

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Produce's 88 (4-89)-Paid Up  
With 640 Acres Pooling Provision

PAID UP OIL AND GAS LEASE

THIS LEASE AGREEMENT is made as offt 9 day of 2016, between

and O'Brien Resources, LLC, P.O. Box 6149, Shreveport, LA 71136 as Lessor (whether one or more),

as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1 In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusive to Lessee the following described land, hereinafter called leased premises: (use Exhibit "A" for long description):

SEE EXHIBIT "A" ATTACHED HERETO FOR DESCRIPTION OF LEASED PREMISES AND FOR ADDITIONAL PROVISIONS.

in the county of Anderson, State of Texas, containing 474.29 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. ~~In the event of a pooling agreement, the lease shall be subject to the provisions of the pooling agreement and the lease shall be subject to the provisions of the pooling agreement.~~ In consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2 This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of THREE (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3 Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator or facilities, the royalty shall be one-eighth of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be one-eighth of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90 day period next following cessation of such operations or production; Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4 All shut-in royalty payments under this lease shall be paid or tendered to DIRECTLY TO LESSOR at ABOVE ADDRESS.

or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5 If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force by Lessee, it shall nevertheless remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6 Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10% and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10% provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling.

Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized therewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

~~12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.~~

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

SEE EXHIBIT "A" ATTACHED HERETO FOR ACKNOWLEDGMENT

STATE OF \_\_\_\_\_ COUNTY OF \_\_\_\_\_

ACKNOWLEDGEMENT

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by \_\_\_\_\_

Notary Public, State of \_\_\_\_\_  
Notary's name (printed): \_\_\_\_\_  
Notary's commission expires: \_\_\_\_\_

R.M.  
R.M.

## EXHIBIT "A"

Attached to and made a part of that certain Oil, Gas and Mineral Lease dated September 9, 2016, by and between as Lessor(s), and O'Brien Resources, LLC, as Lessee.

### PROPERTY DESCRIPTION

474.29 acres of land, more or less, situated in the I & G N RR Co. Survey, A-428, Anderson County, Texas, being comprised of four tracts of land more particularly described as Tract 1, Tract 2, Tract 3 and Tract 4 in that certain Warranty Deed dated September 15, 1988, by and between recorded in Volume 1208, Page 747 of the Official Public Records of Anderson County, Texas.

### ADDITIONAL LEASE PROVISIONS

15. **ROYALTY:** Notwithstanding anything herein to the contrary, the royalty provided for in the printed form shall be three-sixteenths (3/16ths) rather than one-eighth (1/8th).

16. **OPTION TO EXTEND:** Lessee is hereby given the option to extend the primary term of this lease as to all or any portion of the leased premises for an additional two (2) years from the expiration of the primary term. This option may be exercised by Lessee at any time during the last year of the primary term by paying or tendering to Lessor at the address herein provided or to the credit of Lessor in the depository bank named herein (which bank shall be and remain the agent for Lessor, unless notified otherwise, for such purpose regardless of any change or changes in the ownership of the land or mineral rights therein) the sum of \$150.00 per net mineral acre to be covered by such extension; provided, however, that no payment shall be necessary with respect to net mineral acres covered by this lease which are included within a unit upon which there is a well producing or capable of producing oil, gas or associated hydrocarbons. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a primary term of five (5) years. It is understood and agreed that the above payment shall cover the full term of any lease extension and that no delay rentals shall be due.

17. **COUNTERPART:** This Lease may be executed in counterparts. If counterparts of this Lease are executed, the signature pages from each counterpart may be combined into one composite instrument for all purposes.

18. **INDEMNITY:** Lessee for itself, Lessee's successors and assigns, shall indemnify Lessor and hold harmless Lessor, Lessor's successors and assigns, from all claims for damage and injury (including but not limited to attorney's fees and expenses of litigation) to third parties or the leased premises resulting in or from the operations of Lessee or its successors and assigns pursuant to this Lease.

19. **OIL AND GAS ONLY:** This lease covers only oil, and gas and minerals produced in association with oil and gas, and Lessor excepts from this lease and reserves all other minerals of any kind and character on and under the leased premises, together with the right to use said land for the purpose of investigating, exploring, producing, saving, owning, and disposing of said other minerals, so long as such use does not interfere with operations under this lease.

20. **PUGH CLAUSE:** In the event a portion or portions of said leased premises is pooled or unitized with other land so as to form a pooled unit or units, operations on, completion of a well upon, or production from such unit or units will not maintain this lease in force as to the leased premises not included in such unit or units. The lease may be maintained in force as to any of the leased premises and not included in such pooled unit or units in any manner provided for herein. In the event the leased premises is not pooled or unitized with other lands to form a pooled unit this lease shall terminate as to all other acreage except that included in a production unit (as hereinafter defined), unless continuous operations are being conducted as provided for herein. For the purposes herein, 40 acres plus a 10% tolerance thereof will be deemed to be a "production unit" for an oil well and 640 acres plus a 10% tolerance thereof will be deemed to be a "production unit" for a gas well or a horizontal completion. Provided that additional acreage can be assigned to a "production unit" for an oil well, gas well or horizontal completion to conform to any spacing or density pattern prescribed or permitted by governmental authority having jurisdiction to do so. The Lessee shall designate the production unit for such well no later than 90 days after the completion of the well. The terms oil well, gas well, and horizontal completion shall be defined in accordance with the Rules and Regulations of the Railroad Commission of Texas or other governmental authority having jurisdiction.

21. **DEPTH CLAUSE:** Following the latest of the expiration of the primary term and any extensions thereof which may occur in accordance with any provisions contained in this lease, or upon cessation of operations as provided for herein, the rights under this lease shall terminate as to all depths 100 feet below the deepest penetrated formation from any well drilled on the leased premises or any land pooled therewith.

22. **SEISMIC:** Lessor reserves the right to grant non-exclusive seismic permits and/or geophysical permits to third parties so long as the exercise of such rights does not unreasonably interfere with the rights of Lessee.

23. **POST EXPIRATION RIGHTS/RELEASE:** Lessee shall have the right at any time until six (6) months after the expiration of this lease to remove all fixtures and other property placed by Lessee on the leased premises, including the right to draw and remove all casing. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to all or any part of the leased premises or any horizon thereunder and thereby be relieved of all obligations thereafter accruing as to the released acreage or interest.

24. **WARRANTY OF TITLE:** Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever owning or claiming an interest therein by, through and under Lessor, but no further.

25. **SHUT-IN ROYALTY:** It is understood and agreed that the shut-in royalty payments due under the terms of this lease shall be based on thirty dollars (\$30.00) per net mineral acre covered hereby and contained within either a pooled unit or production unit as provided for herein. This Lease shall not be maintained solely by the payment of shut-in gas royalty for a period longer than two (2) consecutive years after the expiration of the primary term of this Lease.

SIGNED FOR IDENTIFICATION:

\_\_\_\_\_

STATE OF OHIO §

COUNTY OF \_\_\_\_\_ §

This instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_  
Notary Public, State of Ohio  
Notary's name (printed):  
Notary's commission expires:

STATE OF \_\_\_\_ COUNTY \_\_\_\_ §

OF \_\_\_\_\_ §

This instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_



\_\_\_\_\_  
Notary Public, State of Texas  
Notary's name (printed): **Diana Stimax**  
Notary's commission expires: 11/11/11

