common to a southern boundary of lease offer Tract S-1a-II Parcel #1, a calculated bearing and distance of S 84° 24' 48" E, 9.625 chains to corner 19, the place of beginning, and called to contain 18.20 acres, more or less.

Tract 3 (NM-89749) called 120.30 acres: The southerly portion of lease offer Tract S-1a-II Parcel #1 and segregated therefrom into issued BLM lease NM-89749:

Beginning at corner 23 of U.S.F.S. Tract S-1a-II, a point common to the R S. Forbess, Pleasant Sparks and Jesse McCelvey Surveys and common to a southern boundary of lease offer Tract S-1a-II Parcel #1, a FS standard concrete post marked S-71;

Thence S 00° 40' E, common to the R. S. Forbess Survey and in part to the Pleasant Sparks Survey and the R. M. Shull Survey, A-967, 45.60 chains to corner 24 of Tract S-1a-II;

Thence S 89° 00' W, common to the R. S. Forbess and R. M. Shull Surveys, 26.82 chains to corner 25 of Tract S-1a-II;

Thence North, with the common boundary of Forest Service Tracts S-1a-1 and S-1a-II and common to the James Forsythe Survey, A-204 and in part to the R. S. Forbess Survey, a calculated distance of 45.00 chains to a point for corner;

Thence departing from the boundary of Tract S-1a-II and across the lands covered thereby and common to a southern boundary of lease offer Tract S-1a-II Parcel #1, a calculated bearing and distance of N 87° 40' 47" E, 26.307 chains to corner 23, the place of beginning, and called to contain 120.30 acres, more or less.

LEAVING A NET AREA OF 509.84 ACRES FOR TRACT S-1a-II PARCEL #1

**Bureau of Reclamation
Mineral Leasing Stipulations for
Carlsbad and Tukumcari Projects**

The Bureau of Reclamation is the surface managing agency for approximately 59,800 acres in the Roswell Resource Area. Subject lands are located within three reservoirs within the Carlsbad Project and two lakes within the Tukumcari Project and being listed as follows:

1. Carlsbad Project - Brantley Reservoir.....43,500 acres
2. Carlsbad Project - Avalon Reservoir.....4,000 acres
3. Carlsbad Project - Sumner Reservoir.....11,500 acres
4. Tukumcari Project - Hudson Lake.....160 acres
5. Tukumcari Project - Dry Lake.....640 acres

With regards to the leasing of the mineral estate(s) beneath said 59,800 acres the Bureau of Reclamation will provide specific leasing stipulations for each prospective lease. The general overall leasing stipulations and requirements for subject Bureau of Reclamation land

BRANTLEY RESERVOIR

No surface occupancy will be allowed within one-half mile of the Brantley Dam site, drilling between one-half mile and one mile of the Brantley Dam site shall be reviewed on a case by case basis. No surface occupancy within the Brantley Lake State Park.

No storage facilities will be allowed below El. 3286. Surface occupancy below natural El. 3271 shall be reviewed on a case by case basis.

AVALON RESERVOIR

No surface occupancy within one-half mile of the Avalon Dam site. No surface occupancy below El. 3190. No storage facilities below El. 3200.

SUMNER RESERVOIR

No surface occupancy within one-half mile of the Sumner Dam site. No surface occupancy within Sumner Lake State Park. No surface occupancy below El. 4279.

No storage facilities below El. 4300.

HUDSON LAKE

No surface occupancy within boundaries of Hudson Lake.

DRY LAKE

No surface occupancy below El. 4085.

In addition to those restrictions above, The Bureau of Reclamation proposes that the first paragraph at the top of page 3 of your "Management Common to all Alternatives" be omitted. Subject paragraph states if lands presently managed by the Bureau of Reclamation revert back to the management of the Bureau of Land Management, they would be leased and managed under appropriate Roswell District stipulations or conditions of approval (e.g., stipulations for flood plains).

Prior to commencing operations on leasehold, contact the Bureau of Reclamation, Albuquerque Area Office, Attn: Rik Arndt, Lead Realty Specialist, 505 Marquette NW, Suite 1313, Albuquerque, NM 87102-2162, (505) 248-5311.

Bureau of Reclamation
September 1996

LEASE NOTICE
POTENTIAL CAVE OR KARST OCCURRENCE AREA

All or portion of the lease are located in a potential cave or karst occurrence area. Within this area, caves or karst features such as sinkholes, passages, and large rooms may be encountered from the surface to a depth of as much as 2,000 feet, within surface areas ranging from a few acres to hundreds of acres. Due to the sensitive nature of the cave or karst systems of this area, special protective measures may be developed during environmental analyses and be required as part of approvals for drilling or other operations on this lease. These measures could include: changes in drilling operations; special casing and cementing programs; modifications in surface activities; or other reasonable measures to mitigate impacts to cave or karst values. These measures may be imposed in accordance with 43 CFR 3101.1-2; 43 CFR 3162.5-1; Onshore Oil and Gas Order No. 1; and Section 6 of the lease terms.

POTASH STIPULATION

Stipulations to be made part of any oil and gas lease involving lands described in Secretarial Order, 51 Federal Register 39425 (October 28, 1986).

The lessee further agrees that:

- (1) Drilling for oil and gas shall be permitted only in the event that the lessee establishes to the satisfaction of the Authorized Officer, Bureau of Land Management, that such drilling will not interfere with the mining and recovery of potash deposits, or the interest of the United States will best be served by permitting such drilling.
- (2) No wells shall be drilled for oil or gas at a location which, in the opinion of the Authorized Officer, would result in undue waste of potash deposits or constitute a hazard to or unduly interfere with mining operations being conducted for the extraction of potash deposits.
- (3) When it is determined by the Authorized Officer, that unitization is necessary for orderly oil and gas development and proper protection of potash deposits, no well shall be drilled for oil or gas except pursuant to a unit plan approved by the Authorized Officer.
- (4) The drilling or the abandonment of any well on said lease shall be done in accordance with applicable oil and gas operating regulations (43 CFR 3160), including such requirements as the Authorized Officer may prescribe as necessary to prevent the infiltration of oil, gas or water into formations containing potash deposits or into mines or workings being utilized in the extraction of such deposits.

On the land(s) described below:

Bureau of Land Management
Carlsbad Field Office

SENMS-1
Revised December 1996

LONESOME RIDGE/GUADALUPE ESCARPMENT
NO SURFACE OCCUPANCY STIPULATION

No surface occupancy or use is allowed on the lands described below:

For the purpose of: Protecting important natural and scenic values within Lonesome Ridge ACEC (CRA SMA No. 5) and Guadalupe Escarpment Scenic Area (CRA SMA No. 10) as discussed in the Carlsbad Resource Management Plan.

If circumstances or relative resource values change or if the lessee demonstrates that operations can be conducted without causing unacceptable impacts, this stipulation may be waived, excepted, or modified by the authorized officer if such action is consistent with the provisions of the applicable Land Use Plan, or if not consistent, through a planning amendment. If the authorized officer determines that the waiver, exception, or modification is substantial, the waiver, exception, or modification will be subject to a 30-day public review period.

STIPULATION
(NO SURFACE OCCUPANCY)

No surface occupancy or use is allowed on the lands described below:

For the purpose of:

- a. Preventing hazards to oil and gas drilling operations due to drilling through open potash mine workings, cavities or voids over which the lands are situated.**
- b. Preventing open potash mine workings from becoming gassey thereby creating a hazard to human health and safety during underground mining.**
- c. Protecting critical, economically important potash resources within the Secretary's Potash Area as discussed in the Carlsbad Resource Management Plan.**

SLOPES OR FRAGILE SOILS

Surface occupancy or use is subject to the following special operating constraints:

Surface disturbance will not be allowed on slopes over 30 percent. Exceptions will be considered for authorized mineral material extraction sites and designated OHV areas, for the installation of projects designed to enhance or protect renewable natural resources, or if a plan of operating and development which provides for adequate mitigation of impacts was approved by the Authorized Officer. Occupancy or use of fragile soils will be considered on a case-by-case basis.

For the purpose of: Protecting Slopes or Fragile Soils

STREAMS, RIVERS, AND FLOODPLAINS

Surface occupancy or use is subject to the following special operating constraints:

Surface disturbance will not be allowed within up to 200 meters of the outer edge of 100-year floodplains, to protect the integrity of those floodplains. On a case-by-case basis, an exception to this requirement may be considered based on one or more of the criteria listed below. The first three criteria would not be applied in areas of identified critical or occupied habitat for federally listed threatened or endangered species.

--Additional development in areas with existing developments that have shown no adverse impacts to the riparian areas as determined by the Authorized Officer, following a case-by-case review at the time of permitting.

--Suitable off-site mitigation if habitat loss has been identified.

--An approved plan of operations ensures the protection of water or soil resources, or both.

--Installation of habitat, rangeland or recreation projects designed to enhance or protect renewable natural resources.

For the purpose of: Protecting Streams, Rivers and Floodplains

CAVES AND KARST

Surface occupancy or use is subject to the following special operating constraints:

Surface disturbance will not be allowed within up to 200 meters of known cave entrances, passages or aspects of significant caves, or significant karst features. Waiver of this requirement will be considered for projects that enhance or protect renewable natural resource values, or when an approved plan of operations ensures the protection of cave and karst resources.

For the purpose of: Protecting Caves and Karst Features

PRAIRIE CHICKENS

No surface use is allowed during the following time periods; unless otherwise specified, this stipulation does not apply to the operation and maintenance of production facilities.

Drilling for oil and gas, and 3-D geophysical exploration operations will not be allowed in Lesser Prairie Chicken Habitat during the period of March 15 through June 15, each year. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 a.m. and 9:00 a.m.. The 3:00 a.m. and 9:00 a.m. restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during the period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise. Exceptions to these requirements will be considered for areas of no or low prairie chicken booming activity, or unoccupied habitat, including leks, as determined at the time of permitting, or in emergency situations.

For the purpose of: Protecting Prairie Chickens

VISUAL RESOURCE MANAGEMENT

Surface occupancy or use is subject to the following special operating constraints:

Painting of oil field equipment and structures to minimize visual impacts will be conducted according to the requirements of Notice to Lessees (NTL) 87-1, New Mexico. Low profile facilities also may be required, when needed to reduce the contrast of a project with the dominant color, line, texture, and form of the surrounding landscape. Other surface facilities or equipment approved by the BLM, such as large-scale range improvements or pipelines, will be painted, when needed, to conform with the requirements of visual resource management to minimize visual impacts. Paint colors will be selected from the ten standard environmental colors approved by the Rocky Mountain Coordinating committee. The selected paint color will match as closely as possible the predominant soil or vegetation color of the area.

For the purpose of: **Protecting Visual Resources Management**

STIPULATION
RECREATION/PUBLIC PURPOSES FACILITIES

The lessee is given notice that all or part of the lease area contains special values, are needed for special purposes or requires special attention to prevent damage to surface resources. Any surface use or occupancy within such areas will be strictly controlled. Use or occupancy will be authorized only when the lessee/operator demonstrates that the area is essential for operations and when the lessee/operator submits a surface use and operations plan which is satisfactory to the Bureau of Land Management for the protection of these special values and existing or planned uses. Appropriate modifications to the imposed restrictions will be made for the maintenance and operations of producing oil and gas wells.

After the Bureau of Land Management has been advised of the proposed surface use of occupancy on these lands, and on request of the lessee/operator, the Bureau of Land Management will furnish further data on such areas.

Reason for Restriction: To protect recreation and public purpose facilities authorized under the Recreation and Public Purposes Act.

Duration of Restriction: Year-round

Prior to acceptance of this stipulation the prospective lessee is encouraged to contact the Bureau of Land Management for further information regarding the restrictive nature of this stipulation.

STIPULATION

Lease Notice for Proposed Oil and Gas Leasing in the Sierra de Las Uvas Area

The lessee is given notice that all or part of the lease area may contain special status plant species. Any surface use or occupancy will be authorized only when the lessee/operator demonstrates that the area to be disturbed or occupied has been found to be free of the special status plant species, *Peniocereus greggii* var. *greggii*-(Night blooming cereus).

Reason for Notice: To protect Special Status Species.

Duration of Restriction: Year-round

The prospective lessee is encouraged to contact the Bureau of Land Management for further information regarding this Notice.

CONTINENTAL DIVIDE TRAIL

No occupancy or other surface disturbance will be allowed within 1000 feet of the Continental Divide National Scenic Trail Treadway. This distance may be modified when specifically approved in writing by the Bureau of Land Management at the address shown below:

Address:

**Albuquerque Field Office
435 Montano NE
Albuquerque, NM 871071808**

(505) 761-8700

LEASE NOTICE
COAL PROTECTION

Federal coal resources exist on this lease. Operations authorized by this lease may be altered or modified by the authorized officer (at the address shown below) in order to conserve and protect the mineral resources and provide for simultaneous operations.

Address:

**Tulsa Field Office
Ste. 101, 7906 E 33Rd St
Tulsa, OK 74145
(918) 621-4100**

FLOODPLAIN PROTECTION STIPULATION
CONTROLLED SURFACE USE

All or portions of the lands under this lease lie in and/or adjacent to a major watercourse and are subject to periodic flooding. Surface occupancy of these areas will not be allowed without specific approval, in writing, of the Bureau of Land Management.

For the following described land(s):

Any changes in this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

LEASE NOTICE
THREATENED AND ENDANGERED SPECIES

According to preliminary information all or portions of this lease area could contain Federal and/or State-listed threatened or endangered species and/or their habitats. Any proposed surface disturbing activity may require an inventory and consultation with the U.S. Fish and Wildlife Service and/or the State Wildlife agency. The consultation could take up to 180 days to complete. Surface occupancy could be restricted or not allowed as a result of the consultation. Appropriate modifications of the imposed restrictions will be made for the maintenance and operations of producing oil and gas wells.

WETLAND/RIPARIAN STIPULATION
CONTROLLED SURFACE USE

All or portions of the lands under this lease contain wetland and/or riparian areas. Surface occupancy of these areas will not be allowed without the specific approval, in writing, of the Bureau of Land Management. Impacts or disturbance to wetlands and riparian habitats which occur on this lease must be avoided, or mitigated. The mitigation shall be developed during the application for permit to drill process.

For the following described land(s):

Any changes in this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes.

U. S. ARMY COE
SPECIAL STIPULATIONS 1-A
WISTER LAKE

- 1. This is a no surface occupancy lease.**
- 2. All oil and gas drilling and production operations shall be under the supervision of the District Manager, Bureau of Land Management (BLM), in accordance with 43 Code of Federal Regulations 3160.**
- 3. The Secretary of the Army or designee reserves the right to require cessation of operations if a national emergency arises or if the Army needs the leased property for a mission incompatible with lease operations. On approval from higher authority, the District Engineer will give notice of the required suspension. The lessee agrees to this condition and waives compensation for its exercise.**
- 4. If the District Engineer or his authorized representative discovers an imminent danger to safety or security which allows no time to consult the BLM, that person may order such activities stopped immediately. The District Manager, BLM, will be notified immediately, will review the order, and will determine the need for further remedial action.**
- 5. Lessee liability for damage to improvements shall include improvements of the Department of Defense. Lessee shall be liable for pollution and other damages, as a result of their operations, to Government-owned land and property and to the property of the Government's authorized surface user.**
- 6. Before beginning to drill, the lessee must consult with third parties authorized to use real estate in the lease area and must consider programs for which third parties have contractual responsibility.**
- 7. A license to conduct geophysical test on the leased area must be obtained separately from the District Engineer.**
- 8. That all rights under this lease are subordinate to the rights of the United States to flood and submerge the lands, permanently or intermittently, in connection with the operation and maintenance of the above-named project.**

9. That the United States shall not be responsible for damages to property or injuries to persons which may arise from or be incident to the use and occupation of the said premises, or for damages to the property of the lessee, or for injuries to the person of the lessee's officers, agents, servants, or employees, or others who may be on said premises at their invitation or the invitation of any one of them arising from or incident to the flooding of the said premises by the Government or flooding from any other cause, or arising from or incident to any other governmental activities; and the lessee shall hold the United States harmless from any and all such claims.

10. That the work performed by the lessee on the lands shall be under the general supervision of the District Engineer, Corps of Engineers, in direct charge of the project, and subject to such conditions and regulations as may be prescribed by him, and the plans and locations for all structures, appurtenances thereto, and work on said lands shall be submitted to the said District Engineer for approval in advance of commencement of any work on said lands. The District Engineer shall have the right to enter on the premises, at any time, to inspect both the installation and operational activities of the lessee.

11. That no structure or appurtenance thereto shall be of a material or construction determined to create floatable debris.

12. That the construction and operation of said structures and appurtenances thereto shall be of such a nature as not to cause pollution of the soils and the waters of the project.

13. That the United States reserves the right to use the land jointly with the lessee in connection with the construction, operation, and maintenance of the Government project and to place improvements thereon or to remove materials therefrom, including sand and gravel and other construction material, as may be necessary in connection with such work, and the lessee shall not interfere in any manner with such work or do any act which may increase the cost of performing such work. If the cost of the work performed on land outside property included in the lease is made more expensive by reason of improvements constructed on the leased property by the lessee, the lessee shall pay to the United States money in the amount, as estimated by the Chief of Engineers, sufficient to compensate for the additional expense involved.

14. All areas with 2,000 feet of any major structure, including but not limited to the dam, spillway, or embankment, are restricted areas. The lessee, his operators, agents, or employees shall not utilize the surface of restricted areas for any purpose. Drilling operations in, on, or under the restricted areas, including drilling outside of the restricted areas which would cause a bore hole to be under the restricted area, will not be permitted. The restricted areas are included in the lease for the sole purpose of becoming part of a drilling unit so that the United States will share in the royalty of the unit.

15. All existing or proposed public use areas, recreation areas, wildlife and waterfowl refuges, historical sites, and hiking and horseback trail areas may be leased for the sole purpose of becoming a part of a drilling unit. The lessee, his operators, agents, or employees will not use or enter upon the surface for any purpose. Directional drilling from non-public areas is permitted if not otherwise restricted.

16. All storage tanks and slush pits will be protected by dikes of sufficient capacity to protect the reservoir from pollution to flood pool elevation 502.50 feet, for Wister Lake, National Geodetic Vertical Datum.

17. It is the responsibility of the lessee to identify and be aware of areas where entry is prohibited.

18. The operator will immediately stop work and advise the District Engineer or his authorized representative if contamination is found in the operating area.

STIPULATION FOR LANDS OF THE NATIONAL FOREST SYSTEM
UNDER JURISDICTION OF
DEPARTMENT OF AGRICULTURE

The permittee/lessee must comply with all the rules and regulations of the Secretary of Agriculture set forth at Title 36, Chapter II, of the code of Federal Regulations governing the use and management of the National Forest System (NFS) when not inconsistent with the rights granted by the Secretary of the Interior in the permit. The Secretary of Agriculture's rules and regulations must be complied with for (1) all use and occupancy of the NFS prior to approval of an exploration plan by the Secretary of the Interior, (2) uses of all existing improvements, such as Forest development roads, within and outside the area permitted by the Secretary of the Interior, and (3) use and occupancy of the NFS not authorized by an exploration plan approved by the Secretary of the Interior.

All matters related to this stipulation are to be addressed

To : Forest Supervisor
National Forests in Texas
At : 701 North First St.
Lufkin, TX 75901
Telephone No : (409) 639-8501

Who is the authorized representative of the Secretary of Agriculture.

CONTROLLED SURFACE USE STIPULATION
NATIONAL FORESTS IN TEXAS

Surface occupancy or use is subject to the following special operating constraints:

Portions of this lease contain streamside management zones (floodplains, wetlands). As a minimum, these areas are established within the 100 year floodplain of all intermittent streams and perennial streams, and 100 feet from the normal pool level contour of lakes. Site-specific proposals for surface-disturbing activities (such as pipelines and seismic surveys) within these areas will be analyzed and will normally result in establishment of protective requirements or limitations for the affected site. Surface occupancy for oil and gas wells will not be allowed within the streamside management zone. (MA-4-63)

On the lands described below:

For the purpose of: To meet visual quality objectives and protect streamside management zones in accordance with the National Forests and Grasslands in Texas Final Land and Resource Management Plan, dated March 28, 1996.

Any change to this stipulation will be made in accordance with the Land Use Plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

CONTROLLED SURFACE USE STIPULATION
NATIONAL FORESTS IN TEXAS

Surface occupancy or use is subject to the following special operating constraints:

Proposals for a structure, facility, or motorized uses on Toledo Bend Reservoir lands between the 172' and 175' MSL contours, or on a strip of land extending inland 200 meters from the 175' contour, may be subject to special requirements or limitations, such to be determined on a case-by-case basis.

On the lands described below:

For the purpose of: To meet visual quality objectives and protect lakeshores in accordance with the National Forests and Grasslands in Texas Final Land and Resource Management Plan, dated March 28, 1996.

Any change to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

CONTROLLED SURFACE USE STIPULATION
NATIONAL FORESTS IN TEXAS

Surface occupancy or use is subject to the following special operating constraints:

Portions of this lease may contain large (greater than 40 acres) areas identified under the Texas Natural Heritage Program's Sensitive Plant and Natural Community Inventory. These areas may contain bogs and seeps or sensitive plants and plant communities. Site-specific proposals for surface-disturbing activities within these areas will be analyzed. Such analysis could result in establishment of protective requirements, limitations for the affected site, or possibly require relocation of the activities.

On the lands described below:

For the purpose of: To meet requirements of the National Forest Management Act of 1976 and regulation, 36 CFR 219.26. Also to protect and promote sustainable populations of unique plants or plant communities as per the National Forests and Grasslands in Texas Final Land and Resource Management Plan, dated March 28, 1996.

Any change to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

CONTROLLED SURFACE USE STIPULATION
NATIONAL FORESTS IN TEXAS

Surface occupancy or use is subject to the following special operating constraints:

Extensive areas within this lease are considered critical areas for flood prevention and/or erosion control. Control structures and erosion damage rehabilitation work either exist now or may be added during the period of the lease. Surface occupancy may be restricted or limited in order to assure minimum conflict with erosion control or flood prevention goals. Restrictions or limitations will be identified by a site-specific analysis of a proposal for lease activities.

On the lands described below:

For the purpose of: To meet soil erosion, water quality, or flood prevention goals in accordance with the National Forests and Grasslands in Texas Final Land and Resource Management Plan, dated March 28, 1996.

Any change to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

CONTROLLED SURFACE USE STIPULATION
NATIONAL GRASSLANDS IN TEXAS

Surface occupancy or use is subject to the following special operating constraints:

Portions of this lease contain segments of either perennial or intermittent streams as defined by the Forest Service. Areas within 100' of perennial streams or 66' of intermittent streams will be subject to special requirements or limitations for surface use or occupancy. Specific requirements or limitations will be determined as Surface Use Plans of Operations (SUPOs) are submitted and will normally result in establishment of protective requirements or limitations for the affected site.

On the lands described below:

For the purpose of: To meet visual quality objectives and protect streamside management zone areas in accordance with the National Forests and Grasslands in Texas Final Land and Resource Management Plan, dated March 28, 1996.

Any change to this stipulation will be made in accordance with the Land Use Plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

CONTROLLED SURFACE USE STIPULATION

Surface occupancy or use is subject to the following special operating constraints:

Portions of the land in this lease are, or may be, occupied by clusters of the endangered red-cockaded woodpecker. Exploration and development proposals may be modified and/or limited, including no surface occupancy, within 1/4 mile of an active red-cockaded woodpecker cluster. In addition, if foraging habitat is limited, no surface occupancy may occur within 1/2 mile of an active red-cockaded woodpecker cluster. Upon receipts of a site-specific proposal, the Forest Service will provide current inventory records of cluster locations and may require that localized surveys be performed to assure no uninventoried clusters are present. (MA-2-80-4.6)

On the lands described below:

For the purpose of:

To protect red-cockaded woodpecker clusters foraging and habitat areas in accordance with the National Forest and Grasslands in Texas Final Land and Resource Management Plan, dated March 28, 1996.

Any change to this stipulation will be made in accordance with the Land Use Plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

LEASE NOTICE
NATIONAL FORESTS IN TEXAS

Dreka Work Center lies within Tract S-1-VIII.

LEASE NOTICE
NATIONAL FORESTS IN TEXAS

Bald Eagles. Part or all of this lease is within one (1) mile of a bald eagle nesting site. During nesting periods, from approximately October 1 through May 15 per year, seismic exploration, new clearing of vegetation, and exploratory drilling may be restricted if, in the opinion of the responsible agency biologist, restrictions are necessary to assure nesting success.

LEASE NOTICE
NATIONAL FORESTS IN TEXAS

Proposals for surface occupancy, other than foot travel, below the 172' MSL contour will require concurrence of the United States Corps of Engineers prior to issuance of a Forest Service decision on that proposal. In addition, the Sabine River Authority of Texas will be requested to comment on such proposals.

**LEASE NOTICE #6
NATIONAL FORESTS IN TEXAS**

Boles Field Campground and Pet Cemetery lies within the northeastern portion of Tract S-1a-I Parcel #5F, covering approximately 10 acres. It also lies within the northwestern portion of Tract S-1a-I Parcel #5C Part 1, covering approximately 30 acres. Sites within these areas will need to be coordinated with the U.S. Forest Service in order to protect the campground and pet cemetery.

NO SURFACE OCCUPANCY STIPULATION
NATIONAL GRASSLANDS IN TEXAS

No surface occupancy or use is allowed on the lands described below (legal subdivision or other description):

For the purpose of: To meet visual quality objectives and to protect scenic area values in accordance with MA-8c-62, page 215 of the National Forests and Grasslands in Texas Final Land and Resource Management Plan, dated March 28, 1996.

Any change to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance, on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

NO SURFACE OCCUPANCY STIPULATION
NATIONAL FORESTS IN TEXAS

No surface occupancy or use is allowed on the lands described below:

Areas along lakeshore of Tracts S-1c or S-1r where visual resources would be severely impacted by drilling facilities.

For the purpose of:

To meet visual quality objectives and to protect lakeshore areas in accordance with the National Forests and Grasslands in Texas Final Land and Resource Management Plan, dated March 28, 1996.

Any change to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

**GENERAL STIPULATIONS
LAVACA-NAVADID RIVER AUTHORITY**

**LAKE TEXANA RESERVOIR
PALMETTO BEND PROJECT, TEXAS**

All rights under this oil, gas, and mineral lease are subordinated to the right of the Lavaca-Navidad River Authority (LNRA) to flood and submerge the lands, permanently or intermittently, in connection with the construction, operation, and maintenance of the Lake Texana Reservoir, Palmetto Bend Project, Texas (Project lands).

All surface work performed by the Lessee and/or operator on the Project lands shall be under the general supervision of the Lavaca-Navidad River Authority General Manager or his designee, and shall be subject to such conditions and regulations as may be prescribed. Detailed plans and location for all structures, appurtenances thereto, and surface disturbance work on Project lands shall be submitted to the Authority for approval in advance of commencement of any surface work on the said Project lands. At least 60 days or more lead time is preferred. The authorized representatives of the Authority shall have the right to enter on the leased premises at any time to inspect both the installation and operational activities of the Lessee and/or operator.

A. Pre-drilling Condition:

1. No exploratory drilling, flow line trenching, building, site clearing, or land disturbing activity of any kind will occur until approval, in writing is granted by the appropriate Authority representatives.
2. Generally, no well casing-head shall be placed below the surface elevation of 47.0 feet, mean sea level (M.S.L.)
3. All well storage tanks and production equipment shall be constructed outside the flood plain above elevation 47.0 feet M.S.L. This elevation restriction does not apply to areas downstream of the dam and outlet works. Berms shall be constructed around storage batteries, tanks, and separators to contain their entire volume should an accidental spill or rupture occur.
4. Drilling a well for oil and gas is prohibited within 1,000 feet of any dam, dike, or other major structure, unless otherwise approved by the General Manager. To protect watersheds, slopes in excess of 40 percent (2.5:1) should be avoided where possible.
5. No well shall be drilled within 1/8 mile (660 feet) of a river channel, permanent stream, tributary, or marsh site unless otherwise approved by the General Manager. To protect watersheds, slopes in excess of 40 percent (2.5:1) should be avoided where possible.

6. All drilling operations shall be conducted in accordance with applicable Federal Laws and Roles and Regulations promulgated thereunder, State laws, Texas Railroad Commission rules and regulations, especially Rule 8: Water Protection, as amended May 1984, and any other applicable rules and regulation to municipal water supplies.
7. At Lessee's expense no surface disturbance shall occur until completion of an environmental analysis of the proposed drilling activity by LNRA and all coordination matters are completed. This analysis will involve review of state and federally listed threatened and endangered plant and animal species, protection of wetlands, cultural resources, and water quality associated concerns. Certain data needs may be requested from the applicant proposing a surface disturbance action.
8. Where surface operations and facilities could reasonably be expected to discharge petroleum products into navigable waters and should oil or petroleum products be stored on site and facilities have an aggregate storage capacity of 1,320 gallons or more or single containers with capacity of 660 gallons or more, a "Spill Prevention Control and Counter Measure Plan" shall be prepared and must be maintained and kept available for inspection on site, if manned, or at the nearest field office, if unmanned, in accordance with Code of Federal Regulations CFR 40, Part 112, Environment Protection Agency. In the event of a spill or leakage, the Lessee assumes all responsibility for cleanup and damages.
9. At Lessee's expense, a cultural resource survey of lands that may be disturbed must be completed prior to any surface disturbance. If during construction operation, and/or maintenance of any facility authorized by the Bureau of Land Management (BLM) lease, Lessee, or any person working in his behalf discovers any historic or prehistoric grave, ruin, monument, or any object subject to the National Historic Preservation Act of 1966, the Archeological Resource Protection Acts of 1979, or the Native American Graves Protection Act of 1992, work shall be suspended immediately and the discovery reported to the LNRA General Manager. When directed by LNRA, the Lessee shall obtain, at Lessee's expense, a qualified archeologist to examine and evaluate, and if necessary, excavate the discovery.
10. No "mud pits" shall be constructed on Authority-owned land. A closed mud system is required with containerization of drill cuttings. Water or discharge of any kind shall not be allowed to enter any drainage. All unattended containers containing liquids shall be fenced.
 - B. Safety:
 1. Adequate blowout preventers shall be properly installed, tested, and maintained during drilling and work-over operations.
 2. Non-mobile diesel fuel tanks and other potential pollution sources will be surrounded by an earthen berm of sufficient height to contain their entire volume in the event of an accidental spill, leak, or rupture.

3. Any drilling, completion, or work-over rig derrick shall not be located closer than one and one-half times its height from any electrical power transmission lines unless prior approval is obtained from the owner of the power company.
4. Signs shall be posted warning the public to prevent entry to the job site.

C. Drilling Pad and Reserve Pit, IF APPROVED BY LNRA:

1. Area cleared for the drilling pad site and reserve pit shall be the absolute minimum required for operations.
2. All trees and shrubs removed from the pad site shall be piled near the site at places designated by LNRA for use as wildlife shelters.
3. Available topsoil shall be removed from the drill pad and reserve pit site and stored in a topsoil stockpile.
4. Diesel fuel tanks and other potential pollution sources will be surrounded by an earthen berm of sufficient height to contain their entire volume in the event of an accidental leak or rupture.
5. The area will be kept free of trash and litter at all times, including access roads used solely by the Lessee. Litter blown out of the work area must be picked up. All solid and fluid waste associated with the drilling operations shall be removed and deposited in an approved sanitary landfill or disposal site within 1 month after removal of the drilling rig. The Lessee shall comply with all State laws and regulations pertaining to the disposal of human waste.
6. For the protection of livestock and wildlife, all containers containing toxic liquids shall be fenced and open containers shall be covered with a fine mesh netting (i.e. hardware cloth) with openings being one-half inch or less.
7. After drilling activities are completed the site shall be reshaped to original and covered with topsoil. This restoration must be accomplished within 90 days of completion of drilling. The area must then be re-vegetated as required by LNRA.

D. Actions with a Producing Well:

1. The Lessee will use only so much land as is reasonably necessary in the access drilling, completion, production, and operation of any well or wells on the leased premises. A minimum service area will be developed around the well head and production facilities. The minimum service area will be developed around the well head and production facilities. The remainder of the drill pad will be covered with topsoil from stockpile and restored to vegetation by tilling, fertilizing and seeding. Specific seed types will be determined on a case-by-case basis by LNRA. No permanent storage of materials unrelated to drilling or producing wells on the lease will be allowed on the lease.

- 2. The Lessee may be required to utilize electric or submersible pumps, where feasible, rather than fuel-powered pumps (or other machinery). All newly constructed electric lines must be buried to a minimum depth of 3 feet.**
- 3. All transfer lines from well site to tank battery, or the like, must be buried 3 feet below the surface and a minimum depth of 6 feet at stream, creek, or river channel crossings.**
- 4. When possible, a common point of collection and storage should be utilized to minimize the number of storage tank batteries and associated surface disturbance. Gathering lines should be laid parallel with existing gathering lines to decrease the amount of surface disturbance.**
- 5. All aboveground structures, not subject to applicable safety requirements, shall be painted to blend with the natural surroundings. The paint used shall be lusterless, lead-free, nonreflective, flat or semigloss color that blends with the area.**

E. Roads:

- 1. Where ever possible, existing roads and trails should be used as access to the drill site. New road construction will be kept to a minimum, and new construction will not begin until the location is approved by LNRA.**
- 2. Each existing fence to be crossed by the Lessee shall be braced and tied off before cutting so as to prevent wire tension problems. The opening shall be protected as necessary during construction and well operation to prevent the escape of livestock.**
- 3. Cleared trees and shrubs will be removed and/or piled as brush piles for wildlife shelter as designated by LNRA. Available topsoil will be removed from the road and right-of-way and stored in a topsoil stockpile.**
- 4. New access roads will normally be a maximum of 30 feet wide including drainage ditches and culverts. Road surface shall be graveled to a thickness identified as suitable for existing ground. Access roads shall be constructed to widths suitable for the safe operation of the vehicles and equipment at speeds proposed. The road shall be posted with curve signs and maximum speed limits. Speeds shall be limited on curves and posted to speeds that will permit a vehicle to be stopped within one-half the minimum sight distance. The road shall be maintained in a safe condition.**
- 5. At the option of LNRA, on new access roads the Lessee shall construct cattle guards, or install gates with locks which will be maintained by the Lessee during the drilling operations and all such time thereafter as production continues. Fencing of roads may be required.**

- 6. **Roads shall be maintained in suitable condition for vehicle passage during the duration of drilling activities with special consideration given to erosion control during wet and muddy periods.**
- 7. **Existing roads used by the Lessee shall be returned to original or equivalent condition after drilling equipment has been removed.**
- 8. **All roads shall be adequately drained to control runoff and soil erosion. Drainage facilities may include ditches, water bars, culverts, and/or any other measures deemed necessary by LNRA representatives. The following is a general guide for spacing of water bars:**

| | |
|-------------------------------|-----------|
| <u>Present Slope</u> | |
| Less than 2 percent | .200 feet |
| 2 to 4 percent | .100 feet |
| 4 to 5 percent | .75 feet |
| more than 5 percent | .50 feet |

- 9. **Lessee shall observe the following stipulations should oil or gas be found and production activities occur.**
- 10. **Lessee shall maintain roads in suitable condition for vehicle passage. The public will be permitted to use roads where existing roads were originally open to such use. New road construction, if needed is exempt from public use.**

F. Actions with a Non-producing Well:

- 1. **Upon abandonment of any well, the Lessee will plug any well so as to effectively shut off fluid flow from the hydrocarbon bearing stratum. All well plugging shall be accomplished in accordance with current Texas Railroad Commission rules and regulations or their successor agency.**
- 2. **All disturbed areas will be re-contoured, covered with topsoil, and re-vegetated returning the area as closely to the original condition as possible. All trash will be removed from the lease site.**
- 3. **In the event of an abandonment of the lease for any reason, any surface areas that were disturbed will be re-vegetated by the Lessee, with native and/or adapted grasses, forbs, and shrubs, unless LNRA indicated, in writing that the area or roads are to remain in an unrestored condition. Re-vegetation is to be accomplished by seeding and fertilizing the area within 1 year of completion at seeding rates appropriate for the local area as directed by LNRA.**
- 4. **Gates and cattle guards shall be removed if requested by LNRA. Any openings in fences will be restored to original condition.**

G. General:

- 1. The lessee shall limit access to well, production, and storage facilities on LNRA Project lands to authorized personnel only and hereby grants LNRA access to the drill site and production facilities for inspection purposes.**
- 2. The Lessee agrees to cease all operations and make all necessary corrections to the satisfaction of the representative of LNRA before resuming any operations, should any violations of the terms of these stipulations occur.**
- 3. The Lessee shall not permit any nuisance to occur or be maintained on the leased premises and shall not use said premises for any purposes other than those authorized in the lease. Before abandoning any well, the Lessee shall securely plug the same so as to effectually shut off water from the oil-bearing stratum.**
- 4. The Lessee shall carry on the development and/or operation of the leased premises in a workmanlike manner and shall not commit or suffer to be committed waste upon the lands in his occupancy and use. During drilling operations, the Lessee or operator shall only use so much of the land as is necessary; shall safeguard the water bodies from any pollution; and shall not permit oil, saltwater, drilling mud, or other deleterious substances to escape onto the land or into water, but the same shall be retained in proper tanks, receptacles, or in pits prepared for such purposes; and after the termination of operations, any such fluids shall be disposed of in accordance with State laws, rules and regulations and the land will be properly restored to its original condition. Only so much land thereof shall be used in the production of the leased premises as is reasonably necessary to operate any well or wells thereon.**
- 5. Lessee shall provide all employees, subcontractors, and assigns, especially the operator and dirt contractor, and any person or business providing services in the drilling, production or plugging activities with a copy of the above lease stipulations prior to construction of the roads, pad, or associated lease developments.**
- 6. Upon execution of the lease, the Lessee shall pay the LNRA reasonable compensation for use of the surface of Project lands. The amount of compensation shall be agreed upon prior to the execution of any lease, but shall not be less than \$15,000.00**

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