

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF
TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NUMBER ONE
HELD IN THE DISTRICT OFFICE IN FORT WORTH, TEXAS, ON THE
10TH DAY OF MARCH, 1949, AT 1:30 P.M.

The call of the roll disclosed the presence or absence of
Directors, as follows:

PRESENT

Joe B. Hogsett
Houston Hill
Dan H. Priest
W. L. Pier

ABSENT

Gaylord J. Stone

Also present were Sidney L. Samuels, General Attorney, and C. L.
McNair, General Manager.

Director Hogsett acted in his capacity as President, and
Director Priest acted in his capacity as Secretary, whereupon pro-
ceedings were had and done as follows:

1.

The present meeting assembled for the purpose of taking
action on the three bids, which had been submitted to the District
and which had been opened and considered at a meeting held on March
8, 1949, concerning the leasing for oil and gas purposes of approx-
imately 2,579.55 acres of land owned by the District, situated in
Jack County, Texas.

The President, Mr. Joe B. Hogsett, stated to the meeting
that it was now expedient and proper that the Board should take
action on the three bids heretofore submitted to the District on the
matter of the leasing by the District for oil and gas purposes on
certain lands in Jack County, Texas, of which the District is owner.

Once again, the members of the Board took up said bids, each in its order, and considered same with respect to the offers made by each bidder, and what bid, under the circumstances, would represent the highest and best bid, and what afforded the greatest advantage to the District. Discussion followed the presentation of the matter by the President, and it was unanimously agreed by all the members of the board, who were present that the four bids by the Cities Service Oil Company, taken in the aggregate, represented the highest and best bid for the purposes aforesaid, and that the leases thereon should be awarded to the Cities Service Oil Company, and that the other two bids should be rejected, and the checks enclosed by each one of said two other bidders, should be respectively returned to them.

The Board also instructed that in returning such Cashier's Checks to the two unsuccessful bidders, Mr. G. E. Francis and Mr. Wallace B. Boling, that the check which accompanied the bid of Mr. G. E. Francis was made payable to the order of Tarrant County Water Control and Improvement District Number One, should be endorsed, "without recourse" by the District and returned by registered mail to Mr. Francis. Further, it was made to appear to the Directors that the other unsuccessful bidder, Mr. Wallace B. Boling, came in person to the office of the District to ascertain the action of the Board, and learning that his bid was unsuccessful, requested that the Cashier's Checks, made payable to his order, endorsed by him and which had accompanied his bid, be returned to him in person. This was accordingly done and his receipt in writing obtained therefor.

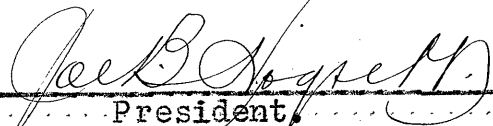
On motion of Director Hill, seconded by Director Pier, it was ordered and directed that the four bids of the Cities Service Oil Company be accepted and the lease of the property be awarded to it. The President, having put the motion to the meeting, the same was unanimously adopted, all the members present voting "aye" thereon.

It was further ordered by the Board that the General Counsel of the District prepare the instruments of lease, with all the requisite and proper and competent stipulations, recitations and covenants contained therein, and that when such matters had been completed, particularly the survey of the various tracts for descriptive purposes, such leases should be submitted to the Board for approval, and when approved, should be executed by the President, attested by the Secretary, with the Cities Service Oil Company named therein as the lessee.

It was further ordered that the Minutes of the Meeting held on March 8th, 1949, be read in connection with the Minutes of the present Meeting.

2.

There being no further business before the Board, the Meeting thereupon adjourned.


..... President


..... Secretary

March 25, 1949.

Cities Service Oil Company,
Danciger Building,
Fort Worth 2, Texas.

RE: Leases for oil and gas pur-
poses on land owned by the
District situated in Jack
County, Texas.

ATTENTION: Mr. Frank Cooter.

Gentlemen:

We are handing you the four oil and gas leases which have been properly executed by the President and Secretary of this District in duplicate. One set of the leases has been marked "Copy".

Will you kindly acknowledge receipt of these instruments, and also advise us as to the proper time the drafts should be sent to your Bartlesville, Oklahoma office?

Yours very truly,

TARRANT COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NUMBER ONE.

By 

EBC:mh

Encl. 4 Executed
Leases in Duplicate.

THE STATE OF TEXAS)
)
COUNTY OF TARRANT)

KNOW ALL MEN BY THESE PRESENTS:

THAT THIS AGREEMENT, made and entered into this 10th day of March, 1949, by and between TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1, a municipal corporation and body politic, with its principal office in the City of Fort Worth, Tarrant County, Texas, party of the first part, hereinafter called lessor, and CITIES SERVICE OIL COMPANY, a corporation, party of the second part, lessee,

W I T N E S S E T H:

That the lessor, for and in consideration of Six Thousand One Hundred Eighty-Seven & 73/100ths (\$6,187.73) Dollars in hand paid, receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of the lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto said lessee, with exclusive right to prospect, explore, by use of core drills or otherwise, to mine, operate, produce, store and remove therefrom oil, gas, casinghead gas, and all petroleum products, and to build tanks, power houses, and such other houses necessary for convenience of employees, stations, and structures thereon to produce, save and take care of and manufacture all of such substances together with rights-of-way, easements and servitude for pipe lines, telephones, and telegraph lines, with the right for such purposes to the free use of oil, gas or water from said land, but not from lessor's water wells or ponds, without lessor's written consent, with the right of removing, either during, or after the terms hereof, all and any improvements placed or erected on the premises by the lessee, including the right to pull all casing, together with the right of ingress and egress at all times, all that certain tract of land situated in the County of Jack, State of Texas, designated as Tract No. 1 by said District, consisting in the aggregate of 630.69 acres, more particularly described as follows, to wit:

Beginning at the most easterly S. E. corner of the C. S. Walling 160 acre Survey, same being the most southerly S. W. corner of the H. B. Verner 102 acre Survey; thence with the outer E. line of said Walling Survey: N. 1° 24' E. 3082.97 ft., to the N. E. corner thereof, same being an inner S. W. corner of said Verner Survey; thence with the N. line of said Walling Survey, same being an inner S. line of said Verner Survey: N. 81° 26' W. 842.34 ft. to the most westerly S. W. corner of said Verner Survey, same being the S. E. corner of the G. Simon Survey; thence with the E. line of said Simon Survey, passing the N. W. corner of said Verner Survey, and continuing in all: N. 3° 03' E. 305.26 ft., to a point on the S. bank of the West Fork of the Trinity River; thence up said river with its meanders on the S. or W. bank of same, passing through the G. Simon, G. W. Isbell, J. J. Shelton, and W. P. Hedgecoke Surveys, to a point in the fence between C. V. Keeter and T. H. Cherryholmes for the W. line of the W. P. Hedgecoke Survey and the E. line of the G. W. Davis Survey; thence with said fence, same being the E. line of said Davis Survey, passing the S. W. corner of said Hedgecoke Survey, and continuing in all as follows: S. 3° 22' W. 2562.78 ft., S. 8° 19' W. 1693.06 ft., to the S. E. corner of said Davis Survey, same being the S. W. corner of the J. J. Shelton Survey, the most northerly N. E. corner of the L. L. McKinley Survey, and the N. W. corner of the G. W. Isbell Survey; thence again with the fence between C. V. Keeter and T. H. Cherryholmes, for an inner E. line of said McKinley Survey, and the W. line of said Isbell Survey: S. 2° 19' W. 2527.68 ft., to the S. W. corner of said Isbell Survey, same being an inner E. line of said McKinley Survey; thence again with the fence between C. V. Keeter and T. H. Cherryholmes for the S. line of said Isbell Survey, and an inner N. line of said McKinley Survey: S. 87° 44' E. 2911.69 ft., to a stake for an inner S. corner of the tract herein conveyed; thence again with the fence between C. V. Keeter and T. H. Cherryholmes, across a corner of said McKinley Survey and across a corner of aforementioned Walling Survey, for a S. W. line of this conveyance: S. 50° 18' E. 685.27 ft., to the N. corner of the Wm. Welch Survey, same being an inner S. corner of said Walling Survey; thence with the S. E. line of said Walling Survey: S. 49° 23' E. 2764.52 ft., to the most southerly corner thereof, same being the S. W. corner of the J. L. Youngblood Survey; thence with the W. line of said Youngblood Survey: N. 2° 37' E. 337.34 ft., to the N. W. corner thereof, same being an inner S. E. corner of said Walling Survey; thence with the most northerly line of said Youngblood Survey, same being an inner S. line of said Walling Survey: S. 89° 06' E. 435.28 ft., to the most easterly S. E. corner of said Walling Survey, and the point of beginning and containing 437.64 acres of land; and being all the land purchased from C. V. Keeter by Deed dated October 2, 1931, recorded in Volume 78, pages 152-159, of the Deed Records of Jack County, Texas;

And, also, 177.70 acres, being all of the Wm. Welch Survey, Abstract No. 874, purchased by said District from J. M. Morrow et ux, by Deed dated March 6, 1930, recorded in Volume 77, page 137, of the Deed Records of Jack County, Texas;

And, also, 15.35 acres out of the E. corner of the L. L. McKinley 1280 acre Survey, being all the land purchased by said District from T. H. Cherryholmes by Deed dated September 1, 1932, recorded in Volume 82, pages 196-200, of the Deed Records of Jack County, Texas.

$$\begin{array}{r} 1601.64 \\ - 1601.64 \\ \hline 21277.64 \\ \div 1389.92 \\ \hline 15382 \\ 1601.64 \\ \hline 177.70 \\ 15.35 \\ \hline 1998.87 \\ \div 12.50 \\ \hline 159.91 \end{array}$$

Note: Also see Minutes June 20, 1949, M.C. #56 p. 12, #3

In the event a re-survey of said lands shall reveal the existence of excess lands in the said tract above mentioned, the lessor, its successors or assigns, shall, by virtue of its ownership of the lands above described, have preference right to acquire said excess lands, then in that event this lease shall cover and include all such excess lands which the lessor, its successors or assigns, shall have the preference right to acquire by virtue of its ownership of the lands above described as and when acquired by the lessor; and the lessee shall pay the lessor for such excess lands at the same rate per acre as the cash consideration paid for the acreage hereinabove mentioned.

TO HAVE AND TO HOLD the same for a term of ten (10) years from this date, hereinafter referred to as the primary term, and as long thereafter as oil or gas or casinghead gas, or either or any of them, is produced therefrom or as much longer thereafter as the lessee in good faith shall conduct drilling operations thereon and should production as aforesaid result from such operation, this lease shall remain in full force and effect as long as oil or gas or casinghead gas shall be produced therefrom.

In consideration of the premises it is hereby mutually agreed as follows:

1.

Lessee shall deliver to the credit of the lessor, as royalty, free of cost, in the pipe line to which it may connect its wells, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2.

The lessee shall pay lessor, as royalty, one-eighth (1/8) of the net proceeds derived from the sale of gas from each well, where gas only is found, while the same is being sold or used off the premises, and in this event settlement shall be made by lessee on or before the 20th day of each calendar month for gas sold during the preceding month, but nothing in this agreement contained shall require lessee to save or market gas from said lands unless there shall be a surplus above fuel requirements and a market at the well for the same. The lessor to have gas free of charge from any gas well on the leased premises for all stoves and inside lights in the principal dwelling house on said land by making his own connections with the well, the use of said gas to be at the lessor's sole risk and expense at all times.

The lessee shall pay to the lessor for gasoline or other products manufactured and sold by the lessee from the gas produced from any oil well, as royalty, one-eighth (1/8) of the net proceeds from the sale thereof, after deducting cost of manufacturing the same. If said gas is sold by the lessee, the lessor shall receive as royalty one-eighth (1/8) of the market value in the field of such gas.

If operations for the drilling of a well for oil or gas are not commenced on said land on or before one year from this date, this lease shall terminate as to both parties, unless the lessee shall, on or before one (1) year from this date, pay or tender to the lessor for the lessor's credit in the Continental National Bank at Fort Worth, Texas, or its successors, which Bank and its successors are the lessor's agent and shall continue as the depository of any and all sums payable under this lease, regardless of changes of ownership in said land or in the oil and gas, or in the rentals to accrue thereunder, the sum of Six Hundred Thirty and 69/100ths (\$630.69) Dollars, which shall operate as rental and cover the privilege of deferring the commencement of drilling operations for a period of one (1) year. In like manner and upon like payments or tenders, the commencement of drilling operations may be further deferred for like periods successively during the original term of this lease as fixed in the habendum clause hereof. All payments or tenders may be made by check or draft of lessee or assigns thereof, mailed or delivered on or before the rental paying date.

If at any time prior to the discovery of oil or gas on this land and during the term of this lease, the lessee shall drill a dry hole, or holes, on this land, this lease shall not terminate, provided operations for the drilling of a well shall be commenced by the next ensuing rental paying date, or provided the lessee begins or resumes the payment of rentals in the manner and amount above herein provided; and in this event the preceding paragraph hereof governing the payment of rentals and the manner and effect thereof shall continue in force.

In case said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the bonus, royalties, and rentals herein provided for shall be paid the said lessor only in the proportion which his interest bears to the whole and undivided fee.

When required by lessor, lessee shall bury pipe lines below plow depth and shall pay the surface owner or surface tenant for all damages to crops, trees, fences, buildings and other improvements caused by his operations under this lease.

No well shall be drilled nearer than two hundred (200) feet to the house or barn now on said premises without the written consent of the lessor, unless such drilling be necessary for the protection of the interest of either of the parties hereto.

If the estate of either party hereto is assigned the covenants hereof shall extend to their heirs, executors, administrators, successors and assigns, but no change of ownership in the land or in the rentals or royalties shall be binding on the lessee until after notice to the lessee and it has been furnished with the written transfer or assignment or a certified copy thereof.

It is further stipulated that the lessee herein shall take care to see to it that the waters of Lake Bridgeport shall not in any way become polluted by the operations of lessee or its assigns (if assigns are permitted) and that lessee, its agents, servants, employees and operators shall prevent such pollution in respect to any activity connected with the use of said lands for the purposes herein granted; to that end the lessee, its agents and servants, shall set and cement sufficient surface pipe to a depth to go through basal Trinity sands or to a depth of 200 feet, whichever depth be greater, and shall conduct operations to avoid impregnating the water sands with any extrinsic substance that would result in pollution of the waters of Lake Bridgeport and its tributaries. Further, that lessor shall be notified by lessee or assignees two (2) days prior to the beginning of plugging or abandonment of any well drilled by them on the above described lands, in order that a representative of lessor may be present.

Lessee shall have the privilege of assigning this lease or any part thereof, provided the written consent of lessor, authorized by its Board of Directors, shall first be obtained from lessor upon satisfactory proof to lessor that such assignee or assignees are responsible and solvent persons, firms, or corporations, as the case may be, and thereafter no subsequent assignment by such assignee or assignees shall be made unless written consent therefor from lessor shall be obtained in the manner and way hereinabove first indicated.

If the leased premises shall hereafter be owned in severalty or in separate tracts, the premises, nevertheless, shall be developed and operated as one lease and all royalties accruing hereunder shall be treated as an entirety and shall be divided among and paid to such separate owners in the proportion that the acreage owned by each such separate owner bears to the entire leased acreage. There shall be no obligation on the part of the lessee to offset oil or gas wells on separate tracts into which the land covered by this lease may be hereafter divided by sale, devise or otherwise, or to furnish separate measuring or receiving tanks. It is hereby agreed that, in the event this lease shall be assigned as to a part or as to parts of the above described lands, and the holder or owner of any such part or parts shall fail or make default in the payment of the proportionate part of the rent due from him or them, or shall default in any of the obligations imposed upon lessee by this lease, whether express or implied, such default shall not subject this lease to forfeiture or other liability, or affect this lease insofar as it covers that part or parts of said land upon which the said lessee or any assignee hereof shall not be in default. If at any time there be as many as four (4) parties entitled to royalties or rentals, lessee may withhold payment thereof, unless and until all parties designate, in writing, in a recordable instrument to be filed with the lessee, a common agent to receive all payment due hereunder, and to execute division and transfer orders on behalf of said parties and their respective successors in title.

If within the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided operations for the drilling of a well shall be commenced before or on the next ensuing rental paying date; or, provided lessee begins or resumes the payment of rentals in the manner and amount hereinbefore provided. If, after the expira-

tion of the primary term of this lease, production on the leased premises shall cease from any cause, lessee shall have the period of sixty (60) days from the stopping of production within which, at his election, to commence operations for the drilling of another well, deepen an existing well or wells, or otherwise to attempt to restore the production of such existing well or wells, and if such work is so commenced and prosecuted with reasonable diligence and production results therefrom, this lease shall remain in force as long as production continues.

Lessor hereby warrants and agrees to defend the title to the land herein described; and it also agrees that in the event any tax may be lawfully assessed and collected upon said lands by any governmental agency or subdivision and such tax may be lawfully required of lessor by any such governmental agency or subdivision, or in the event that any valid enforceable lien exists on said land and lawful requirement is made for the satisfaction thereof, then the District shall pay off such tax or lien so that same shall not become a burden upon the rights of the lessee herein and in the event any such demand is made upon lessee, lessee shall promptly and punctually notify lessor of such demand so that the matter may be fully investigated and the validity of same determined by lessor.

All payments which may fall due under this lease may be made to the Continental National Bank of Fort Worth, Texas, to the credit of lessor in the manner herein stated.

This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor or lessee.

IN TESTIMONY WHEREOF, we sign this instrument the day and year first above written.

ATTEST:

TARRANT COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 1

By /s/ DAN PRIEST
Secretary

By /s/ JOE B. HOGSETT
President

"LESSOR"

THE STATE OF TEXAS)
)
COUNTY OF TARRANT)

BEFORE ME, the undersigned authority, a Notary Public in and for Tarrant County, Texas, on this day personally appeared JOE B. HOGSETT, President of TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1, a public corporation, and also appeared before me DAN PRIEST, Secretary of said corporation, both known to me to be the persons whose names are subscribed in their respective capacities to the foregoing instrument and each acknowledged to me that he executed the same for the purposes and consideration therein expressed and as the act and deed of said corporation and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE at Fort Worth, Texas, on this the 25th day of March, A. D., 1949.

/s/ Myrtle Hartmeister
Notary Public in and for Tarrant County, Texas.

THE STATE OF TEXAS)
)
COUNTY OF TARRANT)

KNOW ALL MEN BY THESE PRESENTS:

THAT THIS AGREEMENT, made and entered into this 10th day of March, 1949, by and between TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1, a municipal corporation and body politic, with its principal office in the City of Fort Worth, Tarrant County, Texas, party of the first part, hereinafter called lessor, and CITIES SERVICE OIL COMPANY, a corporation, party of the second part, lessee,

W I T N E S S E T H:

That the lessor, for and in consideration of Fifteen Thousand Six Hundred One & 92/100ths (\$15,601.92) Dollars in hand paid, receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of the lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto said lessee, with the exclusive right to prospect, explore, by use of core drills or otherwise, to mine, operate, produce, store and remove therefrom oil, gas, casing-head gas, and all petroleum products, and to build tanks, power houses, and such other houses necessary for convenience of employees, stations, and structures thereon to produce, save and take care of and manufacture all of such substances together with rights-of-way, easements and servitude for pipe lines, telephones, and telegraph lines with the right for such purposes to the free use of oil, gas or water from said land, but not from lessor's water wells or ponds, without lessor's written consent, with the right of removing, either during, or after the terms hereof, all and any improvements placed or erected on the premises by the lessee, including the right to pull all casing, together with the right of ingress and egress at all times, all that certain tract of land situated in the County of Jack, State of Texas, designated as Tract No. 2 by said District, consisting in the aggregate of 771.99 acres, more particularly described as follows, to wit:

Beginning at the N. E. corner of the H. T. Mahaffey 160 acre Survey, Abstract No. 2405, being also the N. W. corner of the G. H. & H. R. R. Co. Survey No. 20, and of the A. J. Myers 334 acre tract out of the same; thence with the E. line of said 160 acre Survey, being the W. line of said G. H. & H. R. R. Co. Survey, and of said 334 acre tract: S. 1° 52' W. 4372.73 ft. to a point at Elevation 830 ft. and distant 907.27 ft. in a northerly direction with said line from the S. E. corner of said 160 acre Mahaffey Survey; thence along said 830 ft. contour, crossing the S. E. line of the C. Y. Douglas Survey, to a point in the fence for the most easterly line of the G. V. Laird 62 acre tract out of said C. Y. Douglas Survey; thence with said line: N. 2° 13' E. 968.21 ft. to the most Southerly corner of the J. M. Morrow tract out of said Douglas Survey; same being the E. corner of the G. V. Laird 62 acre tract out of said Survey; thence with the W. E. line of said 62 acre tract: N. 50° 47' W. 1713.91 ft., to the N. corner thereof, being a point in the N. W. line of said Douglas Survey and the S. E. line of the D. W. Campbell Survey; thence Northeast with said line to the N. corner of the said Douglas Survey, same being the E. corner of the D. W. Campbell survey; thence northwest with the N. E. line of the D. W. Campbell Survey, same being the S. W. line of the J. L. Youngblood Survey to the N. corner of said Campbell Survey, same being the S. W. corner of the J. L. Youngblood Survey and the E. corner of the Wm. Welch Survey; thence with the W. line of said Youngblood Survey; N. 2° 37' E. 337.34 ft., to the N. W. corner thereof, same being an inner S. E. corner of said Walling Survey; thence with the most northerly line of said Youngblood Survey, same being an inner S. line of said Walling Survey; S. 89° 06' E. 436.28 ft., to the most easterly S. E. corner of said Walling Survey, same being the most southerly S. W. corner of the H. B. Verner 102 acre Survey; thence with an inner W. line of said Verner 102 acre Survey, same being the most Easterly line of said Walling Survey: N. 1° 24' E. 3082.97 ft. to an inner S. W. corner of said Verner 102 acre Survey, same being the N. E. corner of said Walling Survey; thence with an inner S. line of said Verner 102 acre Survey, same being the N. line of said Walling Survey: N. 81° 26' W. 842.34 ft., to the most Westerly S. W. corner of said Verner 102 acre Survey, same being the S. E. corner of the G. Simon Survey; thence with the E. line of said G. Simon Survey, passing the N. W. corner of said Verner 102 acre Survey, same being the S. W. corner of the J. A. Goodwin Survey, and continuing in all: N. 3° 03' E. 1444.22 ft. to the N. W. corner of the M. A. & O. C. Morrow 80 acre tract out of said Goodwin Survey; thence with the N. line of said 80 acre tract, same being the S. line of the J. J. Long 81 acre tract out of said Survey; S. 88° 02' E. 2405.49 ft. to the N. E. corner of said M. A. & O. C. Morrow 80 acre tract, same being a point in the E. line of said Goodwin Survey and a point in the W. line of H. B. Verner 160 acre Survey, said point being 10 ft. east of the fence corner for the N. E. corner of said 80 acre tract; thence with said line: S. 1° 54' W. 1335.33 ft. to the N. W. corner of the M. A. & O. C. Morrow 40 acre tract out of said Verner 160 acre Survey; thence with N. line of said 40 acre tract, same being the inner S. line of the J. J. Long 120 acre tract out of said Survey; S. 89° 15' E. 1321.19 ft., to the N. E. corner of said 40 acre tract; thence with the E. line of said 40 acre tract, same being an inner W. line of said J. J. Long 120 acre tract: S. 1° 29' W. 1330.69 ft., to the S. E. corner of said 40 acre tract, same being a point in the S. line of said Verner 160 acre Survey and the N. line of the L. F. Adamson Survey; thence with the N. line of the L. F. Adamson Survey; thence with the N. line of said Adamson Survey, same being the S. line of said Verner 160 acre Survey: S. 88° 32' E. 1305.0 ft., to the N. E. corner of said Adamson Survey, same being the S. E. corner of said Verner 160 acre Survey; thence with the E. line of said Adamson Survey, passing the S. W. corner of said T. J. Sipe Survey, same being the N. W. corner of the B. Brandon Survey, and continuing in all: S. 1° 42' W. 2621.50 ft. to the S. E. corner of said Adamson Survey; thence with the S. line of said Adamson Survey, same being the most Northerly line of Mrs.

A. C. Huffines tract N. $88^{\circ} 22'$ W. 710.65 ft. to the N. W. corner of said Huffines tract, same being the most easterly N. E. corner of the J. L. Youngblood Survey; thence with the most Easterly line of said Youngblood Survey, same being the W. line of the S. C. Morrow Survey, Abstract No. 438: South to the S. W. corner of said S. C. Morrow Survey; thence with the S. line of said Morrow Survey, same being the N. line of the J. H. Mahaffey Survey: S. $87^{\circ} 08'$ E. to the S. E. corner of said Morrow Survey, same being the inner N. W. corner of said Mahaffey Survey; thence with the inner W. line of said Mahaffey Survey, same being the E. line of said Morrow Survey: N. $2^{\circ} 02'$ E. 1026.30 ft. to the most northerly N. W. corner of said Mahaffey Survey, same being the most westerly S. W. corner of the Cochran and Collins Survey; thence with the most northerly line of said Mahaffey Survey: S. $88^{\circ} 20'$ E. 406.34 ft., to the N. E. corner thereof, the point of beginning, and containing in all 771.99 acres, and being the lands described in the following Deeds to said Tarrant County Water Control and Improvement District No. 1: Deed from Will Laird et ux, dated June 12, 1931, recorded in Volume 78, pages 31 to 34 of the Deed Records of Jack County, Texas; Deed from J. M. Morrow et ux, dated March 6, 1930, recorded in Volume 77, page 137, of the Deed Records of Jack County, Texas; Deed from N. A. Morrow et al, dated July 8, 1931, recorded in Volume 78, pages 75 and 76, of the Deed Records of Jack County, Texas; and Deed from P. E. Willoughby, dated July 6, 1931, recorded in Volume 78, pages 35 and 36, of the Deed Records of Jack County, Texas.

In the event a re-survey of said lands shall reveal the existence of excess lands in the said tract above mentioned, the lessor, its successors or assigns, shall, by virtue of its ownership of the lands above described, have preference right to acquire said excess lands, then in that event this lease shall cover and include all such excess lands which the lessor, its successors or assigns, shall have the preference right to acquire by virtue of its ownership of the lands above described as and when acquired by the lessor; and the lessee shall pay the lessor for such excess lands at the same rate per acre as the cash consideration paid for the acreage hereinabove mentioned.

TO HAVE AND TO HOLD the same for a term of ten (10) years from this date, hereinafter referred to as the primary term, and as long thereafter as oil or gas or casinghead gas, or either or any of them, is produced therefrom or as much longer thereafter as the lessee in good faith shall conduct drilling operations thereon and should production as aforesaid result from such operation, this lease shall remain in full force and effect as long as oil or gas or casinghead gas shall be produced therefrom.

In consideration of the premises, it is hereby mutually agreed as follows:

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Lessee shall deliver to the credit of the lessor, as royalty, free of cost, in the pipe line to which it may connect its wells, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2.

The lessee shall pay lessor, as royalty, one-eighth (1/8) of the net proceeds derived from the sale of gas from each well, where gas only is found, while the same is being sold or used off the premises, and in this event settlement shall be made by lessee on or before the 20th day of each calendar month for gas sold during the preceding month, but nothing in this agreement contained shall require lessee to save or market gas from said lands unless there shall be a surplus above fuel requirements and a market at the well for the same. The lessor to have gas free of charge from any gas well on the leased premises for all stoves and inside lights in the principal dwelling house on said land by making his own connections with the well, the use of said gas to be at the lessor's sole risk and expense at all times.

3.

The lessee shall pay to the lessor for gasoline or other products manufactured and sold by the lessee from the gas produced from any oil well, as royalty, one-eighth (1/8) of the net proceeds from the sale thereof, after deducting cost of manufacturing the same. If said gas is sold by the lessee, the lessor shall receive as royalty one-eighth (1/8) of the market value in the field of such gas.

If operations for the drilling of a well for oil or gas are not commenced on said land on or before one year from this date, this lease shall terminate as to both parties, unless the lessee shall, on or before one (1) year from this date, pay or tender to the lessor for the lessor's credit in the Continental National Bank at Fort Worth, Texas, or its successors, which Bank and its successors are the lessor's agent and shall continue as the depository of any and all sums payable under this lease, regardless of changes of ownership in said land or in the oil and gas, or in the rentals to accrue thereunder, the sum of Seven Hundred Seventy One & 99/100ths (\$771.99) Dollars, which shall operate as rental and cover the privilege of deferring the commencement of drilling operations for a period of one (1) year. In like manner and upon like payments or tenders, the commencement of drilling operations may be further deferred for like periods successively during the original term of this lease as fixed in the habendum clause hereof. All payments or tenders may be made by check or draft of lessee or any assignee thereof, mailed or delivered on or before the rental paying date.

If at any time prior to the discovery of oil or gas on this land and during the term of this lease, the lessee shall drill a dry hole, or holes, on this land, this lease shall not terminate, provided operations for the drilling of a well shall be commenced by the next ensuing rental paying date, or provided the lessee begins or resumes the payment of rentals in the manner and amount above herein provided; and in this event the preceding paragraph hereof governing the payment of rentals and the manner and effect thereof shall continue in force.

In case said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the bonus, royalties, and rentals herein provided for shall be paid the said lessor only in the proportion which his interest bears to the whole and undivided fee.

When required by lessor, lessee shall bury pipe lines below plow depth and shall pay the surface owner or surface tenant for all damages to crops, trees, fences, buildings and other improvements caused by his operations under this lease.

No well shall be drilled nearer than two hundred (200) feet to the house or barn now on said premises without the written consent of the lessor, unless such drilling be necessary for the protection of the interest of either of the parties hereto.

If the estate of either party hereto is assigned the covenants hereof shall extend to their heirs, executors, administrators, successors and assigns, but no change of ownership in the land or in the rentals or royalties shall be binding on the lessee until after notice to the lessee and it has been furnished with the written transfer or assignment or a certified copy thereof.

It is further stipulated that the lessee herein shall take care to see to it that the waters of Lake Bridgeport shall not in any way become polluted by the operations of lessee or its assigns (if assigns are permitted) and that lessee, its agents, servants, employees and operators shall prevent such pollution in respect to any activity connected with the use of said lands for the purposes herein granted; to that end the lessee, its agents and servants, shall set and cement sufficient surface pipe to a depth to go through basal Trinity sands or to a depth of 200 feet, whichever depth be greater, and shall conduct operations to avoid impregnating the water sands with any extrinsic substance that would result in pollution of the waters of Lake Bridgeport and its tributaries. Further, the lessor shall be notified by lessee or assignees two (2) days prior to the beginning of plugging or abandonment of any well drilled by them on the above described lands, in order that a representative of lessor may be present.

Lessee shall have the privilege of assigning this lease or any part thereof, provided the written consent of lessor, authorized by its Board of Directors, shall first be obtained from lessor upon satisfactory proof to lessor that such assignee or assignees are responsible and solvent persons, firms, or corporations, as the case may be, and thereafter no subsequent assignment by

such assignee or assignees shall be made unless written consent therefor from lessor shall be obtained in the manner and way hereinabove first indicated.

If the leased premises shall hereafter be owned in severalty or in separate tracts, the premises, nevertheless, shall be developed and operated as one lease and all royalties accruing hereunder shall be treated as an entirety and shall be divided among and paid to such separate owners in the proportion that the acreage owned by each such separate owner bears to the entire leased acreage. There shall be no obligation on the part of the lessee to offset oil or gas wells on separate tracts into which the land covered by this lease may be hereafter divided by sale, devise or otherwise, or to furnish separate measuring or receiving tanks. It is hereby agreed that, in the event this lease shall be assigned as to a part or as to parts of the above described lands, and the holder or owner of any such part or parts shall fail or make default in the payment of the proportionate part of the rent due from him or them, or shall default in any of the obligations imposed upon lessee by this lease, whether express or implied, such default shall not subject this lease to forfeiture or other liability, or affect this lease insofar as it covers that part or parts of said land upon which the said lessee or any assignee hereof shall not be in default. If at any time there be as many as four (4) parties entitled to royalties or rentals, lessee may withhold payment thereof, unless and until all parties designate, in writing, in a recordable instrument to be filed with the lessee, a common agent to receive all payment due hereunder, and to execute division and transfer orders on behalf of said parties and their respective successors in title.

If within the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided operations for the drilling of a well shall be commenced before or on the next ensuing rental paying date; or, provided lessee begins or resumes the payment of rentals in the manner and amount hereinbefore provided. If, after the expira-

tion of the primary term of this lease, production on the leased premises shall cease from any cause, lessee shall have the period of sixty (60) days from the stopping of production within which, at his election, to commence operations for the drilling of another well, deepen an existing well or wells, or otherwise to attempt to restore the production of such existing well or wells, and if such work is so commenced and prosecuted with reasonable diligence and production results therefrom, this lease shall remain in force as long as production continues.

Lessor hereby warrants and agrees to defend the title to the land herein described; and it also agrees that in the event any tax may be lawfully assessed and collected upon said lands by any governmental agency or subdivision and such tax may be lawfully required of lessor by any such governmental agency or subdivision, or in the event that any valid enforceable lien exists on said land and lawful requirement is made for the satisfaction thereof, then the District shall pay off such tax or lien so that same shall not become a burden upon the rights of the lessee herein and in the event any such demand is made upon lessee, lessee shall promptly and punctually notify lessor of such demand so that the matter may be fully investigated and the validity of same determined by lessor.

All payments which may fall due under this lease may be made to the Continental National Bank of Fort Worth, Texas, to the credit of lessor in the manner herein stated.

This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor or lessee.

IN TESTIMONY WHEREOF, we sign this instrument the day and year first above written.

ATTEST:

TARRANT COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 1

By /s/ DAN PRIEST
Secretary

By /s/ JOE B. HOGSETT
President

"LESSOR"

THE STATE OF TEXAS)
)
COUNTY OF TARRANT)

BEFORE ME, the undersigned authority, a Notary Public in and for Tarrant County, Texas, on this day personally appeared JOE B. HOCSETT, President of TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1, a public corporation, and also appeared before me DAN PRIEST, Secretary of said corporation, both known to me to be the persons whose names are subscribed in their respective capacities to the foregoing instrument and each acknowledged to me that he executed the same for the purposes and consideration therein expressed and as the act and deed of said corporation and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE at Fort Worth, Texas on this the
25TH day of March, A. D., 1949.

/s/ Myrtle Hartmeister
Notary Public in and for Tarrant County,
Texas.

THE STATE OF TEXAS)
)
COUNTY OF TARRANT)

KNOW ALL MEN BY THESE PRESENTS:

THAT THIS AGREEMENT, made and entered into this 10th day of March, 1949, by and between TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1, a municipal corporation and body politic, with its principal office in the City of Fort Worth, Tarrant County, Texas, party of the first part, hereinafter called lessor, and CITIES SERVICE OIL COMPANY, a corporation, party of the second part, lessee,

W I T N E S S E T H:

That the lessor, for and in consideration of Eight Thousand Forty-Four and 50/100ths (\$8,044.50) Dollars in hand paid, receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of the lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto said lessee, with the exclusive right to prospect, explore, by use of core drills or otherwise, to mine, operate, produce, store and remove therefrom oil, gas, casinghead gas, and all petroleum products, and to build tanks, power houses, and such other houses necessary for convenience of employees, stations, and structures thereon to produce, save and take care of and manufacture all of such substances together with rights-of-way, easements and servitude for pipe lines, telephones, and telegraph lines, with the right for such purposes to the free use of oil, gas or water from said land, but not from lessor's water wells or ponds, without lessor's written consent, with the right of removing, either during, or after the term hereof, all and any improvements placed or erected on the premises by the lessee, including the right to pull all casing, together with the right of ingress and egress at all times, all that certain tract of land situated in the County of Jack, State of Texas, designated as Tract No. 3 by said District, consisting in the aggregate of 637.44 acres, more particularly described as follows, to wit:

637.44 acres, being all of the D. W. Campbell Survey, Abstract No. 146, said land being described in the following deeds to Tarrant County Water Control and Improvement District No. 1: Deed from J. M. Morrow et ux, dated March 6, 1930, recorded in Volume 77, page 137, of the Deed Records of Jack County, Texas; Deed from C. E. Gilmore, dated March 1, 1930, recorded in Volume 77, page 126, of the Deed Records of Jack County, Texas; Deed from Jacob Lyda et ux, dated March 17, 1930, recorded in Volume 77, page 192, of the Deed Records of Jack County, Texas; Deed from Ben Lyda et al, dated May 5, 1930, recorded in Volume 77, page 240, of the Deed Records of Jack County, Texas; Deed from C. E. Gilmore et al, dated December 26, 1929, recorded in Volume 77, page 49, of the Deed Records of Jack County, Texas.

In the event a re-survey of said lands shall reveal the existence of excess lands in the said tract above mentioned, the lessor, its successors or assigns, shall, by virtue of its ownership of the lands above described, have preference right to acquire said excess lands, then in that event this lease shall cover and include all such excess lands which the lessor, its successors or assigns, shall have the preference right to acquire by virtue of its ownership of the lands above described as and when acquired by the lessor; and the lessee shall pay the lessor for such excess lands at the same rate per acre as the cash consideration paid for the acreage hereinabove mentioned.

TO HAVE AND TO HOLD the same for a term of ten (10) years from this date, hereinafter referred to as the primary term, and as long thereafter as oil or gas or casinghead gas, or either or any of them, is produced therefrom or as much longer thereafter as the lessee in good faith shall conduct drilling operations thereon and should production as aforesaid result from such operation, this lease shall remain in full force and effect as long as oil or gas or casinghead gas shall be produced therefrom.

In consideration of the premises it is hereby mutually agreed as follows:

1.

Lessee shall deliver to the credit of the lessor, as royalty, free of cost, in the pipe line to which it may connect its wells, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2.

The lessee shall pay lessor, as royalty, one-eighth (1/8) of the net proceeds derived from the sale of gas from each well, where gas only is found, while the same is being sold or used off the premises, and in this event settlement shall be made by the lessee on or before the 20th day of each calendar month for gas sold during the preceding month, but nothing in this agreement contained shall require lessee to save or market gas from said lands unless there shall be a surplus above fuel requirements and a market at the well for the same. The lessor to have gas free of charge from any gas well on the leased premises for all stoves and inside lights in the principal dwelling house on said land by making his own connections with the well,

the use of said gas to be at the lessor's sole risk and expense at all times.

3.

The lessee shall pay to the lessor for gasoline or other products manufactured and sold by the lessee from the gas produced from any oil well, as royalty, one-eighth ($1/8$) of the net proceeds from the sale thereof, after deducting cost of manufacturing the same. If said gas is sold by the lessee, the lessor shall receive as royalty one-eighth ($1/8$) of the market value in the field of such gas.

If operations for the drilling of a well for oil or gas are not commenced on said land on or before one year from this date, this lease shall terminate as to both parties, unless the lessee shall, on or before one (1) year from this date, pay or tender to the lessor for the lessor's credit in the Continental National Bank at Fort Worth, Texas, or its successors, which Bank and its successors are the lessor's agent and shall continue as the depository of any and all sums payable under this lease, regardless of changes of ownership in said land or in the oil and gas, or in the rentals to accrue thereunder, the sum of Six Hundred Thirty-Seven and $44/100$ ths (\$637.44) Dollars, which shall operate as rental and cover the privilege of deferring the commencement of drilling operations for a period of one (1) year. In like manner and upon like payments or tenders, the commencement of drilling operations may be further deferred for like periods successively during the original term of this lease as fixed in the habendum clause hereof. All payments or tenders may be made by check or draft of lessee or assigns thereof, mailed or delivered on or before the rental paying date.

If at any time prior to the discovery of oil or gas on this land and during the term of this lease, the lessee shall drill a dry hole, or holes, on this land, this lease shall not terminate, provided operations for the drilling of a well shall be commenced by the next ensuing rental paying date, or provided the lessee begins or resumes the payment of rentals in the manner and amount above herein provided; and in this event the preceding paragraph hereof governing the payment of rentals and the manner and effect thereof shall continue in force.

In case said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the bonus, royalties, and rentals herein provided for shall be paid the said lessor only in the proportion which his interest bears to the whole and undivided fee.

When required by lessor, lessee shall bury pipe lines below plow depth and shall pay the surface owner or surface tenant for all damages to crops, trees, fences, buildings and other improvements caused by his operations under this lease.

No well shall be drilled nearer than two hundred (200) feet to the house or barn now on said premises without the written consent of the lessor, unless such drilling be necessary for the protection of the interest of either of the parties hereto.

If the estate of either party hereto is assigned the covenants hereof shall extend to their heirs, executors, administrators, successors and assigns, but no change of ownership in the land or in the rentals or royalties shall be binding on the lessee until after notice to the lessee and it has been furnished with the written transfer or assignment or a certified copy thereof.

It is further stipulated that the lessee herein shall take care to see to it that the waters of Lake Bridgeport shall not in any way become polluted by the operations of lessee or its assigns (if assigns are permitted) and that lessee, its agents, servants, employees and operators shall prevent such pollution in respect to any activity connected with the use of said lands for the purposes herein granted; to that end the lessee, its agents and servants, shall set and cement sufficient surface pipe to a depth to go through basal Trinity sands or to a depth of 200 feet, whichever depth be greater, and shall conduct operations to avoid impregnating the water sands with any extrinsic substance that would result in pollution of the waters of Lake Bridgeport and its tributaries. Further, that lessor shall be notified by lessee or assignees two (2) days prior to the beginning of plugging or abandonment of any well drilled by them on the above described lands, in order that a representative of lessor may be present.

Lessee shall have the privilege of assigning this lease or any part thereof, provided the written consent of lessor, authorized by its Board of Directors, shall first be obtained from lessor upon satisfactory proof to lessor that such assignee or assignees are responsible and solvent persons, firms, or corporations, as the case may be, and thereafter no subsequent assignment by such assignee or assignees shall be made unless written consent therefor from lessor shall be obtained in the manner and way hereinabove first indicated.

If the leased premises shall hereafter be owned in severalty or in separate tracts, the premises, nevertheless, shall be developed and operated as one lease and all royalties accruing hereunder shall be treated as an entirety and shall be divided among and paid to such separate owners in the proportion that the acreage owned by each such separate owner bears to the entire leased acreage. There shall be no obligation on the part of the lessee to offset oil or gas wells on separate tracts into which the land covered by this lease may be hereafter divided by sale, devise or otherwise, or to furnish separate measuring or receiving tanks. It is hereby agreed that, in the event this lease shall be assigned as to a part or as to parts of the above described lands, and the holder or owner of any such part or parts shall fail or make default in the payment of the proportionate part of the rent due from him or them, or shall default in any of the obligations imposed upon lessee by this lease, whether express or implied, such default shall not subject this lease to forfeiture or other liability, or affect this lease insofar as it covers that part or parts of said lands upon which the said lessee or any assignee hereof shall not be in default. If at any time there be as many as four (4) parties entitled to royalties or rentals, lessee may withhold payment thereof, unless and until all parties designate, in writing, in a recordable instrument to be filed with the lessee, a common agent to receive all payment due hereunder, and to execute division and transfer orders on behalf of said parties and their respective successors in title.

If within the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided operations for the drilling of a well shall be commenced before or on the next ensuing rental paying date; or, provided lessee begins or resumes the payment of rentals in the manner and amount hereinbefore provided. If, after the expira-

tion of the primary term of this lease, production on the leased premises shall cease from any cause, lessee shall have the period of sixty (60) days from the stopping of production within which, at his election, to commence operations for the drilling of another well, deepen an existing well or wells, or otherwise to attempt to restore the production of such existing well or wells, and if such work is so commenced and prosecuted with reasonable diligence and production results therefrom, this lease shall remain in force as long as production continues.

Lessor hereby warrants and agrees to defend the title to the land herein described; and it also agrees that in the event any tax may be lawfully assessed and collected upon said lands by any governmental agency or subdivision and such tax may be lawfully required of lessor by any such governmental agency or subdivision, or in the event that any valid enforceable lien exists on said land and lawful requirement is made for the satisfaction thereof, then the District shall pay off such tax or lien so that same shall not become a burden upon the rights of the lessee herein and in the event any such demand is made upon lessee, lessee shall promptly and punctually notify lessor of such demand so that the matter may be fully investigated and the validity of same determined by lessor.

All payments which may fall due under this lease may be made to the Continental National Bank of Fort Worth, Texas, to the credit of lessor in the manner herein stated.

This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor or lessee.

IN TESTIMONY WHEREOF, we sign this instrument the day and year first above written.

ATTEST:

TARRANT COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 1

By /s/ DAN PRIEST
Secretary

By /s/ JOE B. HOGSETT
President

"LESSOR"

THE STATE OF TEXAS)
)
COUNTY OF TARRANT)

BEFORE ME, the undersigned authority, a Notary Public in and for Tarrant County, Texas, on this day personally appeared JOM B. HOUSSETT, President of TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1, a public corporation, and also appeared before me DAN PRIEST, Secretary of said corporation, both known to me to be the persons whose names are subscribed in their respective capacities to the foregoing instrument and each acknowledged to me that he executed the same for the purposes and consideration therein expressed and as the act and deed of said corporation and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE at Fort Worth, Texas, on this the 25TH day of March, A. D., 1949.

/s/ Myrtle Hartmeister
Notary Public in and for Tarrant County, Texas.

THE STATE OF TEXAS)
)
COUNTY OF TARRANT) KNOW ALL MEN BY THESE PRESENTS:

THAT THIS AGREEMENT, made and entered into this 10th day of March, 1949, by and between TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1, a municipal corporation and body politic, with its principal office in the City of Fort Worth, Tarrant County, Texas, party of the first part, hereinafter called lessor, and CITIES SERVICE OIL COMPANY, a corporation, party of the second part, lessee,

W I T N E S S E T H:

That the lessor, for and in consideration of Eight Thousand One Hundred Eighty-Three & 15/100ths (\$8,183.15) Dollars in hand paid, receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of the lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto said lessee, with the exclusive right to prospect, explore, by use of core drills or otherwise, to mine, operate, produce, store and remove therefrom oil, gas, casinghead gas, and all petroleum products, and to build tanks, power houses, and such other houses necessary for convenience of employees, stations, and structures thereon to produce, save and take care of and manufacture all of such substances together with rights-of-way, easements and servitude for pipe lines, telephones, and telegraph lines, with the right for such purposes to the free use of oil, gas or water from said land, but not from lessor's water wells or ponds, without lessor's written consent, with the right of removing, either during, or after the term hereof, all and any improvements placed or erected on the premises by the lessee, including the right to pull all casing, together with the right of ingress and egress at all times, all that certain tract of land situated in the County of Jack, State of Texas, designated as Tract No. 4 by said District, consisting in the aggregate of 539.43 acres, more particularly described as follows, to wit:

Beginning at a stake set in the N. W. line of the C. Y. Douglass Survey for the North corner of the G. V. Laird 62 acres tract out of said Survey, same being the E. corner of the Mrs. Nannie Gilmore Heirs tract out of the David W. Campbell Survey; thence with the S. E. line of said Campbell Survey, passing the W. corner of said Douglass Survey and continuing in all: S. $41^{\circ} 09'$ W. 2322.55 ft., to the S. corner of said Gilmore Heirs tract, same being the E. corner of the C. E. Gilmore tract out of said Campbell Survey, and a point in the N. line of the J. W. Phillips Survey; thence again with the S. E. line of said Campbell Survey, same being the inner N. W. line of said Phillips Survey: S. $39^{\circ} 54'$ W. 1718.49 ft., to the S. corner of said Campbell Survey, same being an inner N. corner of said J. W. Phillips Survey; thence with a S. W. line of said Campbell Survey, passing the most westerly N. corner of said Phillips Survey, and continuing in all: N. $49^{\circ} 27'$ W. 2523.28 ft., to the W. corner of said C. E. Gilmore tract, same being the S. corner of the Jacob Lyda tract out of said Campbell Survey, and a point in the N. E. line of the John Walker Survey, thence again with a S. W. line of said Campbell Survey, same being the N. E. line of said John Walker Survey: N. $49^{\circ} 03'$ W. 2548.49 ft., to the W. corner of said Campbell Survey; thence again with the N. E. line of said Walker Survey: N. $48^{\circ} 09'$ W. 242.80 ft. to a stone set in the N. E. line of said Walker Survey; thence S. $18^{\circ} 46'$ W. 2469 ft. to the N. W. fence line of a public road; thence along said fence line: S. $47^{\circ} 52'$ W. 412 ft., to a point in the S. W. line of the John Walker Survey, same being the N. W. line of the George Smith Survey; thence again with the S. W. line of said Walker Survey and the N. E. line of said Smith Survey: S. $48^{\circ} 05'$ E. 2259.92 ft., to the E. corner of said Smith Survey, same being the N. corner of the Wm. Redfield Survey; thence with the S. E. line of said Smith Survey and the N. W. line of said Redfield Survey: S. $40^{\circ} 58'$ W. 1832.3ft., to the W. corner of the G. V. Laird 109 acre tract out of said Redfield Survey; thence with the S. W. line of said 109 acre tract: S. $49^{\circ} 41'$ E. 1477.18 ft., S. $82^{\circ} 52'$ E. 140.70 ft., to a stake in the E. or S. bank of Beans Creek; thence continuing with said S. W. line: S. $19^{\circ} 48'$ E. 589.26 ft., S. $50^{\circ} 01'$ E. 478.59 ft., to the S. corner of said G. V. Laird 109 acre tract, same being a point in the N. W. line of the James Sweeney Survey; thence with said N. W. line of said Sweeney Survey, passing the E. corner of said Redfield Survey, and continuing in all: N. $41^{\circ} 01'$ E. 1688.00 ft., to a point on the W. bank of Spring Branch; thence with an inner line of the land herein conveyed: N. $48^{\circ} 08'$ W. 1212.11 ft., to a point on the S. bank of Beans Creek; thence down said creek with its meanders on the S. bank of same as follows: N. $66^{\circ} 05'$ E. 154.9 ft., N. $77^{\circ} 16'$ E. 163.1 ft., to a point at Elevation 830 ft., thence along the 830 ft. contour, crossing Spring Branch and in all as follows: S. $14^{\circ} 23'$ W. 127.4 ft., S. $72^{\circ} 16'$ E. 104.9 ft., S. $81^{\circ} 45'$ E. 110.1 ft., N. $21^{\circ} 52'$ W. 57.5 ft., N. $73^{\circ} 39'$ W. 121.4 ft., N. $38^{\circ} 39'$ E. 86.0 ft., N. $69^{\circ} 45'$ E. 93.7 ft., E. $52^{\circ} 02'$ E. 106.5 ft., to an inner S. corner of the land herein conveyed; thence for an inner line of the tract herein conveyed: S. $41^{\circ} 14'$ E. 257.8 ft., S. $45^{\circ} 39'$ E. 244.9 ft., S. $35^{\circ} 21'$ E. 414.7 ft., to a point again in the N. W. line of said Sweeney Survey, same being the S. E. line of said Phillips Survey; thence with said N. W. line of said Sweeney Survey: N. $41^{\circ} 01'$ E. 4174.82 ft., to a point at Elevation 830 ft., said point being distant 574.16 ft., in a Southwesterly direction from the N. corner of said Sweeney Survey; thence along said 830 ft. contour to a point in the N. E. line of said Sweeney Survey, said point being distant 225.59 ft., with said line from N. corner thereof; thence with said line: S. $48^{\circ} 44'$ E. 1181.20 ft., to an outer S. corner of the land herein conveyed; thence with an inner S. E. line of the tract herein described, crossing the E. end of said Phillips Survey: N. $38^{\circ} 03'$ E. 887.97 Ft., to a point in the S. W. line of aforementioned C. Y. Douglass Survey, same being the N. E. line of said Phillips Survey; thence with said line, passing at 736.57 ft. the S. corner of said Douglass Survey and continuing in all: S. $51^{\circ} 16'$ E. 883.56 ft., to a stake set in the fence between G. V. Laird and Will Laird; thence with said fence for the most easterly line of the tract herein conveyed, crossing the S. E. line of said Douglass Survey, and continuing in all: N. $2^{\circ} 13'$ E. 1508.0 ft., to a stone for the S. corner of the J. N. Morrow tract out of said Douglass Survey, same being the E. corner of the G. V. Laird 62 acre tract out of said Survey; thence with the N. E. line of said 62 acre tract: N. $50^{\circ} 47'$ W. 1713.91 ft., to the N. corner thereof, a point in the N. W. line of said Douglass Survey, the point of beginning and containing 539.43 acres of land; said land being described in Deed from Mrs. M. M.

Laird et al, to Tarrant County Water Control and Improvement District No. 1, dated as evidenced by the respective notary certificates of acknowledgments, recorded in Volume 78, pages 20-26, of the Deed Records of Jack County, Texas.

In the event a re-survey of said lands shall reveal the existence of excess lands in the said tract above mentioned, the lessor, its successors or assigns, shall, by virtue of its ownership of the lands above described, have preference right to acquire said excess lands, then in that event this lease shall cover and include all such excess lands which the lessor, its successors or assigns, shall have the preference right to acquire by virtue of its ownership of the lands above described as and when acquired by the lessor; and the lessee shall pay the lessor for such excess lands at the same rate per acre as the cash consideration paid for the acreage hereinabove mentioned.

TO HAVE AND TO HOLD THE SAME for a term of ten (10) years from this date, hereinafter referred to as the primary term, and as long thereafter as oil or gas or casinghead gas, or either or any of them, is produced therefrom or as much longer thereafter as the lessee in good faith shall conduct drilling operations thereon and should production as aforesaid result from such operation, this lease shall remain in full force and effect as long as oil or gas or casinghead gas shall be produced therefrom.

In consideration of the premises it is hereby mutually agreed as follows:

1.

Lessee shall deliver to the credit of the lessor, as royalty, free of cost, in the pipe line to which it may connect its wells, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2.

The lessee shall pay lessor, as royalty, one-eighth (1/8) of the net proceeds derived from the sale of gas from each well, where gas only is found, while the same is being sold or used off the premises, and in this event settlement shall be made by lessee on or before the 20th day of each calendar month for gas sold during the preceding month, but nothing in this agreement contained shall require lessee to save or market gas from said lands unless there shall be a surplus above fuel requirements and a market at the well for the same. The lessor to have gas free of charge from any gas well on the leased premises for all stoves and inside lights in the principal dwelling house on said land by making his own connections with the well, the use of said gas to be at the lessor's sole risk and expense at all times.

3.

The lessee shall pay to the lessor for gasoline or other products manufactured and sold by the lessee from the gas produced from any oil well, as royalty, one-eighth (1/8) of the net proceeds from the sale thereof, after deducting cost of manufacturing the same. If said gas is sold by the lessee, the lessor shall receive as royalty one-eighth (1/8) of the market value in the field of such gas.

If operations for the drilling of a well for oil or gas are not commenced on said land on or before one year from this date, this lease shall terminate as to both parties, unless the lessee shall, on or before one (1) year from this date, pay or tender to the lessor for the lessor's credit in the Continental National Bank at Fort Worth, Texas, or its successors, which Bank and its successors are the lessor's agent and shall continue as the depository of any and all sums payable under this lease, regardless of changes of ownership in said land or in the oil and gas, or in the rentals to accrue thereunder, the sum of Five Hundred Thirty-Nine & 43/100ths (\$539.43) Dollars, which shall operate as rental and cover the privilege of deferring the commencement of drilling operations for a period of one (1) year. In like manner and upon like payments or tenders, the commencement of drilling operations may be further deferred for like periods successively during the original term of this lease as fixed in the habendum clause hereof. All payments or tenders may be made by check or draft of lessee or assigns thereof, mailed or delivered on or before the rental paying date.

If at any time prior to the discovery of oil or gas on this land and during the term of this lease, the lessee shall drill a dry hole, or holes, on this land, this lease shall not terminate, provided operations for the drilling of a well shall be commenced by the next ensuing rental paying date, or provided the lessee begins or resumes the payment of rentals in the manner and amount above herein provided; and in this event the preceding paragraph hereof governing the payment of rentals and the manner and effect thereof shall continue in force.

In case said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the bonus, royalties, and rentals herein provided for shall be paid the said lessor only in the proportion which his interest bears to the whole and undivided fee.

When required by lessor, lessee shall bury pipe lines below plow depth and shall pay the surface owner or surface tenant for all damages to crops, trees, fences, buildings and other improvements caused by his operations under this lease.

No well shall be drilled nearer than two hundred (200) feet to the house or barn now on said premises without the written consent of the lessor, unless such drilling be necessary for the protection of the interest of either of the parties hereto.

If the estate of either party hereto is assigned the covenants hereof shall extend to their heirs, executors, administrators, successors and assigns, but no change of ownership in the land or in the rentals or royalties shall be binding on the lessee until after notice to the lessee and it has been furnished with the written transfer or assignment or a certified copy thereof.

It is further stipulated that the lessee herein shall take care to see to it that the waters of Lake Bridgeport shall not in any way become polluted by the operations of lessee or its assigns (if assigns are permitted) and that lessee, its agents, servants, employees and operators shall prevent such pollution in respect to any activity connected with the use of said lands for the purposes herein granted; to that end the lessee, its agents and servants, shall set and cement sufficient surface pipe to a depth to go through basal Trinity sands or to a depth of 200 feet, whichever depth be greater, and shall conduct operations to avoid impregnating the water sands with any extrinsic substance that would result in pollution of the waters of Lake Bridgeport and its tributaries. Further, that lessor shall be notified by lessee or assignees two (2) days prior to the beginning of plugging or abandonment of any well drilled by them on the above described lands, in order that a representative of lessor may be present.

Lessee shall have the privilege of assigning this lease or any part thereof, provided the written consent of lessor, authorized by its Board of Directors, shall first be obtained from lessor upon satisfactory proof to lessor that such assignee or assignees are responsible and solvent persons, firms, or corporations, as the case may be, and thereafter no subsequent assignment by such assignee or assignees shall be made unless written consent therefor from lessor shall be obtained in the manner and way hereinabove first indicated.

If the leased premises shall hereafter be owned in severalty or in separate tracts, the premises, nevertheless, shall be developed and operated as one lease and all royalties accruing hereunder shall be treated as an entirety and shall be divided among and paid to such separate owners in the proportion that the acreage owned by each such separate owner bears to the entire leased acreage. There shall be no obligation on the part of the lessee to offset oil or gas wells on separate tracts into which the land covered by this lease may be hereafter divided by sale, devise or otherwise, or to furnish separate measuring or receiving tanks. It is hereby agreed that, in the event this lease shall be assigned as to a part or as to parts of the above described lands, and the holder or owner of any such part or parts shall fail or make default in the payment of the proportionate part of the rent due from him or them, or shall default in any of the obligations imposed upon lessee by this lease, whether express or implied, such default shall not subject this lease to forfeiture or other liability, or affect this lease insofar as it covers that part or parts of said land upon which the said lessee or any assignee hereof shall not be in default. If at any time there be as many as four (4) parties entitled to royalties or rentals, lessee may withhold payment thereof, unless and until all parties designate, in writing, in a recordable instrument to be filed with the lessee, a common agent to receive all payment due hereunder, and to execute division and transfer orders on behalf of said parties and their respective successors in title.

If within the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided operations for the drilling of a well shall be commenced before or on the next ensuing rental paying date; or, provided lessee begins or resumes the payment of rentals in the manner and amount hereinbefore provided. If, after the expira-

tion of the primary term of this lease, production on the leased premises shall cease from any cause, lessee shall have the period of sixty (60) days from the stopping of production within which, at his election, to commence operations for the drilling of another well, deepen an existing well or wells, or otherwise to attempt to restore the production of such existing well or wells, and if such work is so commenced and prosecuted with reasonable diligence and production results therefrom, this lease shall remain in force as long as production continues.

Lessor hereby warrants and agrees to defend the title to the land herein described; and it also agrees that in the event any tax may be lawfully assessed and collected upon said lands by any governmental agency or subdivision and such tax may be lawfully required of lessor by any such governmental agency or subdivision, or in the event that any valid enforceable lien exists on said land and lawful requirement is made for the satisfaction thereof, then the District shall pay off such tax or lien so that same shall not become a burden upon the rights of the lessee herein and in the event any such demand is made upon lessee, lessee shall promptly and punctually notify lessor of such demand so that the matter may be fully investigated and the validity of same determined by lessor.

All payments which may fall due under this lease may be made to the Continental National Bank of Fort Worth, Texas, to the credit of lessor in the manner herein stated.

This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor or lessee.

IN TESTIMONY WHEREOF, we sign this instrument the day and year first above written.

ATTEST:

TARRANT COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 1

By /s/ DAN PRIEST
Secretary

By /s/ JOE B. HOGSETT
President

"LESSOR"

STATE OF TEXAS)
)
COUNTY OF TARRANT)

BEFORE ME, the undersigned authority, a Notary Public in and for Tarrant County, Texas, on this day personally appeared JOE B. HOGSETT, President of TARRANT COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 1, a public corporation, and also appeared before me DAN PRIEST, Secretary of said corporation, both known to me to be the persons whose names are subscribed in their respective capacities to the foregoing instrument and each acknowledged to me that he executed the same for the purposes and consideration therein expressed and as the act and deed of said corporation and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE at Fort Worth, Texas, on this the 25th day of March, A. D., 1949.

/s/ Myrtle Hartmeister
Notary Public in and for Tarrant County, Texas.