

NO SURFACE USE
PAID UP OIL AND GAS LEASE

This LEASE AGREEMENT (this "Lease") is made as of the _____ day of _____, 2008, between the Lessor(s) whose legal description and address are set forth on "Exhibit A" attached hereto, and Lessee _____, whose address is _____, Fort Worth, Texas _____.

1. **Granting Clause** Lessor, in consideration of lease bonus in hand paid by Lessee, by 'order of payment', and other good and valuable consideration, the receipt of which is hereby acknowledged, and in consideration of the royalties herein provided, and the covenants, agreements and obligations of Lessee herein contained, and upon and subject to the conditions and with the limitations hereinafter set forth, hereby leases and lets exclusively unto the above-named Lessee, for the sole purpose of investigating, exploring, drilling and producing in paying quantities only oil and gas and strictly limited associated hydrocarbons, and to produce through a well bore, save, take care of, gather, treat, process, transport and sell such hydrocarbons, subject to the surface use restrictions herein, all those certain lands situated in Tarrant County, Texas, described on Exhibit "A" attached hereto (herein the "Leased Premises"), and covers and includes and is strictly limited to the depths from the surface to one hundred feet (100') below the base of the Barnett Shale formation for the life of this Lease. This lease covers the Leased Premises and includes true and total calculation of net mineral acreage owned by Lessor and Lessor's interests in all easements, roads, streets, highways, rights-of-way, bodies of water, and small strips that are contiguous or adjacent to the lands described on Exhibit "A" hereto. This lease does not grant to Lessee any right to explore for or produce any mineral or other substance except for oil and gas. For purposes of this lease, "Oil" includes all condensate, distillate and other liquid and gaseous hydrocarbons produced through a well bore; and, "Gas" (includes helium, carbon dioxide and other commercial gases, as byproducts, produced through the well bore) as well as hydrocarbon gases. Expressly excluded from this Lease are lignite, coal, sulfur (except for sulfur, as a byproduct, produced through the well bore), other like minerals, geothermal, potable water, sand, gravel, uranium, fissionable materials or any hard minerals or substances of any type which shall be produced from the Land separate and apart from, or independently of, oil, gas or other liquid and gaseous hydrocarbons. This lease does not grant surface rights of any nature and strictly limits Lessee from any surface rights of any and all nature or definition whatsoever.

Lessor agrees to execute, at Lessee's request, any additional or supplemental instruments reasonably necessary for a more complete or accurate description of the leased premises. In the event Lessor owns any additional acreage than that for which bonus was originally paid, Lessee shall pay additional bonus at the same amount per net mineral acre that was originally paid when this Lease was acquired.

Should Lessee fail to ensure and/or fulfill legal tender for said rendered order of payment within thirty (30) banking days and/or further fail to legally execute this lease document in a timely manor, the lease document and agreement between Lessor and Lessee shall be considered completely nullified.

2. **NO SURFACE USE (EXCEPT AS PERMITTED BY SEPARATE SURFACE USE AGREEMENT WITH LESSOR)** Lessee and any of its affiliates, subcontractors, employees, and/or assigns shall NOT have the right to enter upon, cross over, conduct any drilling, pipeline or other related surface operations of any nature, or place any property, facilities, structures or buildings of any kind on, over or across, any portion of the Leased Premises (including, but not limited to, exploration activities of any nature, geophysical/seismic activities, the laying of pipelines, flow lines, the building of roads, tanks, power stations, telephone lines, flow lines, electric power lines, tank batteries, or treaters). In addition, to the extent reasonably possible, the surface location for any well bore shall be situated at least one thousand feet (1,000') from any home on the Leased Premises, and in any case, the surface location for any well bore shall be in full compliance with the requirements of the City of Fort Worth Gas Ordinance. If, in order to comply with the requirements of the City of Fort Worth Gas Ordinance, it is necessary for Lessee to secure a waiver from Lessor for a drill site location, Lessor agrees to execute a waiver for such drill site upon the payment of a minimum of \$1,000.00, at Lessee's sole discretion but in consideration of Lessor's individual circumstances, by Lessee to Lessor. Any and all exceptions to allow any surface use of the Leased Premises of any nature, must be handled separately from this agreement, and it is understood that such agreements will be made on an individual case-by-case basis, through separate negotiations and written and signed agreements between the Lessee its affiliates, subcontractors, employees, and/or assigns, or any other related third party seeking such exception and any individual property owners and the Lessor(s) from whom the surface use exception is being sought.

Provided however, lessee shall have the limited right to enter the Leased Premises with a subsurface horizontal or directional wellbore, in an effort to explore for and develop oil and gas under the Leased Premises, provided that such operations do not interfere with the surface in any way, or subsurface support of any improvements constructed on the Leased Premises in any way or Lessor's activities conducted on the Leased Premises in any way. Notwithstanding the foregoing, the bore of a well drilled for oil and gas purposes may cross under the leased premises if such bore is at least one thousand (1000) feet below the surface. Lessee shall not bore a well drilling for oil and gas purposes across Lessor's property until all (100%) of Lessor's land has been included in proration unit or units.

3. **Primary Term** This Lease is a "paid up" lease requiring no rentals. Subject to the other provisions contained herein, this Lease shall be for a term of **three (3) years** from the date hereof (the "primary term"), and for as long thereafter as oil or gas 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. A well that has been drilled in the Barnett Shale Formation and which Lessee intends to frac may, at the election of Lessee, be deemed to be a well capable of producing in paying quantities and the date such well is shut-in shall be when the drilling operations are completed.

4. **Option to Extend.** Before the expiration of the primary term of this lease, Lessee may choose to, at Lessee's sole option and discretion, but without obligation extend the primary term of this lease for an additional two (2) years beyond the initial primary term, by written notification of such extension and by making payment to Lessor equal to the sum of the original bonus payment of \$27,500.00 per acre, by immediately negotiable check or deposit, no more than thirty (30) days after the expiration date of the primary term. If this option is exercised by Lessee, the lease as extended will thereafter be treated as if the original primary term was for five (5) years.

5. Royalty.

(a) As royalties, Lessee agrees:

(1) To pay to Lessor, on oil, gas, and other liquid hydrocarbons produced and saved from the Land, Twenty-three Percent (23%) (the "Royalty Fraction") of the market value at the point of sale of such oil, gas, and other liquid hydrocarbons or

at Lessor's option, which may be exercised from time to time, the Royalty Fraction of all oil, gas, and other liquid hydrocarbons produced and saved from the Land shall be delivered free of expense or cost or expense to Lessor at the wells or to the credit of Lessor at the pipeline to which the wells may be connected.

(2) To pay to Lessor:

(i) The Royalty Fraction of all oil (including distillate or condensate and other liquid hydrocarbons) produced and saved from the Land, the same to be delivered at the well or to the credit of Lessor into the pipeline to which the well or wells may be connected.

(ii) The Royalty Fraction of the gross proceeds received by Lessee at the point of delivery or first sale of all gas, including casinghead gas or other gaseous substances, produced from the Land.

(iii) The Royalty Fraction of the gross proceeds of all plant products (including residue gas), free of any processing cost, where gas is processed in a plant on or off the Land by Lessee or any affiliated person or entity, and if processed, but not by Lessee or an affiliated person or entity, the Royalty Fraction of that part of the gross proceeds received by Lessee for the processed gas and products therefrom that are allocable to the production from the Land.

(iv) On gas produced from the Land and sold by Lessee or used off the Land and to which the preceding subparagraphs (ii) and (iii) do not apply, the Royalty Fraction of the market value at the point of sale, use or other disposition.

(v) On gas produced from the Land that is processed in a processing plant in which Lessee or an affiliate of Lessee has a direct or indirect interest, the Royalty Fraction of the market value of the gas at the inlet to the processing plant, or the Royalty Fraction of the market value of all processed liquids saved from the gas at the plant plus the Royalty Fraction of the market value of all residue gas at the point of sale, use, or other disposition.

(vi) On gas produced from the Land that is processed in facilities other than a processing plant in which Lessee or an affiliate of Lessee has a direct or indirect interest, the Royalty Fraction of the gross proceeds at the plant of all processed liquids credited to the account of Lessee and attributable to the gas plus the Royalty Fraction of the gross proceeds of all residue gas at the point of sale, use, or other disposition.

(b) The market value of gas will be determined at the wellhead by reference to the gross heating value (measured in British thermal units) and quality of the gas. The market value used in the calculation of oil and gas royalty will never be less than the total proceeds received by Lessee in connection with the sale, use, or other disposition of the oil and/or gas produced or sold. For purposes of this paragraph, if Lessee receives from a purchaser of oil or gas any reimbursement for all or any part of severance or production taxes, or if Lessee realizes proceeds of production after deduction for any expense of production, gathering, dehydration, separation, compression, transportation, treatment, processing, storage, marketing, or remediation, then the reimbursement or the deductions will be added to the total proceeds received by Lessee. Royalty will be payable on oil and gas produced from the Land and consumed by Lessee on the Land for compression, dehydration, fuel, or other use.

It is agreed between the Lessor and Lessee, that, notwithstanding any language herein to the contrary, all oil, gas or other proceeds accruing to the Lessor under this Lease or by state law shall be without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and marketing the oil, gas and other products produced hereunder to transform the product into marketable form. Further, it is agreed between the Lessor and Lessee, that, notwithstanding any language herein to the contrary, all oil, gas or other proceeds accruing to the Lessor under this lease or by state law shall be without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and marketing the oil, gas and other products produced hereunder to transform the product into marketable form. In no event shall Lessor receive a price that is less than the price received by Lessee from an arms-length contract with a purchaser that is not an affiliate of Lessee. It is the specific intent of the parties to this Lease that this provision is to be treated as enforceable as written and is not to be deemed "surplusage" under the principals set forth in *Heritage Resources, Inc. v. Nations Bank*, 939 S.W.2d 118 (Tex. 1996).

(c) If gas produced from the Land or lands pooled herewith is sold by Lessee pursuant to an arms-length contract with a purchaser that is not an affiliate of Lessee, and the contract provides for net proceeds to be paid to Lessee that equal or exceed the market value of the gas at the point of delivery to the purchaser, and for a term no longer than that which is usual and customary in the industry at the time the contract is made, then the market value of the gas sold pursuant to the contract shall be the total proceeds received by Lessee in the sale, subject to the provisions of paragraph 4(b) above.

(d) Lessor shall be paid the Royalty Fraction of all payments and other benefits made under any oil or gas sales contract or other arrangement, including take-or-pay payments and payments received in settlement of disputes; provided that if Lessor receives a take-or-pay payment or similar payment for gas that has not been produced, and if the gas is subsequently produced, Lessor will receive only its Royalty Fraction of the market value of the volume of gas for which payment has not already been made.

(e) Lessee must disburse or cause to be disbursed to Lessor its royalty on production from a particular well not later than 120 days after completion of the well, in the case of an oil well, or after the pipeline connection, in the case of a gas well. Thereafter, Lessee must disburse or cause to be disbursed to Lessor its royalty on production by the last day of the second month after the month of production. If not paid when due, Lessor's royalty will bear interest at the maximum lawful rate from due date until paid, which amount Lessee agrees to pay. Acceptance by Lessor of royalties that are past due will not act as a waiver or estoppel of its right to receive interest due thereon unless Lessor expressly so provides in writing signed by Lessor. Notwithstanding anything to the contrary contained in this Lease, should a royalty payment not be made for a period of 120 days from the anniversary date of the due date as provided for in this Lease, unless there is then in effect another applicable preservation provision of this Lease, Lessor may, at Lessor's option, elect to terminate the applicable portion of this Lease by sending written notice to Lessee by certified mail. Lessee shall then have ninety (90) days from the date of service of such written notice in which to avoid termination of the Lease by making or causing to be made the proper royalty payment. If such royalty payment is not made on or before the expiration of said 90 day period, or written approval is not obtained from Lessor to defer such payment, Lessor may elect to terminate the Lease by filing a Notice of Termination with the County Clerk in the county where the Land is located. The effective date of said termination shall be

the date said Notice of Termination is filed with the said County Clerk. The royalty payment obligations under this Lease shall not be affected by any division order or the provisions of the Section 91.402 of the Texas Natural Resources Code or any similar statute. However, Lessor shall, upon request by Lessee execute a division order that conforms with Section 91.402 of the Texas Natural Resources Code.

(f) As used in this Lease, "affiliate" means (i) a corporation, joint venture, partnership, or other entity that owns more than ten percent of the outstanding voting interest of Lessee or in which Lessee owns more than ten percent of the outstanding voting interest; or (ii) a corporation, joint venture, partnership, or other entity in which, together with Lessee, more than ten percent of the outstanding voting interests of both Lessee and the other corporation, joint venture, partnership, or other entity is owned or controlled by the same persons or group of persons.

(g) The receipt by Lessee from a purchaser or a pipeline company of proceeds of production for distribution to Lessor will not result in Lessee acquiring legal or equitable title to those proceeds, but Lessee will at all times hold the proceeds in trust for the benefit of Lessor. Notwithstanding the insolvency, bankruptcy, or other business failure of a purchaser of production from the Land or pipeline company transporting production from the Land, Lessee will remain liable for payment to Lessor for, and agrees to pay Lessor all royalties due Lessor together with interest if not timely paid.

(h) **Shut In Wells** 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 hereby covered and related hydrocarbons in paying quantities, but such well or wells are either shut-in or production there from 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 only in compliance with the hereinafter stated provisions and restrictions. If for a period of ninety (90) consecutive days such well or wells are shut-in or production there from is not being sold by the Lessee, then Lessee shall pay an annual shut-in royalty of **\$100,000.00 per well** (to be allocated pro-rata based on the net mineral acres of Lessor in the unit for such well or wells) on or before the end of said 90-day period and thereafter on or before each anniversary date while the well or wells are shut-in or production there from is not being sold by Lessee; provided, however, 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. It is expressly understood and agreed that after the expiration of the primary term, Lessee shall not have the right to continue this Lease in force by payment of shut-in royalty for more than a cumulative period of up to twenty-four (24) months. This is a condition and not a covenant.

6. **Paying Quantities** For purposes hereof, "paying quantities" is defined as revenue from the sale of production from a well sufficient to return a profit, after deduction of royalties, overriding royalties, production taxes and severance taxes, over and above all direct operating cost, but not including capital costs or district office overhead not directly attributable to the Leased Premises, for any consecutive six (6) month period, without regard to whether a reasonably prudent lessee would continue to operate such well or wells.

7. **Payments** All royalty payments, including shut in royalty payments, under this Lease shall be paid or tendered in US currency by negotiable check directly to Lessor at the above address, or at such address or to Lessor's credit at such depository institution as Lessor may provide written notice of from time to time..

(a) Initial royalty payments shall be due to Lessor its royalty on production from a particular well not later than 120 days after completion of the well, in the case of an oil well, or after the pipeline connection, in the case of a gas well. All subsequent royalty payments shall be due within thirty (30) days after the end of the month for oil and sixty (60) days after the end of the month for gas in which the production occurred. Unless there is a reasonable title dispute, should Lessee fail to pay such royalty timely and within such laid out and agreed upon time, then Lessee shall pay to Lessor, interest on said accrued royalties at the rate of the lesser of the maximum rate permitted by law or the average prime interest rate charged by the two largest banks in Tarrant County, Texas plus three percent (3%), from the due date until the date of payment. If Lessee fails to comply with the provisions of this paragraph, the Lessor shall, at its option, have the right to cancel this lease by filing an affidavit of record in Tarrant County Court, Tarrant County, Texas; however, Lessor shall give written notice of such intention to Lessee and Lessee shall then have ninety (90) days in which to comply with the provisions of this paragraph; further provided, however, that such notice requirement and opportunity to cure shall not apply if Lessee has failed to comply with the provisions of this paragraph on three occasions during any consecutive twelve-month (12) period. Should Lessee pay Lessor all royalty payments past due during said period with accrued interest, this lease shall not be cancelled. Acceptance by Lessor of royalties that are past due will not act as a waiver or estoppel of its right to receive interest due thereon unless Lessor expressly so provides in writing signed by Lessor. The rights of Lessor under this paragraph shall be in addition to, and not in lieu of, all rights Lessor may have as to payment of royalty under V.T.C.A. Natural Resources Code 91.401 thru 91.405 or any similar statute.

(b) If gas is produced from the Leased Premises, and if more than one party owns the working interest share of the gas produced, and if any or all of such co-owners elect to take and market their share of such gas separately, resulting in "split-stream" deliveries of such gas to different purchasers, then the following shall apply:

(i) Lessor shall be entitled to Lessor's royalty share (proportionately reduced, as herein provided, if Lessor owns less than all the oil and gas under the Leased Premises) of the proceeds of the sale of the entire production of gas produced from the Leased Premises, regardless of how such gas is allocated among the working interest owners or to whom such gas is sold, and regardless of any agreements to the contrary among the working interest owners.

(ii) Lessee, its successors and assigns shall be liable for Lessor's entire royalty on such gas production, regardless of whether Lessee actually is allocated or receives any proceeds of sale of any such production. Lessee shall account to Lessor for all of Lessor's royalty share of such gas production, so that Lessor shall not be required to receive royalties from more than one purchaser or working interest owner, and Lessee shall provide production statements from all purchasers of such gas showing the volumes sold and the price paid therefore, and any applicable adjustments.

8 **No Warranty of Title** Lessor makes no warranty of any kind with respect to title to the surface or mineral estate in the leased premises or any portion of or interest therein. All warranties that might arise by common law or by statute, including but not limited to Section 5.023 of the Texas Property Code (or its successor), are excluded. By acceptance of this Lease, Lessee acknowledges that it has been given full opportunity to investigate and conduct sufficient investigation to satisfy itself as to the title to the leased premises. Lessee assumes all risk of title failures.

9 **Subordination** Lessee assumes all risk and agrees to pay all subordination fees and related costs if and when Lessee requires a subordination agreement from Lessor's mortgage lender. Notwithstanding anything to the contrary, neither Lessee nor Lessee's assigns shall ever require subordination, partial release of lien, release of lien, consent or other documentation from any

lender of Lessor that has a lien on said land as a condition to Lessor receiving the agreed signing bonus or any subsequent royalty payment, unless Lessor has made a written agreement to the contrary with Lessor's lender. However, Lessor will cooperate with any reasonable effort of Lessee to obtain a subordination agreement from Lessor's lender, and Lessee agrees to pay to Lessor's lender any required charges and fees in excess of \$250.00 collectively and in total related to required charges or fees for the agreement, including but not limited to any lender required survey expenses.

10. **Pooling** Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interests 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; provided, however, that the entire leased premises covered by this Lease shall be included in any unit created pursuant to the pooling authority granted herein. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed eighty (80) acres plus a maximum acreage tolerance of ten percent (10%), and for a gas well or a horizontal completion, shall not exceed six hundred forty (640) acres plus a maximum acreage tolerance of ten percent (10%). 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 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and "horizontal completion" means a 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, within ninety (90) days of first production, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling which may be retroactive to first production. In the event Lessor's acreage is included in a well, all of Lessor's acreage shall be included. Production, drilling or reworking operations anywhere on a unit which includes 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. 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 (not to exceed the maximum acreage as specified above) or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed and permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. Lessee will adhere to legislative regulations in exercising such rights and will obtain written authorizations and/or permits when necessary or required by said 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. If the leased premises are 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 a record of written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

11. **Continuous Drilling Obligations** Prior to commencement, Lessee shall perform, at its sole expense and discretion, all necessary due diligence in analyzing the optimal exploration and recovery of minerals included herein, through any and all available and industry recognized standards at the Lessee's sole discretion. The commencement of actual drilling means the penetration of the surface with a drilling rig capable of drilling to the Barnett Shale formation. After the commencement of an initial well on lands pooled herewith, Lessee shall continue development of the minerals in and under the lands, or lands pooled herewith and shall drill as many horizontal wells from each drill site as is reasonably practicable in accordance with good oilfield practices and taking into account all geological and geophysical information known to Lessee so as to maximize the development of the minerals in and under the Leased Premises. Further, Lessee will use reasonable efforts to locate each drill site in such a manner as to facilitate the drilling of as many wells as possible from such drill site in order to minimize the number of drill sites on lands pooled herewith. After a well is commenced, drilling operations must continue in a good and workmanlike manner in a good faith effort to reach the anticipated total depth with no cessation of operations before completion. For the purpose of computing the time for the commencement of actual drilling of a well, each well will be deemed to have been completed on the date of the release of the drilling rig from the drill site. The permitted time between wells shall be cumulative, so that if a well is commenced prior to the date it is required to be commenced; the number of days prior to the date on which the well should have been commenced shall be added to the time permitted for the next succeeding well. If Lessee drills a well which is incapable of producing in paying quantities (a "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 Section 10, contained herein, 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 ninety (90) days after completion of operations on such dry hole or within ninety (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 but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production there from, this Lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than ninety (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. If this lease is maintained beyond the expiration of the primary term by production or otherwise, it will remain in force as to all acreage and depths, restricted herein, as long as there is no lapse of more than ninety (90) days between the completion of one well and the commencement of the actual drilling of another well.

12. **Division Orders** It is agreed that neither this lease nor any terms or provisions hereof shall be altered, amended, extended or ratified by any division order or transfer order executed by Lessor, its successors, agents, or assigns. If Lessee shall require the execution of a division order for payment of royalty payable under this lease, then the only form of division order permitted for Lessee's use shall be such form promulgated by the State of Texas and set forth in Section 91.402(d), of the Texas Natural Resources Code as amended from time to time. Transfer orders, if required, shall be solely for the purpose of confirming the interest transferred by Lessor. In the event of production, all division orders prepared by Lessee and its assigns shall eliminate all references to ratification of Lessee's acts and ratification of gas or oil purchase contracts. If such statements are contained therein, such ratifications are void and of no effect.

13. **Force Majeure** Should Lessee be prevented from complying with any express or implied covenant or provision of this lease, (other than a requirement to pay money) from conducting drilling or reworking operations thereon, from producing oil or gas therefrom, by reason of federal or state law or any rule or regulation of governmental authority or by the inability to obtain a drilling permit for a horizontal well acceptable to Lessee acting in good faith in planning its well bore layout and after having made timely application for such permit at least six (6) months prior to the expiration of the primary term, or other similar cause (but not to include financial reasons, lack of a suitable market or price for the gas produced from the Land or lands pooled herewith, or failure to comply with said

ordinance) or by act of God, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on, or producing oil and gas from the Leased Premises, but in no event shall such period exceed one (1) year per individual occurrence nor cumulatively for the life of this Lease, and Lessee shall not be liable in damages for failure to comply therewith, and the time while Lessee is so prevented shall not be counted against Lessee. Provided further however, that Lessee may not exercise this right if this Lease may be extended by any other means, including the timely exercise of the rights set forth in Paragraph 4 hereinabove. In order for Lessee to claim the benefit of this paragraph, Lessee must advise Lessor in writing within thirty (30) days of the date Lessee claims any obligation is suspended, setting forth in reasonable detail such facts as Lessee relies upon to make the provisions of this paragraph applicable, and what efforts Lessee is expending to remedy this situation, and the background and all surrounding circumstances. If the situation is created by Lessee's actions or inactions, it can not benefit from this provision. Lessee shall resume compliance with all expressed or implied covenants or provisions of this lease including but not limited to conducting drilling or reworking operations thereon, producing oil or gas from the Leased Premises or lands pooled therewith, within thirty (30) days of cessation of such cause which permitted Lessee to claim benefits under this Paragraph.

14. **Release** Lessee may, at any time, deliver to Lessor in recordable form or file of record a written release of this Lease in full and with regard to any depths or zones thereunder, all easements, roads, streets, highways, rights-of-way, bodies of water, small strips that are contiguous or adjacent to the lands described on "Exhibit A" hereto and drilled wellbores in lands described herein; and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases its interest in the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall no longer be applicable. Lessee will not, however, attempt release of this Lease, so long as any mineral extraction, related to Lessor's interests, is ongoing. In any event, upon termination of this Lease, Lessee, its successors or assigns, shall deliver to Lessor a recordable release covering the terminated interest in the Lease. Upon the expiration of the primary term of this Lease or upon the expiration of any extension or renewal of the primary term, or after cessation of operations or continuous development as provided herein, whichever occurs last, this Lease shall terminate as to all lands not included in a producing unit; provided, however, if Lessee is then engaged in operations on the leased premises or on lands pooled therewith, this Lease shall remain in full force and effect so long as no more than ninety (90) days elapse between operations.

15. **Assignment** Lessee may assign this lease without the prior written consent of Lessor, only to an individual or entity with a net worth equal to or better than Lessee or the demonstrated capability (based upon verifiable prior experience in the Barnett Shale formation) of operating the lease in a manner comparable to the manner in which Lessee operated the lease and with the financial ability to perform Lessee's obligations hereunder. Upon such assignment the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. Lessee shall give written notice to the Lessor at least thirty (30) days before the sooner of the execution date of any agreement to assign such interests or the effective date of any such assignment. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessor or Lessee hereunder, and no change in ownership shall be binding on Lessee until thirty (30) days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the reasonable satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. Except as otherwise stated herein, if Lessee transfers, assigns or otherwise conveys its interest in this lease it will do so in whole and Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest. If Lessee transfers its interest in this Lease, the obligation to pay or tender shut-in royalties, if any, due after the effective date of such assignment shall be the responsibility and obligation of the transferee. Assignment of this lease, shall not relieve Lessee, its assignees, or any successors, of any obligations hereunder, accruing before the effective date of any such assignment and any assignee of Lessee must, by acceptance of such assignment, be bound by all terms and provisions, hereof. No transfer, assignment of other conveyance by Lessor or Lessee shall reduce or enlarge the rights and/or obligations of either the Lessor or Lessee, and all such transfers, assignments or other conveyances shall be subject to all the terms and conditions of this Lease. Assignment is defined to include, without limitation, any assignment, sublease, farmout, operating agreement, pooling agreement, unitization agreement, assignment, or any other agreement, by which any share of the operating rights, granted by this lease, are assigned or succeeded to or agreed to be assigned or succeeded to, to any other party.

16. **Indemnity** Lessee hereby releases and discharges Lessor and the owner of the surface estate, along with their officers, employees, partners, agents, contractors, subcontractors, guests and invitees, and their respective heirs, successors and assigns (collectively the "Lessor Parties"), of and from any and all actions and causes of action of every nature, or other harm, including environmental harm, for which recovery of damages is sought, including, but not limited to, all losses and expenses which are caused by the activities of Lessee, its officers, employees and agents arising out of, incidental to or resulting from, the operations of or for Lessee on or under the leased premises or at the drill site or operations site or that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Lease, or by any other negligent or strictly liable act or omission of Lessee. Further, Lessee hereby agrees to be liable for, exonerate, indemnify, defend and hold harmless the Lessor Parties against any and all claims, liabilities, losses, damages, actions, property damage, personal injury (including death), costs and expenses, or other harm for which recovery of damages is sought, under any theory including tort, contract, statute or strict liability, including attorney fees and other related legal expenses, including those related to environmental hazards on or under the leased premises or at the drill site or operations site or in any way related to and including but not limited to Lessee's failure to comply with any and all environmental laws; those arising from or in any way related to Lessee's operations or any other of Lessee's activities in, on or under the leased premises or at the drill site or operations site; those arising from Lessee's use of the surface or subsurface of the leased premises; and those that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Lease or any other act or omission of Lessee, its directors, officers, employees, partners, agents, contractors, subcontractors, guests, invitees and their respective successors and assigns. Each assignee of this Lease, or of an interest herein, agrees to be liable for, exonerate, indemnify, defend and hold harmless the Lessor Parties in the same manner provided above in connection with the activities of Lessee, its officers, employees and agents as described above. Lessee accepts and retains one-way indemnity/liability, fully shouldering any and all responsibility/liability for any and all claims, liabilities, losses, damages, actions, property damage, personal injury (including death), costs, and expenses, or other harm for which recovery of damages is sought, under theory including tort, contract, statute, or strict liability, including attorneys fees and other legal expenses, including those related to environmental hazards in any way related to and including but not limited to Lessee's failure to comply with any and all environmental laws, those arising from or in any way related to Lessee's operations; and further Lessee releases Lessor of any and all similar or same liability and further Lessee accepts that any and all obligations of indemnity and/or liabilities assumed under the terms of this lease shall be without limits and without regard to the cause or causes thereof, strict liability of the negligence of any party or parties (including the negligence of the indemnified party), whether such negligence be sole, joint, current, active, or passive. For purposes of this Paragraph 14 and Paragraph 15 of this lease, environmental laws and regulations include, without limitation, the federal Oil and Pollution Act (OPA), the federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), the federal Resource Conservation and Recovery Act (RCRA), the federal Clean Water Act, the Texas Solid Waste Disposal Act (TSWDA), the Texas Water Code (TWC), and the federal, state and local rules, regulations, ordinances, orders and governmental directives implementing such statutes. The Lessee's obligations in this Paragraph 14 shall survive the termination of this lease.

17. **Insurance** Lessee, at its own expense, shall maintain a general liability insurance policy (covering both bodily injury and property damage and covering its indemnity obligations under this Lease Agreement in an amount of at least \$10,000,000 combined single limit. Lessee shall also, at its own expense, carry worker's compensation insurance as required by law. In addition, Lessee shall acquire and maintain the insurance coverage required by the City of Fort Worth Gas Ordinance.

18. **Reports** Once production is established and sold from the Lease Premises, Lessee shall furnish Lessor a statement showing the current production information for all producing wells, including, but not limited to volumes, prices and permitted deductions, which statement shall be made a part of and submitted with and at the time of all royalty payments to Lessor.

19. **Inspection of Lessee's Records**. Upon written request and limited to an annual basis, Lessor shall have the right, at its own expense, during normal office hours, to make an audit of Lessee's accounts, contracts, books, title and well records pertaining to the Leased Premises for the purpose of ascertaining Lessee's determinations of title, the amount of production and sales and the cost of manufacturing and extracting any and all substances covered by this agreement. If the audit reveals an underpayment, or that Lessee has not credited Lessor with the appropriate record title, Lessee shall be responsible for the costs of the audit, however, Lessee shall only be liable for such costs to the extent the audit costs are equal to or less than the amount of the audited underpayment. In no event shall this provision be construed to limit or restrict Lessor's rights to assert any claims against Lessee under applicable law. Upon written request, Lessee will make all accounts, contracts, books and records pertaining to the Leased Premises for the purpose of ascertaining Lessee's determinations of title, the amount of production and sales and the cost of manufacturing and extracting any and all substances covered by this agreement available to Lessor within thirty (30) days from the date the request is made.

20. **Notices** All notices required or contemplated by this Lease shall be directed to the party being notified at the address identified above, unless notice of another address has been provided in writing. All such notices shall be made by registered or certified mail, return receipt requested, unless another means of delivery is expressly stated.

21. **Top Leasing Permitted** There shall be no prohibition or limitation on top leasing.

22. **Applicable Law and Construction** This Lease is entered into in the State of Texas and shall be construed, interpreted and enforced in accordance with the laws of the State of Texas without reference to choice-of-law rules. Should any of the provisions herein be determined to be invalid by a court of competent jurisdiction, it is agreed that this shall not affect the enforceability of any other provision herein and that the parties shall attempt in good faith to renegotiate that provision so determined to be invalid to effectuate the purpose of and to conform to the law regarding such provision. The section titles appearing in this Lease are for convenience only and shall not by themselves determine the construction of this Lease. This Lease may be executed in one of more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. Singular and plural terms, as well as terms stated in the masculine, feminine or neuter gender, shall be read to include the other(s) as the context requires in effectuating the full purposes of this Lease.

(a) **Applicable Law** Nothing in this Lease negates the implied covenants imposed upon Lessee under applicable law.

(b) **Legislative Compliance** Lessee will conduct all operations hereunder in compliance with the rules of the Railroad Commission of Texas and federal and state environmental laws and regulations and municipal ordinances.

(c) **Local Ordinances** Notwithstanding the requirements of this Lease, Lessee covenants and agrees to comply with all rules and regulations of City of Fort Worth, In addition, Lessee acknowledges and agrees that this Lease does not constitute, and shall not contractually obligate City of Fort Worth or Lessor to grant a waiver of any requirements set forth in the Regulations or to approve any application submitted thereunder.

(d) **Venue and Legal Fees** Venue for any dispute arising under this Lease shall lie in Tarrant County, Texas, where all obligations under this Lease are performable. In the event that Lessor or Lessee shall be required to employ legal counsel for the enforcement of any provision of this lease, the prevailing party shall be entitled to recover its reasonable attorney's fees and other related expenses incurred in such proceeding.

23. **Environmental and Safety**

(a) **City Ordinance** In any area of operation in which this Lease lacks additional governing restrictive language, it is automatically agreed upon that the Lessor, Lessee, and Lease itself are relying upon the City of Fort Worth Gas Ordinance as is already in effect on the date that this Lease is executed. Should the City of Fort Worth alter, making greater or lessening, or should the City of Fort Worth eliminate Fort Worth City's ordinances governing oil and gas (hydrocarbons) exploration and/or drilling and development, Lessee will continue to adhere in its future operations to the restrictions imposed by the ordinance of the City of Fort Worth at the time Lessor's lease was executed, OR the City of Fort Worth's revisions of its ordinance OR the restrictions, stipulations, provisions, clauses, terms, and language as detailed in Lessor's Lease, whichever is the most restrictive to Lessee.

(b) **Emergency Response** Lessee will make available for Lessor's review, before commencement of any drilling operations, the Emergency Response Plan prepared in accordance with the City of Fort Worth Gas Ordinance.

(c) **Noise** No operations hereunder, including truck traffic, shall produce a sound level (1) greater than 5dB above the ambient noise level when measured at the well head between the hours of 7:00 a.m. to 7:00 p.m. or (2) greater than 3dB above the ambient noise level when measured at the well head between the hours of 7:00 p.m. to 7:00 a.m.; provided, however, that an adjustment to the noise standard set forth in (1) and (2) may be permitted in accordance with the tolerance table from City of Fort Worth Ordinance set forth below, and provided further, that during Lessee's drilling operations only, the sound level permitted shall be the sound level as specified under the noise provisions of the Fort Worth Gas Ordinance. Sound level measurements shall be made with a sound level meter conforming, as a minimum, to the requirements of the American National Standards Institute. Sound level measurements shall be taken at a distance of between 4 and 6 feet above ground level. In the event that an affected Lessor obtains a sound measurement exceeding that allowed by this Lease, such Lessor shall notify Lessee in writing in conformity with the terms of this Lease. Lessee shall have forty-eight (48) hours from the receipt of such notice to cure or cease any condition or operation which results in a sound level measurement not in conformity with this Lease. Any sound level measurement taken at the well head shall be deemed to affect equally all Lessors within one thousand feet (1,000') of any home, and any violation of the provisions relating to sound levels contained herein shall not be waived, modified, or terminated without the written consent and agreement of all Lessors within one thousand feet (1,000') of any home. Lessee shall use most current technology available to baffle the sound level.

Adjustments to the noise standards as set forth above in subsection (B) of this section may be permitted in accordance with the following:

Permitted Increase	Duration of Increase (dBA) (minutes)*
5.....	15
10.....	5
15.....	1
20.....	less than 1

*Cumulative minutes during any one hour

(d) **Lights** All lights used in the drilling and/or operation processes on the leased or pooled premises must be directed downward so as not to be intrusive to any home. To the extent reasonably possible in maintaining a safe and non-hazardous drill site, any light fixture shall be situated no closer than 1,000 feet of any home on the Leased Premises covered by this Lease without the written consent and agreement of Lessor.

(e) **Salt Water** Any salt water retrieved from drilling and operations must be hauled to a state approved salt water disposal facility. No salt water may be re-injected into any formation within the Fort Worth City limits including all drilling and production sites which directly or indirectly affect the Lease Premises.

(f) **Dust, Vibration, Odors, Airborne Pollutants and Harmful Fumes** Lessee’s operations within 1000 feet of the Leased Premises shall be conducted in such a bona fide manner as to minimize dust, vibration, noxious odors, airborne pollutants and harmful fumes and shall be in accordance with the best accepted practices incident to drilling for the production of oil or gas in densely populated urban areas. All equipment used shall be so constructed and operated so that vibrations, dust, odor, airborne pollutants, harmful fumes or other harmful or annoying substances or effect will be effectively minimized. Technological improvements in industry standards of drilling and production in this manner/area shall be adopted as they become available, if capable of reducing factors or dust, vibration, odor, airborne pollutants and harmful fumes. Nothing herein contained shall be construed to prevent Lessee from odorizing any gas produced from the Leased Premises, which it shall do whenever practical, in addition to complying with all applicable rules, statutes and/or regulations or to provide for the health, safety and/or welfare of the public as it deems appropriate in its discretion.

(g) **Groundwater Protection** Any oil or gas wells drilled by Lessee shall be drilled in compliance with the surface casing requirements imposed by the State of Texas for groundwater protection and Lessee shall install such surface casing in the required manner in order to insure the protection of all fresh water bearing formations in and under the leased premises.

(h) **Modern Equipment** Lessee shall, to the extent practical, utilize modern equipment, including, electrically powered or “clean burning” natural gas powered equipment, with appropriate safeguards in its drilling, completion and producing operations. Whenever possible, Lessee shall install sound barriers and utilize hospital grade mufflers on compressors to reduce noise levels and emissions while conducting operations within 1000 ft of Leased Premises. This requirement does not waive the requirements of Section 22(j) “Compressor Station”..

(i) **Compressors and Compressor Stations** Any compressors used in connection with this Lease or lands pooled herewith, shall be, when installed, of the latest technology and further equipped with the latest technology to minimize fumes and to provide maximum noise suppression. Lessee shall replace all compressors and other equipment on a regular basis, but at least every five (5) years, with the quietest and least pollutive equipment available at the time such replacement occurs.

Notwithstanding anything else to the contrary contained in this Lease, Lessee agrees that it shall not construct or install any compression facilities/station, metering station, gathering station, or any other facility used to raise or lower the pressure of gas, within 1000 feet from the Leased Premises without the prior written consent and agreement of all Lessors within 1000 feet of any such proposed facility or station. Notwithstanding the foregoing, if such installation is necessary to market the gas produced hereunder and if there is no available alternate site, such installation may be made on an existing well site if such installation is in compliance with the City of Fort Worth Gas Ordinance. In such case, Lessee shall completely house any noise or fume producing equipment in a structure designed to minimize and control the sound and/or fumes there from to preserve the quality of the environment and the style of such structure shall be in reasonable conformity with the other structures in the immediate area.

(j) **Visual Appearance** Lessee shall not permit the disposal of trash, storage of used equipment or other such materials on the well site and shall maintain the well site in a neat and orderly fashion. Lessee shall, at Lessee’s sole expense, construct or improve necessary lease roads as all weather roads and shall maintain such roads in a good state of condition and repair in order to prevent excess dust and erosion and maintain the continuity of the surrounding environment. For safety and appearance, Lessee shall, at Lessee’s sole expense, install appropriate fences around each well and related facilities in a visually appealing manner in an effort to maintain the continuity of the surrounding area, and shall maintain the fences in a good state of repair. Upon conclusion of Lessee’s drilling and completion operations, Lessee shall, at Lessee’s sole expense, restore that portion of the well site not being utilized by Lessee for producing operations as nearly as is reasonably practicable to its original state. In addition, Lessee shall, at Lessee’s sole expense, maintain the well site in a manner whereby it shall be free of noxious vegetation and debris resulting from Lessee’s operations. Upon lease expiration, Lessee shall, at Lessee’s sole expense, remove all of Lessee’s equipment and restore the surface of the ground as nearly as is reasonably practicable to its original state.

(k) **Equipment Operations** To the extent practical, the Lessee, its affiliates, subcontractors, employees, and/or assigns shall not operate any equipment associated with drilling, fracturing, or production activities, within one thousand feet (1,000’) of any home. It is understood that to fully develop the minerals under the Leased Premises from available drill site locations, it may be necessary for some operations to be within the one thousand feet (1,000’) distance, and in such case those operations must be in full compliance with the City of Fort Worth Gas Ordinance.

(l) **Truck Traffic** The Lessee nor any of its affiliates, subcontractors, employees, and/or assigns shall not access any well site by using any road or street, or any portion thereof, within one thousand feet (1,000') of any home, and shall not operate any truck on residential streets, roads, drives, avenues, courts, lanes; unless there is no other available route, and in such case, operation of said trucks on residential streets, roads, drives, avenues, courts, lanes will be bared between 9:00 p.m. and 9:00 a.m. and also must operate in full compliance with the City of Fort Worth Gas Ordinance.

(m) **Post Production** After any well has been completed and/or plugged and/or abandoned, the operator shall, within sixty (60) days of the completion, plugging or abandonment of such well, clean the drill site or operation site, complete restoration activities and repair any and all damage caused by such operations.

24. **Environmental Liability** As used in this lease, the term "Hazardous Materials" means any substance or material defined or identified as hazardous, extra-hazardous, toxic or radioactive or subject to regulation as a solid waste or pollutant under any applicable federal, state, or local statute or regulation including, without limitation, the environmental laws and regulations referenced in Paragraph 22 of this lease. "Remedial Work" is defined as any site investigation or monitoring, any cleanup, containment, remediation, removal, or restoration work performed in response to any federal, state or local government authority or private party action ("action"), or pursuant to any federal, state or local statute, rule, regulation, ordinance, order, governmental directive or other laws ("laws"). Lessee agrees, for the benefit of the Lessor, (1) to remove from the Leased Premises, if, as and when required by any action or law, any Hazardous Materials placed or released thereon by Lessee (including its drillers and other contractors), (2) to perform Remedial Work where the need therefore arises in connection with Lessee's (including its drillers' and other contractors') operations or activities on the Leased Premises or any adjacent property, and (3) to comply in all respects with all laws governing operations by Lessee (including its drillers and other contractors) and Remedial Work on or associated with the Leased Premises and any adjacent property. Remedial Work shall be performed by one or more contractors selected by Lessee under the supervision of an engineer selected by Lessee. All costs and expenses of Remedial Work resulting from Lessee's (including its drillers' and other contractors') operations shall be paid by Lessee, including, without limitation, the charges of such contractors and/or the consulting engineer and Lessor's reasonable attorneys' fees and costs incurred in connection with the monitoring or review of Remedial Work. If Lessee shall fail to timely commence or cause to be commenced, or fail to diligently prosecute to completion, such Remedial Work, Lessor may (but shall not be required to), after first giving Lessee fifteen (15) days notice of its failure and Lessee's continued failure to perform, cause such Remedial Work to be performed and Lessee will reimburse all reasonable costs of same on demand. The provisions of this paragraph shall not constitute approval or obligate Lessor to consent to the imposition of any engineering or institutional control that would restrict or limit future use of the Leased Premises for any purpose including, without limitation, any deed restriction or limitation on the use of groundwater or use of the property for residential purposes. Lessee, its successors and assigns, in accordance with the provisions of paragraph 16, will release, indemnify, pay and protect, defend and save the Indemnified Parties harmless from all claims, liabilities, fees and expenses of any kind (including reasonable attorneys' fees, expert fees and costs) that arise from the actual or alleged presence or release of any Hazardous Materials in connection with the operations of Lessee and Lessee's agents, invitees, guests, contractors, servants and employees on the Leased Premises or any adjacent property. Such indemnification shall include, without limitation, costs in connection with any Remedial Work performed by Lessor, or any third party in response to any federal, state or governmental authority, laws or regulations, due and payable upon demand by the Lessor. The Lessee's obligations in this Paragraph 23 shall survive the termination of this lease.

25. **Compliance with Environmental Laws and Regulations** Lessee, its successors and assigns, by its acceptance of this lease, hereby agrees to comply with all applicable laws, rules and regulations and hereby assumes full responsibility for, and agrees to indemnify, defend and hold harmless, Lessor from and against any loss, liability, claim, fine, expense cost (including attorneys fees and expenses) and cause of action caused by or arising out of the violation (or defense of the alleged violation) of any federal, state or local laws, rules or regulations applicable to any waste material, drilling matter fluid or any hazardous substances released or caused to be released by Lessee or Lessee's agents, or independent contractors, or any other operations on the land leased hereunder into the atmosphere or into or upon the land or any water course or body of water, including ground water, or subsurface water. This provision and its indemnities shall survive the termination of this Lease, and shall ensure to the successors, heirs and assigns of Lessor and Lessee.

26. **Environmental Safeguards** Lessee represents, warrants, and covenants that, at all times during its possession of the Leased Premises or of any easements or areas retained under this lease ("Land")

- (i) The Land must never be used by Lessee for the generation, storage, or disposal of Hazardous Substances or as a landfill or other waste disposal site.
- (ii) There must be no underground fuel storage tanks on the Land.
- (iii) None of the equipment owned or used by Lessee on the Land may contain any polychlorinated biphenyls.
- (iv) No Hazardous Substances or wastes exist in, on, or under the Land as a result of Lessee's operations to the best of Lessee's knowledge.
- (v) The Land is in full compliance with all Applicable Laws, as defined below, to the best of Lessee's knowledge.
- (vi) There are no actions, suits, claims, or proceedings seeking money damages, injunctive relief, remedial action, or other remedy pending or threatened relating to (a) a violation or noncompliance with any Applicable Laws; (b) the disposal, discharge, or release of Hazardous Substances; or (c) exposure to Hazardous Substances or any other solid wastes, pollutants, chemical substances, noises, or vibrations to the extent the same will arise from any condition related to Lessee's ownership or use of the Land.
- (vii) All necessary plans for development, applications, inspection reports, certificates, and other instruments required under any Applicable Law to be filed by Lessee in connection with the conduct of Lessee's use of the Land will be filed with the appropriate federal, state, and local governmental bodies, authorities, and agencies, and all permits, licenses, or other authorizations necessary for the lawful conduct of Lessee's use of the Land in compliance with all Applicable Laws have been obtained.
- (viii) If violations of Applicable Laws with respect to the Land or Lessee's operations on the Land are found to exist, Lessor shall have the right and authority to notify any relevant public or governmental agency of the existence of such violations of Applicable Laws.

(ix) Lessee will not engage in and will not permit any other party to engage in any activity on the Land which would cause the Land to become a hazardous waste treatment, storage, or disposal facility within the meaning of, or otherwise bring the Land within the ambit of, the Resource Conservation and Recovery Act of 1976, as amended, or any similar state law or local ordinance or other environmental law.

(x) Except for Hazardous Substances originating from the subsurface of the Land (e.g. H2S, naturally occurring radioactive materials, and CO2), Lessee will not engage in and will not permit any other party to engage in any activity on the Land which would cause a release or threatened release of a Hazardous Substance from or to the Land within the meaning of, or otherwise bring the Land within the ambit of, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended.

(xi) Lessee will not engage in and will not permit any other party to engage in any activity on the Land which would cause the discharge of pollutants or effluents into any water source or system, or the discharge into the air of any emissions, which would require a permit under the Federal Water Pollution Control Act or the Clean Air Act, or any similar state law or local ordinance or any other environmental law.

(xii) Lessee will not permit any substance or conditions in or on the Land which might support a claim or cause of action under RCRA, CERCLA, or any other federal, state or local environmental statute, regulation, ordinance or other environmental regulatory requirement.

(xiii) If Lessee determines that a threat to the environment, including but not limited to a release, discharge, spill, or deposit of a hazardous substance has occurred or is occurring which affects or threatens to affect the Land, or persons, structures, equipment, or other property adjacent thereto, Lessee must immediately verbally notify: (1) Lessor, and (2) all emergency response centers and environmental or regulatory agencies, as required by law or regulation. Lessee must provide Lessor with written confirmation of the verbal report within 72 hours of initial discovery. Lessor agrees to cooperate fully with Lessee in promptly responding to, reporting, and remedying a threat to the environment, including the drainage systems, soils, groundwater, waters, or atmosphere, in accordance with applicable law or as authorized or approved by any federal, state, or local agency having authority over environmental matters.

“Applicable Laws” shall mean and include any and all existing or future laws, statutes, rules, regulations, and judicial interpretations thereof of the United States, of any state in which the Land, or any portion thereof, is located, and of any other governmental or quasi-governmental authority having jurisdiction, that relate to the prevention, abatement, and/or elimination of pollution and/or protection of the environment, including, but not limited to, the federal Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation or Recovery Act, the Clean Water Act, the Safe Drinking Water Act, the Toxic Substances Control Act, and the Hazardous Materials Transportation Act, together with all state statutes serving any similar or related purpose.

“Hazardous Substance” shall mean any substance regulated or covered by an Applicable Law except those necessary for oil and gas operations, which are subsequently removed from the Land within a reasonable period of time after necessary use in oil and gas operations.

27. **Volunteer Organization Liability Protection**

(a) **Release and Discharge** Lessor acknowledges that the terms of the Lease, this addendum, the amount of the royalty and bonus paid hereunder, and all other terms negotiated with Lessee (herein the “Negotiated Terms”) with respect to this Lease, were obtained as a result of negotiations between Lessee and the group known as The Southwest Fort Worth Alliance aka “SFWA”, which consists of a committee of unpaid volunteers. In consideration of the efforts spent by The Southwest Fort Worth Alliance, the Committee Members, and other volunteers in negotiating and obtaining Negotiated Terms on behalf of Lessor, Lessor, on behalf of themselves and each of their respective agents, spouses, co-owners, predecessors, parents, subsidiaries affiliated corporations, or other affiliated entities, successors, partners, principals, assigns, attorneys, servants, agents, employees, heirs, consultants, and other representatives, does hereby release and forever discharge The Southwest Fort Worth Alliance, the Committee Members, and any other such volunteers representing “SFWA” and its included entities and those entities Officers, and other volunteers from any and all claims, demands, obligations, losses, causes of action, expenses, attorney’s fees, and liabilities of any nature whatsoever, whether based on contract, tort, statutory or other legal or equitable theory of recovery, whether known or unknown, past or present, or future, which Lessor has, has had, or claims to have against the individual Committee Members, volunteers, or The Southwest Fort Worth Alliance which related to, arise from, or are in any manner connected to (i) the Negotiated Terms, (ii) the negotiation of the Negotiated Terms, (iii), the inclusion and/or omission of any terms within the Negotiated Terms or (v), any and all representations made prior, during, and subsequent to Lessor’s execution of this lease and Amendment.

(b) **Free Will** Be it known that Lessor agrees to sign this document on its own free will and Lessor was in no way coerced to sign said Lease by The Southwest Fort Worth Alliance, the Committee Members, or any volunteers association with The Southwest Fort Worth Alliance, or any segment thereof. All proceeds from the Lessee fully remain the property of the Lessor

(c) **Lessor Acknowledgement** The Southwest Fort Worth Alliance is an all volunteer not for profit civic improvement group of Fort Worth residents in the designated “SFWA” area. The group’s purpose is to unite in the hopes of negotiating the best terms possible with respect to oil and gas lease with Lessee. By signing this Lease, Lessor acknowledges and stipulates that Lessor was not obligated to sign this lease based upon the terms negotiated by The Southwest Fort Worth Alliance with Lessee and that Lessor had the right to negotiate its own terms with any company prior to signing this lease. Additionally, Lessor acknowledges that it is the Lessor’s obligation to investigate the Lease, all negotiated terms, to take such action as necessary to make an informed decision prior to signing this Lease, and that the decision made by Lessor in signing this lease is made after fully researching the matter independent of any other information provided by The Southwest Fort Worth Alliance or its Committee Members. It is ultimately the responsibility of Lessor to (a) determine if Lessor wants to negotiate with the Lessee, (b) fully investigate the issues and facts related to signing an oil and gas lease, and (c) determine what terms are acceptable to Lessor to be included in this lease.

IN WITNESS WHEREOF, this Lease is executed to be effective as of the date first written above, but upon execution shall be binding on each 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.

LESSEE:

“ _____ ”

By: _____

Printed Name: _____

Title: _____

LESSORS:

See signatures, addresses and Acknowledgements on Schedule I attached hereto.

STATE OF TEXAS §
COUNTY OF TARRANT §

This instrument was acknowledged before me on the _____ day of _____, 2008, by _____, the _____ of _____, on behalf of said corporation.

Notary Public, State of Texas