

## OIL AND GAS LEASE NO. 15258

This lease made and entered into in duplicate on this Twelfth day of November A.D. 1929 by and between The State of Texas, acting by and through J.H. Walker the Commissioner of the General Land Office, designated as Lessor, under authority of and by virtue of the provisions of Chapter 282 of the General Laws of the State of Texas, passed by the Forty-First Legislature at its Regular Session, and in pursuance of the award made by the Board for Lease of University Lands on the Seventh day of November A.D. 1929, to the Lessee hereinafter named, and COSDEN OIL CO., of FORT WORTH, TEXAS, designated as Lessee.

## WITNESSETH:

1. The Lessor, in consideration of the payment by Lessee of the sum of \$60.00 constituting the first annual rental, and of the additional sum of \$40,000.00, the receipt whereof is hereby acknowledged, and of the royalties, covenants, stipulations and conditions contained, and hereby agreed to be paid, observed, and performed by the Lessee, does hereby demise, grant, lease and let unto the said Lessee, for three years from the date hereof, and as long thereafter as oil or gas is produced in paying quantities therefrom, all the oil and gas that may be found or produced from the following lands, comprising a part of the Permanent University Fund:

Part S of NW 1/4	Section	Block	Grantee	Acres	County
	I	35	University	80	Ector

2. Lessee agrees to pay or cause to be paid during the term hereof:

(a) As a royalty on oil, the sum of One-sixth of the gross production. The settlement shall be based on the actual selling price but at not less than the highest market price for oil of similar grade and gravity in the general area plus premium, if any,  
 (b) As a royalty on dry gas, the market price at the wells of the equal one-eighth (1/8) part of all dry gas sold or used off the premises.

(c) As a royalty on casinghead gas, the market price at the wells of the equal one-eighth (1/8) part of all casinghead gas used or sold by the Lessee for the manufacture of gasoline, or used off the premises.

3. One year from the date of this lease and on the same day of each of the following years during the life of this lease, the Lessee shall pay to the Commissioner of the General Land Office at Austin, Texas, an annual rental of One Dollar & No Cents per acre, or shall actually begin drilling a test well which, with due diligence, shall be carried to the greatest depth at which oil and gas are usually found in the general area, unless oil or gas in commercial quantities is encountered at a lesser depth. When royalties paid during any year of this lease equal or exceed the annual rental, no annual rental will be due the following year.

4. All royalties and annual rentals shall be paid to the Commissioner of the General Land Office at Austin, Texas, on or before the 20th day of each succeeding month for the preceding month during the life of this lease and shall be accompanied by a sworn statement of the owner, manager or other authorized agent showing the gross amount of oil produced and saved since the last report, and the amount of all dry gas and casinghead gas produced and sold, or used off the premises, or used for the manufacture of gasoline, and the market value of the oil, dry gas, and casinghead gas, together with a copy of all daily gauges of tanks, gas meter readings, pipe line receipts, gas line receipts, or other checks and memoranda of the amounts produced and put into pipe lines, tanks or pools and gas lines or gas storage.

5. If the above described land is contiguous to adjacent land not University land, the Lessee shall adequately protect the oil and gas under the above described land from drainage from the adjacent lands. Lessee shall be under a similar obligation to protect the oil and gas under the above described lands from drainage from adjacent University lands if the royalties payable on such adjacent University lands are smaller than the royalties herein provided for. Neither the down payment, bonus, delay rentals or royalties paid or to be paid hereunder shall relieve Lessee from the above stated obligation to protect the premises from drainage that may be existing at the time this lease is made or that may hereafter occur at any time during the life of this lease.

6. In drilling wells, all water bearing strata shall be noted by Lessee in the log, and the Lessor reserves the right to require that all or any part of the casing shall be left in a non-productive well when Lessor deems it necessary, to preserve or maintain said wells for water. For such casing left in wells, the Lessor shall pay to the Lessee the reasonable value thereof.

7. The books and accounts, receipts and discharges of all wells, tanks, pools, meters, pipe lines, and all contracts and other records pertaining to the production, transportation, sale and marketing of the oil and gas produced on said premises shall at all time be subject to inspection and examination by the Commissioner of the General Land Office, the Attorney General, the Governor, or any member of the Board of Regents of the University of Texas, or the representative of either.

8. Lessee shall file at the General Land Office for the Board for Lease of University Lands, the logs of all wells drilled upon the above described premises, within thirty days after completion in the case of producing wells, and within thirty days after the abandonment in the case of dry holes. Whenever the Lessee commences the drilling of any well or wells upon the above described premises, written notice thereof shall be filed in the General Land Office for the Board for Lease of University Lands, accompanied by a plat of said premises showing the location of such well or wells.

9. In all cases the authority of a manager or agent to act for Lessee herein must be filed at the General Land Office for the Board for Lease of University Lands. And the Lessee herein agrees, in so far as possible, to supply said Board with any records, memoranda, accounts, reports, cuttings and cores, or other information relative to the operation of the above described premises, that such Board may request, in addition to those herein expressly provided for.

10. Lessee shall have the right to use so much of the surface of the land and such water on the premises as lessee shall see fit to acquire either by drilling wells or building earthen or other type of surface tanks, also the right to lay and maintain gathering lines, telephone and telegraph lines, pull rods, and other appliances necessary for the operation of the wells; also the right of ingress and egress and the right of way to any point of operations under conditions of least injury and inconvenience to the occupant of the surface.

11. If Lessee shall fail or refuse to make the payment of any sum due by the provisions of this lease, either as rental or royalty on the production within thirty days after same shall become due, or if the Lessee or his authorized agent should make any false report or false return concerning production, royalty or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith, as required herein, or if the Lessee or his agent should refuse the proper authority access to the records and other data pertaining to the operations under the aforesaid Act, or if the Lessee, or his authorized agent, should fail or refuse to furnish the cuttings or cores of any well upon demand, or the log of any well within thirty days after its completion or abandonment, or if any of the material terms of this lease shall be violated, this lease shall be subject to forfeiture by the Board by an order entered upon the Minutes of the Board reciting the facts constituting the default and declaring the forfeiture. The Board may, if it so determines, have suit instituted for the forfeiture through the Attorney General of the State. Upon proper showing by the Lessee, within thirty days after the declaration of forfeiture, this lease may, at the discretion of the Board and upon such terms as it may prescribe, be reinstated. In case of violation by the Lessee of the provisions of this lease the remedy of the State by forfeiture shall not be the exclusive remedy, but a suit for damages or specific performance, or both, may be instituted.

12. The State shall have a first lien upon all oil and gas produced upon the above described premises, and upon all rigs, tanks, pipe lines, telephone lines, and machinery and appliances used in the production and handling of oil and gas produced thereon, to secure any amount due from the Lessee herein.

13. If this lease shall terminate or be forfeited for any cause the Lessee shall in no event be permitted to remove the casing or any part of the equipment of any producing wells located upon the premises.

14. The Board may authorize the laying of pipe lines, telephone lines, and the opening of such roads that it may deem reasonably necessary for and incident to the purposes of the aforesaid Act over the above described premises or any other University Lands.

15. The assignment of the rights acquired under this lease shall be governed by the provisions of the aforesaid Act providing that all rights acquired under said Act may be assigned in quantities of not less than forty acres, unless there be less than forty acres remaining in any survey, in which case such lesser area may be assigned. All assignments shall be filed in the General Land Office within one hundred days after the date of the first acknowledgment thereof, accompanied by ten cents (10c) per acre for each acre assigned, and if not so filed and payment made, the assignment shall be ineffective.

16. All rights to any whole survey and to any assigned portion thereof may be relinquished to the State at any time by having an instrument of relinquishment recorded in the County or counties in which the area may be situated and filed in the General Land Office, accompanied by One Dollar (\$1.00) for each area assigned, but such assignment shall not relieve the owner of any past due obligations therefore accrued thereon. The above mentioned assignment and relinquishment fees shall be paid to the Commissioner of the General Land Office at Austin, Texas.

17. The Covenants, conditions and agreements contained herein shall extend to and be binding upon the heirs, executors, administrators successors or assigns of the Lessee herein.

IN TESTIMONY WHEREOF, witness the signature of the Commissioner of the General Land Office this Twelfth day of November A.D. 1929.

(SEAL)

J.H. Walker  
Commissioner, General Land Office of Texas.

Filed for record the 25th day of November 1929 at 8 o'clock A.M.  
Recorded November 25th 1929 at 3-30 o'clock P.M.

*Carl Albin*  
County Clerk, Ector County, Texas.