B 10 (Official Form 10) (04/10) Case 10-33568-sgj11 Claim 8-1 Filed 07/28/10 Desc Main Document Page 1 of 1

UNITED STATES BANKRUPTCY COURT Northern District of Texas

PROOF OF CLAIM

Bam0 of D0ctor:
Axis Marketing, LP

Ba10 BQnc0r:
10-33568

BO10: *This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.*

Bam0 of Br0t itor (th0) 0r1o/ or oth0r 0/ tity to whom th0 t 0ctor ow01 mo/ 0y or) ro) 0rty):
Petro-Hunt, L.L.C. for its own account and on behalf of OXY USA, Inc. and Placid Oil Company

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Bam0 a/ t att r011 wh0r0 / otic01 1hoQt c0 10/ t:
White Law Firm
P.O. Box 2246
Oxford, MS 38655

RECEIVED
JUL 28 2010
BMC GROUP

Court Claim Number: BBBBBBBBBBBBB
(*If known*)

1 0l0) ho/ 0 / Qnc0r:
662-281-3940

Fil0t o/ : BBBBBBBBBBBBBBBBBBBB

Bam0 a/ t att r011 wh0r0) aym0/ t 1hoQt c0 10/ t (if t iff0r0/ t from acov0):

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1. Amount of Claim as of Date Case Filed: m$BBB,BBB,BBB unliquidated amt

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5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount.

B) 0cify th0) riority of th0 claimc

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Amount entitled to priority:

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2. Basis for Claim: See Attached Explanation
(B00 i/ ltrQctio/): o/ r0v0r10 lit 0c)

3. Last four digits of any number by which creditor identifies debtor: _____

3a. Debtor may have scheduled account as: _____
(B00 i/ ltrQctio/) ma o/ r0v0r10 lit 0c)

4. Secured Claim (B00 i/ ltrQctio/) 4 o/ r0v0r10 lit 0c)
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Nature of property or right of setoff: ☐ 0al 0 ltat0 ☐ otor f 0hicl0 ☐ Oth0r
Describe:

Value of Property:$_____ **Annual Interest Rate**_____**%**

Amount of arrearage and other charges as of time case filed included in secured claim, if any: $_____ **Basis for perfection:** _____

Amount of Secured Claim: $_____ **Amount Unsecured: $**_____

6. Credits: 1h0 amoQ/ t of all) aym0/ t1 o/ thi1 claim ha1 c00/ cr0t it0t for th0) Qr) o10 of maQ/ a thi1) roof of claimc

7. Documents: Attach r0t act0t co) i01 of a/ y t ocQm0/ t1 that 1O)) ort th0 claim, 1Qch a1) romi1lory / ot01,) Qrcha10 ort 0r1, i/ voic01, it0miz0t ltat0m0/ t1 of rQ/ / i/ a accoQ/ t1, co/ tract1, fQr am0/ t1, mortaaa01, a/ t 10cQrity aar00m0/ t1c BoOmay allo attach a 1Qmmaryc Attach r0t act0t co) i01 of t ocQm0/ t1) rovit i/ a 0vit 0/ c0 of) 0rf0ctio/ of a 10cQrity i/ t0r0ltc BoOmay allo attach a 1Qmmaryc (*See instruction 7 and definition of "redacted" on reverse side.*)

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**Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.*;

Ug0E2MM
07/28/2010

Signature: 1h0) 0r1o/ fili/ a thi1 claim mOlt lia/ itc Bia/ a/ t) ri/ t / am0 a/ t titl0, if a/ y, of th0 cr0t itor or oth0r) 0r1o/ aQhoriz0t to fil0 thi1 claim a/ t ltat0 at t r011 a/ t t0l0) ho/ 0 / Qnc0r if t iff0r0/ t from th0 / otic0 at t r011 acov0c Attach co) y of) ow0r of attor/ 0y, if a/ yc

s/ J. Ralph White

FOR COURT USE ONLY

TriDimension
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Penalty for presenting fraudulent claim: Fi/ 0 of O) to m500,000 or im) ri1o/ m0/ t for O) to 5 y0ar1, or cothc 1z DcBcBcFF 15: a/ t m5m1c

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

IN RE:	§	
	§	
TRIDIMENSION ENERGY, L.P., et al.	§	**Chapter 11**
	§	
Debtors.	§	**Case No. 10-33565-SGJ**
	§	
	§	**(Jointly Administered)**
	§	

ADDENDUM TO PROOF OF CLAIM OF
PETRO HUNT, L.L.C., FOR ITS OWN ACCOUNT, AND
ON BEHALF OF OXY USA, INC. AND PLACID OIL COMPANY

Petro-Hunt, L.L.C. files this claim for its own account and on behalf of OXY USA, Inc. and Placid Oil Company as unsecured creditors as described herein.

1. Amount of Claim

As of the petition date, Axis Onshore, L.P., Ram Drilling, L.L.C., TDE Property Holdings, L.P and/or their related bankrupt entities which are procedurally consolidated in the TriDimension Energy, L.P., et al, Case No. 10-33565 (collectively the "Consolidated Debtors") owe Petro-Hunt, L.L.C. at least $145,597.84. The total amount of the claim of Petro-Hunt, L.L.C., OXY USA, Inc., and Placid Oil Company has not yet been liquidated.

2. Claimants

Petro-Hunt, L.L.C. is mineral owner, and lessor, of certain property in Catahoula Parish, Louisiana as successor in interest to Placid Oil Company by virtue of a 1998 Mineral Deed from Placid Oil Company and OXY USA, Inc. to Petro-Hunt, L.L.C. Pursuant to said 1998 Mineral Deed, Petro-Hunt, L.L.C. agreed to indemnify Placid Oil Company and OXY USA, Inc. for claims arising subsequent to said deed. Petro-Hunt, L.L.C. files this claim for its own account and on behalf of OXY USA, Inc. and Placid Oil Company.

3. Basis of Claim

This claim is for the enforcement of specific and implied contractual and legal obligations; restoration of environmental damage; specific performance; indemnity; contribution; attorney's fees and court costs, more specifically detailed below and in the attachments hereto.

Axis Onshore, L.P., Ram Drilling, L.L.C., TDE Property Holdings, L.P and/or their related bankrupt entities which are procedurally consolidated in the TriDimension Energy, L.P.,

et al, Case No. 10-33565, are lessees and/or operate oil and gas wells and saltwater injection disposal wells on mineral servitudes owned by Petro-Hunt, L.L.C. pursuant to the Oil, Gas & Mineral Leases, Farmouts, Saltwater Disposal Agreements, and Assignments attached hereto as C 1-10, as well as other agreements and contracts which may exist.

Petro-Hunt, L.L.C., OXY USA, Inc., and Placid Oil Company have been made defendants in a claim for environmental damages in the suit filed by the surface landowners entitled *Agri-South Group, L.L.C., et al. v. Exxon Mobil Corporation, et al.*; Suit No. 24,132, pending in the 7th Judicial District Court, Parish of Catahoula. Petro-Hunt, L.L.C. has filed a third-party demand against Axis Onshore, L.P therein.

Pursuant to the contracts attached to this claim and other agreements and contracts which may exist, Axis Onshore, L.P., Ram Drilling, L.L.C., TDE Property Holdings, L.P and/or their related bankrupt entities which are procedurally consolidated in the TriDimension Energy, L.P., et al, Case No. 10-33565, have agreed to or have assumed the obligations of their predecessors under such contracts to protect, indemnify, and hold harmless, Petro-Hunt, L.L.C., Placid Oil Company and OXY USA, Inc., free and clear from all liens, claims, demands, actions and causes of action of whatever nature, including but not limited to environmental claims, with all related costs and attorneys fees, arising out of operations conducted on the leased premises or acreage pooled therewith.

Pursuant to the contracts attached to this claim and other agreements and contracts which may exist, Axis Onshore, L.P., Ram Drilling, L.L.C., TDE Property Holdings, L.P and/or their related bankrupt entities which are procedurally consolidated in the TriDimension Energy, L.P., et al, Case No. 10-33565, have agreed to or have assumed the obligations of their predecessors under such contracts to plug and abandon wells and restore the surface to substantially the same condition as it was before the commencement of operations and to comply with all laws, regulations, ordinances and permits, and restoration obligations pursuant to Louisiana Statewide Order 29-B.

Additionally, pursuant to the Louisiana Civil Code, the Louisiana Mineral Code, and other applicable laws, including but not limited to La. R.S. 30:29 and 30:2015.1, Axis Onshore, L.P., Ram Drilling, L.L.C., TDE Property Holdings, L.P and/or their related bankrupt entities which are procedurally consolidated in the TriDimension Energy, L.P., et al, Case No. 10-33565, who, personally, or through third parties authorized by them, drilled, constructed, operated or abandoned wells or other facilities owe indemnity and/or contribution to Petro-Hunt and its predecessors in interest Placid Oil Company and OXY USA, Inc. in the full amount of their responsibility to the Agri-South Plaintiffs.

Axis Onshore, L.P., Ram Drilling, L.L.C., TDE Property Holdings, L.P., and/or their related bankrupt entities owe Petro-Hunt, L.L.C. $146,085.34 in attorneys fees and costs expended through May 31, 2010 by Petro-Hunt, L.L.C. in defense of the claim for environmental damages against Petro-Hunt, L.L.C., OXY USA, Inc., and Placid Oil Company in the suit entitled *Agri-South Group, L.L.C., et al. v. Exxon Mobil Corporation, et al.*; Suit No. 24,132, pending in the 7th Judicial District Court, Parish of Catahoula. Petro-Hunt, L.L.C. continues to incur attorneys fees and costs in its defense of this matter.

No judgment has been entered on this claim.

None of the Consolidated Debtors have made any payments on this claim prior to the petition date.

4. Attachments

A. Pleadings in *Agri-South Group, L.L.C., et al. v. Exxon Mobil Corporation, et al.*; Suit No. 24,132, 7th Judicial District Court, Parish of Catahoula

1. Petition for Damages dated June 15, 2006
2. First Supplemental and Amended Petition for Damages and Declaratory Relief dated July 21, 2006
3. Second Supplemental and Amended Petition for Damages and Declaratory Relief dated January 11, 2007
4. Third Party Demand dated September 28, 2009

B. Amicable Demand Letter dated May 18, 2010 to Charles Minyard, Esq.

C. Oil, Gas & Mineral Leases, Farmouts, Saltwater Disposal Agreements and Assignments:

1. Oil and Gas Lease between Petro-Hunt, L.L.C. and Ram Drilling, L.L.C. dated April 26, 2007, recorded in the records of Catahoula Parish at Book 240, Page 105
2. Oil and Gas Lease between Petro-Hunt, L.L.C. and Axis Onshore, L.P. dated December 5, 2008, recorded in the records of Catahoula Parish at Book 246, Page 120
3. Oil and Gas Lease between Placid Oil Company and Justiss Oil Company, Inc. dated September 4, 1992 recorded in the records of Catahoula Parish at Book 168, Page 299
4. Farmout between Placid Oil Company and El Toro dated May 4, 1989
5. Oil and Gas Lease between Placid Oil Company and El Toro dated June 4, 1990
6. Oil and Gas Lease between Placid Oil Company and El Toro dated June 4, 1991
7. Lease between Hunt Petroleum Corporation and Rosewood Resources, Inc. and El Toro Oil Company dated July 1, 1990, recorded in the records of Catahoula Parish at Book 157, Page 048.

8. Saltwater Disposal Agreement between Placid Oil Company and El Toro Production Co., Inc., dated June 3, 1991, recorded in the records of Catahoula Parish as Book 161, Page 671.

9. Saltwater Disposal Agreement between Hunt Petroleum Corporation and Rosewood Resources, Inc. and El Toro Production Co., Inc., dated March 6, 1991, recorded in the records of Catahoula Parish as Book 161, Page 674.

10. Assignment of Interest in Oil and Gas Lease and Bill of Sale by Justiss Oil Company, Inc. and Munoco Company L.C. to TDE Property Holdings, L.P., dated August 12, 2008, recorded in the records of Catahoula Parish at Book 244, Page 140.

D. Itemization of Attorneys Fees and Costs expended by Petro-Hunt, L.L.C. through May 21, 2010

5. Reservation of Rights

Claimants reserve the right to amend and/or supplement this Proof of Claim. This Proof of Claim and Addendum may not include or reference all relevant documents and is not intended to be either exhaustive or limiting.

Claimants reserve their right to supplement this Proof of Claim with additional documents in the event that such documents become available.

In addition to the claims set out herein, claimants reserve their right to amend, if necessary and assert any and all other and additional claims they may have against any or all of the Consolidated Debtors or any other legal or equitable remedies to which claimants may be entitled. The filing of this claim is not to be construed as an election of remedies.

This Proof of Claim is made without prejudice to the rights of claimants to other indebtedness, obligations or liability of any or all of the Consolidated Debtors to any or all of the claimants.

Filing of this Proof of Claim is not and shall not be deemed or construed as: (a) a waiver or release of claimants' rights against any other person, entity, or property; (b) a consent by claimants' to the jurisdiction of this Court or any other court with respect to proceedings, if any, commenced in any case against or otherwise involving claimants; (c) a waiver or release of claimants' right to trial by jury in this Court or any other court in any proceeding as to any and all matters so triable herein, whether or not the same be designated legal or private rights or in any case, controversy or proceedings related hereto, notwithstanding the designation or not of such matters as "core proceedings" pursuant to 28 U.S.C. § 157(b)(2), and whether such jury trial right is pursuant to statute or the United States Constitution; (d) a consent by claimants to a jury trial in this Court or any other court in any proceeding as to any and all matters so triable herein or in any case, controversy or proceeding, related hereto, pursuant to 28 U.S.C. § 157(e) or otherwise; (e) a waiver or release of claimants' right to have any and all final orders in any and all non-core matters or proceedings entered only after *de novo* judicial review by a United

States District Court Judge; (f) a waiver of the right to move to withdraw the reference with respect to the subject matter of this Proof of Claim, any objection thereto or other proceeding with may be commenced in this case against or otherwise involving claimants; or (g) a waiver or release of any past, present, or future defaults or events of default.

SEVENTH JUDICIAL DISTRICT COURT

PARISH OF CATAHOULA

STATE OF LOUISIANA

SUIT NO. 24,132 DIVISION "A"

AGRI-SOUTH GROUP, LLC, DELTA ASSETS OF NORTH CAROLINA, LLC, KING BROTHERS' LAND COMPANY, PLUGG ROAD, LLC, MARGARETTE S. LAUGHINGHOUSE, J. FRED WEBB, NELLIE W. WEBB, C.C. ABBITT FARMS, LLC, ROANOKE-TAR COTTON, INC. AND J&J COMMODITIES, LLC

VERSUS

EXXON MOBIL CORPORATION, BOBCAW COMPANY, PLACID OIL COMPANY TRADE EXPLORATION CORPORATION, JACQUE OIL & GAS LIMITED, PAWARON CORPORATION, BRYAN C. WAGNER, ALLISON WAGNER, DUER WAGNER, III, JAMES D. FINLEY, CHARLOTTE FINLEY, DENNIS D. CORKRAN, PEGGY J. CORKRAN, H.E. PATTERSON, JEAN W. PATTERSON, DAVID JOHN ANDREWS, GYSLE SHELLUM, SANDRA SHELLUM, AND TENSAS DELTA EXPLORATION COMPANY

PETITION FOR DAMAGES

NOW INTO COURT, through undersigned counsel, comes plaintiffs, Agri-South Group, LLC, Delta Assets of North Carolina, LLC, King Brothers' Land Company, Plugg Road, LLC, Margarette S. Laughinghouse, J. Fred Webb, Nellie W. Webb, C.C. Abbitt Farms, LLC, Roanoke-Tar Cotton, Inc., and J&J Commodities, LLC all of whom respectfully file this Petition for Damages, upon representing as follows:

PARTIES

1.

A. Plaintiff, Agri-South Group,LLC, is a North Carolina limited liability company qualified and doing business in the State of Louisiana.

B. Plaintiff, Delta Assets of North Carolina, LLC, is a North Carolina limited liability company, qualified and doing business in the State of Louisiana.

C. Plaintiff, King Brothers' Land Co., a North Carolina general partnership qualified and doing business in the State of Louisiana.

D. Plaintiff, Plugg Road, LLC, is a North Carolina limited liability company qualified and

doing business in the State of Louisiana.

E. Plaintiff, Margarette S. Laughinghouse, is a single woman of the full age of majority domiciled in Pantego, county North Carolina.

F. Plaintiffs, J. Fred Webb and Nellie W. Webb, are husband and wife both of the full age of majority, domiciled in Pitt County, North Carolina.

G. Plaintiff, C.C. Abbitt Farms, LLC, is a North Carolina limited liability company qualified and doing business in the State of Louisiana.

H. Plaintiff, Roanoke-Tar Cotton, Inc., is a North Carolina corporation qualified and doing business in the State of Louisiana.

I. Plainitff, J&J Commodities, LLC, is a North Carolina limited liability company, qualified and doing business in the State of Louisiana

2.

A. Defendant, Exxon Mobil Corporation is a business corporation organized under the laws of New Jersey. Exxon Mobil Corporation is sued herein as the successor in mineral ownership interest from Humble Oil and Refining Corp which received its mineral ownership interest from Louisiana Delta Corporation.

B. Defendant, Trade Exploration Corp., is a business corporation organized under the laws of Delaware qualified and doing business in the State of Louisiana, are being sued as a mineral interest owner.

C. Defendants, Bryan C. Wagner and Allison Wagner, husband and wife, persons of full age of majority, domiciled in Fort Worth, Texas are being sued as mineral interest owners.

D. Defendant, Duer Wagner, III a single man, a person of the full age of majority, domiciled in Fort Worth, Texas, is being sued as mineral interest owners.

E. Defendants, James D. Finley and Charlotte Finely, husband and wife, persons of the full age of majority, domiciled in Fort Worth, Texas, are being sued as mineral interest owners.

F. Defendants, Dennis D. Corkran and Peggy J. Corkran, husband and wife, persons of the full age of majority, domiciled in Fort Worth, Texas, are being sued as mineral interest owners.

G. Defendants, H.E. Patterson and Jean W. Patterson, husband and wife, persons of

the full age of majority, domiciled in Fort Worth, Texas, are being sued as mineral interest owners.

H. Defendant, David John Andrews, a single man of the full age of majority, domiciled in Fort Worth, Texas, is being sued as mineral interest owners.

I. Defendants, Gysle Shellum and Sandra Shellum, husband and wife, persons of the full age of majority, domiciled in Fort Worth, Texas, are being sued as mineral interest owners.

J. Defendant, Jacque Oil and Gas Limited, a Texas limited partnership, domiciled in Fort Worth, Texas, is being sued as mineral interest owners.

K. Defendant, Tensas Delta Exploration Company, LLC is a Delaware Corporation qualified and doing business in the State of Louisiana, previously known as Wheless Industries,Inc., and Tensas Delta Land Company, sued as a mineral interest owner.

L. Defendant, Parawon Corporation, is a business corporation organized under the laws of Alabama, qualified and doing business in the State of Louisiana, sued as a mineral interest owner.

M. Defendant, Bodcaw Company, is a business corporation organized under the laws of Delaware qualified and doing business in the State of Louisiana sued as a foreign mineral interest owner.

N. Defendant, Placid Oil Company, is a business corporation organized under the laws of Delaware qualified and doing business in the State of Louisiana sued as a mineral owner.

JURISDICTION

3.

This Court has the legal power to hear and determine this matter, pursuant to Louisiana Constitution Article V § 16. Furthermore, this Court has personal jurisdiction over the defendants named herein since they are subject to citation issued by this court and service of process, and because they are domiciled, present in, and/or doing business in the State of Louisiana.

VENUE

4.

Venue is appropriate in this Court, because the nuisance, trespass, offenses, and/or quasi offenses and/or statutory offenses occurred in Catahoula Parish and Avoyelles Parish. The damages were sustained in Catahoula Parish and Avoyelles Parish, and the immovable property that is the subject of these proceedings is located in Catahoula Parish and Avoyelles Parish. L.S.A.-C.C.P. Articles 74,76.1 and 80.

GENERAL ALLEGATIONS

5.

Plaintiffs, are the owners of certain immovable property located in Catahoula and Avoyelles Parish. This property consists of approximately 29,000 acres in total as more fully shown on the two plats attached here to as Exhibits "A" and "B". Plaintiffs purchased this immovable property by the following deeds, to-wit;

A. By deed dated May 25, 2004, recorded May 25, 2004, at Conveyance Book 505, page 844 of the records of Avoyelles Parish, Morrison Ventures conveyed a portion of the lands that are the subject of these proceedings to Delta Assets of North Carolina, LLC.

B. By deed dated October 7, 2005, recorded October 14, 2005, at Conveyance Book 527, page 150, the records of Avoyelles Parish, Delta Assets of North Carolina, LLC conveyed a portion of the lands it had acquired from Morrison Ventures as above set forth to Margarette S. Laughinghouse.

C. By deed dated October 7, 2004, recorded October 14, 2004, at Conveyance Book 512, page 516, of the records of Avoyelles Parish, Delta Assets of North Carolina, LLC conveyed a portion of the lands it had acquired from Morrison Ventures as above set forth to J. Fred Webb and Nellie W. Webb.

D. By deed dated October 13, 2005, recorded October 14, 2005 at Conveyance Book 527, page 159, of the records of Avoyelles Parish, Delta Assets of North Carolina, LLC conveyed a portion of the lands it had acquired from Morrison Ventures as above set forth to King Brothers' Land Co.

E. By deed dated May 25, 2004, recorded May 25, 2004, at Conveyance Book 224, page 731 of the records of Catahoula Parish, Morrison Ventures conveyed a portion

of the lands that are the subject of these proceedings to Agri-South Group, LLC.

F. By deed dated August 29, 2005, recorded September 9, 2005, at Conveyance Book 258, page 342, of the records of Catahoula Parish, Agri-South Group, LLC conveyed a portion of the lands it had acquired from Morrison Ventures as above set forth to Plugg Road, LLC.

G. By deed dated January 25, 2005, recorded January 27, 2005, at Conveyance Book 225, page 190, and supplemented by Act dated April 13, 2005, recorded May 23, 2005, at Conveyance Book 226, page of the records of Catahoula Parish, Agri-South Group, LLC conveyed a portion of the lands it had acquired from Morrison Ventures as above set forth to King Brothers' Land, Co.

H. By Deed dated November 17, 2005, recorded November 30, 2005, at Conveyance Book 229, page 213, of the records of Catahoula Parish, Kenneth Morrison Trust No. 2 conveyed a portion of the lands that are the subject of these proceedings to Roanoke-Tar Cotton, Inc.

I. By Deed dated November 17, 2005, recorded November 30, 2005, at Conveyance Book 229, page 209, of the records of Catahoula Parish, Kenneth Morrison Trust No.2, conveyed a portion of the lands that are the subject of these proceedings to C.C. Abbitt Farms, LLC.

J. By Deed dated November 17, 2005, recorded November 30, 2005, at Conveyance Book 229, page 218, of the records of Catahoula Parish, Kenneth Morrison Trust No. 2, conveyed a portion of the lands that are the subject of these proceedings to J&J Commodities, LLC.

6.

By mineral deed dated April 5, 1949, recorded May 2, 1949, at Oil and Gas Book 55, page 61 of the records of Catahoula Parish. Louisiana Delta Corporation conveyed one half of its mineral rights to Tensas Delta Land Company said transfer, covering a portion of the immovable property that is the subject of these proceedings (being a portion of the approximately 38,000 acres). Tensas Delta Land Company was subsequently merged with Wheless Industries, Inc. Wheless Industries, Inc. subsequently changed its name to Tensas Delta Exploration Company, LLC.

7.

Under deed dated September 24, 1958, recorded November 18, 1958, at Conveyance Book 70, page 321, of the records of Catahoula Parish, Louisiana Delta Corporation sold its ownership and reserved the remaining one-half full mineral ownership interest over the immovable property (being a portion of the approximately 33,000 acres, as above described). Said mineral interests were later acquired by Humble Oil & Refining Corp, now Exxon Mobil Corporation. By "Assignment, Bill of Sale and Quit Claim" dated December 15. 1994, recorded December 28, 1994, at Conveyance Book 179, page 652, of the records of Catahoula Parish, Louisiana, Exxon Corporation "Exxon Mobil Corporation" conveyed its interest in 1) oil and lease hold estates, 2) ownership interest in certain specific units, wells and joint operating agreements, 3) associated surface rights, and 4) material, equipment, and facilities thereon covering and applying to a portion of the approximately 33,000 acre tract along with other tracts to Trade Exploration Corp., Bryan Wagner, husband of Allison Wanger, Duer Wagner, III single man and James D. Finley husband of Charlotte Finley. By assignment conveyance and Bill of Sale dated February 1, 1996, recorded March 5, 1996, at Conveyance Book 185, page 712, of the records of Catahoula Parish, Louisiana, Trade Exploration Corp., Bryan Wagner, Duer Wagner, III, and James D. Finley, conveyed a portion of the interest acquired from Exxon Corporation ("Exxon Mobil Corporation") to , Dennis D. Corkran, Peggy J. Corkran, H.E. Patterson, Jean W. Patterson, David John Andrews, Gysle Shellum, and Sandra Shellum. By Assignment, Conveyance and Bill of Sale dated October 18, 2001, recorded November 9, 2001, at Conveyance Book 211, page 301, of the records of Catahoula Parish, Louisiana, Trade Exploration Corp., conveyed its remaining interest of the interest previously acquired from Exxon Corporation ("Exxon Mobil Corporation") to Jacque Oil and Gas Limited.

8.

By Deed dated October 5, 1963, filed October 7, 1963, at the Conveyance Book A-204, page 508 of the records of Avoyelles Parish, Louisiana, Sam Broadhead conveyed certain lands including the lands owned by plaintiffs in Avoyelles Parish to William R. Easterling. Sam Broadhead under this Act of Conveyance reserved all minerals rights in the lands conveyed. By Affidavit and Correction Deed dated September 5, 1964, filed September 8, 1964, the parties to above described Act of Conveyance clarified the mineral

interest retained by Sam Broadhead. By Transfer, Assignment, and Deed in Lieu' of Foreclosure with Warranty dated November 27, 1991, filed December 6, 1991, at Conveyance Book A-393, page 739 of the records of Avoyelles Parish, S. Norries Broadhead, Martha Combest Broadhead, Samuel W. Broadhead, Jr. and The Pearl Company, Inc., transfer the mineral previously reserved by Sam Broadhead to Parawon Corporation.

9.

By Mineral Deed dated October 11, 1979, recorded October 18, 1979, at Mineral Book 118, page 189, and by Mineral Deed dated October 11, 1979, recorded October 18, 1979, at Mineral Book 118, page 363, of the records of Catahoula Parish, Bodcaw Company conveyed all of its oil, gas, other hydro carbons and all other minerals and mineral substances whether on or under the surface including but not limited to coal, lignite, uranium, sulphur, and salt to Placid Oil Company.

10.

By Act of Interruption of Prescription dated October 6, and October 7, 1980, recorded October 8, 1980, at Oil and Gas Book 125, page 33 and by Act of Interruption of Prescription dated October 6 and October 7, 1980, recorded October 8, 1980, in Oil and Gas Book 125, page 36 of the records of Catahoula Parish, Bodcaw Company granted an Interruption of Prescription in favor of Placid Oil Company.

11.

Except for a few isolated non-continuous tracts of small acreage, all of the above set out mineral interests have been maintained by oil and gas exploration and production activities. Under numerous oil, gas and mineral leases granted by the mineral interest owners, hundreds of oil and gas wells have been drilled and produced on the immovable property that is the subject of these proceedings.

12.

These producing oil and gas wells have been assigned and transferred by various parties numerous times.

13.

Defendants, Placid Oil Company, Tensas Delta Exploration Company, LLC (formerly, known as Tensas Delta Land Company) and Humble Oil and Refining

Corporation predecessors of Defendant, Exxon Mobil Corporation have operated oil and gas wells on the immovable property that is the subject of these proceedings.

14.

Although many of these oil, gas and mineral leases and their attendant rights and obligations may have been assigned and reassigned either wholly or partially to various parties from time to time, the mineral owners have been the same since the dates above described.

15.

The defendants and/or their lessees and assigns on their behalf have at various times conducted oil and gas operations on the plaintiffs properties. These operations have included the drilling of wells, the creation of pits for disposing of materials during drilling, operation of the wells, and the erection of equipment, tanks, pipes, flow lines and concrete pads. The operations have also included the work over and renovation of wells. Numerous wells have been plugged and abandoned and otherwise declared to be dry holes and abandoned, but there are active producing wells, active injection wells, shut in productive wells with future utility, shut in dry holes but future utility wells and others located on the property as shown by reference to the records of the Louisiana Department of Natural Resource Office of Conservation Records.

16.

In the process of conducting oil and gas exploration and production activities on the aforesaid property, the defendants have caused and continue to cause the land surface and the ground beneath the surface to be contaminated, polluted and impregnated with oils, grease, naturally occurring radioactive materials (NORMS), and other hazardous and dangerous chemicals, equipment, pipes, tanks and related appurtenances used and/or generated during the oil and gas exploration and production activities that the defendants and/or their mineral lessees and assigns conducted on the property pursuant to the aforesaid various mineral reservations. Norm contains, *inter alia,* Radium, which is a very hazardous and toxic substance. Though these substances are "naturally occurring" at the depths at which oil and gas are produced; their presence on the surface can cause serious health related problems. Under Louisiana law, property contaminated with NORM cannot be transferred for unrestricted use. The above condition needs to be remediated and the

land restored to its original condition.

17.

In connection with their conducting oil and gas exploration and other production activities or otherwise on the aforesaid property, defendants and their lessees acting on defendants' behalf have, through the use of injection wells to collect their deposits of oil, sludge, saltwater and various and sundry other contaminants and pollutants, caused the associated usable ground water and/or aquifer to be threatened, impacted, contaminated, polluted and/or become environmentally unsafe. The defendants actions above set forth, continue to date and said actions it is alleged, fractured, the fresh water underground aquifers, causing the same to become contaminated with salt water and/or other contamination which are hazardous and toxic. The aforesaid trespass and nuisance need remediation and need to be abated.

18.

The oil exploration and production produced water is a hazardous brew of various hydrocarbon compounds, metal, salt and radioactive substances. Studies of the chemical constituents of such Louisiana produced water have revealed that the produced water discharges contain excess amounts of salt, and also contain volatile hydrocarbon compounds (including bensene, toluene, xylene and ethyl bensene), Polynuclear Aromatic Hydrocarbons (PAHs or semi-volatiles) (including naphthalene, flourene and phenanthrene), toxic heavy metals (including chromium, lead, mercury, arsenic, barium and zinc) and radium225 and radium 226. All of these substances bioaccumulate and are acutely toxic to aquatic organisms at varying concentrations. Some of these substances (such as benzene and radium 225) have long been identified as human carcinogens.

19.

The defendants and/or their mineral lessees and assigns have created a nuisance and/or trespass to the property of Plaintiffs by also having abandoned oil and gas exploration and production equipment and structures on the property which has been left to deteriorate without there being any intention to remove the same and/or restore the property.

20.

The defendants and/or their mineral lessees and assigns, acting on their behalf,

have abandoned open oil and gas wells without plugging said wells, or properly plugging said wells, as required by prudent oil field practices and required by Louisiana Law.

21.

Since the defendants acquistion of the ownership of the mineral servitudes above set forth said defendant servitude owners have issued various leases to others on their behalf. The defendants have known that the disposal of oilfield waste in unlined earthen pits inevitably results in seepage, which contamination both surface and subsurface soils and waters. Plaintiffs has suffered damages resulting from the improper disposal of oilfield wastes in unlined earthen pits, which were constructed by the Defendants on or near the property during the course of oil and gas exploration and production activities. The oilfield wastes deposited in these pits include (but are not limited to) such substances as naturally occurring radioactive material ("NORM"), produced water, drilling fluids, chlorides, hydrocarbon, and heavy metals. Also, leaks, spills, and other discharges of these substances from wells, pipelines, tank batteries, gas plants, and other equipment have further polluted Plaintiffs property. And the same needs to be rebated and the property restored to its original condition.

CAUSE OF ACTION CLAIM FOR DAMAGES FOR NEGLIGENCE AND STRICT LIABILITY

22.

Plaintiffs reallege those allegations set in paragraphs 1 through 21 above.

23.

The defendants and/or their lessees and assigns have acted negligently in their operations of the oil and gas exploration and production activities on the property and have caused damages to the property of Plaintiffs in the process.

24.

The damages include but are not limited to, crop damage, contamination of soil with naturally occurring radioactive materials, oil, greases, salt or chlorides, and other hazardous and toxic chemicals used or produced during oil and gas exploration and production activities. The damages also include the contamination of the surface of the property and ground waters on and beneath the property. Drilling fluids are also highly toxic and hazardous. These fluids contain metals such as chromium, barium, and arsenic, as well as oil and other hydrocarbon fractions. Drilling fluids also contain toxic additives

such as bacterioides, slimioides, and acids. Further, drilling fluids have been demostrated to be acutely toxic to aquatic organisms. Other toxic and hazardous materials used and/or produced in their day to day exploration and production activities include among others not listed mercury, lead based compounds, caustic sodas and coriniza materials.

25.

The defendants are liable unto plaintiffs for the damages that have been caused by their negligent conduct and/or the negligent conduct of their lessees and assigns in the operation of the oil and gas exploration and productions activities is violation of L.S.A. - C.C. 2315. At no time did Defendants issue any warning to Plaintiffs that their disposal and discharge activities were hazardous to persons and property. Instead, Defendants actively concealed from Plaintiffs the toxic and hazardous nature of the wastes deposited on Plaintiffs' land.

26.

Defendants and/or their lessees and assigns have also failed to act as reasonably prudent operators, as required by the Louisiana Mineral Code and have acted unreasonably and excessively with regard to their activities, all in violation of the Louisiana Mineral Code. Defendants are liable unto Plaintiffs for the damages, plaintiffs have sustained as a result of the defendants violation of the law.

27.

Defendants are strictly liable to Plaintiffs under La. Civ. Code art. 667 for the damages caused by their storage, discharge, and disposal of toxic and hazardous oil field waste on or adjacent to Plaintiffs"s property. Furthermore, Defendants are strictly liable to Plaintiffs under the provisions of La. Civ. Code arts. 2317 and 2322.

28.

Defendants' conduct of their oil and gas exploration and production activities and the associated discharge, disposal or storage of oil field waste on Plaintiffs"s property have created a continuing and ongoing and damaging nuisance to Plaintiffs and Plaintiffs"s property. Further, the continued presence of oilfield wastes on the Plaintiffs lands constitutes a continuing trespass. The continuous and ongoing migration of this oilfield waste us causing new and ever increasing damage to Plaintiffs"s property and such damage will continue until such time as these wastes are removed and remediated. This

negligent conduct and the resulting damages are continuous and continuing and constitutes a continuing tort.

CAUSE OF ACTION
CLAIM FOR DAMAGES FOR BREACH CONTRACT
AND FOR STATUTORY OBLIGATIONS VIOLATION

29.

Plaintiffs realleges those allegations set forth in paragraphs 1 through 28 above.

30.

The defendants have breached the terms of the agreements and contracts containing the various mineral reservations as above described and the terms the various oil, gas and mineral leases, assignments, and other agreements executed by the defendants and their lessees and assigns by failing to restore the property.

31.

The defendants and their mineral lessees and assigns have breached the provisions of the agreements where their mineral rights were obtained and the terms of the various mineral leases, assignments and other agreements executed by defendants by causing damages to the property burdened by their mineral reservations.

32.

The defendants have breached the terms of the agreements under which their mineral reservations are derived and the mineral leases, assignments and other agreements in bad faith.

33.

Defendants have violated the statutory obligations imposed upon them by L.S.A.-R.S. 31:22 by their intentional, careless, wanton, reckless and unreasonable actions and failure to act by restoring as far as practicable the properties of Plaintiffs to their original condition at the earliest reasonable time.

34.

Defendants have a contractual obligation under the applicable oil, gas, and mineral leases, and under La. Civ. Code arts. 2683, 2682, and 2692, to restore Plaintiffs"s property to its original condition. Defendants have failed to satisfy this obligation. Plaintiffs"s property has been impacted by each defendant's use of said property under the applicable

leases, and such property has not been restored to its original condition. The Defendants are liable to Plaintiffs for foreseeable and consequential damages occasioned by their failure to perform, as well as the cost of these proceedings and reasonable attorneys' fees.

35.

Defendants are liable unto Plaintiffs for all damages they have sustained as a result of the breach of these agreements as is set forth herein.

CAUSE OF ACTION
CLAIM FOR RESTORATION UNDER MINERAL CODE

36.

Plaintiffs realleges those allegations set forth in paragraphs 1 through 35 above.

37.

The Louisiana Mineral Code imposes upon the mineral owners and operators of oil and gas exploration and productions activities the burden to restore the premises. Defendants' conduct as described above constitutes a breach of the oil, gas, and mineral leases that covered the oil and gas activities described above. Further, each defendant and/or it's assignment and/or mineral leases has breached those standards imposed by the Louisiana Mineral Code governing the conduct of prudent operators.

38.

Defendants have failed to restore the surface of the premises where oil and gas exploration and production activities took place to its original condition at the earliest reasonable time.

39.

Each Defendant and/or their assignees and/or lessees have also breached those standards imposed by the Louisiana Civil Code and the Louisiana Mineral Code governing the conduct of prudent operators. The lease provisions of the Louisiana Civil Code and the Louisiana Mineral Code require Defendants to use Plaintiffs' properties as prudent administrators and to restore Plaintiffs' properties to their original condition. Defendants have failed to act as prudent administrators, have failed to restore Plaintiffs' properties to their original condition, and have failed to discharge their obligations under the Civil Code and the Mineral Code. As a result, Plaintiffs have suffered damages and are entitled to all remedies allowed under the Civil Code and Mineral Code.

40.

Defendants are therefore, liable unto Plaintiffs for all damages that Plaintiffs has sustained as a result of their failure to restore the premises and to remediate all contamination and/or pollutants which have impacted and/or will threaten the ground water and/or aquifer.

41.

Defendants are also indebted unto Plaintiffs to perform a proper and adequate restoration of the properties.

CAUSE OF ACTION
CLAIM FOR EXEMPLARY DAMAGES

42.

Plaintiffs realleges those allegations in paragraphs 1 through 41 above.

43.

Defendants and/or their mineral lessees and assigns have during the oil and gas exploration and production activities handled, stored and transported hazardous and toxic substances, and have done so in a wanton and reckless manner, all of which have created an environmental hazard.

44.

Plaintiffs have been damaged as a result of the defendants and/or their mineral lessees and assigns wanton and reckless handling of the toxic and hazardous substances and creating an environmental hazard and therefore, defendants are liable unto Plaintiffs for exemplary damages pursuant to L.S.A.-C.C. Article 2315.3. Plaintiffs contends, although repeated, that Article 2315.3 is viable for the claims asserted herein.

CAUSE OF ACTION
CLAIM FOR DAMAGES FOR TRESPASS

45.

Plaintiffs realleges those allegations in paragraphs 1 through 44 above.

46.

Defendants and/or their lessees and assigns have committed a nuisance and/or trespass on Plaintiffs' properties by, among other things, using more of the property than was or is necessary to conduct oil and gas exploration and production activities and by allowing toxic and hazardous substances to migrate form the production facilities.

47.

Defendants are liable unto Plaintiffs for all damages caused by them and/or their lessees and assigns in the commission of a trespass or trespasses unto Plaintiffs"s properties, and the same needs to be abated.

DAMAGES CLAIMED

48.

Defendants have been unjustly enriched by their unauthorized use of Plaintiffs' lands to store and dispose of toxic contamination. Further, for an undetermined length of time, the Defendants have stored toxic pollution and waste in the groundwaters and soils underlying the Plaintiffs' lands. Defendants have derived substantial economic benefits from this storage in that their use of the subsurface of the Plaintiffs' lands has allowed them to avoid the substantial costs and expenses associated with the proper disposal of this toxic pollution and waste. Thus, Plaintiffs are entitled to the civil fruits derived from Defendants' trespass, for La. Civ. Code art. 486 provides that a possessor in bad faith is liable for the "fruits he has gathered or their value subject to his claim for reimbursement of expenses."

49.

All damages above referenced in this petition, including without limitation, clean up costs, purification costs, loss of income due to crop losses, remediation costs and restoration costs herein claimed which, shall include and not be limited to the costs of testing, containment, prevention, abatement, remediation and/or restoration of all property damaged as above described. All claims for damages due to the trespass, nuisance, and exemplary damages are hereby reiterated.

50.

Plaintiffs further claim that they are entitled to recover attorney fees, etc. pursuant to L.S.A.-R.S. 30:2015.1F(1) regarding damages to the usable ground water and/or aquifer.

PRAYER

WHEREFORE, after due proceedings be had, Plaintiffs, Agri-South Group, LLC, Delta Assets of North Carolina, LLC, King Brothers' Land Company, Plugg Road, LLC, Margarette S. Laughinghouse, J. Fred Webb, Nellie W. Webb, C.C. Abbitt Farms, LLC,

Roanoke-Tar Cotton, Inc., and J&J Commodities, LLC respectfully prays for judgment in its favor and against the defendants, Exxon Mobil Corporation; Tensas Delta Exploration Company LLC; Bodcaw Company; Placid Oil Company; Trade Exploration Corp.; Bryan C. Wagner; Allison Wagner; Duer Wagner, III; James D. Finley; Charlotte Finley; Dennis D. Corkran; Peggy J. Corkran; H.E. Patterson; Jean W. Patterson; David John Andrews; Gysle Shellum; Sandra Shellum; Jacque Oil and Gas Limited; and Parawon Corporation, jointly, severally and in solido, for all damages sustained as a result of the defendants and/or their lessees and assigns acts, omissions, fault, and/or liability and awarding Plaintiffs damages as set forth in this petition in a sum to adequately compensate Plaintiffs therefor, including reasonable attorney fees when allowed by law and exemplary damages, as well as legal interest form the date of judicial demand and all cost of these proceedings.

Plaintiffs further pray, for all other such relief as the law, equity and nature of the case may allow.

Respectfully Submitted,

DAVIDSON, MEAUX, SONNIER & McELLIGOTT

BY: _____ with permission
JAMES J. DAVIDSON, III (4708)
P.O. Drawer 2908
Lafayette, LA 70502-2908
Telephone (337) 237-1660
Facsimile (337) 237-3676

SMITH, TALIAFERRO & PURVIS

BY: _____
RUSSELL PURVIS (10909)
P.O. Box 298 / 407 Mound Street
Jonesville, Louisiana 71343
Telephone 318-339-8526
Facsimile 318-339-8528

BICE, PALERMO & VERON, LLC

BY: _____ with permission
J. MICHAEL VERON (7570)
P.O. Box 2125
Lake Charles, LA 70602-2125
Telephone (337) 310-1600
Facsimile (337) 310-1601
ATTORNEYS FOR PLAINTIFFS

Service Information to follow

TRUE COPY
By CLERK OF COURT

BICE, PALERMO & VERON, LLC

BY: J. Michael Veron
J. MICHAEL VERON (7570)
721 Kirby Street
P.O. Box 2125
Lake Charles, LA 70602-2125
Telephone (337) 310-1600
Facsimile (337) 310-1601

ATTORNEYS FOR PLAINTIFFS

With permission

Service Information to follow
PLEASE SERVE:

EXXON MOBIL CORPORATION\
Through its registered agent
Corporation Service Company
320 Somerulos Street
Baton Rouge, Louisiana 70802-6129

TENSAS DELTA EXPLORATION COMPANY, LLC
Through its registered agent
CT Corporation System
8550 United Plaza Blvd.
Baton Rouge, Louisiana 70809

TRADE EXPLORATION CORPORATION
Through its registered agent
CT Corporation System
8550 United Plaza Blvd.
Baton Rouge, Louisiana 70809

JACQUE OIL & GAS LIMITED
Through its registered agent
Mike Ledet
108 Aubrey
Houma Louisiana 70360

PAWARON CORPORATION
Through its registered agent
CT Corporation System
8550 United Plaza Blvd.
Baton Rouge, Louisiana 70809

PLACID OIL COMPANY
Through its registered agent
CT Corporation System
8550 United Plaza Blvd.
Baton Rouge, Louisiana 70809

Please Serve the Following Under the Long Arm Statute:

BODCAW COMPANY
Through is registered agent
Bodcaw Company
6400 Poplar Ave.
Memphis, TN 38197

BRYAN C. WAGNER
3400 City Center Tower II
301 Commerce Street
Fort Worth, Texas 76102

ALLISON WAGNER
3400 City Center Tower II
301 Commerce Street
Fort Worth, Texas 76102

DUER WAGNER, III
3400 City Center Tower II
301 Commerce Street
Fort Worth, Texas 76102

JAMES D. FINLEY
3400 City Center Tower II
301 Commerce Street
Fort Worth, Texas 76102

CHARLOTTE FINLEY
3400 City Center Tower II
301 Commerce Street
Fort Worth, Texas 76102

DENNIS D. CORKRAN
784 McMakin Road
Lewisville, Texas 75067

PEGGY J. CORKRAN
784 McMakin Road
Lewisville, Texas 75067

H.E. PATTERSON
3400 City Center Tower II
301 Commerce Street
Fort Worth, Texas 76102

JEAN W. PATTERSON
3400 City Center Tower II
301 Commerce Street
Fort Worth, Texas 76102

DAVID JOHN ANDREWS
119 Mountain View
Bedford, Texas 76021

GYSLE SHELLUM
3400 City Center Tower II
301 Commerce Street
Fort Worth, Texas 76102

SANDRA SHELLUM
3400 City Center Tower II
301 Commerce Street
Fort Worth, Texas 76102

PAUL BROADHEAD
2212 B. Street
Meridian, Mississippi 39301

SHERRY MONROE BROADHEAD
2212 B. Street
Meridian, Mississippi 39301

SEVENTH JUDICIAL DISTRICT COURT

PARISH OF CATAHOULA

STATE OF LOUISIANA

SUIT NO. 24,132_____ DIVISION "A"

AGRI-SOUTH GROUP, LLC, DELTA ASSETS OF NORTH CAROLINA, LLC, KING BROTHERS' LAND COMPANY, PLUGG ROAD, LLC, MARGARETTE S. LAUGHINGHOUSE, J. FRED WEBB, NELLIE W. WEBB, C.C. ABBITT FARMS, LLC , ROANOKE-TAR COTTON, INC. AND J&J COMMODITIES, LLC

VERSUS

EXXON MOBIL CORPORATION, BOBCAW COMPANY, PLACID OIL COMPANY, TRADE EXPLORATION CORPORATION, JACQUE OIL & GAS LIMITED, PAWARON CORPORATION, BRYAN C. WAGNER, ALLISON WAGNER, DUER WAGNER, III, JAMES D. FINLEY, CHARLOTTE FINLEY, DENNIS D. CORKRAN, PEGGY J. CORKRAN, H.E. PATTERSON, JEAN W. PATTERSON, DAVID JOHN ANDREWS, GYSLE SHELLUM, SANDRA SHELLUM, AND TENSAS DELTA EXPLORATION COMPANY

ORDER

Considering the foregoing:

It is ordered that the foregoing First Supplemental and Amended Petition be filed as prayed for and according to law.

Signed in Harrisonburg, Louisiana this 21st day of July, 2006

DISTRICT JUDGE

SEVENTH JUDICIAL DISTRICT COURT

PARISH OF CATAHOULA

STATE OF LOUISIANA

SUIT NO. 24,132 DIVISION "A "

AGRI-SOUTH GROUP, LLC, DELTA ASSETS OF NORTH CAROLINA, LLC, KING BROTHERS' LAND COMPANY, PLUGG ROAD, LLC, MARGARETTE S. LAUGHINGHOUSE, J. FRED WEBB, NELLIE W. WEBB, C.C. ABBITT FARMS, LLC, ROANOKE-TAR COTTON, INC. AND J&J COMMODITIES, LLC

VERSUS

EXXON MOBIL CORPORATION, BODCAW COMPANY, PLACID OIL COMPANY TRADE EXPLORATION CORPORATION, JACQUE OIL & GAS LIMITED, PAWARON CORPORATION, BRYAN C. WAGNER, ALLISON WAGNER, DUER WAGNER, III, JAMES D. FINLEY, CHARLOTTE FINLEY, DENNIS D. CORKRAN, PEGGY J. CORKRAN, H.E. PATTERSON, JEAN W. PATTERSON, DAVID JOHN ANDREWS, GYSLE SHELLUM, SANDRA SHELLUM, AND TENSAS DELTA EXPLORATION COMPANY

FIRST SUPPLEMENTAL AND AMENDED PETITION FOR DAMAGES AND DECLARATORY RELIEF

NOW INTO COURT, through undersigned counsel, comes Plaintiffs, Agri-South Group, LLC, Delta Assets of North Carolina, LLC, King Brothers' Land Company, Plugg Road, LLC, Margarette S. Laughinghouse, J. Fred Webb, Nellie W. Webb, C.C. Abbitt Farms, LLC, Roanoke-Tar Cotton, Inc., and J&J Commodities, LLC all of whom respectfully file this First Supplemental and Amended Petition, upon representing as follows:

I.

Since the filing of the original petition in this matter Plaintiffs have discovered that certain mineral interest owners were not included in Plaintiffs' original petition. Additionally, Plaintiffs wish to assert claims for the termination of the various mineral servitudes that are the subject of these proceedings. Accordingly, paragraph 2 of Plaintiffs' original petition is supplemented and amended in its entirety to read as follows:

2.

A. Defendant, Exxon Mobil Corporation is a business corporation organized under the laws of New Jersey. Exxon Mobil Corporation is sued herein as the successor in

mineral ownership interest from Humble Oil and Refining Corp which received its mineral ownership interest from Louisiana Delta Corporation.

B. Defendant, Trade Exploration Corp., is a business corporation organized under the laws of Delaware qualified and doing business in the State of Louisiana, are being sued as a mineral interest owner.

C. Defendants, Bryan C. Wagner and Allison Wagner, husband and wife, persons of full age of majority, domiciled in Fort Worth, Texas are being sued as mineral interest owners.

D. Defendant, Duer Wagner, III a single man, a person of the full age of majority, domiciled in Fort Worth, Texas, is being sued as mineral interest owners.

E. Defendants, James D. Finley and Charlotte Finely, husband and wife, persons of the full age of majority, domiciled in Fort Worth, Texas, are being sued as mineral interest owners.

F. Defendants, Dennis D. Corkran and Peggy J. Corkran, husband and wife, persons of the full age of majority, domiciled in Fort Worth, Texas, are being sued as mineral interest owners.

G. Defendants, H.E. Patterson and Jean W. Patterson, husband and wife, persons of the full age of majority, domiciled in Fort Worth, Texas, are being sued as mineral interest owners.

H. Defendant, David John Andrews, a single man of the full age of majority, domiciled in Fort Worth, Texas, is being sued as mineral interest owners.

I. Defendants, Gysle Shellum and Sandra Shellum, husband and wife, persons of the full age of majority, domiciled in Fort Worth, Texas, are being sued as mineral interest owners.

J. Defendant, Jacque Oil and Gas Limited, a Texas limited partnership, domiciled in Fort Worth, Texas, is being sued as mineral interest owners.

K. Defendant, Tensas Delta Exploration Company, LLC is a Delaware Corporation qualified and doing business in the State of Louisiana, previously known as Wheless Industries,Inc., and Tensas Delta Land Company, sued as a mineral interest owner.

L. Defendant, Parawon Corporation, is a business corporation organized under the

laws of Alabama, qualified and doing business in the State of Louisiana, sued as a mineral interest owner.

M. Defendant, Bodcaw Company, is a business corporation organized under the laws of Delaware qualified and doing business in the State of Louisiana sued as a foreign mineral interest owner.

N. Defendant, Placid Oil Company, is a business corporation organized under the laws of Delaware qualified and doing business in the State of Louisiana sued as a mineral owner.

O. Defendants, Paul Broadhead and Sherry Monroe Broadhead, husband and wife person of the full age of majority domiciled in Meridian, Mississippi, sued as a mineral interest owner.

II.

Additionally paragraph 8 of Plaintiffs' original petition is amended and supplemented in its entirety to read as follows:

8.

By Deed dated October 5, 1963, filed October 7, 1963, at the Conveyance Book A-204, page 508 of the records of Avoyelles Parish, Louisiana, Sam Broadhead conveyed certain lands including the lands owned by plaintiffs in Avoyelles Parish to William R. Easterling. Sam Broadhead under this Act of Conveyance reserved all minerals rights in the lands conveyed. By Affidavit and Correction Deed dated September 5, 1964, filed September 8, 1964, the parties to above described Act of Conveyance clarified the mineral interest retained by Sam Broadhead. By Transfer, Assignment, and Deed in Lieu' of Foreclosure with Warranty dated November 27, 1991, filed December 6, 1991, at Conveyance Book A-393, page 739 of the records of Avoyelles Parish, S. Norries Broadhead, Martha Combest Broadhead, Samuel W. Broadhead, Jr. and The Pearl Company, Inc., transferred one-half of the mineral interest previously reserved by Sam Broadhead to Parawon Corporaton. The remaining one-half of the mineral interest reserved by Sam Broadhead was inherited and is now owned by his son Paul Broadhead.

III.

Additionally, paragraphs 51 through 53 are herein added to Plaintiffs' original petition is amended and supplemented to read as follows:

CLAIM FOR TERMINATION OF DEFENDANTS' MINERAL SERVITUDES

51.

Plaintiffs reallege those allegations in paragraphs 1 through 50.

52.

As shown above, Defendants and/or their mineral lessees and assigns have during the life of the various mineral servitudes affecting Plaintiffs' property, violated the statutory obligations of a mineral servitude holder as set forth in Plaintiffs' Original Petition for Damages, and this First Supplemental and Amended Petition for Damages.

53.

Because of these egregious violations Defendants' mineral servitudes should be declared terminated with all minerals and mineral rights reverting back to Plaintiffs, the surface owners.

IV.

Additionally the prayer of Plaintiffs' original petition is herein supplemented and amended in its entirety to read as follows:

PRAYER

I. WHEREFORE, after due proceedings be had, Plaintiffs, Agri-South Group, LLC, Delta Assets of North Carolina, LLC, King Brothers' Land Company, Plugg Road, LLC, Margarette S. Laughinghouse, J. Fred Webb, Nellie W. Webb, C.C. Abbitt Farms, LLC, Roanoke-Tar Cotton, Inc., and J&J Commodities, LLC, respectfully pray for judgment in their favor and against the defendants, Exxon Mobil Corporation; Tensas Delta Exploration Company LLC; Bodcaw Company; Placid Oil Company; Trade Exploration Corp.; Bryan C. Wagner; Allison Wagner; Duer Wagner, III; James D. Finley; Charlotte Finley; Dennis D. Corkran; Peggy J. Corkran; H.E. Patterson; Jean W. Patterson; David John Andrews; Gysle Shellum; Sandra Shellum; Jacque Oil and Gas Limited; Parawon Corporation; Paul Broadhead and Sherry Monroe Broadhead, jointly, severally and in solido, for all damages sustained as a result of the defendants' and/or their lessees' and assigns' acts, omissions, fault, and/or liability and awarding Plaintiffs damages as set forth in this petition in a sum to adequately compensate Plaintiffs therefor, including reasonable attorney fees when allowed by law and exemplary damages, where

allowed by law, prejudgment interest and any and all interest owed under applicable law, as well as legal interest form the date of judicial demand and all cost of these proceedings.

II. PLAINTIFFS FURTHER PRAYthat there be judgment in favor of Plaintiffs declaring that the mineral servitudes of Defendants are terminated and all mineral rights have reverted back to Plaintiffs, the surface owners.

III. PLAINTIFFS FURTHER PRAY for all other such relief as the law, equity and nature of the case may allow.

WHEREFORE, Plaintiffs, Agri-South Group, LLC, Delta Assets of North Carolina, LLC, King Brothers' Land Company, Plugg Road, LLC, Margarette S. Laughinghouse, J. Fred Webb, Nellie W. Webb, C.C. Abbitt Farms, LLC, Roanoke-Tar Cotton, Inc., and J&J Commodities, LLC, pray:

1. For leave of Court to file this First Supplemental and Amended Petition.
2. For all relief prayed for in the original petition and as herein supplemented and amended.
3. For all other general and equitable relief.

Respectfully Submitted,

DAVIDSON, MEAUX, SONNIER & McELLIGOTT

BY: _____

JAMES J. DAVIDSON, III (4708)
CHRISTOPHER J. PIASECKI (25827) with permission
810 South Buchanan Street
P.O. Drawer 2908
Lafayette, LA 70502-2908
Telephone (337) 237-1660
Facsimile (337) 237-3676

SMITH, TALIAFERRO & PURVIS

BY: _____

RUSSELL PURVIS (10909)
407 Mound Street
P.O. Box 298
Jonesville, Louisiana 71343
Telephone 318-339-8526
Facsimile 318-339-8528

SEVENTH JUDICIAL DISTRICT COURT

PARISH OF CATAHOULA

STATE OF LOUISIANA

SUIT NO. 24,132 DIVISION "A "

AGRI-SOUTH GROUP, LLC, DELTA ASSETS OF NORTH CAROLINA, LLC, KING BROTHERS' LAND COMPANY, PLUGG ROAD, LLC, MARGARETTE S. LAUGHINGHOUSE, J. FRED WEBB, NELLIE W. WEBB, C.C. ABBITT FARMS, LLC, ROANOKE-TAR COTTON, INC. AND J&J COMMODITIES, LLC

VERSUS

EXXON MOBIL CORPORATION, BODCAW COMPANY, PLACID OIL COMPANY TRADE EXPLORATION CORPORATION, JACQUE OIL & GAS LIMITED, PAWARON CORPORATION, BRYAN C. WAGNER, ALLISON WAGNER, DUER WAGNER, III, JAMES D. FINLEY, CHARLOTTE FINLEY, DENNIS D. CORKRAN, PEGGY J. CORKRAN, H.E. PATTERSON, JEAN W. PATTERSON, DAVID JOHN ANDREWS, GYSLE SHELLUM, SANDRA SHELLUM, AND TENSAS DELTA EXPLORATION COMPANY

SECOND SUPPLEMENTAL AND AMENDED PETITION FOR DAMAGES AND DECLARATORY RELIEF

NOW INTO COURT, through undersigned counsel, comes Plaintiffs, Agri-South Group, LLC, Delta Assets of North Carolina, LLC, King Brothers' Land Company, Plugg Road, LLC, Margarette S. Laughinghouse, J. Fred Webb, Nellie W. Webb, C.C. Abbitt Farms, LLC, Roanoke-Tar Cotton, Inc., and J&J Commodities, LLC all of whom respectfully file this Second Supplemental and Amended Petition, upon representing as follows:

1.

Since the filing of the original petition in this matter Plaintiffs have discovered that PETRO HUNT LLC and OXY USA, INC., were not included as a mineral interest owners in Plaintiffs' original petition. Accordingly, paragraph 2 of Plaintiffs' original petition is supplemented and amended by adding sub paragraph P and Q to read as follows:

2.

P. Defendant, Petro Hunt, LLC, is a limited liability company organized under the laws of Delaware, qualified and doing business in the State of Louisiana sued herein as a mineral owner.

Q. Defendant, OXY USA, INC., is a business corporation organized under the laws of Delaware qualified and doing business in the State of Louisiana sued herein as a mineral owners.

II.

Additionally Plaintiffs' original petition is amended and supplemented by adding paragraph 8A to read as follows:

"8A.

By Mineral Deed dated October 11, 1979 recorded October 19, 1979 at Oil & Gas Book 118, page 189. Bodcaw Company conveyed all its mineral interest in the lands that are the subject of these proceedings to Placid Oil Company. By Mineral Deed dated April 22, 1998 at Conveyance Book 194, page 811, Placid Oil Company and OXY USA, Inc., conveyed all of their mineral interest in the lands that are the subject of these proceedings to Petro-Hunt, LLC."

III.

Additionally, paragraphs 51 through 53 are herein added to Plaintiffs' original petition to read as follows:

"CLAIM FOR TERMINATION OF DEFENDANTS' MINERAL SERVITUDES

51.

Plaintiffs reallege those allegations in paragraphs 1 through 50.

52.

As shown above, Defendants and/or their mineral lessees and assigns have during the life of the various mineral servitudes affecting Plaintiffs' property, violated the statutory obligations of a mineral servitude holder as set forth in Plaintiffs' Original Petition for Damages, First Supplemental and Amended Petition for Damages and this Second Supplemental and Amended Petition for Damages.

53.

Because of these egregious violations Defendants' mineral servitudes should be declared terminated with all minerals and mineral rights reverting back to Plaintiffs, the surface owners."

IV.

Additionally the prayer of Plaintiffs' original petition is herein supplemented and amended in its entirety to read as follows:

"PRAYER

I. WHEREFORE, after due proceedings be had, Plaintiffs, Agri-South Group, LLC, Delta Assets of North Carolina, LLC, King Brothers' Land Company, Plugg Road, LLC, Margarette S. Laughinghouse, J. Fred Webb, Nellie W. Webb, C.C. Abbitt Farms, LLC, Roanoke-Tar Cotton, Inc., and J&J Commodities, LLC, respectfully pray for judgment in their favor and against the defendants, Exxon Mobil Corporation; Tensas Delta Exploration Company LLC; Bodcaw Company; Placid Oil Company; Trade Exploration Corp.; Bryan C. Wagner; Allison Wagner; Duer Wagner, III; James D. Finley; Charlotte Finley; Dennis D. Corkran; Peggy J. Corkran; H.E. Patterson; Jean W. Patterson; David John Andrews; Gysle Shellum; Sandra Shellum; Jacque Oil and Gas Limited; Parawon Corporation; Paul Broadhead, Sherry Monroe Broadhead, Petro Hunt, LLC and OXY USA, Inc., jointly, severally and in solido, for all damages sustained as a result of the defendants' and/or their lessees' and assigns' acts, omissions, fault, and/or liability and awarding Plaintiffs damages as set forth in this petition in a sum to adequately compensate Plaintiffs therefor, including reasonable attorney fees when allowed by law and exemplary damages, where allowed by law, prejudgment interest and any and all interest owed under applicable law, as well as legal interest form the date of judicial demand and all cost of these proceedings.

II. PLAINTIFFS FURTHER PRAYthat there be judgment in favor of Plaintiffs declaring that the mineral servitudes of Defendants are terminated and all mineral rights have reverted back to Plaintiffs, the surface owners.

III. PLAINTIFFS FURTHER PRAY for all other such relief as the law, equity and nature of the case may allow."

WHEREFORE, Plaintiffs, Agri-South Group, LLC, Delta Assets of North Carolina, LLC, King Brothers' Land Company, Plugg Road, LLC, Margarette S. Laughinghouse, J. Fred Webb, Nellie W. Webb, C.C. Abbitt Farms, LLC, Roanoke-Tar Cotton, Inc., and J&J Commodities, LLC, pray:

1. For leave of Court to file this Second Supplemental and Amended Petition.
2. For all relief prayed for in the Original Petition, First Supplemental and Amended Petition and as herein supplemented and amended.

3. For all other general and equitable relief.

Respectfully Submitted,

DAVIDSON, MEAUX, SONNIER & McELLIGOTT

BY: _____
JAMES J. DAVIDSON, III (4708)
CHRISTOPHER J. PIASECKI (25827)
810 South Buchanan Street
P.O. Drawer 2908
Lafayette, LA 70502-2908
Telephone (337) 237-1660
Facsimile (337) 237-3676

SMITH, TALIAFERRO & PURVIS

BY: _____
RUSSELL PURVIS (10909)
407 Mound Street / P.O. Box 298
Jonesville, Louisiana 71343
Telephone 318-339-8526
Facsimile 318-339-8528

BICE, PALERMO & VERON, LLC

BY: _____
J. MICHAEL VERON (7570)
721 Kirby Street
P.O. Box 2125
Lake Charles, LA 70602-2125
Telephone (337) 310-1600
Facsimile (337) 310-1601
ATTORNEYS FOR PLAINTIFFS

PLEASE SERVE:
PETRO HUNT, LLC
Through its registered agent
CT Corporation System
8550 United Plaza Blvd.
Baton Rouge, Louisiana 70809

OXY USA, INC.
Through its registered agent
CT Corporation System
8550 United Plaza Blvd.
Baton Rouge, Louisiana 70809

CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing has this day been forwarded to all known counsel of record by depositing a copy of same in the United States Mail, properly addressed and postage prepaid.

Jonesville, Louisiana, this 10th day of December, 2007.

_____
RUSSELL PURVIS

SEVENTH JUDICIAL DISTRICT COURT

PARISH OF CATAHOULA

STATE OF LOUISIANA

SUIT NO. 24,132_____ DIVISION "A"

AGRI-SOUTH GROUP, LLC, DELTA ASSETS OF NORTH CAROLINA, LLC, KING BROTHERS' LAND COMPANY, PLUGG ROAD, LLC, MARGARETTE S. LAUGHINGHOUSE, J. FRED WEBB, NELLIE W. WEBB, C.C. ABBITT FARMS, LLC , ROANOKE-TAR COTTON, INC. AND J&J COMMODITIES, LLC

VERSUS

EXXON MOBIL CORPORATION, BOBCAW COMPANY, PLACID OIL COMPANY, TRADE EXPLORATION CORPORATION, JACQUE OIL & GAS LIMITED, PAWARON CORPORATION, BRYAN C. WAGNER, ALLISON WAGNER, DUER WAGNER, III, JAMES D. FINLEY, CHARLOTTE FINLEY, DENNIS D. CORKRAN, PEGGY J. CORKRAN, H.E. PATTERSON, JEAN W. PATTERSON, DAVID JOHN ANDREWS, GYSLE SHELLUM, SANDRA SHELLUM, AND TENSAS DELTA EXPLORATION COMPANY

ORDER

Considering the foregoing:

It is ordered that the foregoing Second Supplemental and Amended Petition be filed as prayed for and according to law.

Signed in Harrisonburg, Louisiana this 22nd day of January, 2006.

DISTRICT JUDGE

WHITE LAW FIRM

650 POYDRAS STREET
SUITE 2319
NEW ORLEANS, LOUISIANA 70130
TELEPHONE (504) 799-2585
FAX (504) 799-2586

J. RALPH WHITE*
STELLA C.C. SHACKELFORD**
SHARON L. ANDREWS†

* ALSO ADMITTED IN MISSISSIPPI AND TEXAS
** ALSO ADMITTED IN ALABAMA
† ALSO ADMITTED IN MISSISSIPPI

2086 OLD TAYLOR ROAD SUITE 201
P.O. BOX 2246
OXFORD, MS 38655
TELEPHONE (662) 281-3940
FAX (662) 281-3986

WRITER'S E-MAIL: Ralph@jrwhitelaw.com

May 18, 2010

VIA E-MAIL & U.S. MAIL

Charles Minyard, Esq.
600 Jefferson, Ste. 501
Lafayette, LA 70501

Re: Agri-South Group, LLC, et al vs. Exxon Mobil Corporation, et al; Oxy USA, Placid Oil Company, Petro-Hunt, L.L.C.; Parish of Catahoula, 7th Judicial District; No. 24,132 "A"

Dear Mr. Minyard:

Please consider this letter as amicable demand, pursuant to Art. 136 of the Mineral Code and as otherwise may be required by Louisiana law, that your client, Axis Onshore, defend, hold harmless and indemnify Petro-Hunt, L.L.C., Placid Oil Company, and OXY USA, Inc., for all claims made by plaintiffs in the above-captioned suit pursuant to certain mineral leases, farmouts and agreements described as follows:

- Oil and Gas Lease between Petro-Hunt, L.L.C. and Ram Drilling, L.L.C. dated April 26, 2007
- Oil and Gas Lease between Petro-Hunt, L.L.C. and Axis Onshore, L.P. dated December 5, 2008, recorded in the records of Catahoula Parish at Book 246, Page 120
- Oil and Gas Lease between Placid Oil Company and Justiss Oil Company, Inc. dated September 4, 1992
- Farmout between Placid Oil Company and El Toro dated May 4, 1989
- Oil and Gas Lease between Placid Oil Company and El Toro dated June 4, 1990
- Oil and Gas Lease between Placid Oil Company and El Toro dated June 4, 1991
- Lease between Hunt Petroleum Corporation and El Toro dated July 17, 1990
- Saltwater Disposal Agreement between Placid Oil Company and El Toro dated June 3, 1991, recorded in the records of Catahoula Parish as Book 161, Page 671

Pursuant to the above described mineral leases, farmouts and agreements, and any other agreements found to be applicable, Axis operates the following active-producing, active injection and shut-in production-future utility wells:

- Well No. 211997: SIP-FU

- Well No. 213080: SIP-FU
- Well No. 211026: Producing
- Well No. 211663: SIP-FU
- Well No. 212940: Producing
- Well No. 214968: SIP-FU
- Well No. 212666: Producing
- Well No. 214900: Producing
- Well No. 972341: Injection
- Well No. 212315: Injection

Your answer to the third party demand filed by Petro-Hunt in the above-captioned matter pled want of amicable demand. That answer and exceptions also excepted to the third party demand on the basis that Axis was not a party to the mineral leases recited in the third party demand.

Petro-Hunt, Placid, and OXY will be filing an amended petition against Axis citing the leases that Axis has entered into, described above, and making demand for indemnity pursuant to those leases, as well as pursuant to Louisiana tort and mineral law.

While we are not convinced that amicable demand is necessary in this instance because of the nature of the demand being one for indemnity, and as a result of the decision of the Louisiana Supreme Court in *Broussard v. Hilcorp Energy Company*, No. 2009-0449 24 So.3d 813 (La. 10/20/09), we nevertheless provide you with this written demand. As you know, a claim for indemnity does not truly arise until the party to be indemnified has been made to pay or cast in judgment, however due to the nature of indemnity claims they are not normally rejected by the court as premature, if filed prior to final judgment on the underlying claim. Therefore, Petro-Hunt, Placid and OXY hereby demand from Axis defense and indemnity pursuant to the above-described mineral leases, farmouts and agreements, and the language contained therein, and any other pertinent applicable agreements, as well as pursuant to Louisiana tort and mineral law, and ask that you undertake their defense and indemnify them from all claims alleged in plaintiffs' petition as amended.

Best regards,

Very truly yours,

J. Ralph White

JRW/jr

OIL AND GAS LEASE

STATE OF LOUISIANA §
§
PARISH OF CATAHOULA §

THIS AGREEMENT made this 26th day of April, 2007, being the effective date, between PETRO-HUNT, L.L.C., a Delaware limited liability company, with offices at 1601 Elm Street, Suite 3400, Dallas, Texas 75201, hereinafter referred to as "Lessor", and RAM DRILLING, LLC, 16610 Dallas Parkway, #2500, Dallas, Texas 75248 hereinafter referred to as "Lessee".

WITNESSETH

I. Lessor in consideration of One Hundred Dollars ($100.00) and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and of the royalties herein provided and of the agreement of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee (for the purpose of investigating, exploring, prospecting and drilling for and producing oil and gas) the following described land in the Parish of **CATAHOULA**, State of Louisiana, to-wit:

Township 6 North – Range 6 East
Sec. 28: W/2SW/4
Sec. 29: E/2SE/4, E/2SW/4SE/4
Sec. 32: NE/4NE/4, E/2NW/4NE/4

Insofar and only insofar as to depths from the surface of the earth down to a depth of 100' below the base of the Wilcox formation. Lessor herein reserves all other rights.

For the purposes of Articles III. C. of this Lease, the leased premises shall be conclusively presumed to comprise 240.0 acres, whether there be more or less.

II. Subject to the terms and conditions hereinafter set forth, this lease shall be for a term of Eighteen (18) months from the effective date hereof (hereinafter referred to as the "primary term"), and as long thereafter as oil or gas is produced in paying commercial quantities from the leased premises or lands pooled therewith.

III. Lessee shall pay to Lessor monthly as a royalty:

A. On Oil (which for the purposes of this lease includes all hydrocarbons produced at the well in liquid form by ordinary production methods), 25% of the amount received by Lessee for all oil produced and saved from the leased premises, or, at Lessor's option, Lessee will deliver to Lessor's credit free of cost to Lessor, in the pipe line or plant or storage tanks to which the well or wells may be connected, 25% of all oil produced and saved from the leased premises. The royalties set forth herein for oil shall also be paid on all gasoline or other petroleum products manufactured or extracted from any gas produced from the leased premises, but Lessee may deduct from royalties on such gasoline or other petroleum products, the actual cost, not to exceed the fair and reasonable cost, of such manufacture or extraction. No deductions for extraction costs shall be made for liquid hydrocarbons recovered by use of drip, separator or similar apparatus on the flow line of wells, and except as to gas being used for repressuring or recycling purposes, Lessee shall, prior to the sale or use of gas from such well, install and use such apparatus on any well or wells capable of producing liquid hydrocarbons in paying commercial quantities.

B. On Gas (which for the purposes of this lease, includes all vaporous or gaseous substances and specifically includes the residue gas remaining after manufacture or extraction of any gasoline or other petroleum products),

i. produced, saved and sold from the leased premises, 25% of the amount received by Lessee or 25% of the amount of the best price which could have been received by Lessee in the exercise of reasonable diligence, whichever is the higher; and/or

ii. produced, saved and used off the leased premises, but not sold, 25% of the market value at the time and place of use.

C. Where gas from a well producing gas only is not sold because there is no market or demand therefor, Lessee may pay as royalty $50.00 per acre (subject to proportionate reduction as set forth in Article VII below) per year, such payment to be made on or before the thirtieth (30th) day after the date that such a well is shut in, and if such payment is timely made it will be considered that gas is being produced within the meaning of Article II of this Lease.

D. Gas which may be disposed of for no consideration to Lessee through unavoidable waste or leakage or in order to recover oil or other liquid hydrocarbons or returned to the ground shall not be deemed to have been sold or used off the leased premises within the meaning expressed or implied of any part of this Lease.

IV. Notwithstanding anything contained in this lease to the contrary, if during the primary term of this lease Lessee, its successors, agents, brokers or assigns, acquires an Oil, Gas and Mineral Lease within the lands leased herein and within a one (1) mile radius of the outside boundaries of the lands leased herein for bonus consideration, rentals and/or royalties on a per acre basis which exceed the bonus consideration, delay rentals and/or royalties provided for in this lease, this lease shall promptly be amended to reflect the bonus consideration, delay rentals and/or royalties identical to the consideration paid for the subsequent lease.

V. If at the expiration of the primary term oil and gas or any of them are not being produced on said leased premises or on land pooled therewith but Lessee is then engaged in operations thereon, or if Lessee shall have ceased operations or production on said leased premises or on land pooled therewith within ninety days prior to expiration of the primary term, this Lease shall remain in force so long thereafter as the same or other operations are prosecuted (on the same or different wells) with no cessation of more than ninety (90) consecutive days and whether or not they result in the production of oil or gas and as long thereafter as oil or gas are produced from or operations are prosecuted (on the same or different wells) on said leased premises or on land pooled therewith, with no cessation of more than ninety (90) consecutive days. If after the expiration of the primary term production should cease for any reason other than lack of market or demand for production, this Lease shall remain in force so long thereafter as operations are prosecuted (on the same or different wells) with no cessation of more than sixty (60) consecutive days, and whether or not said operations result in the production of oil or gas and as long thereafter as oil or gas are produced from or operations are prosecuted on same or different wells on said leased premises or on lands pooled therewith with no cessation of more than sixty (60) consecutive days. Whenever used in this Lease, the word "operations" means and includes operations for and the drilling, testing, completing, recompleting, reworking, deepening, plugging back or repairing of a well or hole, repairing or replacing production equipment or any other operations in search of or in an effort to obtain or reestablish production of oil or gas in paying quantities.

VI. The rights of the Lessee may not be assigned except upon written consent of Lessor. Should Lessor grant Lessee permission to assign all or a portion of this Lease or the rights thereunder, Lessee shall remain primarily liable to Lessor for the performance of the terms, conditions, covenants and obligations of this Lease, and such consent shall not serve to diminish the obligations of Lessee hereunder. Any assignment of all or a part of this Lease by Lessee shall not be effective until such time as the transferee has executed a ratification of this Lease which is acceptable to Lessor. The provisions hereof shall extend to the heirs, successors and assigns of the parties hereto, but no change or division in ownership of the land, minerals or royalties however accomplished shall operate to enlarge the obligation or diminish the rights of Lessee; and no such changes in ownership shall be binding on Lessee nor impair the effectiveness of any payments made hereunder until Lessee shall have been furnished, forty-five (45) days before payment is due, a certified copy of recorded instrument evidencing any transfer, inheritance, sale or other change in ownership.

VII. This Lease is executed WITHOUT WARRANTY OR COVENANT OF TITLE OR ANY OTHER WARRANTY WHATSOEVER, EITHER EXPRESS OR IMPLIED; AND FURTHER, LESSOR MAKES NO WARRANTY OR REPRESENTATION TO LESSEE THAT THE ACREAGE SUBJECT TO THIS LEASE HAS NOT PRESCRIBED OR MAY NOT PRESCRIBE UNDER LOUISIANA LAW TO THE DEROGATION OF LESSOR'S AND/OR LESSEE'S RIGHT, TITLE AND INTEREST THERETO. If Lessor owns a mineral interest in the leased premises less than the entire fee simple estate, then the royalties and other payments to be paid Lessor shall be reduced proportionately.

VIII. LESSEE AGREES TO PROTECT, INDEMNIFY AND HOLD LESSOR HARMLESS, FREE AND CLEAR OF AND FROM ALL LIENS, CLAIMS, DEMANDS, ACTIONS AND CAUSES OF ACTION OF WHATSOEVER NATURE, INCLUDING BUT NOT LIMITED TO ENVIRONMENTAL

OBL

INVESTIGATIONS, REGULATORY PROCEEDINGS OR LITIGATION, WITH ALL RELATED COURT COSTS AND ATTORNEY'S FEES, ARISING OUT OF OR IN CONNECTION WITH ALL OPERATIONS CONDUCTED BY LESSEE AND/OR LESSEE'S CONTRACTORS, SUB-CONTRACTOR, LICENSEES, EMPLOYEES, CONSULTANTS, AGENTS AND ALL OTHER PERSONS WORKING ON OR NEAR THE LEASED PREMISES OR ACREAGE POOLED THEREWITH, AND AGREES TO PROMPTLY PAY ALL BILLS OR COSTS FOR LABOR AND OTHER ITEMS RELATED TO CLAIMS OR DAMAGES HEREUNDER. AS TO ANY WELL WHICH LESSEE HAS DRILLED ON THE LEASED PREMISES WHICH CEASES PRODUCTION, LESSEE SHALL BE REQUIRED TO PLUG AND ABANDON SAME AND SHALL ALSO LEVEL ALL DUMPS, FILL IN ALL PITS, REMOVE ALL DEBRIS AND OTHERWISE RESTORE THE SURFACE OF THE LAND TO SUBSTANTIALLY THE SAME CONDITION AS IT WAS BEFORE THE COMMENCEMENT OF SUCH OPERATIONS. ALL OPERATIONS CONDUCTED ON THE LEASED PREMISES SHALL COMPLY WITH ALL APPLICABLE LAWS, REGULATIONS, ORDINANCES AND PERMITS.

IX. All notices to be given Lessor pursuant to this Lease shall be given to Petro-Hunt, L.L.C., Attention: Pete Arnett, 1601 Elm Street, Suite 3400, Dallas, Texas 75201, whose telephone number is (214) 880-8400.

X. All terms and express or implied covenants of this Lease shall be subject to all federal and state laws, executive orders, rules or regulations, and this Lease shall not be terminated, in whole or in part, nor Lessee held liable in damages for failure to comply herewith if compliance is prevented by any such law, order, rule or regulation.

XI. A. The term "Force Majeure" as used herein shall mean and include: Requisition, order, regulation or control by governmental authority or commission, exercise of rights of priority or control by governmental authority for national defense or war purposes resulting in delay in obtaining or inability to obtain either material, equipment or means of transportation normally necessary in prospecting or drilling for oil or gas or in producing, handling or transporting same from leased premises, war, acts of terrorism, scarcity of or delay in obtaining materials or equipment, lack of labor or by means of transportation of labor or material, Acts of God, insurrection, flood, strike or other things beyond the control of Lessee.

B. If by reason of Force Majeure, as herein defined, Lessee is prevented from or delayed in drilling, completing or producing any offset well or wells for oil or gas on the leased premises or lands pooled therewith, then while so prevented or during the period of such delay, Lessee shall be relieved from all obligations whether express, implied or imposed on Lessee under this Lease, to drill, complete or produce such well or wells on the leased premises or lands pooled therewith, and Lessee shall not be liable in damages and this Lease shall not be subject to cancellation for failure of Lessee to drill, complete or produce such well or wells during the time Lessee is so relieved from all obligations to do so.

XII. Notwithstanding anything to the contrary contained herein, after the end of the primary term, this Lease shall not be continued in effect for a cumulative period of more than two (2) years by means of payment of shut-in royalty (Article III. C.), by Force Majeure (Article XII.) or by any other means or any combination of the means mentioned herein, except the actual production of oil or gas or both in paying commercial quantities from the leased premises or lands with which the premises are pooled hereunder or additional operations in compliance with Article V.

XIII. Subject to Lessee's safety rules and regulations, Lessee shall permit representatives of Lessor at its sole cost, risk and expense to have full and free access at all times to the test well and to the derrick floor whether such well is located on the leased premises or lands pooled therewith as to each well drilled on the leased premises or on acreage pooled therewith. Lessee shall provide Lessor's representatives, at Lessee's expense, the notices and information set forth on Exhibit "A" attached hereto, and the following information immediately upon acquisition of same, to-wit:

A. Copy of Application to Drill, location plat filed with the State Regulatory Body, a copy of the Permit and Permit Number Issued in response thereto;

B. Derrick floor and ground level elevation;

C. Daily Drilling Report containing full information relative to the drilling progress of said test well, commencing with clearing the location and moving in material and equipment including all current formation top calls;

D. Copy of well record logs;

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E. Properly notarized copy of the completion record form, if the test well is a producer, or a properly notarized copy of the plugging and abandoning record, if the test well is a dry hole;

F. Core description and core analyses, if performed;

G. Record of open flow potential test in the event said well is a gas well;

H. Results of all tests made on said well as and when made, including records of all drill stem tests with copy of bottom hole pressure chart furnished by the service company, accurate description of recovery and test results and copies of all other production test records;

I. Two copies of an electrical log survey of the well bore from the bottom of the surface casing to the total depth as well as two copies of any and all well or electrical logs, micrologs, section gauges, temperature surveys, radioactive logs, mud analyses logs, drilling time logs and any and all logs or surveys made of the well, except seismic velocity surveys, AS AND WHEN PRELIMINARY RUNS THEREOF ARE MADE, and a composite log upon completion of the well. Lessor, at its sole expense and risk (including payment of rig time and other expenses for which Lessee would otherwise be responsible, and liability for damage to persons, property and the well) may lower geophones in the well to make seismic velocity surveys as sole property of Lessor;

J. Upon request, samples of all cores, a set of formation drilling samples and representative samples of fluid recovered on formation tests; and

K. A geological sample description log indicating all shows of oil and/or gas and geological horizons made by a person qualified to make such log, except where this requirement is specifically waived.

Subject to Lessee's safety rules and regulations, Lessee shall permit representatives of Lessor at its sole cost, risk and expense to have full and free access at all times to the test well and to the derrick floor whether such well is located on the leased premises or lands pooled therewith as to each well drilled on the leased premises or on acreage pooled therewith. Lessee shall notify Lessor of any of the following events at the time and in the manner shown sufficiently in advance thereof to enable Lessor to have a representative present at the well to witness:

i. The spudding of said test well;

ii. All drill stem or any other tests of said well;

iii. The running of any electrical log or other survey that Lessor is entitled to receive;

iv. Any coring operation;

v. The measurement of the total depth of said test well; and

vi. Any plugging operation.

Upon encountering any formation containing oil or gas in reasonably substantial quantity or pressure, Lessee shall immediately notify Lessor of such fact by orally informing Lessor's representative at the well site or by notice to Lessor by telephone or telegraph at the address provided above if such representative is not at the drill site.

L. Lessor, at its sole cost, risk and expense, may conduct any tests or logging it desires on a well situated on the leased premises. Results from such operations shall be the sole property of Lessor.

XIV. A. If Lessee drills a well on the leased premises and decides to plug and abandon said well as a dry hole with or without having run casing therein, it shall immediately notify Lessor of such decision and shall furnish Lessor with a copy of the logs it is required to run pursuant hereto. Lessor shall have twenty-four (24) hours (exclusive of Saturdays, Sundays and legal holidays), and after receipt of such notice and logs, within which to elect to take over the well for the purpose of conducting such additional drilling, testing, completion or other operations thereon as it desires. If Lessor elects not to take over the well or fails to advise Lessee of its election within said period of time, then the well shall be forthwith plugged and abandoned by Lessee at its sole risk, cost and expense.

B. If Lessor elects to take over the well, it shall have the right to and shall promptly take possession thereof and of such materials, equipment and drilling tools thereon, therein and at the well site, owned or controlled by Lessee, which Lessor desires to use in connection with its further operations; Lessor shall pay or reimburse Lessee for such materials, equipment and drilling tools so used, to the extent of such use, as follows:

i. The reasonable net salvage value of casing, materials and equipment in and on the well which could have been salvaged by Lessee if Lessor had not taken over the well;

ii. Reasonable compensation for any materials and equipment at the well site owned or controlled by Lessee which will have no salvage value after use by Lessor; and

iii. If Lessor elects to use the drilling tools and equipment in use at the well by Lessee, then payment for such use shall be made:

a. at the going rate in the area if the tools belong to Lessee; or

b. at the rate set forth in the drilling contract if the tools belong to a drilling contractor or other party controlled by Lessee.

If Lessor elects to use its own or other drilling tools, then Lessee shall, at its expense, promptly remove from the well site the tools used by Lessee.

C. If Lessor takes over the well, then, and in that event:

i. Lessee shall be deemed to have released and relinquished to Lessor all of its right, title and interest in and to the well, operating rights therein, production therefrom and the leased premises included in the drilling, spacing and proration unit therefor;

ii. All operations thereon by Lessor after the take-over, including plugging and abandoning, shall be at Lessor's sole risk and expense, but Lessor shall not be liable for any cost, expense or obligation for or in connection with operations conducted on the well prior to such take-over; and

iii. Notwithstanding anything herein to the contrary, Lessee shall not be deemed to have released and relinquished to Lessor more than a proportionate interest in such well, production and unit, which proportion shall be that which the leased premises derived hereunder from Lessor bears to the total acreage in such unit.

XV. Lessee, at its option, is hereby given the right and power at any time prior to the establishment of production on the leased premises or acreage to be pooled therewith to pool or combine the leased premises covered by this Lease, or any portion thereof (not to be less than 50% of the acreage described in this lease of the total acreage pooled within any one unit), with other land, lease or leases and mineral interests in the immediate vicinity thereof, when, in Lessee's judgment, it is necessary or advisable to do so in order to properly explore, develop or operate said premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises or to prevent waste or to avoid the drilling of unnecessary wells or to comply with the spacing or unitization order of any Regulatory Body of the State of Louisiana or the United States having jurisdiction, provided however, that Lessor shall have the right to approve the size, shape and configuration of any such unit so formed except a unit formed pursuant to a valid order of any Regulatory Body having jurisdiction. The term "Regulatory Body" shall include any governmental officer, tribunal or group (civil or military) issuing orders governing the drilling of wells or the production of minerals. Such pooling shall be of adjacent tracts which will form a reasonably compact (but not necessarily contiguous) body of land for each unit, and the unit or units so created shall not exceed forty (40) acres for each well for oil exploration or production and one hundred sixty (160) acres each for each well for gas and gas-condensate exploration or production unless a larger spacing pattern or larger drilling or production units (including a field or pool unit) shall have been fixed and established by an order of a Regulatory Body of the State of Louisiana or of the United States, in which event the unit shall be the same as fixed by said order. Lessee shall execute and file for record in the Records of the Parish of **CATAHOULA** in which the land herein leased is situated a declaration describing the pooled acreage; and upon such filing, the unit or units shall thereby become effective, except that when a unit is created by order of a Regulatory Body the pooling shall be effective as of the effective date of such order, and no declaration shall be required in connection therewith. The royalties herein elsewhere specified shall be computed only on the proportionate part of the production from any pooled unit that is allocated to the land herein described, and unless otherwise allocated by order of a Regulatory Body, the

amount of production to be so allocated from each pooled unit shall be that proportion of such total production that the surface area of the land affected hereby and included in the unit bears to the total surface area of all the lands included in such pooled unit. Drilling or reworking operations on or production of oil and/or gas from land included in such pooled unit shall have the effect of continuing this Lease in force and effect during and after the primary term as to all of the land covered hereby and as to all strata underlying said land, whether or not such operations be or such production be from land covered hereby. Any unit formed by Lessee hereunder must be created prior to the establishment of production from the unit well. Separate units may be created for oil and for gas or for separate stratum or strata of oil or gas, even though the areas thereof overlap, and the creation of a unit as to one mineral or strata or stratum shall not exhaust the right of Lessee (even as to the same well) to create different or additional units for other minerals or for other strata or stratum of the same or other minerals. Lessee shall obtain Lessor's approval of any amendment to any unit formed pursuant to this Article prior to such amendment, unless such unit is amended by order of a Regulatory Body. The failure of the leasehold title (in whole or in part) to any tract or interest therein included in a pooled unit shall not affect the validity of said unit as to the tracts or interests not subject to such failure, but the unit may thereafter be revised as hereinafter provided. Lessee shall have the right and power to reduce and diminish the extent of any unit created under the terms of this paragraph so as to eliminate from said unit any interest or lease to which title has failed or upon which there is or may be an adverse claim. Such revision of the unit shall be evidenced by an instrument in writing executed by Lessee which shall describe the lands included in the unit as revised and shall be filed for record in the Records of the Parish of **CATAHOULA** where the lands herein are situated. The revised declaration shall not be retroactive but shall be effective as of the date it is filed for record. Any unit created by Lessee hereunder shall also be revised so as to conform with an order of a Regulatory Body issued after said unit was originally established; such revision shall be effective as of the effective date of such order without further declaration by Lessee, but such revision shall be limited to the stratum or strata covered by said order and shall not otherwise affect the unit originally created.

XVI. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and such well or wells are draining the leased premises, Lessee agrees to drill offset wells or cause an existing well or wells to be completed in the formation or horizon in which drainage is occurring. Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under similar circumstances. For the purpose of this Article, it shall be conclusively presumed that an oil well within 660 feet or a gas well within 1,320 feet of the leased premises is draining the leased premises; it being understood, however, that this conclusive presumption shall not preclude Lessor from claiming drainage from offset wells located at greater distances from the leased premises but is merely for the purpose of obviating the necessity of proof of drainage within the prescribed limits. Failure on the part of Lessee to comply with the provision of this Article within sixty (60) days from the date that any such well causing drainage (as that term is defined in this Article) is completed and commences production into a sale line or tank facility shall cause this Lease to terminate as to all acreage offsetting the well draining the leased premises. In the event the cancellation or termination of this provision under this Article, Lessee agrees and obligates itself to deliver to Lessor a recordable release of this Lease as to acreage being drained. For the purpose of this Article, it shall be conclusively presumed that leased lands within 660 feet from the drilling or proration unit for the offending oil well and within 1,320 feet from the drilling or proration unit for the offending gas well are being drained unless a greater area is being drained, and said release shall specify, describe or recite the greater of areas determined in the manner expressed in this sentence.

XVII. Notwithstanding anything to the contrary contained herein, at the end of the primary term hereinabove recited, or, if Lessee is engaged in drilling operations within 90 days prior to the expiration of the primary term, the end of the first ninety (90) consecutive day period in which there were no operations for the drilling of a new well on the leased premises or on land pooled therewith, whichever is later, this Lease shall terminate with respect to all the leased premises not then included within the surface boundaries of a production and/or proration unit, and to all depths, on a unit by unit basis, below 100 feet below the stratigraphic equivalent of the deepest depth produced in such unit.

XVIII. In the event of termination or forfeiture of this lease for any cause, in whole or in part, Lessee shall promptly execute and record a proper instrument of release, releasing from the terms hereof all those portions of the leased premises as to which said lease may have terminated or been forfeited; and Lessee shall promptly furnish Lessor an executed certified recorded copy thereof.

XIX. Lessor shall have the continuing, separate and distinct right and option at all times and from time to time, exercisable upon thirty (30) days notice either orally or in writing, to purchase all or any part of the crude oil condensate, distillate, casinghead gasoline and other liquid hydrocarbons or either of them, herein called "oil", produced and saved from or allocated to the interest leased to Lessee pursuant hereto. The price to be paid therefor shall be (a) the price posted by the major oil purchaser for oil of like grade and gravity on the date of delivery in the district where said leased premises are located, (b) the average thereof if there be more

than one purchaser, (c) if there is no posted price, then the average price being paid for oil of like grade and gravity by the purchasing companies buying oil in the field where such premises are located or (d) the best price which could have been received by Lessee in the exercise of reasonable diligence, whichever is higher. Upon each exercise of such option, the Lessor shall have the right to terminate such purchase at any time thereafter upon thirty (30) day's notice.

XX. Prior to the commencement of drilling operations or to the construction of any roads, pipelines, locations or other facilities on any part of the leased premises, Lessee shall notify Sustainable Forests, L.L.C., Attention: Regional Manager, P. O. Box 30001, Shreveport, Louisiana 71130, or the surface owner of record if Sustainable is not the surface owner. Such notice shall include a survey plat showing the area to be used for the proposed operation(s) and be provided for the purpose of determining surface damages.

XXI. Lessee shall exercise the right of access to the leased property described herein solely for the business purposes of seeking, acquiring and producing oil and gas. No hunting, fishing or other activities are to be conducted on said leased property which includes possession or discharging of firearms or other weapons. There shall be no consumption, use or possession of alcohol or other prohibited or controlled substances on the leased premises.

XXII. Notwithstanding anything herein to the contrary, it is distinctly understood that, at the conclusion of any and all operations hereunder, the Lessee will return the land hereinabove described to its original condition as reasonably possible and shall perform all acts necessary to fully remediate the leased premises to render and leave same in full compliance with Louisiana State Order 29-B and/or any and all other federal or state statutory or regulatory provisions and/or requirements.

XXIII. Provided that Lessee can do so without violating any licensing agreements, Lessee hereby agrees to provide Lessor copies of all seismic data shot by Lessee and/or Lessee's agents or assigns on the lands subject to this agreement. Lessee shall use its reasonable efforts to obtain approval under any licensing agreements to provide Lessor with such data, but failure to obtain such approval after such efforts shall relieve Lessee from the obligation to provide the prohibited data to the Lessor. Said data shall include the data covering the entire governmental section for any lands that data is acquired by Lessee on Lessor's lands covered herein.

XXIV. Lessee understands and agrees that all operations hereunder shall be conducted in accordance and compliance with all applicable federal, state and local laws, rules, regulations and requirements, including but not limited to, those relating to environmental and safety matters; and, it shall be the sole and exclusive responsibility of Lessee to assure and enforce compliance with same. Failure by Lessee to fulfill the requirements of this paragraph XXIV shall constitute a breach of this OIL AND GAS LEASE, which, if Lessee is not actively in the process of curing within thirty (30) days of Notice to do so by Lessor, shall result in cancellation of this OIL AND GAS LEASE by Lessor and termination of all of Lessee's rights (but continuing all of Lessee's clean-up and remediation obligations) hereunder.

IN WITNESS WHEREOF this Lease is executed as of the date first mentioned above.

LESSOR

PETRO-HUNT, L.L.C.

WITNESSES:

Peter H. Arnett

By: _____
BRUCE W. HUNT, President

ATTEST:

By: _____
R. FRED HOSEY, Secretary

LESSEE

RAM DRILLING, LLC

WITNESSES:

Liana Eppink

Sue Jensen

By: ALLEN B. MANN, PRESIDENT

ACKNOWLEDGEMENTS

STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on this 31st day of July, 2007, by BRUCE W. HUNT, President of PETRO-HUNT, L.L.C., a Delaware limited liability company, on behalf of said company.

My Commission Expires:

6-24-08

SUSAN M. LECROY NOTARY PUBLIC STATE OF TEXAS EXPIRES 06-24-2008

Susan M. LeCroy
NOTARY PUBLIC STATE OF TEXAS

STATE OF TEXAS §
§
~~PARISH~~/COUNTY OF DALLAS §

This instrument was acknowledged before me on this 23rd day of July, 2007, by ALLEN B. MANN, PRESIDENT for RAM DRILLING, LLC, a LOUISIANA LLC, on behalf of said CORPORATION.

My Commission Expires:

MARCIA K ALLEN
NOTARY PUBLIC
State of Texas
Comm. Exp. 12-04-2010

Marcia K. Allen
NOTARY PUBLIC STATE OF TEXAS

EXHIBIT "A"

Attached to and made a part of that certain Oil and Gas Lease dated April 26, 2007, made, between Petro-Hunt, L.L.C., "Lessor", and Ram Drilling, LLC, "Lessee", covering property situated in Catahoula Parish, Louisiana.

Operator: Ram Drilling, LLC Well: _____

Location: _____

PETRO-HUNT, L.L.C. requires the following information (including location plat with ground elevation, approved drilling permit, and casing program with first report) to be provided by telephone, telecopy, email or mail as indicated. The telephone numbers and mailing addresses are as follows:

Telephone:	(214) 880-8442
FAX:	(214) 880-7101 (214) 880-7131
Email Address:	phdailyreports@petrohunt.com
Mailing Address:	Petro-Hunt, L.L.C. Attn: Jesse Moffett 1601 Elm Street, Suite 3400 Dallas, Texas 75201 Jmoffett@petrohunt.com

INFORMATION	REPORTING PROCEDURE		
	Telephone	Email or Telecopy	Mail
1. Location plat with elevation, Application to Drill, and Drilling Permit with number.		X	
2. Daily drilling report each morning of regular working day including clearing location and moving on location.		X	X
3. All regulatory reports required to be filed while drilling.		X	
4. Mud log reports and final mud logs on detail and correlation scales.		X	
5. Final copy of core description.		X	X
6. Core Analysis.		X	X
7. Daily Completion Reports for all work & Location Tests	X	X	
8. 24 hour notice of any DST'S.	X	X	
9. 24 hour notice of any logging operations.	X	X	
10. Records of all drill stem tests and test data with copy of bottom hole pressure chart from service company.		X	
11. Three final prints and reproducible copy of all open and cased hole logs on a 1"= 100', 2"= 200' and 5"= 100' scale.			X
12. Copy of all open hole Logs on LAS Format			X
13. Two copies of all velocity surveys.			X
14. Copy of all Regulatory completion reports including initial potential test.			X
15. Plug and abandon report.			X
16. Complete well history from spud to completion or plug and abandonment.			X
17. Re-potential tests.			X
18. Sundry notices.			X
19. Regulatory monthly production reports.		X	
20. Payout reports and notice.			X

We reserve the right to request that any item of information listed above be provided to other individuals employed by Petro-Hunt, L.L.C.

A-1

All other miscellaneous correspondence directed to this company such as, but not limited to, AFE proposals and proposals to drill additional wells should be mailed to:

Petro-Hunt, L.L.C.
Attn: Pete Arnett
1601 Elm Street, Suite 3400
Dallas, Texas 75201
(214) 880-8400
Fax: (214) 880-7171

ADDITIONAL DISTRIBUTION

The information to be mailed above should also be mailed to the following individuals:

Dale Hostenske
1601 Elm Street, Suite 3400
Dallas, Texas 75201
(214) 880-7129
Fax: (214) 880-7101

Gene Inabnet
300 Shell Oil Road
Brandon, Mississippi 39043
(601) 845-2252
Fax: (601) 845-4218

Charles Rigdon
1601 Elm Street, Suite 3400
Dallas, Texas 75201
(214) 880-8413
Fax: (214) 880-7101

State of Louisiana
Parish of Catahoula
I hereby certify that this is a true copy of the 10 page original instrument filed in this office at 1:30 P.M. / Nov. 14 2007 File No. 243214 and recorded in COB Book No. 240 Page No. 105 and Book No. _____ Page No. _____
Given under my hand and seal this 14th day of Nov. 2007
Clerk & Ex-Officio Recorder

246/120

266274

FILED AND RECORDED
CATAHOULA PARISH, LA
COB BOOK 246 PAGE 120
BOOK PAGE
Lucy P. Terry BY
2009 MAR -4 A 9:28

OIL AND GAS LEASE

STATE OF LOUISIANA §
§
PARISH OF CATAHOULA §

THIS AGREEMENT made this 5th day of December, 2008, being the effective date, between PETRO-HUNT, L.L.C., a Delaware limited liability company, with offices at 1601 Elm Street, Suite 3400, Dallas, Texas 75201, hereinafter referred to as "Lessor", and AXIS ONSHORE, L. P., with mailing address of 405 Texas St., Vidalia, LA 71373, hereinafter referred to as "Lessee".

WITNESSETH

I. Lessor in consideration of One Hundred Dollars ($100.00) and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and of the royalties herein provided and of the agreement of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee (for the purpose of investigating, exploring, prospecting and drilling for and producing oil and gas) the following described land in the Parish of **CATAHOULA**, State of Louisiana, to-wit:

266274

Township 6 North – Range 6 East
Section 29: NE/4NE/4

The lease shall be limited insofar and only insofar as to cover the depths from the surface of the earth to the base of the Wilcox Formation for the above described lands. Lessor herein reserves all other rights.

For the purposes of Articles III. C. of this Lease, the leased premises shall be conclusively presumed to comprise 40.0 acres, whether there be more or less.

II. Subject to the terms and conditions hereinafter set forth, this lease shall be for a term of Twenty-four (24) months from the effective date hereof (hereinafter referred to as the "primary term"), and as long thereafter as oil or gas is produced in paying commercial quantities from the leased premises or lands pooled therewith.

III. Lessee shall pay to Lessor monthly as a royalty:

A. On Oil (which for the purposes of this lease includes all hydrocarbons produced at the well in liquid form by ordinary production methods), 25% of the amount received by Lessee for all oil produced and saved from the leased premises, or, at Lessor's option, Lessee will deliver to Lessor's credit free of cost to Lessor, in the pipe line or plant or storage tanks to which the well or wells may be connected, 25% of all oil produced and saved from the leased premises. The royalties set forth herein for oil shall also be paid on all gasoline or other petroleum products manufactured or extracted from any gas produced from the leased premises, but Lessee may deduct from royalties on such gasoline or other petroleum products, the actual cost, not to exceed the fair and reasonable cost, of such manufacture or extraction. No deductions for extraction costs shall be made for liquid hydrocarbons recovered by use of drip, separator or similar apparatus on the flow line of wells, and except as to gas being used for repressuring or recycling purposes, Lessee shall, prior to the sale or use of gas from such well, install and use such apparatus on any well or wells capable of producing liquid hydrocarbons in paying commercial quantities.

B. On Gas (which for the purposes of this lease, includes all vaporous or gaseous substances and specifically includes the residue gas remaining after manufacture or extraction of any gasoline or other petroleum products),

i. produced, saved and sold from the leased premises, 25% of the amount received by Lessee or 25% of the amount of the best price which could have been received by Lessee in the exercise of reasonable diligence, whichever is the higher; and/or

ii. produced, saved and used off the leased premises, but not sold, 25% of the market

value at the time and place of use.

C. Where gas from a well producing gas only is not sold because there is no market or demand therefor, Lessee may pay as royalty $50.00 per acre (subject to proportionate reduction as set forth in Article VII below) per year, such payment to be made on or before the thirtieth (30th) day after the date that such a well is shut in, and if such payment is timely made it will be considered that gas is being produced within the meaning of Article II of this Lease.

D. Gas which may be disposed of for no consideration to Lessee through unavoidable waste or leakage or in order to recover oil or other liquid hydrocarbons or returned to the ground shall not be deemed to have been sold or used off the leased premises within the meaning expressed or implied of any part of this Lease.

IV. Notwithstanding anything contained in this lease to the contrary, if during the primary term of this lease Lessee, its successors, agents, brokers or assigns, acquires an Oil, Gas and Mineral Lease within the lands leased herein and within a one (1) mile radius of the outside boundaries of the lands leased herein for bonus consideration, rentals and/or royalties on a per acre basis which exceed the bonus consideration, delay rentals and/or royalties provided for in this lease, this lease shall promptly be amended to reflect the bonus consideration, delay rentals and/or royalties identical to the consideration paid for the subsequent lease.

V. If at the expiration of the primary term oil and gas or any of them are not being produced on said leased premises or on land pooled therewith but Lessee is then engaged in operations thereon, or if Lessee shall have ceased operations or production on said leased premises or on land pooled therewith within ninety days prior to expiration of the primary term, this Lease shall remain in force so long thereafter as the same or other operations are prosecuted (on the same or different wells) with no cessation of more than ninety (90) consecutive days and whether or not they result in the production of oil or gas and as long thereafter as oil or gas are produced from or operations are prosecuted (on the same or different wells) on said leased premises or on land pooled therewith, with no cessation of more than ninety (90) consecutive days. If after the expiration of the primary term production should cease for any reason other than lack of market or demand for production, this Lease shall remain in force so long thereafter as operations are prosecuted (on the same or different wells) with no cessation of more than sixty (60) consecutive days, and whether or not said operations result in the production of oil or gas and as long thereafter as oil or gas are produced from or operations are prosecuted on same or different wells on said leased premises or on lands pooled therewith with no cessation of more than sixty (60) consecutive days. Whenever used in this Lease, the word "operations" means and includes operations for and the drilling, testing, completing, recompleting, reworking, deepening, plugging back or repairing of a well or hole, repairing or replacing production equipment or any other operations in search of or in an effort to obtain or reestablish production of oil or gas in paying quantities.

VI. The rights of the Lessee may not be assigned except upon written consent of Lessor. Should Lessor grant Lessee permission to assign all or a portion of this Lease or the rights thereunder, Lessee shall remain primarily liable to Lessor for the performance of the terms, conditions, covenants and obligations of this Lease, and such consent shall not serve to diminish the obligations of Lessee hereunder. Any assignment of all or a part of this Lease by Lessee shall not be effective until such time as the transferee has executed a ratification of this Lease which is acceptable to Lessor. The provisions hereof shall extend to the heirs, successors and assigns of the parties hereto, but no change or division in ownership of the land, minerals or royalties however accomplished shall operate to enlarge the obligation or diminish the rights of Lessee; and no such changes in ownership shall be binding on Lessee nor impair the effectiveness of any payments made hereunder until Lessee shall have been furnished, forty-five (45) days before payment is due, a certified copy of recorded instrument evidencing any transfer, inheritance, sale or other change in ownership.

VII. This Lease is executed WITHOUT WARRANTY OR COVENANT OF TITLE OR ANY OTHER WARRANTY WHATSOEVER, EITHER EXPRESS OR IMPLIED; AND FURTHER, LESSOR MAKES NO WARRANTY OR REPRESENTATION TO LESSEE THAT THE ACREAGE SUBJECT TO THIS LEASE HAS NOT PRESCRIBED OR MAY NOT PRESCRIBE UNDER LOUISIANA LAW TO THE DEROGATION OF LESSOR'S AND/OR LESSEE'S RIGHT, TITLE AND INTEREST THERETO. If Lessor owns a mineral interest in the leased premises less than the entire fee simple estate, then the royalties and other payments to be paid Lessor shall be reduced proportionately.

VIII. LESSEE AGREES TO PROTECT, INDEMNIFY AND HOLD LESSOR HARMLESS, FREE AND CLEAR OF AND FROM ALL LIENS, CLAIMS, DEMANDS, ACTIONS AND CAUSES OF ACTION OF WHATSOEVER NATURE, INCLUDING BUT NOT LIMITED TO ENVIRONMENTAL INVESTIGATIONS, REGULATORY PROCEEDINGS OR LITIGATION, WITH ALL RELATED COURT

COSTS AND ATTORNEY'S FEES, ARISING OUT OF OR IN CONNECTION WITH ALL OPERATIONS CONDUCTED BY LESSEE AND/OR LESSEE'S CONTRACTORS, SUB-CONTRACTOR, LICENSEES, EMPLOYEES, CONSULTANTS, AGENTS AND ALL OTHER PERSONS WORKING ON OR NEAR THE LEASED PREMISES OR ACREAGE POOLED THEREWITH, AND AGREES TO PROMPTLY PAY ALL BILLS OR COSTS FOR LABOR AND OTHER ITEMS RELATED TO CLAIMS OR DAMAGES HEREUNDER. AS TO ANY WELL WHICH LESSEE HAS DRILLED ON THE LEASED PREMISES WHICH CEASES PRODUCTION, LESSEE SHALL BE REQUIRED TO PLUG AND ABANDON SAME AND SHALL ALSO LEVEL ALL DUMPS, FILL IN ALL PITS, REMOVE ALL DEBRIS AND OTHERWISE RESTORE THE SURFACE OF THE LAND TO SUBSTANTIALLY THE SAME CONDITION AS IT WAS BEFORE THE COMMENCEMENT OF SUCH OPERATIONS. ALL OPERATIONS CONDUCTED ON THE LEASED PREMISES SHALL COMPLY WITH ALL APPLICABLE LAWS, REGULATIONS, ORDINANCES AND PERMITS.

IX. All notices to be given Lessor pursuant to this Lease shall be given to Petro-Hunt, L.L.C., Attention: Pete Arnett, 1601 Elm Street, Suite 3400, Dallas, Texas 75201, whose telephone number is (214) 880-8434.

X. All terms and express or implied covenants of this Lease shall be subject to all federal and state laws, executive orders, rules or regulations, and this Lease shall not be terminated, in whole or in part, nor Lessee held liable in damages for failure to comply herewith if compliance is prevented by any such law, order, rule or regulation.

XI. A. The term "Force Majeure" as used herein shall mean and include: Requisition, order, regulation or control by governmental authority or commission, exercise of rights of priority or control by governmental authority for national defense or war purposes resulting in delay in obtaining or inability to obtain either material, equipment or means of transportation normally necessary in prospecting or drilling for oil or gas or in producing, handling or transporting same from leased premises, war, acts of terrorism, scarcity of or delay in obtaining materials or equipment, lack of labor or by means of transportation of labor or material, Acts of God, insurrection, flood, strike or other things beyond the control of Lessee.

B. If by reason of Force Majeure, as herein defined, Lessee is prevented from or delayed in drilling, completing or producing any offset well or wells for oil or gas on the leased premises or lands pooled therewith, then while so prevented or during the period of such delay, Lessee shall be relieved from all obligations whether express, implied or imposed on Lessee under this Lease, to drill, complete or produce such well or wells on the leased premises or lands pooled therewith, and Lessee shall not be liable in damages and this Lease shall not be subject to cancellation for failure of Lessee to drill, complete or produce such well or wells during the time Lessee is so relieved from all obligations to do so.

XII. Notwithstanding anything to the contrary contained herein, after the end of the primary term, this Lease shall not be continued in effect for a cumulative period of more than two (2) years by means of payment of shut-in royalty (Article III. C.), by Force Majeure (Article XII.) or by any other means or any combination of the means mentioned herein, except the actual production of oil or gas or both in paying commercial quantities from the leased premises or lands with which the premises are pooled hereunder or additional drilling operations or reworking operations in compliance with Article V.

XIII. Subject to Lessee's safety rules and regulations, Lessee shall permit representatives of Lessor at its sole cost, risk and expense to have full and free access at all times to the test well and to the derrick floor whether such well is located on the leased premises or lands pooled therewith as to each well drilled on the leased premises or on acreage pooled therewith. Lessee shall provide Lessor's representatives, at Lessee's expense, the notices and information set forth on Exhibit "A" attached hereto, and the following information immediately upon acquisition of same, to-wit:

A. Copy of Application to Drill, location plat filed with the State Regulatory Body, a copy of the Permit and Permit Number Issued in response thereto;

B. Derrick floor and ground level elevation;

C. Daily Drilling Report containing full information relative to the drilling progress of said test well, commencing with clearing the location and moving in material and equipment including all current formation top calls;

D. Copy of well record logs;

E. Properly notarized copy of the completion record form, if the test well is a producer, or a properly notarized copy of the plugging and abandoning record, if the test well is a dry hole;

F. Core description and core analyses, if performed;

G. Record of open flow potential test in the event said well is a gas well;

H. Results of all tests made on said well as and when made, including records of all drill stem tests with copy of bottom hole pressure chart furnished by the service company, accurate description of recovery and test results and copies of all other production test records;

I. Two copies of an electrical log survey of the well bore from the bottom of the surface casing to the total depth as well as two copies of any and all well or electrical logs, micrologs, section gauges, temperature surveys, radioactive logs, mud analyses logs, drilling time logs and any and all logs or surveys made of the well, except seismic velocity surveys, AS AND WHEN PRELIMINARY RUNS THEREOF ARE MADE, and a composite log upon completion of the well. Lessor, at its sole expense and risk (including payment of rig time and other expenses for which Lessee would otherwise be responsible, and liability for damage to persons, property and the well) may lower geophones in the well to make seismic velocity surveys as sole property of Lessor;

J. Upon request, samples of all cores, a set of formation drilling samples and representative samples of fluid recovered on formation tests; and

K. A geological sample description log indicating all shows of oil and/or gas and geological horizons made by a person qualified to make such log, except where this requirement is specifically waived.

Subject to Lessee's safety rules and regulations, Lessee shall permit representatives of Lessor at its sole cost, risk and expense to have full and free access at all times to the test well and to the derrick floor whether such well is located on the leased premises or lands pooled therewith as to each well drilled on the leased premises or on acreage pooled therewith. Lessee shall notify Lessor of any of the following events at the time and in the manner shown sufficiently in advance thereof to enable Lessor to have a representative present at the well to witness:

i. The spudding of said test well;

ii. All drill stem or any other tests of said well;

iii. The running of any electrical log or other survey that Lessor is entitled to receive;

iv. Any coring operation;

v. The measurement of the total depth of said test well; and

vi. Any plugging operation.

Upon encountering any formation containing oil or gas in reasonably substantial quantity or pressure, Lessee shall immediately notify Lessor of such fact by orally informing Lessor's representative at the well site or by notice to Lessor by telephone or telegraph at the address provided above if such representative is not at the drill site.

L. Lessor, at its sole cost, risk and expense, may conduct any tests or logging it desires on a well situated on the leased premises. Results from such operations shall be the sole property of Lessor.

XIV. A. If Lessee drills a well on the leased premises and decides to plug and abandon said well as a dry hole with or without having run casing therein, it shall immediately notify Lessor of such decision and shall furnish Lessor with a copy of the logs it is required to run pursuant hereto. Lessor shall have twenty-four (24) hours (exclusive of Saturdays, Sundays and legal holidays), and after receipt of such notice and logs, within which to elect to take over the well for the purpose of conducting such additional drilling, testing, completion or other operations thereon as it desires. If Lessor elects not to take over the well or fails to advise Lessee of its election within said period of time, then the well shall be forthwith plugged and abandoned by Lessee at its sole risk, cost and expense.

B. If Lessor elects to take over the well, it shall have the right to and shall promptly take possession thereof and of such materials, equipment and drilling tools thereon, therein and at the well site, owned or controlled by Lessee, which Lessor desires to use in connection with its further operations; Lessor shall pay or reimburse Lessee for such materials, equipment and drilling tools so used, to the extent of such use, as follows:

i. The reasonable net salvage value of casing, materials and equipment in and on the well which could have been salvaged by Lessee if Lessor had not taken over the well;

ii. Reasonable compensation for any materials and equipment at the well site owned or controlled by Lessee which will have no salvage value after use by Lessor; and

iii. If Lessor elects to use the drilling tools and equipment in use at the well by Lessee, then payment for such use shall be made:

a. at the going rate in the area if the tools belong to Lessee; or

b. at the rate set forth in the drilling contract if the tools belong to a drilling contractor or other party controlled by Lessee.

If Lessor elects to use its own or other drilling tools, then Lessee shall, at its expense, promptly remove from the well site the tools used by Lessee.

C. If Lessor takes over the well, then, and in that event:

i. Lessee shall be deemed to have released and relinquished to Lessor all of its right, title and interest in and to the well, operating rights therein, production therefrom and the leased premises included in the drilling, spacing and proration unit therefor;

ii. All operations thereon by Lessor after the take-over, including plugging and abandoning, shall be at Lessor's sole risk and expense, but Lessor shall not be liable for any cost, expense or obligation for or in connection with operations conducted on the well prior to such take-over; and

iii. Notwithstanding anything herein to the contrary, Lessee shall not be deemed to have released and relinquished to Lessor more than a proportionate interest in such well, production and unit, which proportion shall be that which the leased premises derived hereunder from Lessor bears to the total acreage in such unit.

XV. Lessee, at its option, is hereby given the right and power at any time prior to the establishment of production on the leased premises or acreage to be pooled therewith to pool or combine the leased premises covered by this Lease, or any portion thereof (not to be less than 50% of the acreage described in this lease of the total acreage pooled within any one unit), with other land, lease or leases and mineral interests in the immediate vicinity thereof, when, in Lessee's judgment, it is necessary or advisable to do so in order to properly explore, develop or operate said premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises or to prevent waste or to avoid the drilling of unnecessary wells or to comply with the spacing or unitization order of any Regulatory Body of the State of Louisiana or the United States having jurisdiction, provided however, that Lessor shall have the right to approve the size, shape and configuration of any such unit so formed except a unit formed pursuant to a valid order of any Regulatory Body having jurisdiction. The term "Regulatory Body" shall include any governmental officer, tribunal or group (civil or military) issuing orders governing the drilling of wells or the production of minerals. Such pooling shall be of adjacent tracts which will form a reasonably compact (but not necessarily contiguous) body of land for each unit, and the unit or units so created shall not exceed forty (40) acres for each well for oil exploration or production and one hundred sixty (160) acres each for each well for gas and gas-condensate exploration or production unless a larger spacing pattern or larger drilling or production units (including a field or pool unit) shall have been fixed and established by an order of a Regulatory Body of the State of Louisiana or of the United States, in which event the unit shall be the same as fixed by said order. Lessee shall execute and file for record in the Records of the Parish of **CATAHOULA** in which the land herein leased is situated a declaration describing the pooled acreage; and upon such filing, the unit or units shall thereby become effective, except that when a unit is created by order of a Regulatory Body the pooling shall be effective as of the effective date of such order, and no declaration shall be required in connection therewith. The royalties herein elsewhere specified shall be computed only on the proportionate part of the production from any pooled unit that is allocated to the land herein described, and unless otherwise allocated by order of a Regulatory Body, the

amount of production to be so allocated from each pooled unit shall be that proportion of such total production that the surface area of the land affected hereby and included in the unit bears to the total surface area of all the lands included in such pooled unit. Drilling or reworking operations on or production of oil and/or gas from land included in such pooled unit shall have the effect of continuing this Lease in force and effect during and after the primary term as to all of the land covered hereby and as to all strata underlying said land, whether or not such operations be or such production be from land covered hereby. Any unit formed by Lessee hereunder must be created prior to the establishment of production from the unit well. Separate units may be created for oil and for gas or for separate stratum or strata of oil or gas, even though the areas thereof overlap, and the creation of a unit as to one mineral or strata or stratum shall not exhaust the right of Lessee (even as to the same well) to create different or additional units for other minerals or for other strata or stratum of the same or other minerals. Lessee shall obtain Lessor's approval of any amendment to any unit formed pursuant to this Article prior to such amendment, unless such unit is amended by order of a Regulatory Body. The failure of the leasehold title (in whole or in part) to any tract or interest therein included in a pooled unit shall not affect the validity of said unit as to the tracts or interests not subject to such failure, but the unit may thereafter be revised as hereinafter provided. Lessee shall have the right and power to reduce and diminish the extent of any unit created under the terms of this paragraph so as to eliminate from said unit any interest or lease to which title has failed or upon which there is or may be an adverse claim. Such revision of the unit shall be evidenced by an instrument in writing executed by Lessee which shall describe the lands included in the unit as revised and shall be filed for record in the Records of the Parish of **CATAHOULA** where the lands herein are situated. The revised declaration shall not be retroactive but shall be effective as of the date it is filed for record. Any unit created by Lessee hereunder shall also be revised so as to conform with an order of a Regulatory Body issued after said unit was originally established; such revision shall be effective as of the effective date of such order without further declaration by Lessee, but such revision shall be limited to the stratum or strata covered by said order and shall not otherwise affect the unit originally created.

XVI. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and such well or wells are draining the leased premises, Lessee agrees to drill offset wells or cause an existing well or wells to be completed in the formation or horizon in which drainage is occurring. Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under similar circumstances. For the purpose of this Article, it shall be conclusively presumed that an oil well within 660 feet or a gas well within 1,320 feet of the leased premises is draining the leased premises; it being understood, however, that this conclusive presumption shall not preclude Lessor from claiming drainage from offset wells located at greater distances from the leased premises but is merely for the purpose of obviating the necessity of proof of drainage within the prescribed limits. Failure on the part of Lessee to comply with the provision of this Article within sixty (60) days from the date that any such well causing drainage (as that term is defined in this Article) is completed and commences production into a sale line or tank facility shall cause this Lease to terminate as to all acreage offsetting the well draining the leased premises. In the event the cancellation or termination of this provision under this Article, Lessee agrees and obligates itself to deliver to Lessor a recordable release of this Lease as to acreage being drained. For the purpose of this Article, it shall be conclusively presumed that leased lands within 660 feet from the drilling or proration unit for the offending oil well and within 1,320 feet from the drilling or proration unit for the offending gas well are being drained unless a greater area is being drained, and said release shall specify, describe or recite the greater of areas determined in the manner expressed in this sentence.

XVII. Notwithstanding anything contained herein to the contrary, at the expiration of the primary term hereinabove recited, or, if Lessee is engaged in drilling, reworking, completion, or recompletion operations within 90 days prior to the expiration of the primary term, the end of the first ninety (90) consecutive day period after such drilling, reworking, completion, or recompletion operations in which there were no operations for the drilling of a new well on the leased premises or on land pooled therewith, whichever is later, this Lease shall automatically terminate with respect to all the leased premises not then included within the surface boundaries of a production and/or proration unit, and as to all depths, subject to the depth limitations set forth above, on a unit by unit basis, below the stratigraphic equivalent of 100 feet below the deepest depth drilled in such unit.

XVIII. In the event of termination or forfeiture of this lease for any cause, in whole or in part, Lessee shall promptly execute and record a proper instrument of release, releasing from the terms hereof all those portions of the leased premises as to which said lease may have terminated or been forfeited; and Lessee shall promptly furnish Lessor an executed certified recorded copy thereof.

XIX. Lessor shall have the continuing, separate and distinct right and option at all times and from time to time, exercisable upon thirty (30) days notice either orally or in writing, to purchase all or any part of the crude oil condensate, distillate, casinghead gasoline and other liquid hydrocarbons or either of them, herein called "oil", produced and saved from or allocated to the interest leased to Lessee pursuant hereto. The price to

be paid therefor shall be the price posted by the major oil purchaser for oil of like grade and gravity on the date of delivery in the district where said leased premises are located, the average thereof if there be more than one purchaser, or if there is no posted price, then the average price being paid for oil of like grade and gravity by the purchasing companies buying oil in the field where such premises are located. Upon each exercise of such option, the Lessor shall have the right to terminate such purchase at any time thereafter upon thirty (30) day's notice.

XX. Prior to the commencement of drilling operations or to the construction of any roads, pipelines, locations or other facilities on any part of the leased premises, Lessee shall notify Sustainable Forests, L.L.C., Attention: Regional Manager, P. O. Box 30001, Shreveport, Louisiana 71130, or the surface owner of record if Sustainable is not the surface owner. Such notice shall include a survey plat showing the area to be used for the proposed operation(s) and be provided for the purpose of determining surface damages.

XXI. Lessee shall exercise the right of access to the leased property described herein solely for the business purposes of seeking, acquiring and producing oil and gas. No hunting, fishing or other activities are to be conducted on said leased property which includes possession or discharging of firearms or other weapons. There shall be no consumption, use or possession of alcohol or other prohibited or controlled substances on the leased premises.

XXII. Notwithstanding anything herein to the contrary, it is distinctly understood that, at the conclusion of any and all operations hereunder, the Lessee will return the land hereinabove described to its original condition as reasonably possible and shall perform all acts necessary to fully remediate the leased premises to render and leave same in full compliance with Louisiana State Order 29-B and/or any and all other federal or state statutory or regulatory provisions and/or requirements.

XXIII. The foregoing grant is a non-exclusive privilege conveyed to Lessee hereunder, and Lessor retains and reserves all of its ownership rights in said minerals, including but not limited to the right to acquire its own seismic data on the lands subject to this agreement or to grant additional non-exclusive third party permits and contractual rights thereto. Provided that Lessee can do so without violating any licensing agreements, Lessee hereby agrees to provide Lessor copies of all seismic data shot by Lessee and/or Lessee's agents or assigns on the lands subject to this agreement. Lessee shall use its reasonable efforts to obtain approval under any licensing agreements to provide Lessor with such data, but failure to obtain such approval after such efforts shall relieve Lessee from the obligation to provide the prohibited data to the Lessor. Said data shall include the data covering the entire governmental section for any lands that data is acquired by Lessee on Lessor's lands covered herein.

XXIV. Lessee understands and agrees that all operations hereunder shall be conducted in accordance and compliance with all applicable federal, state and local laws, rules, regulations and requirements, including but not limited to, those relating to environmental and safety matters; and, it shall be the sole and exclusive responsibility of Lessee to assure and enforce compliance with same. Failure by Lessee to fulfill the requirements of this paragraph XXV shall constitute a breach of this OIL AND GAS LEASE, which, if not cured by lessee within thirty (30) days of Notice to do so by Lessor, shall result in cancellation of this OIL AND GAS LEASE by Lessor and termination of all of Lessee's rights (but continuing all of Lessee's clean-up and remediation obligations) hereunder.

IN WITNESS WHEREOF this Lease is executed as of the date first mentioned above.

LESSOR

PETRO-HUNT, L.L.C.

WITNESSES:

Peter H. Arnett

By: _____
BRUCE W. HUNT, President

ATTEST:

By: _____
R. FRED HOSEY, Secretary

LESSEE

AXIS ONSHORE, L.P.

WITNESSES:

Diana Turck

Marcia Allen

By: James P. Ryan
President

ACKNOWLEDGEMENTS

STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on this ~~9th~~ 14th day of ~~December~~ January, ~~2008~~ 2009, by BRUCE W. HUNT, President of PETRO-HUNT, L.L.C., a Delaware limited liability company, on behalf of said company.

My Commission Expires:

6-24-2012

Susan M. LeCroy
NOTARY PUBLIC STATE OF TEXAS

SUSAN M. LECROY NOTARY PUBLIC STATE OF TEXAS EXPIRES 06-24-2012

STATE OF ~~LOUISIANA~~ TEXAS §
§
PARISH OF COUNTY OF DALLAS §

This instrument was acknowledged before me on this 9th day of December, 2008, by James P. Ryan, President for AXIS ONSHORE, L.P., a Delaware Limited Partnership on behalf of said company.

My Commission Expires:

May 28, 2012

NOTARY PUBLIC STATE OF TEXAS

CRISTINA R. HAYES
Notary Public, State of Texas
My Commission Expires
May 28, 2012

EXHIBIT "A"

Attached to and made a part of that certain Oil and Gas Lease dated December 5, 2008, made, between Petro-Hunt, L.L.C., "Lessor", and AXIS ONSHORE, L.P., "Lessee", covering property situated in Catahoula Parish, Louisiana.

Operator: AXIS ONSHORE, L.P. Well: _____

Location: _____

PETRO-HUNT, L.L.C. requires the following information (including location plat with ground elevation, approved drilling permit, and casing program with first report) to be provided by telephone, telecopy, email or mail as indicated. The telephone numbers and mailing addresses are as follows:

Telephone:	(214) 880-8442
FAX:	(214) 880-7101 (214) 880-7131
Email Address:	phdailyreports@petrohunt.com
Mailing Address:	Petro-Hunt, L.L.C. Attn: Jesse Moffett 1601 Elm Street, Suite 3400 Dallas, Texas 75201 Jmoffett@petrohunt.com

INFORMATION	REPORTING PROCEDURE		
	Telephone	Email or Telecopy	Mail
1. Location plat with elevation, Application to Drill, and Drilling Permit with number.		X	
2. Daily drilling report each morning of regular working day including clearing location and moving on location.		X	X
3. All regulatory reports required to be filed while drilling.		X	
4. Mud log reports and final mud logs on detail and correlation scales.		X	
5. Final copy of core description.		X	X
6. Core Analysis.		X	X
7. Daily Completion Reports for all work & Location Tests	X	X	
8. 24 hour notice of any DST'S.	X	X	
9. 24 hour notice of any logging operations.	X	X	
10. Records of all drill stem tests and test data with copy of bottom hole pressure chart from service company.		X	
11. Three final prints and reproducible copy of all open and cased hole logs on a 1"= 100', 2"= 200' and 5"= 100' scale.			X
12. Copy of all open hole Logs on LAS Format			X
13. Two copies of all velocity surveys.			X
14. Copy of all Regulatory completion reports including initial potential test.			X
15. Plug and abandon report.			X
16. Complete well history from spud to completion or plug and abandonment.			X
17. Re-potential tests.			X
18. Sundry notices.			X
19. Regulatory monthly production reports.		X	
20. Payout reports and notice.			X

We reserve the right to request that any item of information listed above be provided to other individuals employed by Petro-Hunt, L.L.C.

All other miscellaneous correspondence directed to this company such as, but not limited to, AFE proposals and proposals to drill additional wells should be mailed to:

Petro-Hunt, L.L.C.
Attn: Pete Arnett
1601 Elm Street, Suite 3400
Dallas, Texas 75201
(214) 880-8434
Fax: (214) 880-7101

ADDITIONAL DISTRIBUTION

The information to be mailed above should also be mailed to the following individuals:

Dale Hostenske
1601 Elm Street, Suite 3400
Dallas, Texas 75201
(214) 880-7129
Fax: (214) 880-7101

Gene McLeod
300 Shell Oil Road
Brandon, Mississippi 39043
(601) 845-2252
Fax: (601) 845-4218

Charles Rigdon
1601 Elm Street, Suite 3400
Dallas, Texas 75201
(214) 880-8413
Fax: (214) 880-7101

57-0007-01
North Long Branch

Placid Fee NLB #3

OIL AND GAS LEASE

STATE OF LOUISIANA §
§
PARISH OF CATAHOULA §

THIS AGREEMENT, made this 4th day of September, 1992, but effective as of August 11, 1992, by and between PLACID OIL COMPANY, a Delaware Corporation with offices at Thanksgiving Tower, 1601 Elm Street, Suite 3800, Dallas, Texas 75201, hereinafter called "LESSOR" and JUSTISS OIL COMPANY, INC., P.O. Box 1385, Jena, Louisiana 71342-1385 hereinafter called "LESSEE", WITNESSETH THAT:

1. Lessor in consideration of the royalties herein provided, and of the agreement of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee (for the purpose of investigating, exploring, prospecting and drilling for and producing oil and gas) the following described land in Catahoula Parish, State of Louisiana to-wit:

Township 6 North, Range 6 East, Section 29: SE¼NE¼

This lease shall be limited to strata and/or zones from the surface of the earth down to and including a depth of 5900 feet and its stratigraphic equivalent as found in the Placid Fee 29-8 #1 Well located on said lands. All other rights are reserved by Lessor.

For the purposes of Articles 3 (d) and 9 (c) of this lease, the leased premises shall be conclusively presumed to comprise 40 acres, whether there be more or less.

2. Subject to the terms and conditions hereinafter set forth, this lease shall be for a term of ninety (90) days from the date hereof (hereinafter referred to as the "primary term") and as long thereafter as oil or gas is produced in paying quantities from the leased premises or lands pooled therewith.

3. Lessee shall pay to Lessor monthly as a royalty:

(a) On oil (which for the purposes of this lease includes all hydrocarbons produced at the well in liquid form by ordinary production methods), 27.5% of the amount received by Lessee for all oil produced and saved from the leased premises, or, at Lessor's option, Lessee will deliver to Lessor's credit free of cost to Lessor, in the pipe line or plant or storage tanks to which the well or wells may be connected, 27.5% of all oil produced and saved from the leased premises. The royalties here set forth for oil shall also be paid on all gasoline or other petroleum products manufactured or extracted from any gas produced from the leased premises, but Lessee may deduct from royalties on such gasoline or other petroleum products, the actual costs, not to exceed the fair and reasonable cost, of such manufacture or extraction. No deductions for extraction costs shall be made for liquid hydrocarbons recovered by use of drip, separator or similar apparatus on the flow line of wells, and except as to gas being used for repressuring or recycling purposes, Lessee shall, prior to the sale or use of gas from such well, install and use such apparatus on any well or wells capable of producing liquid hydrocarbons in paying commercial quantities.

(b) On gas (which for the purposes of this lease, includes all vaporous or gaseous substances and specifically includes the residue gas remaining after manufacture or extraction of any gasoline or other petroleum products),

(i) produced, saved and sold from the leased premises, 27.5% of the amount received by Lessee or 27.5% of the amount of the best price which could have been received by Lessee in the exercise of reasonable diligence, whichever is the higher.

(ii) produced, saved and used off the leased premises, but not sold, 27.5% of the market value at the time and place of use.

(c) On oil or gas sold (or used but not sold) outside the field from which produced, Lessee may deduct, from the royalties set forth in (a) and (b) above, the actual cost, not to exceed the fair value of transporting same from the field to the point of sale or, if same is not sold, to the point of use.

(d) Where gas from a well producing gas only is not sold because of no market or demand therefor, Lessee may pay as royalty $5.00 per acre (subject to proportionate reduction as set forth in Article 6 below) per year, such payment to be made on or before the thirtieth (30th) day after the date

that such a well is shut in, and upon such payment it will be considered that gas is being produced within the meaning of Article 2 of this lease.

(e) Gas which may be disposed of for no consideration to Lessee, through unavoidable waste or leakage, or in order to recover oil and other liquid hydrocarbons, or returned to the ground, shall not be deemed to have been sold or used off the leased premises, within the meaning expressed or implied of any part of this lease.

4. If at the expiration of the primary term, oil and gas or any of them are not being produced on said leased premises or on land pooled therewith but Lessee is then engaged in operations thereon, or if Lessee shall have ceased operations or production on said leased premises or on land pooled therewith within ninety (90) days prior to expiration of the primary term, this Lease shall remain in force so long thereafter as the same or other operations are prosecuted (on the same or different wells) with no cessation of more than ninety (90) consecutive days, and, whether or not they result in the production of oil or gas as long thereafter as oil or gas are produced from or operations are prosecuted (on the same or different wells) on said leased premises or on land pooled therewith, with no cessation of more than ninety (90) consecutive days. Whenever used in this Lease, the word "operations" means and includes operations for and the mining, drilling, testing, completing, recompleting, reworking, deepening, plugging back or repairing of a well or hole, repairing or replacing production equipment, or any other operations, in search for or in an effort to obtain or reestablish production of oil or gas and includes the production of leased substances whether or not in paying quantities. All operations hereunder shall be deemed to be continuously prosecuted if not more than ninety (90) consecutive days elapse between the completion of all operations at one well or location and the commencement or recommencement of operations at the same or, another well or location.

5. The rights of the Lessee may not be assigned except upon written consent of Lessor. The provisions hereof shall extend to the heirs, successors and assigns assigns of the parties hereto, but no change or division in ownership of the land, minerals or royalties however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such changes in ownership shall be binding on Lessee nor impair the effectiveness of any payments made hereunder until Lessee shall have been furnished, forty-five (45) days before payment is due, a certified copy of recorded instrument evidencing any transfer, inheritance, sale or other change in ownership.

6. This lease is executed WITHOUT WARRANTY OR COVENANT OF TITLE OR ANY OTHER WARRANTY WHATSOEVER, EITHER EXPRESS OR IMPLIED EVEN AS TO THE RETURN OF THE CONSIDERATION THEREFOR. If Lessor owns a mineral interest in the leased premises less than the entire fee simple estate, then the royalties to be paid Lessor shall be reduced proportionately.

7. All notices to be given Lessor pursuant to this lease shall be given to Placid Oil Company, Attention: Land Manager, Land Department, 3800 Thanksgiving Tower, Dallas, Texas 75201.

8. All terms and express or implied covenants of this lease shall be subject to all Federal and State Laws, executive orders, rules or regulations, and this lease shall not be terminated, in whole or in part nor Lessee held liable in damages, for failure to comply herewith, if compliance is prevented by any such law, order, rule or regulation.

9. (a) The term "Force Majeure" as used herein shall mean and include: Requisition, order, regulation or control by governmental authority or commission, exercise of rights of priority of control by governmental authority for National Defense or war purposes resulting in delay in obtaining or inability to obtain either material, equipment or means of transportation normally necessary in prospecting or drilling for oil or gas, or in producing, handling or transporting same from leased premises; war; scarcity of or delay in obtaining materials or equipment; lack of labor or by means of transportation of labor or material; Acts of God; insurrection; flood; strike; or other things beyond the control of Lessee.

(b) If by reason of Force Majeure as herein defined, Lessee is prevented from or delayed in drilling, completing or producing any offset well or wells for oil or gas on the leased premises or lands pooled therewith, then while so prevented or during the period of such delay Lessee shall be relieved from all obligations whether express or implied, imposed on Lessee under this lease, to drill, complete or produce such well or wells on the leased premises or lands pooled therewith, and Lessee shall not be liable in damages and this lease shall not be subject to cancellation for failure of Lessee to drill, complete or produce such well or wells during the time Lessee is so relieved from all obligations to do so.

(c) If upon or at any time after the expiration of the primary term hereof, while this lease is in force, Lessee cannot maintain same in effect because prevented by Force Majeure from fulfilling the particular requirement (operations on or continued production from the leased premises or lands pooled therewith, as the case may be) Lessee may continue this lease in effect during the time of the existence of such Force Majeure by payment to Lessor of an amount equal to $5.00 per acre on or before the end of the primary term or on or before the thirtieth (30th) day after the occurrence of Force Majeure, whichever is

the later date, and the payment to Lessor of an amount equal to $5.00 per acre every sixty (60) days thereafter for so long as such Force Majeure exists. Such payments when made shall continue this lease in effect for the time period specified within this Article. Any such payment shall be subject to proportionate reduction as set forth in Article 6 above. Nothing herein shall impair the right of Lessee to release this lease as to all or any portion of the leased premises and be relieved of all obligations thereafter accruing as to the acreage released.

10. Notwithstanding anything to the contrary contained herein, after the end of the primary term, this lease shall not be continued in effect for a cumulative period of more than one (1) year by means of payment of shut-in royalty (Article 3 (d)), by Force Majeure (Article 9) or by any other means or any combination of the means mentioned herein, except the actual production of oil or gas or both in paying quantities from the leased premises or lands with which the premises are pooled hereunder or additional drilling operations or reworking operations in compliance with Article 4.

11. Lessee agrees to protect, indemnify and hold Lessor harmless, free and clear of and from all liens, claims, demands, actions and causes of action whatsoever nature, arising out of or in connection with all operations conducted by Lessee on the leased premises or acreage pooled therewith, and agrees to promptly pay all bills for labor and other items. If any well which is drilled on the leased premises is plugged and abandoned, Lessee shall level all dumps, fill in all pits, remove all debris, and otherwise restore the surface of the land to substantially the same condition as it was before the commencement of such operations.

12. As to each well drilled on the leased premises or acreage pooled therewith, Lessee shall provide Lessor, at Lessee's expense, at the address set forth in Article 7 hereof the following information immediately upon acquisition of same, to-wit:

A. Copy of Application to Drill and location plat filed with the State Regulatory Body; and copy of Permit, and permit number, issued in response thereto.

B. Derrick floor and ground level elevation.

C. Daily Drilling Report by prepaid telephone calls to Placid Oil Company Drilling Department, 214-880-1254, containing full information relative to the drilling progress of said test well, commencing with clearing the location and moving in material and equipment including all current formation top calls.

D. Copy of well record log.

E. A copy of the completion record form, if the test well is a producer; or a copy of the plugging and abandoning record, if the test well is a dry hole; all such copies to be properly notarized.

F. Core description and core analyses, if run.

G. Record of open flow potential test in the event said test well is a gas well.

H. Results of all tests made on said well as and when made, including records of all drill stem tests with copy of bottom hole pressure chart furnished by the service company, accurate description of recovery and test results, and copies of all other production test records.

I. Two copies of an electrical log survey of the well bore from the bottom of the surface casing to the total depth as well as two copies of any and all well or electrical logs, micrologs, section gauges, temperature surveys, radioacive logs, mud analyses logs, drilling time logs and any and all logs or surveys made of the well, except seismic velocity surveys, AS AND WHEN PRELIMINARY RUNS THEREOF ARE MADE, and a composite log upon completion of the well. Lessor, at its sole expense and risk (including payment of rig time and other expenses for which Lessee would otherwise be responsible, and liability for damage to persons, property and the well) may lower geophones in the well to make seismic velocity surveys as sole property of Lessor.

J. Upon request, samples of all cores, a set of formation drilling samples, and representative samples of fluid recovered on formation tests.

K. A geological sample description log indicating all shows of oil and/or gas, and geological horizons, made by a person qualified to make such log except where this requirement is specifically waived.

L. Date of First Production.

Lessee shall permit representatives of Lessor to have full and free access at all times to the test well and to the derrick floor whether such well is located on the leased premises or lands pooled therewith. Lessee shall notify Lessor of any of the following events at the time and in the manner shown sufficiently in advance thereof to enable Lessor to have a representative present at the well to witness:

1. The spudding of said test well;
2. All drill stem or any other tests of said test well;
3. The running of any electrical log or other survey that Lessor is entitled to receive;
4. Any coring operation;
5. The measurement of the total depth of said test well;
6. Any plugging operation.

Upon encountering any formation containing oil or gas in reasonably substantial quantity or pressure, Lessee shall immediately notify Lessor of such fact by orally informing Lessor's representative at the well site, or by notice to Lessor by telephone or telegraph at the address provided in Article 7 hereof if such representative is not at the drill site.

13. Lessee, at its option, is hereby given the right and power at any time prior to the establishment of production on the leased premises or acreage pooled therewith, to pool or combine the leased premises covered by this lease, or any portion thereof, with other land, lease or leases and mineral interests in the immediate vicinity thereof, when, in Lessee's judgment, it is necessary or advisable to do so in order to properly explore or develop or operate said premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises or to prevent waste or to avoid the drilling of unnecessary wells or to comply with the spacing or unitization order of any Regulatory Body of the State of Louisiana or the United States having jurisdiction, provided however, that Lessor shall have the right to approve the size, shape and configuration of any such unit so formed except a unit formed pursuant to a valid order of any Regulatory Body having jurisdiction. The term "Regulatory Body" shall include any governmental officer, tribunal or group (civil or military) issuing orders governing the drilling of wells or the production of minerals. Such pooling shall be of adjacent tracts which will form a reasonably compact (but not necessarily contiguous) body of land for each unit, and the unit or units so created shall not exceed forty (40) acres for each well for oil exploration or production and one hundred sixty (160) acres each for each well or gas and gas-condensate exploration or production unless a larger spacing pattern or larger drilling or production units (including a field or pool unit) shall have been fixed and established by an order of a Regulatory Body of the State of Louisiana or of the United States, in which event the unit shall be the same as fixed by said order. Lessee shall execute and file for record in the Records of Catahoula Parish, Louisiana in which the land herein leased is situated a declaration describing the pooled acreage; and upon such filing, the unit or units shall thereby become effective, except that when a unit is created by order of a Regulatory Body the pooling shall be effective as of the effective date of such order, and no declaration shall be required in connection therewith. The royalties herein elsewhere specified shall be computed only on the proportionate part of the production from any pooled unit that is allocated to the land herein described; and unless otherwise allocated by order of a Regulatory Body, the amount of production to be allocated from each pooled unit shall be that proportion of such total production that the surface area of the land affected hereby and included in the unit bears to the total surface area of all the lands included in such pooled unit. Drilling or reworking operations on or production of oil, gas or other minerals from land included in such pooled unit shall have the effect of continuing this lease in force and effect during or after the primary term as to all of the land covered hereby (including any portion of said land not included in said unit and as to all strata underlying said land, whether or not such operations be or such production be from land covered hereby. Any unit formed by Lessee hereunder must be created prior to the establishment of production from the unit well. Separate units may be created for oil and for gas, or for separate stratum or strata of oil or gas, even though the areas thereof overlap, and the creation of a unit as to one mineral or strata or stratum shall not exhaust the right of Lessee (even as to the same well) to create different or additional units for other minerals or for other strata or stratum of the same or other minerals. Lessee shall obtain Lessor's approval of any amendment to any unit formed pursuant to this Article, prior to such amendment, unless such unit is amended by order of a Regulatory Body. The failure of the leasehold title (in whole or in part) to any tract or interest therein included in a pooled unit shall not affect the validity of said unit as to the tracts or interests not subject to such failure, but the unit may thereafter be revised as hereinafter provided. Lessee shall have the right and power to reduce and diminish the extent of any unit created under the terms of this paragraph so as to eliminate from said unit any interest or lease to which title has failed or upon which there is or may be an adverse claim. Such revision of the unit shall be evidenced by an instrument in writing executed by Lessee, which shall describe the lands included in the unit as revised and shall be filed for record in the Records of Catahoula Parish, Louisiana where the lands herein are situated.

The revised declaration shall not be retroactive but shall be effective as of the date it is filed for record. Any unit created by Lessee hereunder shall also be revised so as to conform with an order of a Regulatory Body issued after said unit was originally established; such revision shall be effective as of the effective date of such order without further declaration by Lessee, but such revision shall be limited to the stratum or strata covered by said order and shall not otherwise affect the unit originally created.

14. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and such well or wells are draining the leased premises, Lessee agrees to drill offset wells or cause an existing well or wells to be completed in the formation or horizon in which drainage is occurring, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under similar circumstances. For the purpose of this Article, it shall be conclusively presumed that an oil well within 660 feet or a gas well within 1320 feet of the leased premises is draining the leased premises; it being understood, however, that this conclusive presumption shall not preclude Lessor from claiming drainage from offset wells located at greater distances from the leased premises, but is merely for the purpose of obviating the necessity of proof of drainage within the prescribed limits. Failure on the part of Lessee to comply with the provision of this Article within thirty (30) days from the date that any such well causing drainage (as that term is defined in this Article) is completed shall cause this lease to terminate as to all acreage offsetting the well draining the leased premises. In the event the cancellation or termination of this provision under this Article, Lessee agrees and obligates itself to deliver to Lessor a recordable release of this lease as to acreage being drained. For the purpose of this Article, it shall be conclusively presumed that leased lands within 1320 feet from the drilling or proration unit for the offending oil well and within 2640 feet from the drilling and proration unit for the offending gas well are being drained unless a greater area is being drained, and said release shall specify, describe or recite the greater of areas determined in the manner expressed in this sentence.

15. Notwithstanding anything to the contrary contained herein, at the end of the primary term hereinbefore recited, this lease shall terminate with respect to all of the leased premises which is not included within the surface boundaries of a production and/or proration unit (as that term is defined in this lease) from which oil and/or gas is not being produced.

16. Lessor shall have the continuing, separate and distinct right and option at all times and from time to time, exercisable upon thirty (30) days' notice either orally or in writing, to purchase all or any part of the crude oil, condensate, distillate, casinghead gasoline, and other liquid hydrocarbons, or either of them, herein called "oil", produced and saved from or allocated to the interest leased to Lessee pursuant hereto. The price to be paid therefor shall be the price posted by the major oil purchaser for oil of like grade and gravity on the date of delivery in the district where said leased premises are located, the average thereof if there be more than one purchaser, or if there is no posted price, then the average price being paid for oil of like grade and gravity by the purchasing companies buying oil in the field where such premises are located. Upon each exercise of such option, the Lessor shall have the right to terminate such purchase at any time thereafter upon thirty (30) days' notice.

17. In order to secure the payment of Lessor's royalties, rentals and other sums which may become due and owing to Lessor under the terms hereof, Lessee does hereby pledge, transfer, assign, and convey unto Lessor, all Lessee's right, title and interest in and to this Lease, and all Oil, Gas and Minerals in and under and which may be produced from the lands covered hereby, together with the proceeds of the sale of such production and all accounts receivable arising from the sale thereof. The maximum amount of indebtedness secured by this pledge shall not exceed $10,000,000.00. If Lessee fails to pay such royalties, as same become due and owing, Lessee does hereby agree to pay interest on the amount thereof at the rate of 12% per annum until paid in full. Lessor directs and authorizes any and all purchasers of such oil, gas or other minerals produced from this lease and mineral rights to pay to said Lessee all of such proceeds until such time as purchasers have received written notice from Lessor of Lessee's default in payment of royalties, rentals or other sums due hereunder, together with a certified copy of this Lease with such pledge and assignment of production contained therein. Such purchasers shall be entitled to rely upon such written notice from Lessor of said default without further proof or evidence thereof, and shall, after receipt of same, pay to Lessor all such production and proceeds therefrom until such purchasers have been furnished with evidence that all indebtedness secured hereby has been paid and Lessee authorizes said Lessor to receive and collect all sums derived from said production, and the proceeds thereof, and no purchaser of production shall have any responsibility for the application of funds so paid to said Lessor. Lessee grants to Lessor the power of attorney (coupled with an interest) to execute on behalf of Lessee any division order or transfer order or similar contract or agreement necessary or useful to effectuate this pledge and assignment of production and other rights conveyed to Lessor as security for such indebtedness when necessary in Lessor's sole discretion to provide for payment of the royalties due Lessor hereunder. Lessee further agrees to execute and deliver, as requested by said Lessor, any and all transfer or division orders or other instruments submitted by any purchaser of production for the purpose of effectuating payment of such production or proceeds therefrom to said Lessor. Lessee authorizes said Lessor to apply all funds received by it under and by virtue of this pledge and assignment first to the payment of interest due on indebtedness secured by this pledge and then in reduction of the principal of such indebtedness, provided that said Lessor may, at its

option, and from time to time, release to Lessee any sums received, or portions thereof, in which event the said interest, and said indebtedness, shall be paid and extinguished only to the extent of the actual application of such funds to the payment thereof. Said Lessor and its successors may, but shall not be obligated to, enforce collection of such proceeds and shall not be subject to any liability or responsibility therefor, except to account to Lessee for funds actually received in excess of those applied to any indebtedness secured hereby. Lessee agrees to indemnify and hold harmless the lessor against any and all liabilities, actions, claims, judgments, costs, charges and attorneys' fees by reason of the assertion that the Lessor has received, either before or after the payment in full of the indebtedness secured hereby, funds from the production of oil, gas, other hydrocarbons and other minerals from this lease claimed by third persons, and the Lessor shall have the right to defend against any such claims or actions, employing attorneys of its own selection, and if not furnished with indemnity satisfactory to the Lessor, the Lessor shall have the right to compromise and adjust any claims, actions and judgments. In addition to the right to be indemnified as herein provided, all amounts paid by the Lessor in compromise, satisfaction or discharge of any such claim, action or judgment and all court costs, attorneys' fees and other expenses of every character incurred by the Lessor shall constitute indebtedness secured by this pledge and shall bear interest at the rate of twelve percent (12%) per annum until paid. Nothing contained in this paragraph shall detract from or limit the obligations of Lessee as provided in this Lease, regardless of whether the proceeds of runs herein assigned are sufficient to discharge any and all such obligations; and the rights under this pledge and assignment of runs shall be cumulative of all other security of any and every character now or hereafter existing to secure the payment of royalties, overriding royalties, and all other indebtedness or other obligations secured hereby.

18. This lease is made in accordance with and fully subject to all the terms and conditions of that certain Farmout Agreement dated April 27, 1990, as amended, between Placid Oil Company, but not limited to Paragraph 30, Call on Oil. Said Farmout Agreement is incorporated herein by reference for all purposes.

IN WITNESS WHEREOF, this lease is executed as of the date first written above.

WITNESSES:

PLACID OIL COMPANY (Lessor)

By: _____
P. G. CLARKE, Vice President

ATTEST: _____
DANIEL R. ROBINSON, Secretary

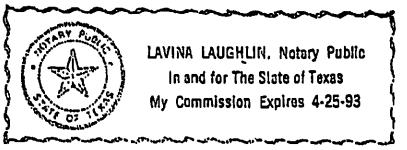
WITNESSES:

JUSTISS OIL COMPANY (Lessee)

By: _____
W. B. McCartney, Jr.
Vice President

ATTEST: _____
R. L. Wood
Secretary-Treasurer

ACKNOWLEDGEMENTS



STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME, a Notary Public in and for the State of Texas, on this day personally appeared P. G. Clarke, Vice President of PLACID OIL COMPANY, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledge to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 5th day of October, 1992.

My Commission Expires:

4-25-93

Lavina Laughlin

Print name: Lavina Laughlin
NOTARY PUBLIC
STATE OF TEXAS

STATE OF LOUISIANA §
§
PARISH OF LASALLE §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared W. B. McCartney, Jr., Vice President of JUSTISS OIL COMPANY, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledge to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 14th day of October, 1992.

~~My Commission Expires~~

My Commission is issued for life.

James T. Nugent

Print name: James T. Nugent
NOTARY PUBLIC
STATE OF LOUISIANA
PARISH OF LASALLE

State of Louisiana
Parish of Catahoula
I hereby certify that this is a true copy of the 7 page original instrument filed in this office at 12:31 P M Oct. 19 19 92
Registry No. 226909 and recorded in COB Book No. 168 Page No. 299 and
— Book No. — Page No. —
Given under my hand and seal this 19 day of Oct 19 92

Clerk & Ex-Officio Recorder

Petro-Hunt, L.L.C
1601 Elm St., Suite 3400
Dallas, Texas 75201
(214) 880-8434/ (214) 880-7101 fax

August 20, 2008

TDE Property Holdings, LP
16610 Dallas Parkway, Suite 2500
Dallas, TX 75248

Re: Consent to Assignment
OGL dated September 4, 1992
Placid Oil – Justiss Oil Company, Inc.
Recorded in Book 168, Page 299
Catahoula Parish, Louisiana

Gentlemen:

Reference is hereby made to that certain Oil and Gas Lease dated September 17, 2005 by and between Placid Oil Company, as Lessor and Justiss Oil Company, Inc., as Lessee, covering:

Township 6 North – Range 6 East
Section 29: SE/4NE/4

Subject lease being limited to the strata and/or zones from the surface of the earth down to and including a depth of 5,900 feet and its stratigraphic equivalent as fount in the Placid Fee 29-8 #1 well located on said lands with Lessor reserving all other rights.

In accordance with Paragraph 5. of subject lease, Petro-Hunt, L.L.C. hereby grants its consent for Justiss Oil Company, Inc. to assign all of its right title and interest in and to the aforementioned lease to TDE Property Holdings, LP, whose address is 16610 Dallas Parkway, Suite 2500, Dallas, TX 75248

The consent granted herein is with the explicit understanding that TDE Property Holdings, LP and its operator, AXIS ONSHORE, LP shall be subject to all terms and conditions of subject lease agreement. Also, as of a condition of the consent herein granted, TDE Property Holdings, LP hereby agrees to provide Petro-Hunt L.L.C. a copy of the recorded instrument of conveyance.

Petro-Hunt, L.L.C.

By: _____
Bruce W. Hunt
President

FARMOUT AGREEMENT

THIS AGREEMENT, made May 4, 1989 by and between the following parties:

FIRST PARTY:

Placid Oil Company
3900 Thanksgiving Tower
Dallas, TX 75201

SECOND PARTY:

El Toro Oil Company
P. O. Drawer M
Natchez, Mississippi 39120-1057

WITNESSETH THAT, First Party claims to be the owner of fee mineral interests and/or oil and gas mining lease(s), or interest(s) therein, insofar as said lease(s) and/or fee mineral interests cover certain land, said lease(s) and/or fee mineral interests and said land being more particularly described on the Schedule of Leases and/or Fee Mineral Interests attached hereto, made a part hereof for all purposes and marked Exhibit "A" for identification. The parties hereto have reached an agreement whereby First Party is to sublease and/or lease to Second Party said lease(s) and/or fee mineral interests, or an interest therein as provided below, subject to the reservations, terms and conditions of this agreement. NOW, THEREFORE, the premises considered, it is agreed as follows:

(1) On or before August 4, 1989 Second Party shall commence or cause to be commenced the actual drilling with suitable rotary tools of a test well for oil and gas at the following location in Catahoula Parish, Louisiana.

At a legal location subject to First Party's approval in
Township 6 North, Range 6 East
Section 29: SE¼

and shall thereafter continue or cause to be continued the drilling thereof with due diligence and in a workmanlike manner to the following objective depth:

6,000 feet, or a depth sufficient to adequately test the Wilcox formation.

(2) The entire risk, cost and expense of drilling, testing, completing, equipping to and including lease tanks if said test well is a producer, and of plugging and abandoning the same in accordance with applicable laws and regulations of any governmental authority having jurisdiction if said test well is a dry hole, shall be borne solely by Second Party; and First Party shall not be subject to any obligation or liability whatsoever in connection therewith.

(3) During the course of drilling of said test well Second Party shall save and preserve samples of drill cuttings made at such intervals as is usual and customary in the area where said test well is located, shall adequately test to First Party's satisfaction each prospectively productive formation and all showings of oil and gas which may be encountered which would be tested by a reasonable and prudent operator, and shall otherwise make a bona fide effort to complete said test well as a producer of oil and gas in paying quantities.

(4) Second Party shall permit representatives of First Party to have full and free access at all times to the test well and to the derrick floor, shall furnish said representatives full and complete information as and when received relative to all cores taken, drill stem

tests made, electrical logs run, formations encountered, and all other pertinent information obtained in the drilling of said well.

(5) Second Party covenants and agrees to furnish to First Party at Second Party's expense, as part of the consideration for the execution of this agreement by First Party, the data, notices and information on Exhibit "B" at the time the particular operation is performed or the particular report or other instrument is made or is filed with the appropriate regulatory body, regardless of whether said test well is completed as a producer or as a dry hole.

(6) In the event Second Party wishes to drill said test well below the depth or formation hereinabove indicated, it must first receive written permission from First Party. First Party shall be entitled at all times to all the rights, privileges, information and reports herein mentioned with respect to all operations to the total depth of said test well.

(7) Although First Party claims to be the owner of the lease(s) and/or fee mineral interests described in Exhibit "A", it is expressly understood that First Party nevertheless does not make and has not agreed to make any representation or warranty with respect to the extent of the interest to be subleased and/or leased hereunder, the mineral interests covered thereby, and whether or not said lease(s) and/or fee mineral interests are in force or held by production; and First Party shall not be obligated to perform any title curative work with respect to said lease(s) and/or fee mineral interests or furnish any abstracts or other title material, other than to furnish to Second Party for examination such abstracts or title papers as are now in First Party's possession.

(8) This agreement is not intended to create and nothing contained herein shall be construed to create an association, a trust, a joint venture, a mining partnership or other partnership or entity of any kind, nor to constitute Second Party the agent of First Party.

(9) Second Party agrees to protect, indemnify and hold First Party harmless, free and clear of and from all liens, claims, demands, actions and causes of action of whatsoever nature, arising out of or in connection with the drilling, testing and completing of said test well, and agrees to promptly pay all bills for labor and other items. If said test well is completed as a dry hole and plugged and abandoned, Second Party shall level all dumps, fill in all pits, remove all debris, and otherwise restore the surface of the land to substantially the same condition as it was before the commencement of such operations. Second Party shall promptly settle all locations and surface damage claims and hold First Party harmless for any such claims. In the event First Party is required to settle such claims, Second Party shall promptly reimburse First Party one hundred percent (100%) of the costs incurred including any attorney fees.

(10) Time is expressly made of the essence of this agreement, however, Second Party shall not be liable in damages for failure to commence, drill, test or complete the said test well in the manner set forth herein, or for the failure to furnish to First Party the reports, notices and information as herein provided, but such failure shall result in the loss to Second Party of the right to receive the sublease and/or lease as hereinafter set out and in such event, all obligations and liabilities of First Party hereunder shall cease.

(11) This agreement is subject to all valid applicable federal, state and local laws and all valid, applicable rules, orders and regulations of any duly constituted federal, state or local regulatory body or authority having jurisdiction thereof, and all development and operations hereunder shall be conducted in conformity with the letter and intent thereof, including but not limited to, those laws and/or regulations dealing with Equal Opportunity Employment and environmental protection.

(12) It is expressly understood that the terms of this agreement shall be binding upon the parties hereto, their successors and assigns, provided, however, that neither Second Party nor anyone who

succeeds to its interest may assign this contract in whole or in part without first securing First Party's written consent thereto.

(13) A. Unless to do so would violate or subject either party hereto to penalties or liabilities under any state, federal, municipal or common law, governmental rules and regulations, or express provisions or implied obligations in lease(s) and/or fee mineral interests owned by First Party, Second Party agrees, in order to prevent waste, protect correlative rights and increase the ultimate recovery of oil and gas, that if said test well is drilled and completed as provided herein, then the leased tract on which said test well is located and all other lease(s) and/or fee mineral interests owned or acquired by Second Party covering acreage in the same pool or reservoir if said test well is completed as a producer of oil or gas, or said leased tract on which said test well is located and all other lease(s) and/or fee mineral interests owned or acquired by Second Party covering acreage in the immediate vicinity of said test well if the same is completed as a dry hole, shall be developed, if Second Party or his successors and assigns elect to develop the same by further drilling thereon, by drilling not more than one well per minimum drilling unit, as that term is hereinafter defined.

B. Second Party further agrees to confer with First Party, at least fifteen (15) days prior to any hearing before any regulatory body, state, federal, or local, having jurisdiction thereover, regarding any proposed field spacing or operating rules with respect to the pool or reservoir in which said test well is completed or with respect to acreage in the immediate vicinity thereof, to the end that the parties hereto shall attempt to arrive at and present to said regulatory body a mutually acceptable development program which will prevent waste, protect correlative rights, and result in the increased ultimate recovery of oil and gas.

(14) If at any time before or after the expiration of the primary term of said lease(s) and/or fee mineral interests, Second Party shall elect to abandon, release or surrender the interest subleased and/or leased or to be subleased and/or leased hereunder, or any part or portion thereof, or permit the same to terminate for any reason, including, but not limited to, termination by non-payment of delay rentals or by expiration of the primary term, by cessation of production, by failure to commence or continue drilling operations, or otherwise, Second Party shall notify First Party not less than thirty (30) days in advance of the day on which any such rental becomes due, or ninety (90) days in advance of abandonment, release, surrender or termination for any other reason, and if requested to do so by First Party, Second Party shall reassign such interest to First Party; provided, however, that if under the terms of any such lease(s), a delay rental payment is required within thirty (30) days or less, or any other operation or action necessary to continue the lease(s) and/or fee mineral interests in force is required within ninety (90) days or less after completion of a dry hole, cessation of production or of operations, or some other date or event, the Second Party shall have one-half of the period of time provided therefor in the lease(s) and/or fee mineral interests within which to give First Party the notice hereinabove provided for. If such notice is given and if First Party fails to request reassignment within such period of time, Second Party may abandon, release or surrender the interest described in such notice, but no such abandonment, release, surrender or assignment shall relieve Second Party from any obligation or liability theretofore incurred by or accrued against Second Party or from any liability to First Party by reason of the breach of any covenant of this agreement. In the event of such reassignment, First Party shall have the option to purchase all or any part or portion of recoverable casing and other material and equipment in or on any well or wells on the reassigned premises which First Party desires to take over, and First Party shall pay Second Party the reasonable salvage value thereof; and any remaining well or wells thereon shall be plugged and abandoned at the sole risk, cost and expense of Second Party in accordance with the rules and regulations of any governmental agency having jurisdiction thereof. Any reassignment hereunder shall be subject to any validly declared pooled units which may be in existence at the time of such reassignment and which include any part or all of said land.

(15) If at any time and from time to time hereafter, that portion of any lease(s) and/or fee mineral interests subleased and/or leased hereunder to Second Party is held in force solely by virtue of production (including shut-in wells) on other land or formation covered by such lease(s) and/or fee mineral interests or pooled or unitized therewith, then and in that event the portion of such lease(s) and/or fee mineral interests so subleased and/or leased to Second Party not within a producing unit shall revert to First Party unless, within sixty (60) days after demand of First Party, the Second Party commences and diligently continues operations for and the drilling of a well thereon to the objective depth specified in Paragraph (1) hereof. If such reversion occurs, the Second Party shall promptly execute and deliver to First Party such assignment, reassignments or other instruments as shall be necessary and desirable to witness such reversion.

(16) With respect to each well drilled by Second Party, its successors and assigns, on the premises subject hereto and subleased and/or leased hereunder, Second Party shall notify First Party when operations for drilling are commenced and when the well is spudded, shall furnish daily drilling reports to First Party containing full information relative to the drilling progress of said well, and shall furnish First Party with all other notices, reports, logs, information and privileges required herein with respect to and in connection with the first well hereunder.

(17) With respect to each lease(s) and/or fee mineral interests subleased and/or leased or to be subleased and/or leased hereunder, the First Party reserves and shall reserve such easements and rights granted thereby as may be necessary and useful to First Party, its successors and assigns, in exercising any of the rights of lessee under such lease(s) and/or fee mineral interests with respect to any interest therein owned or retained by First Party.

(18) All benefits, options, reservations, royalties, overriding royalties, rights and privileges herein reserved or acquired by, or herein granted to First Party with respect to lease(s) and/or fee mineral interests and interests to be subleased and/or leased to Second Party hereunder shall be applicable free of cost to First Party to any renewals, modifications, extensions, top lease(s) or new lease(s) with respect to the land and interests covered by the lease(s) and/or fee mineral interests subject hereto, or any portion thereof, obtained by or for Second Party prior to or within six (6) months after the expiration, termination or release of the respective lease(s) and/or fee mineral interests to be subleased and/or leased to Second Party hereunder.

(19) In the event any operations for the drilling of a test well for oil and gas, other than operations for the drilling of the test well referred to in Paragraph (1) hereof, should be commenced by anyone within a radius of one-quarter (¼) mile from any part of the land described on Exhibit "A" hereto during the time interval between the date of this agreement and the time that operations are commenced for drilling the test well referred to in Paragraph (1) hereof, then and in that event, this agreement shall ipso facto terminate and be of no further force and effect.

(20) At all times during conduct of operations hereunder, Second Party shall maintain in force and effect the insurance coverage as to such operations as shown in Exhibit "D" attached hereto.

(21) Second Party shall not commence drilling operations on any lease(s) and/or fee mineral interests included in Exhibit "A" attached hereto until all necessary permits, licenses or other required instruments or authorizations have been obtained, and further, when required, Second Party shall not begin drilling operations on any lease(s) and/or fee mineral interests included in Exhibit "A" until such time as a good and sufficient bond has been posted and approved.

(22) Second Party shall pay its bills or share of costs within fifteen (15) days after receipt of the statement from First Party. If payment is not made within such time, the unpaid balance shall bear interest at the rate of two percent (2%) per month or the maximum contract rate permitted by the applicable usury laws in the state in

which the property is located, whichever is the lesser, plus attorneys' fees, court costs, and other costs in connection with the collection of unpaid amounts. Said interest shall accumulate on and be charged against any portion of a bill not contested in writing within fifteen (15) days of receipt of the bill by that party.

(23) If in the drilling of any well hereunder, the Second Party fails to reach the objective depth therefor as herein provided, because of mechanical difficulties or because of encountering a formation or anomalous condition which is normally considered in the industry to be impenetrable or which would make further drilling impracticable, then the Second Party shall have the option to commence, within thirty (30) days after plugging and abandoning said well, the actual drilling of a substitute well therefor at a location approved by First Party on the same lease(s) and/or fee mineral interests and at the same location (or as close thereto as practicable) as provided herein for said well. Such substitute well shall be drilled to the same depth, in the same manner, and subject to all the same provisions hereof applicable to the initial well, and with like effort.

(24) If Second Party reaches contract depths in the test well and has fully complied with all terms and provisions of this agreement but is unable to establish production of oil and/or gas in paying quantities, but such well is completed at a lesser depth as a well capable of producing oil and/or gas in paying quantities, First Party shall execute the sublease and/or lease specified herein.

(25) A. Upon completion of the test well as a well equipped for and producing or capable of producing oil and/or gas in paying quantities; if Second Party has fully complied with all terms and provisions of this agreement, and upon receipt of written request from Second Party, First Party will sublease and/or lease to Second Party without covenants or warranty of title either express or implied and subject to the terms and provisions of this agreement, the following:

> All interest of First Party in and to the lease(s) and/or fee mineral interests described in Exhibit "A", insofar as said lease(s) and/or fee mineral interests cover land in the drilling unit (as defined below) for said well; reserving, however, unto First Party a royalty with the right to increase the royalty as provided herein.

B. The said sublease and/or lease from First Party to Second Party shall be subject to the following:

> 1. Said sublease and/or lease shall cover only oil, gas, casinghead gas and other liquid and gaseous hydrocarbons, and such sulfur and other minerals as are produced with or incidental to the production of such hydrocarbons.
>
> 2. Said sublease and/or lease shall cover and include only those sub-surface formations down to the total depth drilled in said test well plus one hundred feet (100').
>
> 3. Said lease shall be on the form attached hereto as Exhibit A-1. The lease shall provide for a royalty of 25%.

C. For the purposes hereof, the drilling unit for a well shall mean the drilling, spacing, production, or proration unit therefor as established by order or rule of governmental authority; provided, that in the absence of such order or rule of governmental authority, or if the drilling unit is not specifically designated or identified as to size, shape and location by any such order or rule, then the drilling unit shall be selected by Second Party, subject to the approval of First Party.

(26) A. Upon drilling and completing the initial test well specified in Paragraph (1) hereof in accordance therewith, the Second Party shall have the option (to the extent First Party has the right to grant such option), but not the obligation, to thereafter carry on a continuous drilling program on the lease(s) and/or fee mineral interests premises described and identified in Exhibit "A" hereto or on acreage

which is pooled therewith to form a drilling unit, by commencing, drilling and completing additional and successive optional wells on said premises with not more than 60 days from rig release of each well drilled hereunder (including the initial test well mentioned in Paragraph (1) hereof) and the commencement of operations for the drilling of the next successive optional well hereunder, until the lease(s) and/or fee mineral interests described in Exhibit "A" hereto have been fully and completely developed, by wells drilled thereon to the maximum well density permitted by Paragraph (13)A hereof and the objective depth specified in Paragraph (1).

B. If any successive option well is completed as specified in Paragraph (1), and upon receipt of written request from Second Party, First Party shall make a sublease and/or lease to Second Party of First Party's lease(s) and/or fee mineral interests (described in Exhibit "A") in the drilling unit as if the successive option well had been the test well.

C. If Second Party fails to commence and drill the initial test well specified in Paragraph (1) hereof or any next successive optional well hereunder, or fails to otherwise comply herewith, then all right and interest of Second Party hereunder and in the lease(s) and/or fee mineral interests described in Exhibit "A" hereto shall thereupon automatically terminate except as to that portion of such lease(s) and/or fee mineral interests included in the drilling, spacing, production, or proration unit (as established by order or rule of governmental authority) for the test well specified in Paragraph (1) hereof if drilled and completed as specified, or any successive optional well if drilled and completed as specified, herein called "earned acreage".

D. If any successive option well is commenced, drilled and completed as a well capable of producing oil and/or gas in paying quantities or is plugged and abandoned as a dry hole, and if Second Party has fully complied with all terms and provisions of this agreement, said well shall preserve Second Party's continuous drilling rights.

(27) A. With respect to the royalty interest herein reserved and to be reserved by First Party, it is agreed that if and when the cumulative value of all production from each producing well drilled hereunder by Second Party, and on a "per well" basis with respect separately to each such producing well and the earned acreage therefor, as set forth herein (after deducting production taxes and presently existing royalty including the royalty contained in the lease provided for herein, and other interests payable out of or measured by production from such wells), equals one hundred percent (100%) of the cost of drilling, testing, completing and equipping said wells for production (through the tanks in the case of an oil well and through the lease production facilities in the case of a gas well), plus one hundred percent (100%) of the cost of operating said wells during the payout period (such costs to be determined in accordance with the Schedule of Accounting Procedure attached hereto as Exhibit "C", and subject to audit as therein provided), then and in that event said royalty interest reserved herein shall automatically be increased to 30% of all oil, gas, casinghead gas and other vaporous and gaseous substances produced from the interest theretofore subleased and/or leased to Second Party in that portion of the lease(s) and/or fee mineral interests described in Exhibit "A" constituting earned acreage for each such producing well.

B. Promptly after obtaining production from wells subject hereto, the Second Party shall furnish First Party with an itemized statement of the costs theretofore incurred in drilling, testing, completing, equipping and operating said wells; and each month thereafter until the cumulative value of production from said wells equals the total of such costs as aforesaid (herein called the payout period), the Second Party shall furnish First Party with an itemized statement of such costs and of the amount of production from said wells and proceeds thereof during the preceding month.

C. For the purposes hereof, the "value" of production from said wells shall be the amounts credited to or received by the owners thereof from the sale of such production in good faith, but shall never be less

than the market value of production of like grade and quality from the same field or vicinity.

(28) A. If Second Party drills the initial test well mentioned in Paragraph (1) hereof, or any optional well hereunder to the required objective depth and decides to plug and abandon said well as a dry hole, with or without having run casing therein, it shall immediately notify First Party of such decision and shall furnish First Party with a copy of the logs it is required to run pursuant hereto. First Party shall have twenty-four (24) hours (exclusive of Saturdays, Sundays and legal holidays), and after receipt of such notice and logs, within which to elect to take over the well for the purpose of conducting such additional drilling, testing, completion or other operations thereon as it desires. If First Party elects not to take over the well, or fails to advise Second Party of its election within said period of time, then the well shall be forthwith plugged and abandoned by Second Party at its sole risk, cost and expense.

B. If First Party elects to take over the well, it shall have the right to and shall promptly take possession thereof and of such materials, equipment and drilling tools thereon, therein and at the well site, owned or controlled by Second Party, which First Party desires to use in connection with its further operations; and First Party shall pay or reimburse Second Party for such materials, equipment and drilling tools so used, to the extent of such use, as follows:

1. The reasonable net salvage value of casing, materials and equipment in and on the well which could have been salvaged by Second Party if First Party had not taken over the well.

2. Reasonable compensation for any materials and equipment at the well site owned or controlled by Second Party which will have no salvage value after use by First Party.

3. If First Party elects to use the drilling tools and equipment in use at the well by Second Party, then payment for such use shall be made (a) at the going rate in the area if the tools belong to Second Party, or (b) at the rate set forth in the drilling contract if the tools belong to a drilling contractor or other party controlled by Second Party. If First Party elects to use its own or other drilling tools, then Second Party shall at its expense promptly remove from the well site the tools used by Second Party.

C. If First Party takes over the well, then and in that event:

1. Second Party shall be deemed to have released and relinquished to First Party all of its right, title and interest in and to the well, operating rights therein, production therefrom, and the drilling, spacing and proration unit therefor.

2. All operations thereon by First Party after the take-over, including plugging and abandoning, shall be at First Party's sole risk, cost and expense; but First Party shall not be liable for any cost, expense or obligation for or in connection with operations conducted on the well prior to such take-over.

3. Notwithstanding anything herein to the contrary, Second Party shall not be deemed to have released and relinquished to First Party more than a proportionate interest in such well, production, and unit, which proportion shall be that which the acreage derived hereunder from First Party bears to the total acreage in such unit.

(29) First Party shall have the continuing right and option at all times and from time to time, exercisable upon thirty (30) days' notice either orally or in writing, to purchase all or any part of the crude oil, condensate, distillate, casinghead gasoline, and other liquid hydrocarbons, or either of them, herein called "oil", produced and saved from or allocated to the leasehold interest subleased and/or leased to Second Party pursuant hereto. The price to be paid therefor shall be the price posted by the major oil purchaser for oil of like grade and gravity on the date of delivery in the district where said lease(s) and/or fee mineral interests are located, the average thereof if there be more than

one purchaser, or if there is no posted price, then the average price being paid for oil of like grade and gravity by the purchasing companies buying oil in the field where such premises are located. Upon each exercise of such option, the First Party shall have the right to terminate such purchase at any time thereafter upon thirty (30) days' notice.

(30) Prior to any transportation of natural gas produced from the Farmout Lease that could render such gas subject to the take-and-pay or take-or-pay crediting mechanism promulgated by FERC Orders Nos. 500, 500-B and 500-C ("Order" 500), as such orders may be amended or clarified, Second Party shall attempt to obtain a waiver of the transporting pipeline's right to invoke any provision of such crediting mechanism against First Party or the Farmout Lease. If the transporting pipeline, however, does not agree to waive its Order 500 crediting right, Second Party shall not cause transportation under Order 500 without the consent of First Party, which consent shall not be unreasonalby withheld. Upon request by Second Party, First Party and Second Party shall enter into good faith negotiations concerning the open access transportation of Second Party's gas and the conditions, if any, under which First Party may provide offers of credit to facilitate such transportation under Order 500. First Party may refuse to provide an offer of credit if: (1) such offer would be to its economic detriment; and (2) Second Party does not provide adequate compensation for such offer. "Adequate compensation" shall be determined with reference to First Party's ownership of properties affected by an offer of credit or which may be affected in the future by such offer of credit and the extent of its economic loss caused by such an offer. Notwithstanding this, First Party shall provide Second Party with timely offers of credit under Order 500 that will not result in an economic loss to First Party. All conveyances or assignments by either First Party or Second Party of the Farmout Lease in whole or in part, shall incorporate provisions substantially identical to those contained in this paragraph, for the continuing benefit of First Party and Second Party and binding upon their successors and assigns.

Additionally, Second Party agrees to inform First Party of: a) the names of all pipeline companies who are to transport gas attributable to the Farmout Lease and b) the volumes of gas transported by such pipelines.

(31) In the event Second Party receives a bona fide offer for the purchase of all or any part of the gas and/or casinghead gas, herein called "gas", produced and saved from or allocated to the interest subleased and/or leased to Second Party pursuant hereto, which offer is received from a purchaser under terms and conditions the Second Party is willing to accept, the Second Party shall notify First Party in writing of such offer, and advise First Party as to all terms and conditions thereof. Thereafter, First Party shall have the right, within thirty (30) days of receipt of such notice, to elect to purchase the production in question upon the same terms and conditions as those contained in the offer. If the First Party does not elect to so purchase within said thirty (30) day period, Second Party may thereafter enter into a contract with the purchaser making the offer, in accordance with its terms and conditions, free and clear of any obligations thereafter to First Party. This right and option of First Party shall continue in force and shall be recurring hereafter from time to time, at such time as Second Party receives a bona fide offer for the purchase of Second Party's gas as mentioned above.

(32) In addition to the requirements and conditions set forth herein, Second Party's right to earn the lease and/or sublease of the acreage covered hereby is further subject to your complete fulfillment and satisfaction of each and all of the terms in Exhibit "B" attached hereto, to the same extent as if copied in full herein, and your complete and specific requirements and conditions shall be conditions precedent to any liability or obligation of First Party.

Prior to commencement of drilling or mining operations or to the construction of any roads, pipelines, locations or other facilities on any part of the Farmout acreage owned by International Paper Company, you shall notify:

John Weston
P.O. Box 100
Jena, Louisiana 71342
(318) 992-4141

in writing, and furnish International Paper a map or plat showing the proposed location thereof and shall provide First Party with a copy of all correspondence from Second Party to International Paper Company relating to same.

(33) If at any time prior or subsequent to the date of execution of this agreement, you shall enter into an agreement similar to this agreement, either written or oral, with one or more parties owning an interest in the Farmout Acreage, or any part thereof, and such agreement provides for the reservation to said party or parties of a royalty, overriding royalty and/or a reversionary working interest which is greater than those interests reserved by First Party hereunder, then you hereby agree to immediately furnish First Party with an amendment to this agreement which increases the royalty, overriding royalty and/or reversionary working interest contained herein to an amount equal to the highest amounts contained in such other agreement(s).

(34) Notwithstanding the date first recited hereinabove as the date of this agreement, this instrument shall not be effective as an agreement, contract, offer or for any purpose whatsoever unless both First Party and Second Party execute the same and a fully executed copy is delivered to First Party.

If the foregoing correctly reflects your understanding of our agreement, please execute the original and one copy of this agreement, and return one fully executed copy to our office. If the agreement is not returned within twenty (20) days following receipt hereof, it shall automatically terminate.

EXECUTED as of the day and year first mentioned hereinabove.

FIRST PARTY: Placid Oil Company

WITNESSES:

By: _____
C. D. BROWN, President

SECOND PARTY: El Toro Oil Company

WITNESSES:

By: _____

Attached to and made part of that certain FARMOUT Agreement dated May 4, 1989 by and between Placid Oil Company (First Party) and El Toro Oil Company (Second Party) covering lands situated in Catahoula Parish, Louisiana.

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, a Notary Public in and for the State of Texas, on this day personally appeared C. D. Brown, President of PLACID OIL COMPANY, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledge to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 8th day of May, 1989.

June H. Paulson

Print name: June H. Paulson
NOTARY PUBLIC
STATE OF TEXAS

My Commission Expires:
3/30/92

JUNE H. PAULSON, Notary Public
In and for the State of Texas
My Commission expires
3/30/92

STATE OF Mississippi

COUNTY
/~~PARISH~~ OF Adams

BEFORE ME, a Notary Public in and for the State of MS, on this day personally appeared P. W. Vasser, Owner of EL TORO OIL COMPANY, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledge to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 15th day of June, 1989.

Page Byrne Blackwell

Print name: PAGE BYRNE BLACKWELL
NOTARY PUBLIC
STATE OF MS

My Commission Expires:
3-24-90

Attached to and made a part of that certain FARMOUT Agreement dated May 4, 1989 by and between Placid Oil Company (First Party) and El Toro Oil Company (Second Party) covering lands situated in Catahoula Parish, Louisiana.

EXHIBIT "A"

STATE OF LOUISIANA
~~COUNTY~~/PARISH OF CATAHOULA
PAGE 1 OF 1

Attached to and made a part of that certain Farmout Agreement dated May 4, 1989 by and between Placid Oil Company (First Party) and El Toro Oil Company (Second Party) covering lands situated in Catahoula Parish, Louisiana.

LEASE NO.	LESSOR	LESSEE	DATE	DESCRIPTION	RECORDED BOOK	RECORDED PAGE
Mineral Deed	Bodcaw Company	Placid Oil Company	10-11-79	Insofar and only insofar as said mineral deed covers the following described land, to-wit: Township 6 North, Range 6 East Section 29: SE¼; E½ E½ SW¼; S½ NE¼. Section 32: NW¼ NE¼. Catahoula Parish, Louisiana	118	189

EXHIBIT "A-1"

OIL AND GAS LEASE

Attached to and made a part of that certain FARMOUT Agreement dated May 4, 1989 by and between Placid Oil Company (First Party) and El Toro Oil Company (Second Party) covering lands situated in Catahoula Parish, Louisiana.

THIS AGREEMENT, made this day of , 1989, by and between Placid Oil Company, a Delaware Corporation with offices at 3900 Thanksgiving Tower, Dallas, TX 75201, hereinafter called "LESSOR" and El Toro Oil Company, P.O. Drawer M, Natchez, Mississippi 39120-1057, hereinafter called "LESSEE", WITNESSETH THAT:

1. Lessor in consideration of the royalties herein provided, and of the agreement of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee (for the purpose of investigating, exploring, prospecting and drilling for and producing oil and gas) the following described land in Catahoula Parish, Louisiana to-wit:

This lease shall be limited to strata and/or zones from the surface of the earth down to and including a depth of feet and its stratigraphic equivalent as found in the Well located on said lands. All other rights are reserved by Lessor.

For the purposes of Articles 3 (d) and 9 (c) of this lease, the leased premises shall be conclusively presumed to comprise _____ acres, whether there be more or less.

2. Subject to the terms and conditions hereinafter set forth, this lease shall be for a term of ninety (90) days from the date hereof (hereinafter referred to as the "primary term") and as long thereafter as oil or gas is produced in paying quantities from the leased premises or lands pooled therewith.

3. Lessee shall pay to Lessor monthly as a royalty:

(a) On oil (which for the purposes of this lease includes all hydrocarbons produced at the well in liquid form by ordinary production methods), 25% of the amount received by Lessee for all oil produced and saved from the leased premises, or, at Lessor's option, Lessee will deliver to Lessor's credit free of cost to Lessor, in the pipe line or plant or storage tanks to which the well or wells may be connected, 25% of all oil produced and saved from the leased premises. The royalties here set forth for oil shall also be paid on all gasoline or other petroleum products manufactured or extracted from any gas produced from the leased premises, but Lessee may deduct from royalties on such gasoline or other petroleum products, the actual costs, not to exceed the fair and reasonable cost, of such manufacture or extraction. No deductions for extraction costs shall be made for liquid hydrocarbons recovered by use of drip, separator or similar apparatus on the flow line of wells, and except as to gas being used for repressuring or recycling purposes, Lessee shall, prior to the sale or use of gas from such well, install and use such apparatus on any well or wells capable of producing liquid hydrocarbons in paying commercial quantities.

(b) On gas (which for the purposes of this lease, includes all vaporous or gaseous substances and specifically includes the residue gas remaining after manufacture or extraction of any gasoline or other petroleum products),

(i) produced, saved and sold from the leased premises, 25% of the amount received by Lessee or 25% of the amount of the best price which could have been received by Lessee in the exercise of reasonable diligence, whichever is the higher.

(ii) produced, saved and used off the leased premises, but not sold, 25% of the market value at the time and place of use.

(c) On oil or gas sold (or used but not sold) outside the field from which produced, Lessee may deduct, from the royalties set forth in (a) and (b) above, the actual cost, not to exceed the fair value of transporting same from the field to the point of sale or, if same is not sold, to the point of use.

(d) Where gas from a well producing gas only is not sold because of no market or demand therefor, Lessee may pay as royalty $5.00 per acre (subject to proportionate reduction as set forth in Article 6 below) per year, such payment to be made on or before the thirtieth day after the date that such a well is shut in, and upon such payment it will be considered that gas is being produced within the meaning of Article 2 of this lease.

(e) Gas which may be disposed of for no consideration to Lessee, through unavoidable waste or leakage, or in order to recover oil and other liquid hydrocarbons, or returned to the ground, shall not be deemed to have been sold or used off the leased premises, within the meaning expressed or implied of any part of this lease.

4. If at the expiration of the primary term, oil and gas or any of them are not being produced on said leased premises or on land pooled therewith but Lessee is then engaged in operations thereon, or if Lessee shall have ceased operations or production on said leased premises or on land pooled therewith within ninety days prior to expiration of the primary term, this Lease shall remain in force so long thereafter as the same or other operations are prosecuted (on the same or different wells) with no cessation of more than ninety consecutive days, and, whether or not they result in the production of oil or gas as long thereafter as oil or gas are produced from or operations are prosecuted (on the same or different wells) on said leased premises or on land pooled therewith, with no cessation of more than ninety consecutive days. Whenever used in this Lease, the word "operations" means and includes operations for and the mining, drilling, testing, completing, recompleting, reworking, deepening, plugging back or repairing of a well or hole, repairing or replacing production equipment, or any other operations, in search for or in an effort to obtain or reestablish production of oil or gas and includes the production of leased substances whether or not in paying quantities. All operations hereunder shall be deemed to be continuously prosecuted if not more than ninety consecutive days elapse between the completion of all operations at one well or location and the commencement or recommencement of operations at the same or, another well or location.

5. The rights of the Lessee may not be assigned except upon written consent of Lessor. The provisions hereof shall extend to the heirs, successors and assigns of the parties hereto, but no change or division in ownership of the land, minerals or royalties however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such changes in ownership shall be binding on Lessee nor impair the effectiveness of any payments made hereunder until Lessee shall have been furnished, forty-five (45) days before payment is due, a certified copy of recorded instrument evidencing any transfer, inheritance, sale or other change in ownership.

6. This lease is executed WITHOUT WARRANTY OR COVENANT OF TITLE OR ANY OTHER WARRANTY WHATSOEVER, EITHER EXPRESS OR IMPLIED EVEN AS TO THE RETURN OF THE CONSIDERATION THEREFOR. If Lessor owns a mineral interest in the leased premises less than the entire fee simple estate, then the royalties to be paid Lessor shall be reduced proportionately.

7. All notices to be given Lessor pursuant to this lease shall be given to Placid Oil Company, Attention: Vice President, Land Department, 3900 Thanksgiving Tower, Dallas, Texas 75201.

8. All terms and express or implied covenants of this lease shall be subject to all Federal and State Laws, executive orders, rules or regulations, and this lease shall not be terminated, in whole or in part nor Lessee held liable in damages, for failure to comply herewith, if compliance is prevented by any such law, order, rule or regulation.

9. (a) The term "Force Majeure" as used herein shall mean and include: Requisition, order, regulation or control by governmental authority or commission, exercise of rights of priority of control by governmental authority for National Defense or war purposes resulting in delay in obtaining or inability to obtain either material, equipment or means of transportation normally necessary in prospecting or drilling for oil or gas, or in producing, handling or transporting same from leased premises; war; scarcity of or delay in obtaining materials or equipment; lack of labor or by means of transportation of labor or material; Acts of God; insurrection; flood; strike; or other things beyond the control of Lessee.

(b) If by reason of Force Majeure as herein defined, Lessee is prevented from or delayed in drilling, completing or producing any offset well or wells for oil or gas on the leased premises or lands pooled therewith, then while so prevented or during the period of such delay Lessee shall be relieved from all obligations whether express or implied, imposed on Lessee under this lease, to drill, complete or produce such well or wells on the leased premises or lands pooled therewith, and Lessee shall not be liable in damages and this lease shall not be subject to cancellation for failure of Lessee to drill, complete or produce such well or wells during the time Lessee is so relieved from all obligations to do so.

(c) If upon or at any time after the expiration of the primary term hereof, while this lease is in force, Lessee cannot maintain same in effect because prevented by Force Majeure from fulfilling the particular requirement (operations on or continued production from the leased premises or lands pooled therewith, as the case may be) Lessee may continue this lease in effect during the time of the existence of such Force Majeure by payment to Lessor of an amount equal to $5.00 per acre on or before the end of the primary term or on or before the thirtieth day after the occurrence of Force Majeure, whichever is the later date, and the payment to Lessor of an amount equal to $5.00 per acre every sixty days thereafter for so long as such Force Majeure exists. Such payments when made shall continue this lease in effect for the time period specified within this Article. Any such payment shall be subject to proportionate reduction as set forth in Article 6 above. Nothing herein shall impair the right of Lessee to release this lease as to all or any portion of the leased premises and be relieved of all obligations thereafter accruing as to the acreage released.

10. Notwithstanding anything to the contrary contained herein, after the end of the primary term, this lease shall not be continued in effect for a cumulative period of more than one (1) year by means of payment of shut-in royalty (Article 3 (d)), by Force Majeure (Article 9) or by any other means or any combination of the means mentioned herein, except the actual production of oil or gas or both in paying quantities from the leased premises or lands with which the premises are pooled hereunder or additional drilling operations or reworking operations in compliance with Article 4.

11. (a) At payout, (i.e., after 100% of the expenses of drilling, completing, equipping and operating said well have been paid from the production therefrom, on a well by well basis) the royalty paid to Lessor shall increase to a 30% royalty, which royalty shall be paid in the manner set forth in Article 3.

12. Lessee agrees to protect, indemnify and hold Lessor harmless, free and clear of and from all liens, claims, demands, actions and causes of action whatsoever nature, arising out of or in connection with all operations conducted by Lessee on the leased premises or acreage pooled therewith, and agrees to promptly pay all bills for labor and other items. If any well which is drilled on the leased premises is plugged and abandoned, Lessee shall level all dumps, fill in all pits, remove all debris, and otherwise restore the surface of the land to substantially the same condition as it was before the commencement of such operations.

13. As to each well drilled on the leased premises or acreage pooled therewith, Lessee shall provide Lessor, at Lessee's expense, at the address set forth in Article 7 hereof the following information immediately upon acquisition of same, to-wit:

A. Copy of Application to Drill and location plat filed with the State Regulatory Body; and copy of Permit, and Permit number, issued in response thereto.

B. Derrick floor and ground level elevation.

C. Daily Drilling Report by prepaid telephone calls to Placid Oil Company Drilling Department, 214-880-1254, containing full information relative to the drilling progress of said test well, commencing with clearing the location and moving in material and equipment including all current formation top calls.

D. Copy of well record log.

E. A copy of the completion record form, if the test well is a producer; or a copy of the plugging and abandoning record, if the test well is a dry hole; all such copies to be properly notarized.

F. Core description and core analyses, if run.

G. Record of open flow potential test in the event said test well is a gas well.

H. Results of all tests made on said well as and when made, including records of all drill stem tests with copy of bottom hole pressure chart furnished by the service company, accurate description of recovery and test results, and copies of all other production test records.

I. Two copies of an electrical log survey of the well bore from the bottom of the surface casing to the total depth as well as two copies of any and all well or electrical logs, micrologs, section gauges, temperature surveys, radioactive logs, mud analyses logs, drilling time logs and any and all logs or surveys made of the well, except seismic velocity surveys, AS AND WHEN PRELIMINARY RUNS THEREOF ARE MADE, and a composite log upon completion of the well. Lessor, at its sole expense and risk (including payment of rig time and other expenses for which Lessee would otherwise be responsible, and liability for damage to persons, property and the well) may lower geophones in the well to make seismic velocity surveys as sole property of Lessor.

J. Upon request, samples of all cores, a set of formation drilling samples, and representative samples of fluid recovered on formation tests.

K. A geological sample description log indicating all shows of oil and/or gas, and geological horizons, made by a person qualified to make such log except where this requirement is specifically waived.

Lessee shall permit representatives of Lessor to have full and free access at all times to the test well and to the derrick floor whether such well is located on the leased premises or lands pooled therewith. Lessee shall notify Lessor of any of the following events at the time and in the manner shown sufficiently in advance thereof to enable Lessor to have a representative present at the well to witness:

1. The spudding of said test well;

2. All drill stem or any other tests of said test well;

3. The running of any electrical log or other survey that Lessor is entitled to receive;

4. Any coring operation;

5. The measurement of the total depth of said test well;

6. Any plugging operation.

Upon encountering any formation containing oil or gas in reasonably substantial quantity or pressure, Lessee shall immediately notify Lessor of such fact by orally informing Lessor's representative at the well site, or by notice to Lessor by telephone or telegraph at the address provided in Article 7 hereof if such representative is not at the drill site.

14. Lessee, at its option, is hereby given the right and power at any time prior to the establishment of production on the leased premises or acreage pooled therewith, to pool or combine the leased premises covered by this lease, or any portion thereof, with other land, lease or leases and mineral interests in the immediate vicinity thereof, when, in Lessee's judgment, it is necessary or advisable to do so in order to properly explore or develop or operate said premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises or to prevent waste or to avoid the drilling of unnecessary wells or to comply with the spacing or unitization order of any Regulatory Body of the State of Louisiana or the United States having jurisdiction, provided however, that Lessor shall have the right to approve the size, shape and configuration of any such unit so formed except a unit formed pursuant to a valid order of any Regulatory Body having jurisdiction. The term "Regulatory Body" shall include any governmental officer, tribunal or group (civil or military) issuing orders governing the drilling of wells or the production of minerals. Such pooling shall be of adjacent tracts which will form a reasonably compact (but not necessarily contiguous) body of land for each unit, and the unit or units so created shall not exceed forty (40) acres for each well for oil exploration or production and one hundred sixty (160) acres each for each well or gas and gas-condensate exploration or production unless a larger spacing pattern or larger drilling or production units (including a field or pool unit) shall have been fixed and established by an order of a Regulatory Body of the State of Louisiana or of the United States, in which event the unit shall be the same as fixed by said order. Lessee shall execute and file for record in the Records of Catahoula Parish, Louisiana in which the land herein leased is situated a declaration describing the pooled acreage; and upon such filing, the unit or units shall thereby become effective, except that when a unit is created by order of a Regulatory Body the pooling shall be effective as of the effective date of such order, and no declaration shall be required in connection therewith. The royalties herein elsewhere specified shall be computed only on the proportionate part of the production form any pooled unit that is allocated to the land herein described; and unless otherwise allocated by order of a Regulatory Body, the amount of production to be so allocated from each pooled unit shall be that proportion of such total production that the surface area of the land affected hereby and included in the unit bears to the total surface area of all the lands included in such pooled unit. Drilling or reworking operations on or production of oil, gas or other minerals from land included in such pooled unit shall have the effect of continuing this lease in force and effect during or after the primary term as to all of the land covered hereby (including any portion of said land not included in said unit and as to all strata underlying said land, whether or not such operations be or such production be from land covered hereby. Any unit formed by Lessee hereunder must be created prior to the establishment of production from the unit well. Separate units may be created for oil and for gas, or for separate stratum or strata of oil or gas, even though the areas thereof overlap, and the creation of a unit as to one mineral or strata or stratum shall not exhaust the right of Lessee (even as to the same well) to create different or additional units for other minerals or for other strata or stratum of the same or other minerals. Lessee shall obtain Lessor's approval of any amendment to any unit formed pursuant to this Article, prior to such amendment, unless such unit is amended by order of a Regulatory Body. The failure of the leasehold title (in whole or in part) to any tract or interest therein included in a pooled unit shall not affect the validity of said unit as to the tracts or interests not subject to such failure, but the unit may thereafter be revised as hereinafter provided. Lessee shall have the right and power to reduce and diminish the extent of any unit created under the terms of this paragraph so as to eliminate from said unit any interest or lease to which title has failed or upon which there is or may be an adverse claim. Such revision of the unit shall be evidenced by an instrument in writing executed by Lessee, which shall describe the lands included in the unit as revised and shall be filed for record in the Records of Catahoula Parish, Louisiana

where the lands herein are situated. The revised declaration shall not be retroactive but shall be effective as of the date it is filed for record. Any unit created by Lessee hereunder shall also be revised so as to conform with an order of a Regulatory Body issued after said unit was originally established; such revision shall be effective as of the effective date of such order without further declaration by Lessee, but such revision shall be limited to the stratum or strata covered by said order and shall not otherwise affect the unit originally created.

15. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and such well or wells are draining the leased premises, Lessee agrees to drill offset wells or cause an existing well or wells to be completed in the formation or horizon in which drainage is occurring. Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under similar circumstances. For the purpose of this Article, it shall be conclusively presumed that an oil well within 660 feet or a gas well within 1320 feet of the leased premises is draining the leased premises; it being understood, however, that this conclusive presumption shall not preclude Lessor from claiming drainage form offset wells located at greater distances from the leased premises, but is merely for the purpose of obviating the necessity of proof of drainage within the prescribed limits. Failure on the part of Lessee to comply with the provision of this Article within thirty (30) days from the date that any such well causing drainage (as that term is defined in this Article) is completed shall cause this lease to terminate as to all acreage offsetting the well draining the leased premises. In the event the cancellation or termination of this provision under this Article, Lessee agrees and obligates itself to deliver to Lessor a recordable release of this lease as to acreage being drained. For the purpose of this Article, it shall be conclusively presumed that leased lands within 1320 feet from the drilling or proration unit for the offending oil well and within 2640 feet from the drilling and proration unit for the offending gas well are being drained unless a greater area is being drained, and said release shall specify, describe or recite the greater of areas determined in the manner expressed in this sentence.

16. Notwithstanding anything to the contrary contained herein, at the end of the primary term hereinbefore recited, this lease shall terminate with respect to all of the leased premises which is not included within the surface boundaries of a production and/or proration unit (as that term is defined in this lease) from which oil or gas is not being produced.

17. Lessor shall have the continuing, separate and distinct right and option at all times and from time to time, exercisable upon thirty (30) days' notice either orally or in writing, to purchase all or any part of the crude oil, condensate, distillate, casinghead gasoline, and other liquid hydrocarbons, or either of them, herein called "oil", produced and saved from or allocated to the interest leased to Lessee pursuant hereto. The price to be paid therefor shall be the price posted by the major oil purchaser for oil of like grade and gravity on the date of delivery in the district where said leased premises are located, the average thereof if there be more than one purchaser, or if there is no posted price, then the average price being paid for oil of like grade and gravity by the purchasing companies buying oil in the field where such premises are located. Upon each exercise of such option, the Lessor shall have the right to terminate such purchase at any time thereafter upon thirty (30) days' notice.

18. In order to secure the payment of Lessor's royalties, rentals and other sums which may become due and owing to Lessor under the terms hereof, Lessee does hereby pledge, transfer, assign, and convey unto Lessor, all Lessee's right, title and interest in and to this Lease, and all Oil, Gas and minerals in and under and which may be produced from the lands covered hereby, together with the proceeds of the sale of such production and all accounts receivable arising from the sale thereof. The maximum amount of indebtedness secured by this pledge shall not exceed $10,000,000.00. If Lessee fails to pay such royalties, as same become due and owing, Leessee does hereby agree to pay interest on the amount thereof at the rate of 12% per annum until paid in full. Lessor directs and authorizes any and all purchasers of such oil, gas or other minerals produced from this lease and mineral rights to pay to said Lessee all of such proceeds until such time as purchasers have received written notice from Lessor of Lessee's default in payment of royalties, rentals or other sums due hereunder, together with a certified copy of this Lease with such pledge and assignment of production contained therein. Such purchasers shall be entitled to rely upon such written notice from Lessor of said default without further proof or evidence thereof, and shall, after receipt of same, pay to Lessor all such production and proceeds therefrom until such purchasers have been furnished with evidence that all indebtedness secured hereby has been paid and Lessee authorizes said Lessor to receive and collect all sums derived from said production, and the proceeds thereof, and no purchaser of production shall have any responsibility for the application of funds so paid to said Lessor. Lessee grants to Lessor the power of attorney (coupled with an interest) to execute on behalf of Lessee any division order or transfer order or similar contract or agreement necessary or useful to effectuate this pledge and assignment of production and other rights conveyed to Lessor as security for such indebtedness when necessary in Lessor's sole discretion to provide for payment of the royalties due Lessor hereunder. Lessee further agrees to execute and deliver, as requested by said Lessor, any and all transfer or division orders or other instruments submitted by any purchaser of production for the purpose of effectuating payment of such production or proceeds therefrom to said Lessor. Lessee authorizes said Lessor to apply all funds received by it under and by virtue of this pledge and assignment first to the payment of interest due on indebtedness secured by this pledge and then in reduction of the principal of such indebtedness, provided that said Lessor may, at its option, and from time to time, release to Lessee any sums received, or portions thereof, in which event the said interest, and said indebtedness, shall be paid and extinguished only to the extent of the actual application of such funds to the payment thereof. Said Lessor and its successors may, but shall not be obligated to, enforce collection of such proceeds and shall not be subject to any liability or responsibility therefor, except to account to Lessee for funds actually received in excess of those applied to any indebtedness secured hereby. Lessee agrees to indemnify and hold harmless the lessor against any and all liabilities, actions, claims, judgements, costs, charges and attorneys' fees by reason of the assertion that the Lessor has received, either before or after the payment in full of the indebtedness secured hereby, funds from the production of oil, gas, other hydrocarbons and other minerals from this lease claimed by third persons, and the Lessor shall have the right to defend against any such claims or actions, employing attorneys of its own selection, and if not furnished with indemnity satisfactory to the Lessor, the Lessor shall have the right to compromise and adjust any claims, actions and judgements. In addition to the right to be indemnified as herein provided, all amounts paid by the Lessor in compromise, satisfaction or discharge of any such claim, action or judgement and all court costs, attorneys' fees and other expenses of every character incurred by the Lessor shall constitute indebtedness secured by this pledge and shall bear interest at the rate of twelve percent (12%) per annum until paid. Nothing contained in this paragraph shall detract from or limit the obligations of Lessee as provided in this Lease, regardless of whether the proceeds of runs herein assigned are sufficient to discharge any and all such obligations; and the rights under this pledge and assignment of runs shall be cumulative of all other security of any and every character now or hereafter existing to secure the payment of royalties, overriding royalties, and all other indebtedness or other obligations secured hereby.

19. This lease is made in accordance with and fully subject to all the terms and conditions of that certain FARMOUT Agreement dated May 4, 1989 between Placid Oil Company and El Toro Oil Company, but not limited to Paragraph 29, Call on Oil. Said FARMOUT Agreement is incorporate herein by reference for all purposes.

IN WITNESS WHEREOF, this lease is executed as of the date first written above.

WITNESSES: Placid Oil Company (Lessor)

_____

_____ By:_____
C. D. BROWN, President

ATTEST:_____

WITNESSES: El Toro Oil Company (Lessee)

_____

_____ By:_____

STATE OF TEXAS

COUNTY OF DALLAS

BEFORE ME, a Notary Public in and for the State of Texas, on this day personally appeared C. D. Brown, President of PLACID OIL COMPANY, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledge to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the _____ day of _____, 1989.

_____

My Commission Expires: Print name:_____
NOTARY PUBLIC
STATE OF TEXAS

_____

STATE OF _____

COUNTY
/PARISH OF _____

BEFORE ME, a Notary Public and and for the State of _____ on this day personally appeared _____, _____ of EL TORO OIL COMPANY, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledge to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the _____ day of _____, 1989.

_____

My Commission Expires: Print name:_____
NOTARY PUBLIC
STATE OF

_____

Attached to and made a part of that certain FARMOUT Agreement dated May 4, 1989 by and between Placid Oil Company (First Party) and El Toro Oil Company (Second Party) covering lands situated in Catahoula Parish, Louisiana.

EXHIBIT "B"

Attached to and made a part of that certain FARMOUT Agreement dated May 4, 1989 by and between Placid Oil Company (First Party) and El Toro Oil Company (Second Party) covering lands situated in Catahoula Parish, Louisiana.

The following terms and provisions are made a part of the captioned FARMOUT Agreement exactly as if same were copied in full in said Agreement.

I.
PLAT OF LOCATION

Prior to the commencement of operations on the well or wells to be drilled under the FARMOUT Agreement, or if such operations have already been commenced, within five (5) days from the date of acceptance of this letter, you shall furnish Placid Oil Company at 3900 Thanksgiving Tower, Dallas, Texas 75201, Attention: Well Files Department with a plat of the location prepared by a competent surveyor or engineer and a copy of the Application to Drill the well or wells.

II.
INFORMATION TO BE FURNISHED

At all times during the drilling, testing, and completing of the well to be drilled hereunder (regardless of the depth actually drilled and even though you should elect to forfeit the contribution provided for herein by failing to perform fully the conditions of this letter), our agents or representatives shall have access to the derrick floor and shall be entitled to receive all information during such operations the same as though we were drilling the well and specifically, but not limited to, you shall furnish, the following:

TO: Mr. Tom Stroud, Placid Oil Company, 3900 Thanksgiving Tower, Dallas, Texas 75201, Office Telephone 214-880-1320, Dallas, Texas.

1. Daily drilling reports, by prepaid telephone calls, to: Jill Rix (214) 880-1254, or Telex No. 730544 before 9:00 a.m. weekdays. One of the prime considerations for granting this letter is your agreement to furnish daily reports prior to 9:00 a.m. Unless arrangements are made to furnish the above named party with such reports prior to 9:00 a.m., this agreement shall, at the option of Farmor, become null and void.

TO: Ms. Cathy Strong, Placid Oil Company, 3900 Thanksgiving Tower, Dallas, Texas 75201; Office Telephone 214-880-1103; Nights or holidays to Ms. Strong, Home Telephone 214-681-1932.

1. Application for permit to drill and a plat of the location prepared by a competent surveyor.

2. True copy of sample log, including paleontology, description of samples, geological tops, and names of formation encountered if such log is kept of run.

3. Certified copy of the driller's log.

4. One (1) copy of Field Print of electric logs.

5. Two (2) final prints of all electrical formation surveys from the base of the surface casing to the total depth.

6. One (1) copy of all velocity surveys, dipmeter and other special surveys, if such surveys are run.

7. Complete information on all cores taken, such as visual description, core graph, core analysis reports, etc., if such information is compiled.

8. Completion and plugging reports evidencing the plugging of the well in accordance with the laws of the State in which the lands upon which the test well is located.

9. The ground and derrick floor elevations at the well which shall be run and certified to by a registered surveyor or registered engineer. This information shall be furnished to us immediately after being acquired by you.

10. Daily copy of the mudlog report if mudlogger is used. Also one copy of the composite final report.

TO: Mr. Harold E. Peterson, Placid Oil Company, 800 Beck Building, Shreveport, Louisiana 71101; Office Telephone 318-227-9702.

1. Daily drilling reports by mail.

2. Samples of all cuttings and cores obtained in said drilling operations unless we elect not to take same.

3. One (1) copy of Field Print of electric logs.

4. Two (2) final prints of all electrical formation surveys.

5. True copy of sample log, including paleontology and description of samples if such log is kept of run. Also, geological formation tops encountered.

6. One (1) copy of all velocity surveys, dipmeter and other special surveys, if such surveys are run.

7. Complete information on all cores taken, including geologic description, analysis, and coregraph.

8. Daily copy of the mudlog report if mudlogger is used. Also one (1) copy of the composite final report.

9. Sufficient notice of proposed logging, the taking of any cores, or the making of any tests for us to have a representative present to witness the operation if we so desire.

10. Immediate notice, by phone, giving complete information on all drill stem tests made, and any other tests conducted during drilling or after completion of drilling.

11. Immediate notice, by phone, of any shows of hydrocarbons encountered.

If there should be a period of inactivity, such as after running casing in an attempt to complete such well as a producer, we should be notified so that the operation might be temporarily dropped from our daily reports. When work is resumed, however, reports should be furnished again regularly until the well is classified as a producer or is abandoned.

III.

TESTING PROMISING FORMATIONS

When an electrical formation survey is made on the well or wells to be drilled under the Farmout Agreement, either before or after the Required Depth specified therein, and the information from such survey considered by itself or in conjunction with other indications or evidence from cuttings, cores, or showings makes the formation appear to Placid Oil Company promising of producing oil and/or gas in paying quantities, you shall properly test, by drill stem or by any other method specified by Placid Oil Company, such horizon or horizons which appear promising of producing oil and/or gas in paying quantities.

The term "paying quantities," as used in this Paragraph III, shall mean quantities sufficient to yield at current prices in the field for the oil or gas involved, a reasonable profit after the payment of the costs of operating the well or wells from which such oil or gas is produced, but not the costs that were incurred in connection with the drilling and completing of said well or wells for production.

IV.

(A) Joint Cost Statements should be mailed to:

Placid Oil Company
3900 Thanksgiving Tower
Dallas, Texas 75201
Attention: Joint Interest

(B) Correspondence, AFE Proposals and Proposals for drilling additional wells on the property should be mailed to:

Placid Oil Company
3900 Thanksgiving Tower
Dallas, Texas 75201
Vice President, Land

Attached to and made a part of that certain FARMOUT Agreement dated May 4, 1989 by and between Placid Oil Company (First Party) and El Toro Oil Company (Second Party) covering lands situated in Catahoula Parish, Louisiana.

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Recommended by the Council of Petroleum Accountants Societies

601, BOX 600 TULSA OK 74101

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EXHIBIT "C"

Attached to and made a part of that certain Farmout Agreement dated May 4, 1989 by and between Placid Oil Company (First Party) and El Toro Oil Company (Second Party) covering lands situated in Catahoula Parish, Louisiana.

ACCOUNTING PROCEDURE
JOINT OPERATIONS

I. GENERAL PROVISIONS

1. Definitions

"Joint Property" shall mean the real and personal property subject to the agreement to which this Accounting Procedure is attached.
"Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.
"Joint Account" shall mean the account showing the charges paid and credits received in the conduct of the Joint Operations and which are to be shared by the Parties.
"Operator" shall mean the party designated to conduct the Joint Operations.
"Non-Operators" shall mean the Parties to this agreement other than the Operator.
"Parties" shall mean Operator and Non-Operators.
"First Level Supervisors" shall mean those employees whose primary function in Joint Operations is the direct supervision of other employees and/or contract labor directly employed on the Joint Property in a field operating capacity.
"Technical Employees" shall mean those employees having special and specific engineering, geological or other professional skills, and whose primary function in Joint Operations is the handling of specific operating conditions and problems for the benefit of the Joint Property.
"Personal Expenses" shall mean travel and other reasonable reimbursable expenses of Operator's employees.
"Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.
"Controllable Material" shall mean Material which at the time is so classified in the Material Classification Manual as most recently recommended by the Council of Petroleum Accountants Societies.

2. Statement and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditure, lease or facility, and all charges and credits summarized by appropriate classifications of investment and expense except that items of Controllable Material and unusual charges and credits shall be separately identified and fully described in detail.

3. Advances and Payments by Non-Operators

A. Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance their share of estimated cash outlay for the succeeding month's operation within fifteen (15) days after receipt of the billing or by the first day of the month for which the advance is required, whichever is later. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.

B. Each Non-Operator shall pay its proportion of all bills within fifteen (15) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the prime rate in effect at First City Bank, N.A. 12:00 A.M. on the first day of the month in which delinquency occurs plus 1% or the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts.

4. Adjustments

Payment of any such bills shall not prejudice the right of any Non-Operator to protest or question the correctness thereof; provided, however, all bills and statements rendered to Non-Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period a Non-Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of Controllable Material as provided for in Section V.

5. **Audits**

A. A Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the Joint Account for any calendar year within the twenty-four (24) month period following the end of such calendar year; provided, however, the making of an audit shall not extend the time for the taking of written exception to and the adjustments of accounts as provided for in Paragraph 4 of this Section I. Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct a joint audit in a manner which will result in a minimum of inconvenience to the Operator. Operator shall bear no portion of the Non-Operators' audit cost incurred under this paragraph unless agreed to by the Operator. The audits shall not be conducted more than once each year without prior approval of Operator, except upon the resignation or removal of the Operator, and shall be made at the expense of those Non-Operators approving such audit.

B. The Operator shall reply in writing to an audit report within 180 days after receipt of such report.

6. **Approval By Non-Operators**

Where an approval or other agreement of the Parties or Non-Operators is expressly required under other sections of this Accounting Procedure and if the agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, Operator shall notify all Non-Operators of the Operator's proposal, and the agreement or approval of a majority in interest of the Non-Operators shall be controlling on all Non-Operators.

II. DIRECT CHARGES

Operator shall charge the Joint Account with the following items:

1. **Ecological and Environmental**

Costs incurred for the benefit of the Joint Property as a result of governmental or regulatory requirements to satisfy environmental considerations applicable to the Joint Operations. Such costs may include surveys of an ecological or archaeological nature and pollution control procedures as required by applicable laws and regulations.

2. **Rentals and Royalties**

Lease rentals and royalties paid by Operator for the Joint Operations.

3. **Labor**

A. (1) Salaries and wages of Operator's field employees directly employed on the Joint Property in the conduct of Joint Operations.

(2) Salaries of First Level Supervisors in the field.

(3) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are excluded from the overhead rates.

(4) Salaries and wages of Technical Employees either temporarily or permanently assigned to and directly employed in the operation of the Joint Property if such charges are excluded from the overhead rates.

B. Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to employees whose salaries and wages are chargeable to the Joint Account under Paragraph 3A of this Section II. Such costs under this Paragraph 3B may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Paragraph 3A of this Section II. If percentage assessment is used, the rate shall be based on the Operator's cost experience.

C. Expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Operator's costs chargeable to the Joint Account under Paragraphs 3A and 3B of this Section II.

D. Personal Expenses of those employees whose salaries and wages are chargeable to the Joint Account under Paragraph 3A of this Section II.

4. **Employee Benefits**

Operator's current costs of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor cost chargeable to the Joint Account under Paragraphs 3A and 3B of this Section II shall be Operator's actual cost not to exceed the percent most recently recommended by the Council of Petroleum Accountants Societies.

5. **Material**

Material purchased or furnished by Operator for use on the Joint Property as provided under Section IV. Only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use and is reasonably practical and consistent with efficient and economical operations. The accumulation of surplus stocks shall be avoided.

6. **Transportation**

Transportation of employees and Material necessary for the Joint Operations but subject to the following limitations:

A. If Material is moved to the Joint Property from the Operator's warehouse or other properties, no charge shall be made to the Joint Account for a distance greater than the distance from the nearest reliable supply store where like material is normally available or railway receiving point nearest the Joint Property unless agreed to by the Parties.

B. If surplus Material is moved to Operator's warehouse or other storage point, no charge shall be made to the Joint Account for a distance greater than the distance to the nearest reliable supply store where like material is normally available, or railway receiving point nearest the Joint Property unless agreed to by the Parties. No charge shall be made to the Joint Account for moving Material to other properties belonging to Operator, unless agreed to by the Parties.

C. In the application of subparagraphs A and B above, the option to equalize or charge actual trucking cost is available when the actual charge is $400 or less excluding accessorial charges. The $400 will be adjusted to the amount most recently recommended by the Council of Petroleum Accountants Societies.

7. **Services**

The cost of contract services, equipment and utilities provided by outside sources, except services excluded by Paragraph 10 of Section II and Paragraph i, ii, and iii, of Section III. The cost of professional consultant services and contract services of technical personnel directly engaged on the Joint Property if such charges are excluded from the overhead rates. The cost of professional consultant services or contract services of technical personnel not directly engaged on the Joint Property shall not be charged to the Joint Account unless previously agreed to by the Parties.

8. **Equipment and Facilities Furnished By Operator**

A. Operator shall charge the Joint Account for use of Operator owned equipment and facilities at rates commensurate with costs of ownership and operation. Such rates shall include costs of maintenance, repairs, other operating expense, insurance, taxes, depreciation, and interest on gross investment less accumulated depreciation not to exceed ____ Ten ____ percent (10 %) per annum. Such rates shall not exceed average commercial rates currently prevailing in the immediate area of the Joint Property.

B. In lieu of charges in paragraph 8A above, Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property less 20%. For automotive equipment, Operator may elect to use rates published by the Petroleum Motor Transport Association.

9. **Damages and Losses to Joint Property**

All costs or expenses necessary for the repair or replacement of Joint Property made necessary because of damages or losses incurred by fire, flood, storm, theft, accident, or other cause, except those resulting from Operator's gross negligence or willful misconduct. Operator shall furnish Non-Operator written notice of damages or losses incurred as soon as practicable after a report thereof has been received by Operator.

10. **Legal Expense**

Expense of handling, investigating and settling litigation or claims, discharging of liens, payment of judgements and amounts paid for settlement of claims incurred in or resulting from operations under the agreement or necessary to protect or recover the Joint Property, except that no charge for services of Operator's legal staff or fees or expense of outside attorneys shall be made unless previously agreed to by the Parties. All other legal expense is considered to be covered by the overhead provisions of Section III unless otherwise agreed to by the Parties, except as provided in Section I, Paragraph 3.

11. **Taxes**

All taxes of every kind and nature assessed or levied upon or in connection with the Joint Property, the operation thereof, or the production therefrom, and which taxes have been paid by the Operator for the benefit of the Parties. If the ad valorem taxes are based in whole or in part upon separate valuations of each party's working interest, then notwithstanding anything to the contrary herein, charges to the Joint Account shall be made and paid by the Parties hereto in accordance with the tax value generated by each party's working interest.

12. **Insurance**

Net premiums paid for insurance required to be carried for the Joint Operations for the protection of the Parties. In the event Joint Operations are conducted in a state in which Operator may act as self-insurer for Worker's Compensation and/or Employers Liability under the respective state's laws, Operator may, at its election, include the risk under its self-insurance program and in that event, Operator shall include a charge at Operator's cost not to exceed manual rates.

13. **Abandonment and Reclamation**

Costs incurred for abandonment of the Joint Property, including costs required by governmental or other regulatory authority.

14. **Communications**

Cost of acquiring, leasing, installing, operating, repairing and maintaining communication systems, including radio and microwave facilities directly serving the Joint Property. In the event communication facilities/systems serving the Joint Property are Operator owned, charges to the Joint Account shall be made as provided in Paragraph 8 of this Section II.

15. **Other Expenditures**

Any other expenditure not covered or dealt with in the foregoing provisions of this Section II, or in Section III and which is of direct benefit to the Joint Property and is incurred by the Operator in the necessary and proper conduct of the Joint Operations.

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III. OVERHEAD

1. Overhead - **Drilling and Producing Operations**

i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either:

(X) Fixed Rate Basis, Paragraph 1A, or
( ) Percentage Basis, Paragraph 1B

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 3A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property:

( ) shall be covered by the overhead rates, or
(X) shall not be covered by the overhead rates.

iii. The salaries, wages and Personal Expenses of Technical Employees and/or costs of professional consultant services and contract services of technical personnel either temporarily or permanently assigned to and directly employed in the operation of the Joint Property:

(X) shall be covered by the overhead rates, or
( ) shall not be covered by the overhead rates.

A. Overhead - Fixed Rate Basis

(1) Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate $ 5,000.00
(Prorated for less than a full month)

Producing Well Rate $ 500.00

(2) Application of Overhead - Fixed Rate Basis shall be as follows:

(a) Drilling Well Rate

(1) Charges for drilling wells shall begin on the date the well is spudded and terminate on the date the drilling rig, completion rig, or other units used in completion of the well is released, whichever is later, except that no charge shall be made during suspension of drilling or completion operations for fifteen (15) or more consecutive calendar days.

(2) Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive work days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig or other units used in workover, commence through date of rig or other unit release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive calendar days.

(b) Producing Well Rates

(1) An active well either produced or injected into for any portion of the month shall be considered as a one-well charge for the entire month.

(2) Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.

(3) An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent sales outlet.

(4) A one-well charge shall be made for the month in which plugging and abandonment operations are completed on any well. This one-well charge shall be made whether or not the well has produced except when drilling well rate applies.

(5) All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.

(3) The well rates shall be adjusted as of the first day of April each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the calendar year preceding as shown by the index of average weekly earnings of Crude Petroleum and Gas Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian index as published by Statistics Canada, as applicable. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.

B. Overhead - Percentage Basis

(1) Operator shall charge the Joint Account at the following rates:

(a) Development

_____ Percent (____ %) of the cost of development of the Joint Property exclusive of costs provided under Paragraph 10 of Section II and all salvage credits.

(b) Operating

_____ Percent (____ %) of the cost of operating the Joint Property exclusive of costs provided under Paragraphs 2 and 10 of Section II, all salvage credits, the value of injected substances purchased for secondary recovery and all taxes and assessments which are levied, assessed and paid upon the mineral interest in and to the Joint Property.

(2) Application of Overhead - Percentage Basis shall be as follows:

For the purpose of determining charges on a percentage basis under Paragraph 1B of this Section III, development shall include all costs in connection with drilling, redrilling, deepening, or any remedial operations on any or all wells involving the use of drilling rig and crew capable of drilling to the producing interval on the Joint Property; also, preliminary expenditures necessary in preparation for drilling and expenditures incurred in abandoning when the well is not completed as a producer, and original cost of construction or installation of fixed assets, the expansion of fixed assets and any other project clearly discernible as a fixed asset, except Major Construction as defined in Paragraph 2 of this Section III. All other costs shall be considered as operating.

2. **Overhead - Major Construction**

To compensate Operator for overhead costs incurred in the construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly discernible as a fixed asset required for the development and operation of the Joint Property, Operator shall either negotiate a rate prior to the beginning of construction, or shall charge the Joint Account for overhead based on the following rates for any Major Construction project in excess of $ _____ :

A. 5 % of first $100,000 or total cost if less, plus

B. 3 % of costs in excess of $100,000 but less than $1,000,000, plus

C. 2 % of costs in excess of $1,000,000.

Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts of a single project shall not be treated separately and the cost of drilling and workover wells and artificial lift equipment shall be excluded.

3. **Catastrophe Overhead**

To compensate Operator for overhead costs incurred in the event of expenditures resulting from a single occurrence due to oil spill, blowout, explosion, fire, storm, hurricane, or other catastrophes as agreed to by the Parties, which are necessary to restore the Joint Property to the equivalent condition that existed prior to the event causing the expenditures, Operator shall either negotiate a rate prior to charging the Joint Account or shall charge the Joint Account for overhead based on the following rates:

A. 3 % of total costs through $100,000; plus

B. 2 % of total costs in excess of $100,000 but less than $1,000,000; plus

C. 1 % of total costs in excess of $1,000,000.

Expenditures subject to the overheads above will not be reduced by insurance recoveries, and no other overhead provisions of this Section III shall apply.

4. **Amendment of Rates**

The overhead rates provided for in this Section III may be amended from time to time only by mutual agreement between the Parties hereto if, in practice, the rates are found to be insufficient or excessive.

IV. PRICING OF JOINT ACCOUNT MATERIAL PURCHASES, TRANSFERS AND DISPOSITIONS

Operator is responsible for Joint Account Material and shall make proper and timely charges and credits for all Material movements affecting the Joint Property. Operator shall provide all Material for use on the Joint Property; however, at Operator's option, such Material may be supplied by the Non-Operator. Operator shall make timely disposition of idle and/or surplus Material, such disposal being made either through sale to Operator or Non-Operator, division in kind, or sale to outsiders. Operator may purchase, but shall be under no obligation to purchase, interest of Non-Operators in surplus condition A or B Material. The disposal of surplus Controllable Material not purchased by the Operator shall be agreed to by the Parties.

1. **Purchases**

Material purchased shall be charged at the price paid by Operator after deduction of all discounts received. In case of Material found to be defective or returned to vendor for any other reasons, credit shall be passed to the Joint Account when adjustment has been received by the Operator.

2. **Transfers and Dispositions**

Material furnished to the Joint Property and Material transferred from the Joint Property or disposed of by the Operator, unless otherwise agreed to by the Parties, shall be priced on the following basis exclusive of cash discounts:

A. New Material (Condition A)

(1) Tubular Goods Other than Line Pipe

(a) Tubular goods, sized 2⅜ inches OD and larger, except line pipe, shall be priced at Eastern mill published carload base prices effective as of date of movement plus transportation cost using the 80,000 pound carload weight basis to the railway receiving point nearest the Joint Property for which published rail rates for tubular goods exist. If the 80,000 pound rail rate is not offered, the 70,000 pound or 90,000 pound rail rate may be used. Freight charges for tubing will be calculated from Lorain, Ohio and casing from Youngstown, Ohio.

(b) For grades which are special to one mill only, prices shall be computed at the mill base of that mill plus transportation cost from that mill to the railway receiving point nearest the Joint Property as provided above in Paragraph 2.A.(1)(a). For transportation cost from points other than Eastern mills, the 30,000 pound Oil Field Haulers Association interstate truck rate shall be used.

(c) Special end finish tubular goods shall be priced at the lowest published out-of-stock price, f.o.b. Houston, Texas, plus transportation cost, using Oil Field Haulers Association interstate 30,000 pound truck rate, to the railway receiving point nearest the Joint Property.

(d) Macaroni tubing (size less than 2⅜ inch OD) shall be priced at the lowest published out-of-stock prices f.o.b. the supplier plus transportation costs, using the Oil Field Haulers Association interstate truck rate per weight of tubing transferred, to the railway receiving point nearest the Joint Property.

(2) Line Pipe

(a) Line pipe movements (except size 24 inch OD and larger with walls ¾ inch and over) 30,000 pounds or more shall be priced under provisions of tubular goods pricing in Paragraph A.(1)(a) as provided above. Freight charges shall be calculated from Lorain, Ohio.

(b) Line pipe movements (except size 24 inch OD and larger with walls ¾ inch and over) less than 30,000 pounds shall be priced at Eastern mill published carload base prices effective as of date of shipment, plus 20 percent, plus transportation costs based on freight rates as set forth under provisions of tubular goods pricing in Paragraph A.(1)(a) as provided above. Freight charges shall be calculated from Lorain, Ohio.

(c) Line pipe 24 inch OD and over and ¾ inch wall and larger shall be priced f.o.b. the point of manufacture at current new published prices plus transportation cost to the railway receiving point nearest the Joint Property.

(d) Line pipe, including fabricated line pipe, drive pipe and conduit not listed on published price lists shall be priced at quoted prices plus freight to the railway receiving point nearest the Joint Property or at prices agreed to by the Parties.

(3) Other Material shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store nearest the Joint Property, or point of manufacture, plus transportation costs, if applicable, to the railway receiving point nearest the Joint Property.

(4) Unused new Material, except tubular goods, moved from the Joint Property shall be priced at the current new price, in effect on date of movement, as listed by a reliable supply store nearest the Joint Property, or point of manufacture, plus transportation costs, if applicable, to the railway receiving point nearest the Joint Property. Unused new tubulars will be priced as provided above in Paragraph 2 A (1) and (2).

B. Good Used Material (Condition B)

Material in sound and serviceable condition and suitable for reuse without reconditioning:

(1) Material moved to the Joint Property

At seventy-five percent (75%) of current new price, as determined by Paragraph A.

(2) Material used on and moved from the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph A, if Material was originally charged to the Joint Account as new Material or

(b) At sixty-five percent (65%) of current new price, as determined by Paragraph A, if Material was originally charged to the Joint Account as used Material.

(3) Material not used on and moved from the Joint Property

At seventy-five percent (75%) of current new price as determined by Paragraph A.

The cost of reconditioning, if any, shall be absorbed by the transferring property.

C. Other Used Material

(1) Condition C

Material which is not in sound and serviceable condition and not suitable for its original function until after reconditioning shall be priced at fifty percent (50%) of current new price as determined by Paragraph A. The cost of reconditioning shall be charged to the receiving property, provided Condition C value plus cost of reconditioning does not exceed Condition B value.

(2) Condition D

Material, excluding junk, no longer suitable for its original purpose, but usable for some other purpose shall be priced on a basis commensurate with its use. Operator may dispose of Condition D Material under procedures normally used by Operator without prior approval of Non-Operators.

(a) Casing, tubing, or drill pipe used as line pipe shall be priced as Grade A and B seamless line pipe of comparable size and weight. Used casing, tubing or drill pipe utilized as line pipe shall be priced at used line pipe prices.

(b) Casing, tubing or drill pipe used as higher pressure service lines than standard line pipe, e.g. power oil lines, shall be priced under normal pricing procedures for casing, tubing, or drill pipe. Upset tubular goods shall be priced on a non upset basis.

(3) Condition E

Junk shall be priced at prevailing prices. Operator may dispose of Condition E Material under procedures normally utilized by Operator without prior approval of Non-Operators.

D. Obsolete Material

Material which is serviceable and usable for its original function but condition and/or value of such Material is not equivalent to that which would justify a price as provided above may be specially priced as agreed to by the Parties. Such price should result in the Joint Account being charged with the value of the service rendered by such Material.

E. Pricing Conditions

(1) Loading or unloading costs may be charged to the Joint Account at the rate of twenty-five cents (25¢) per hundred weight on all tubular goods movements, in lieu of actual loading or unloading costs sustained at the stocking point. The above rate shall be adjusted as of the first day of April each year following January 1, 1985 by the same percentage increase or decrease used to adjust overhead rates in Section III, Paragraph 1.A(3). Each year, the rate calculated shall be rounded to the nearest cent and shall be the rate in effect until the first day of April next year. Such rate shall be published each year by the Council of Petroleum Accountants Societies.

(2) Material involving erection costs shall be charged at applicable percentage of the current knocked-down price of new Material.

3. **Premium Prices**

Whenever Material is not readily obtainable at published or listed prices because of national emergencies, strikes or other unusual causes over which the Operator has no control, the Operator may charge the Joint Account for the required Material at the Operator's actual cost incurred in providing such Material, in making it suitable for use, and in moving it to the Joint Property; provided notice in writing is furnished to Non-Operators of the proposed charge prior to billing Non-Operators for such Material. Each Non-Operator shall have the right, by so electing and notifying Operator within ten days after receiving notice from Operator, to furnish in kind all or part of his share of such Material suitable for use and acceptable to Operator.

4. **Warranty of Material Furnished By Operator**

Operator does not warrant the Material furnished. In case of defective Material, credit shall not be passed to the Joint Account until adjustment has been received by Operator from the manufacturers or their agents.

V. INVENTORIES

The Operator shall maintain detailed records of Controllable Material.

1. **Periodic Inventories, Notice and Representation**

At reasonable intervals, inventories shall be taken by Operator of the Joint Account Controllable Material. Written notice of intention to take inventory shall be given by Operator at least thirty (30) days before any inventory is to begin so that Non-Operators may be represented when any inventory is taken. Failure of Non-Operators to be represented at an inventory shall bind Non-Operators to accept the inventory taken by Operator.

2. **Reconciliation and Adjustment of Inventories**

Adjustments to the Joint Account resulting from the reconciliation of a physical inventory shall be made within six months following the taking of the inventory. Inventory adjustments shall be made by Operator to the Joint Account for overages and shortages, but, Operator shall be held accountable only for shortages due to lack of reasonable diligence.

3. **Special Inventories**

Special inventories may be taken whenever there is any sale, change of interest, or change of Operator in the Joint Property. It shall be the duty of the party selling to notify all other Parties as quickly as possible after the transfer of interest takes place. In such cases, both the seller and the purchaser shall be governed by such inventory. In cases involving a change of Operator, all Parties shall be governed by such inventory.

4. **Expense of Conducting Inventories**

A. The expense of conducting periodic inventories shall not be charged to the Joint Account unless agreed to by the Parties.

B. The expense of conducting special inventories shall be charged to the Parties requesting such inventories, except inventories required due to change of Operator shall be charged to the Joint Account.

EXHIBIT "D"

INSURANCE PROVISION

Attached to and made a part of that certain FARMOUT Agreement dated May 4, 1989 by and between Placid Oil Company (First Party) and El Toro Oil Company (Second Party) covering lands situated in Catahoula Parish, Louisiana.

Second Party shall at all times while performing operations hereunder, maintain in full force and effect the following insurance coverages:

A. Worker's Compensation providing statutory benefits, and Employer's Liability with limits of not less than $500,000 per person, covering all employees engaged in the performance of work in the state having jurisdiction over each employee. This policy shall contain a waiver of subrogation in favor of First Parties with respect to operations covered by this agreement.

B. Comprehensive General Liability Insurance, covering operations hereunder, with a combined single limit per occurrence of $1,000,000 for bodily injury and property damage. Such policy shall be endorsed to provide Blanket Contractual Liability covering obligations assumed herein.

C. Comprehensive Automobile Insurance including non-owned and hired vehicle coverage with a combined single limit per occurrence of $500,000 for bodily injury and property damage.

The insurance policies provided for in (b) and (c) shall name each First Party as an additional insured and shall contain a provision stating that insurance underwriters shall waive all rights of subrogation in favor of each First Party(s). Second Parties shall furnish First Parties with certificates evidencing all of the above coverages prior to undertaking any operations under this agreement. Such certificates shall provide that the policy or policies may not be cancelled or materially changed without 10 days prior written notice to First Parties. Second Parties shall require that each independent contractor and subcontractor carry and maintain insurance at his own expense in amounts deemed necessary to cover the risks inherent to the work or services being performed.

The certificate of Insurance Coverage shall be furnished to and approved by First Party's Risk Management Department, 3900 Thanksgiving Tower, Dallas, Texas 75201, Attention: John Farrell.

EXHIBIT "E"

GAS BALANCING AGREEMENT FOR GAS PRODUCTION

Attached to and made a part of that certain FARMOUT Agreement dated May 4, 1989 by and between Placid Oil Company (First Party) and El Toro Oil Company (Second Party) covering lands situated in Catahoula Parish, Louisiana.

The parties hereto own and are entitled to share in the oil and gas production from wells subject to that certain FARMOUT Agreement dated May 4, 1989 in accordance with their respective interest set forth therein.

Each party has made or will make arrangements to sell or utilize its share of the gas produced from the wells covered hereby , and this FARMOUT Agreement shall be considered a separate and distinct agreement as to each separate well completion ("said well") under the Farmout Agreement. However, one or more of the parties may not be disposing of its interest in the gas production from time to time; therefore, to permit each party to produce and dispose of its interest in the gas production from said well with as much flexibility as possible, the parties hereto agree to the storage and balancing arrangement herein set forth.

1.

From and after the date of initial delivery of gas from said well, during any period when a party does not dispose of its full share of the gas produced from said well, any other party may produce from said well and take or deliver to a purchaser, each month, all or part of that portion of the allowable gas production assigned thereto, which is not produced by a party taking less than its full share; provided, however, no party shall be entitled to take or deliver to a purchaser in excess of three hundred per cent (300%) of its current share of the volumes capable of being delivered or of the allowable gas production assigned thereto, whichever is less. The parties hereto shall share in and own the liquid hydrocarbons recovered from such gas by lease separation equipment (not to include liquid hydrocarbons recovered in a gas processing plant) in accordance with their respective interest, as set forth hereinabove, and upon and subject to the terms of the above-described FARMOUT Agreement.

2.

A party receiving credit for less than its full share of the gas produced shall be credited with gas in storage equal to its full share of the total gas produced, less such party's share of the gas used in operations or vented or lost, and less that portion of the gas such party took or delivered to its purchaser. The unit, Operator of the wells, will maintain an account of the gas balance between the parties hereto and will furnish each party month statements showing the total quantity of gas produced, the portion thereof used in operations, vented or lost, the total quantity of gas taken or delivered to market for the account of each party, and the monthly and cumulative over and under delivery of each party.

3.

After notice to the Unit Operator, any party may at any time begin taking or delivering to a purchaser its full share of the gas produced (less such party's share of gas used in operations, vented or lost). To allow the recover of gas in storage and to balance the gas account of the parties in accordance with their respective interests, a party with gas in storage shall be entitled to take or deliver to a purchaser its current share of the gas produced (less such party's share of gas used in operations.

vented or lost), plus a share of gas not exceeding its gas in storage determined by multiplying (1) fifty percent (50%), by (2) the interest in said well's current production of the party or parties having taken more than their share of cumulative gas production from said well, by (3) a fraction, the numerator of which is the interest in said well of such party with gas in storage and the denominator of which is the total percentage interest in said well of all parties currently recovering gas from storage.

4.

Nothing here shall be construed to deny any party the right, from time to time, to produce and take or deliver to its purchaser its full share of the allowable gas production to meet the deliverability test required by its purchaser. Each party, shall at all times, use its best efforts to regulate its takes and deliveries from said wells so that said wells will not be shut-in for over producing the allowable, if any, assigned thereto by the regulating body having jurisdiction.

5.

Each party producing and taking or delivering gas to its purchaser shall pay any and all production taxes, royalties and other burdens due on such gas.

6.

Should production of gas from said well be permanently discontinued before the gas account is balanced, settlement will be made between the under produced and overproduced parties. Under produced and overproduces parties are those parties who have received credit for a lesser and greater quantity, respectively, than their share of the cumulative gas production from said well (less such party's share of gas used in operations, vented or lost) at such time a production is permanently discontinued. In making such settlement, the underproduced party or parties will be paid a sum of money by the overproduced party or parties attributable to the overproduction which said overproduced party received, less applicable royalty and taxes theretofore paid, in accordance with the method set out herein, and at the applicable price defined below. If an underproduced party is entitled to any cash settlement as a result of taking no gas or only part of the gas to which such party was entitled, such underproduced party shall be paid by the overproduced party as if the gas being paid for were produced by the underproduced party at the time it was actually produced and sold by the overproduced party and for the price or prices received by the overproduced party as sold from time to time beginning with first sales of overproduced gas. For gas sold in intrastate commerce, the price basis shall be the price received for sale of the gas. For gas sold in interstate commerce, the price basis shall be the rate collected, from time to time, which is not subject to possible refund, as provided by the Federal Power Commission pursuant to final order or settlement applicable to the gas sold form said wells, plus any additional collected amount which is not ultimately required by said Commission to be refunded, such additional collected amount to be accounted for at such time as final determination is made with respect thereto.

7.

This agreement shall be and remain in force and effect for a term concurrent with the term of the FARMOUT Agreement between the parties.

8.

Nothing herein shall change of affect each party's obligations to pay is proportionate share of all costs and liabilities incurred in operations, as its share thereof is set forth in the above-described FARMOUT Agreement.

EXHIBIT "F"

Attached to and made a part of that certain FARMOUT Agreement dated May 4, 1989 by and between Placid Oil Company (First Party) and El Toro Oil Company (Second Party) covering lands situated in Catahoula Parish, Louisiana.

FEDERAL CONTRACT REQUIREMENTS

I. EQUAL EMPLOYMENT OPPORTUNITY:

A. Equal Opportunity Clause (41 CFR 60-1.4)

During the performance of this contract, Contractor agrees as follows:

(1) Contractor will not discriminate against any employees or applicant for employment because of race, color, religion, sex or national origin. Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

(2) Contractor will, in all solicitations or advertisements for employees placed by or on behalf of Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

(3) Contractor will send to each labor union or representative of workers with which Contractor has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer, advising the labor union or workers' representative of Contractor's commitments under Section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) Contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(5) Contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of Contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(7) Contractor will include the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless excepted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. Contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, Contractor may request the United States to enter into such litigation to protect the interests of the United States.

B. Employee Information Reports (41 CFR 60-1.7)

If the value of this contract is $50,000 or more and if Contractor has 50 or more employees, Contractor agrees to file timely, complete and accurate reports on Standard Form 100 (EEO-1) with the appropriate federal agency.

C. Affirmative Action Program (41 CFR 60-1.40)

If the value of this contract is $50,000 or more and Contractor has 50 or more employees, Contractor agrees to develop a written affirmative action compliance program as required by law.

D. Certification of Nonsegregated Facilities (41 CFR 60-1.8)

Contractor certifies that it does not and will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not and will not permit its employees to perform their services at any location under its control, where segregated facilities are maintained. Contractor agrees that a breach of this certification is a violation of the Equal Employment Opportunity Clause in this contract. As used in this certification, the term "segregated facilities" means any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, creed, color, or national origin, because of habit, local custom or otherwise. It further agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors prior to the award of subcontractors exceeding $10,000 which are not exempt from the provisions of Equal Employment Opportunity Clause; that it will retain such certifications in its files; and that it will forward the following notice to such proposed subcontractors (except where the proposed subcontractors have submitted identical certifications for specific time period): NOTICE TO PROSPECTIVE SUBCONTRACTORS OF REQUIREMENT FOR CERTIFICATIONS OF NONSEGREGATED FACILITIES. A certification of Nonsegregated Facilities, as required by the May 9, 1967, order on Elimination of Segregated Facilities, by the Secretary of Labor (32 Fed. Reg. 7439, May 19, 1967) must be submitted prior to the award of subcontract exceeding $10,000 which is not exempt from the provisions of the Equal Employment Opportunity Clause. The certification may be submitted either for each subcontract or for all subcontracts during a period (i.e., quarterly, semiannually, or annually). (Note: The penalty for making false statements in offers is prescribed in 18 U.S.C. 1001.)

II. LISTING OF EMPLOYMENT OPENINGS (41 CFR 50-250)

Contractor agrees to comply with the rules and regulations of the Department of Labor concerning the listing of employment openings, including the contract clause set forth in 41 CFR 50-250.4, which clause is incorporated herein by reference. Contractor also agrees to place the foregoing provision in any subcontract directly under this contract.

III. EMPLOYMENT OF THE HANDICAPPED (20 CFR 741.2)

(This clause applies to all nonexempt contracts and subcontracts which exceed $2,500 as follows: (1) Part A applies to contracts and subcontracts which provide for performance in less than 90 days, (2) Parts A and B apply to contracts and subcontracts which provide for performance in 90 days or more and the amount of the contract or subcontract is less than $500,000, and (3) Parts A, B, and C apply to contracts and subcontracts which provide for performance in 90 days or more and the amount of the contract or subcontract is $500,000 or more.)

PART A

(a) The Contractor will not discriminate against any employees or applicant for employment because of physical or mental handicap in regard to any position for which the employee or applicant for employment is qualified. The contractor agrees to take affirmative action to employ, advance in employment and otherwise treat qualified handicapped individuals without discrimination based upon their physical or mental handicap in all employment practices such as the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising; layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

(b) The Contractor agrees that, if a handicapped individual files a complaint with the Contractor that he is not complying with the requirements of the Act, he will (1) investigate the complaint and take appropriate action consistent with the requirements of 20 CFR 741.29 and (2) maintain on file for three years, the record regarding the complaint and the actions taken.

(c) The Contractor agrees that, if a handicapped individual files a complaint with the Department of Labor that he has not complied with the requirements of the Act, (1) he will cooperate with the Department in its investigation of the complaint, and (2) he will provide all pertinent information regarding his employment practices with respect to the handicapped.

(d) The Contractor agrees to comply with the rules and regulations of the Secretary of Labor in 20 CFR Ch. VI, Part 741.

(e) In the event of the Contractor's non-compliance with the requirements of this clause, the contract may be terminated or suspended in whole or in part.

(f) This clause shall be included in all subcontracts over $2,500.

PART B

(g) The Contractor agrees (1) to establish an affirmative action program, including appropriate procedures consistent with the guidelines and the rules of the Secretary of Labor, which will provide the affirmative action regarding the employment and advancement of the handicapped required by P.L. 93-223, (2) to publish the program in his employees' or personnel handbook or otherwise distribute a copy to all personnel, (3) to review his program on or before March 31 of each year and to make such changes as may be appropriate, and (4) to designate one of his principal officials to be responsible for the establishment and operation of the program.

(h) The Contractor agrees to permit the examination by appropriate contracting agency officials or the Assistant Secretary for Employment Standards or his designee, of pertinent books, documents, papers and records concerning his employment and advancement of the handicapped.

(i) The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices in a form to be prescribed by the Assistant Secretary for Employment Standards, provided by the contracting officer stating Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified, handicapped employees and applicants for employment and the rights and remedies available.

(j) The Contractor will notify each labor union or representative of workers with which he has a collective bargaining agreement or other contract understanding, that the Contractor is bound by the terms of Section 503 of the Rehabilitation Act, and is committed to take affirmative action to employ and advance in employment physically and mentally handicapped individuals.

PART C

(k) The Contractor agrees to submit a copy of his affirmative action program to the Assistant Secretary for Employment Standards within 90 days after the award to him of a contract or subcontract.

(l) The Contractor agrees to submit a summary report to the Assistant Secretary for Employment Standards, by March 31 of each year during performance of the Contract, and by March 31 of the year following completion of the contract, in the form prescribed by the Assistant Secretary, covering employment and complaint experience, accommodations made and all steps taken to effectuate and carry out the commitments set forth in the affirmative action program.

OIL AND GAS LEASE

STATE OF LOUISIANA §
§
COUNTY OF CATAHOULA §

THIS AGREEMENT, made this 4th day of June, 1990, but effective April 4, 1990, by and between PLACID OIL COMPANY, a Delaware Corporation with offices at 3900 Thanksgiving Tower, 1601 Elm Street, Dallas, Texas 75201, hereinafter called "LESSOR" and EL TORO OIL COMPANY, P.O. Drawer M, Natchez, Mississippi 39120-1057, hereinafter called "LESSEE", WITNESSETH THAT:

1. Lessor in consideration of the royalties herein provided, and of the agreement of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee (for the purpose of investigating, exploring, prospecting and drilling for and producing oil and gas) the following described land in the Catahoula Parish, State of Louisiana to-wit:

Township 6 North, Range 6 East, Section 29: S½SE¼SE¼; Section 32: N½NE¼NE¼

This lease shall be limited to strata and/or zones from the surface of the earth down to and including a depth of 6,110 feet and its stratigraphic equivalent as found in the Placid Oil Co. Fee No. 2 Well located on said lands. All other rights are reserved by Lessor.

For the purposes of Articles 3 (d) and 9 (c) of this lease, the leased premises shall be conclusively presumed to comprise 40 acres, whether there be more or less.

2. Subject to the terms and conditions hereinafter set forth, this lease shall be for a term of ninety (90) days from the date hereof (hereinafter referred to as the "primary term") and as long thereafter as oil or gas is produced in paying quantities from the leased premises or lands pooled therewith.

3. Lessee shall pay to Lessor monthly as a royalty:

(a) On oil (which for the purposes of this lease includes all hydrocarbons produced at the well in liquid form by ordinary production methods), 25% of the amount received by Lessee for all oil produced and saved from the leased premises, or, at Lessor's option, Lessee will deliver to Lessor's credit free of cost to Lessor, in the pipe line or plant or storage tanks to which the well or wells may be connected, 25% of all oil produced and saved from the leased premises. The royalties here set forth for oil shall also be paid on all gasoline or other petroleum products manufactured or extracted from any gas produced from the leased premises, but Lessee may deduct from royalties on such gasoline or other petroleum products, the actual costs, not to exceed the fair and reasonable cost, of such manufacture or extraction. No deductions for extraction costs shall be made for liquid hydrocarbons recovered by use of drip, separator or similar apparatus on the flow line of wells, and except as to gas being used for repressuring or recycling purposes, Lessee shall, prior to the sale or use of gas from such well, install and use such apparatus on any well or wells capable of producing liquid hydrocarbons in paying commercial quantities.

(b) On gas (which for the purposes of this lease, includes all vaporous or gaseous substances and specifically includes the residue gas remaining after manufacture or extraction of any gasoline or other petroleum products),

(i) produced, saved and sold from the leased premises, 25% of the amount received by Lessee or 25% of the amount of the best price which could have been received by Lessee in the exercise of reasonable diligence, whichever is the higher.

(ii) produced, saved and used off the leased premises, but not sold, 25% of the market value at the time and place of use.

(c) On oil or gas sold (or used but not sold) outside the field from which produced, Lessee may deduct, from the royalties set forth in (a) and (b) above, the actual cost, not to exceed the fair value of transporting same from the field to the point of sale or, if same is not sold, to the point of use.

(d) Where gas from a well producing gas only is not sold because of no market or demand therefor, Lessee may pay as royalty $5.00 per acre (subject to proportionate reduction as set forth in Article 6 below) per year, such payment to be made on or before the thirtieth day after the date that such a well is shut in, and upon such payment it will be considered that gas is being produced within the meaning of Article 2 of this lease.

(e) Gas which may be disposed of for no consideration to Lessee, through unavoidable waste or leakage, or in order to recover oil and other liquid hydrocarbons, or returned to the ground, shall not be deemed to have been sold or used off the leased premises, within the meaning expressed or implied of any part of this lease.

4. If at the expiration of the primary term, oil and gas or any of them are not being produced on said leased premises or on land pooled therewith but Lessee is then engaged in operations thereon, or if Lessee shall have ceased operations or production on said leased premises or on land pooled therewith within ninety days prior to expiration of the primary term, this Lease shall remain in force so long thereafter as the same or other operations are prosecuted (on the same or different wells) with no cessation of more than ninety consecutive days, and, whether or not they result in the production of oil or gas as long thereafter as oil or gas are produced from or operations are prosecuted (on the same or different wells) on said leased premises or on land pooled therewith, with no cessation of more than ninety consecutive days. Whenever used in this Lease, the word "operations" means and includes operations for and the mining, drilling, testing, completing, recompleting, reworking, deepening, plugging back or repairing of a well or hole, repairing or replacing production equipment, or any other operations, in search for or in an effort to obtain or reestablish production of oil or gas and includes the production of leased substances whether or not in paying quantities. All operations hereunder shall be deemed to be continuously prosecuted if not more than ninety consecutive days elapse between the completion of all operations at one well or location and the commencement or recommencement of operations at the same or, another well or location.

5. The rights of the Lessee may not be assigned except upon written consent of Lessor. The provisions hereof shall extend to the heirs, successors and assigns of the parties hereto, but no change or division in ownership of the land, minerals or royalties however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such changes in ownership shall be binding on Lessee nor impair the effectiveness of any payments made hereunder until Lessee shall have been furnished, forty-five (45) days before payment is due, a certified copy of recorded instrument evidencing any transfer, inheritance, sale or other change in ownership.

6. This lease is executed WITHOUT WARRANTY OR COVENANT OF TITLE OR ANY OTHER WARRANTY WHATSOEVER, EITHER EXPRESS OR IMPLIED EVEN AS TO THE RETURN OF THE CONSIDERATION THEREFOR. If Lessor owns a mineral interest in the leased premises less than the entire fee simple estate, then the royalties to be paid Lessor shall be reduced proportionately.

7. All notices to be given Lessor pursuant to this lease shall be given to Placid Oil Company, Attention: Land Manager, Land Department, 3900 Thanksgiving Tower, Dallas, Texas 75201.

8. All terms and express or implied covenants of this lease shall be subject to all Federal and State Laws, executive orders, rules or regulations, and this lease shall not be terminated, in whole or in part nor Lessee held liable in damages, for failure to comply herewith, if compliance is prevented by any such law, order, rule or regulation.

9. (a) The term "Force Majeure" as used herein shall mean and include: Requisition, order, regulation or control by governmental authority or commission, exercise of rights of priority of control by governmental authority for National Defense or war purposes resulting in delay in obtaining or inability to obtain either material, equipment or means of transportation normally necessary in prospecting or drilling for oil or gas, or in producing, handling or transporting same from leased premises; war; scarcity of or delay in obtaining materials or equipment; lack of labor or by means of transportation of labor or material; Acts of God; insurrection; flood; strike; or other things beyond the control of Lessee.

(b) If by reason of Force Majeure as herein defined, Lessee is prevented from or delayed in drilling, completing or producing any offset well or wells for oil or gas on the leased premises or lands pooled therewith, then while so prevented or during the period of such delay Lessee shall be relieved from all obligations whether express or implied, imposed on Lessee under this lease, to drill, complete or produce such well or wells on the leased premises or lands pooled therewith, and Lessee shall not be liable in damages and this lease shall not be subject to cancellation for failure of Lessee to drill, complete or produce such well or wells during the time Lessee is so relieved from all obligations to do so.

(c) If upon or at any time after the expiration of the primary term hereof, while this lease is in force, Lessee cannot maintain same in effect because prevented by Force Majeure from fulfilling the particular requirement (operations on or continued production from the leased premises or lands pooled therewith, as the case may be) Lessee may continue this lease in effect during the time of the existence of such Force Majeure by payment to Lessor of an amount equal to $5.00 per acre on or before the end of the primary term or on or before the thirtieth day after the occurrence of Force Majeure, whichever is the later date, and the payment to Lessor of an amount equal to $5.00 per acre every sixty days thereafter for so long as such Force Majeure exists. Such payments when made shall continue this lease in effect for the time period specified within this Article. Any such payment shall be subject to proportionate reduction as set forth in Article 6 above. Nothing herein shall impair the right of Lessee to release this lease as to all or any portion of the leased premises and be relieved of all obligations thereafter accruing as to the acreage released.

10. Notwithstanding anything to the contrary contained herein, after the end of the primary term, this lease shall not be continued in effect for a cumulative period of more than one (1) year by means of payment of shut-in royalty (Article 3 (d)), by Force Majeure (Article 9) or by any other means or any combination of the means mentioned herein, except the actual production of oil or gas or both in paying quantities from the leased premises or lands with which the premises are pooled hereunder or additional drilling operations or reworking operations in compliance with Article 4.

11. (a) At payout, (i.e., after 100% of the expenses of drilling, completing, equipping and operating said well have been paid from the production therefrom, on a well by well basis) the royalty paid to Lessor shall increase to a 30% royalty, which royalty shall be paid in the manner set forth in Article 3.

12. Lessee agrees to protect, indemnify and hold Lessor harmless, free and clear of and from all liens, claims, demands, actions and causes of action whatsoever nature, arising out of or in connection with all operations conducted by Lessee on the leased premises or acreage pooled therewith, and agrees to promptly pay all bills for labor and other items. If any well which is drilled on the leased premises is plugged and abandoned, Lessee shall level all dumps, fill in all pits, remove all debris, and otherwise restore the surface of the land to substantially the same condition as it was before the commencement of such operations.

13. As to each well drilled on the leased premises or acreage pooled therewith, Lessee shall provide Lessor, at Lessee's expense, at the address set forth in Article 7 hereof the following information immediately upon acquisition of same, to-wit:

A. Copy of Application to Drill and location plat filed with the State Regulatory Body; and copy of Permit, and Permit number, issued in response thereto.

B. Derrick floor and ground level elevation.

C. Daily Drilling Report by prepaid telephone calls to Placid Oil Company Drilling Department, 214-880-1254, containing full information relative to the drilling progress of said test well, commencing with clearing the location and moving in material and equipment including all current formation top calls.

D. Copy of well record log.

E. A copy of the completion record form, if the test well is a producer; or a copy of the plugging and abandoning record, if the test well is a dry hole; all such copies to be properly notarized.

F. Core description and core analyses, if run.

G. Record of open flow potential test in the event said test well is a gas well.

H. Results of all tests made on said well as and when made, including records of all drill stem tests with copy of bottom hole pressure chart furnished by the service company, accurate description of recovery and test results, and copies of all other production test records.

I. Two copies of an electrical log survey of the well bore from the bottom of the surface casing to the total depth as well as two copies of any and all well or electrical logs, micrologs, section gauges, temperature surveys, radioactive logs, mud analyses logs, drilling time logs and any and all logs or surveys made of the well, except seismic velocity surveys, AS AND WHEN PRELIMINARY RUNS THEREOF ARE MADE, and a composite log upon completion of the well. Lessor, at its sole expense and risk (including payment of rig time and other expenses for which Lessee would otherwise be responsible, and liability for damage to persons, property and the well) may lower geophones in the well to make seismic velocity surveys as sole property of Lessor.

J. Upon request, samples of all cores, a set of formation drilling samples, and representative samples of fluid recovered on formation tests.

K. A geological sample description log indicating all shows of oil and/or gas, and geological horizons, made by a person qualified to make such log except where this requirement is specifically waived.

Lessee shall permit representatives of Lessor to have full and free access at all times to the test well and to the derrick floor whether such well is located on the leased premises or lands pooled therewith. Lessee shall notify Lessor of any of the following events at the time and in the manner shown sufficiently in advance thereof to enable Lessor to have a representative present at the well to witness:

1. The spudding of said test well;
2. All drill stem or any other tests of said test well;
3. The running of any electrical log or other survey that Lessor is entitled to receive;
4. Any coring operation;
5. The measurement of the total depth of said test well;
6. Any plugging operation.

Upon encountering any formation containing oil or gas in reasonably substantial quantity or pressure, Lessee shall immediately notify Lessor of such fact by orally informing Lessor's representative at the well site, or by notice to Lessor by telephone or telegraph at the address provided in Article 7 hereof if such representative is not at the drill site.

14. Lessee, at its option, is hereby given the right and power at any time prior to the establishment of production on the leased premises or acreage pooled therewith, to pool or combine the leased premises covered by this lease, or any portion thereof, with other land, lease or leases and mineral interests in the immediate vicinity thereof, when, in Lessee's judgment, it is necessary or advisable to do so in order to properly explore or develop or operate said premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises or to prevent waste or to avoid the drilling of unnecessary wells or to comply with the spacing or unitization order of any Regulatory Body of the State of Louisiana or the United States having jurisdiction, provided however, that Lessor shall have the right to approve the size, shape and configuration of any such unit so formed except a unit formed

pursuant to a valid order of any Regulatory Body having jurisdiction. The term "Regulatory Body" shall include any governmental officer, tribunal or group (civil or military) issuing orders governing the drilling of wells or the production of minerals. Such pooling shall be of adjacent tracts which will form a reasonably compact (but not necessarily contiguous) body of land for each unit, and the unit or units so created shall not exceed forty (40) acres for each well for oil exploration or production and one hundred sixty (160) acres each for each well or gas and gas-condensate exploration or production unless a larger spacing pattern or larger drilling or production units (including a field or pool unit) shall have been fixed and established by an order of a Regulatory Body of the State of Louisiana or of the United States, in which event the unit shall be the same as fixed by said order. Lessee shall execute and file for record in the Records of Catahoula Parish, Louisiana in which the land herein leased is situated a declaration describing the pooled acreage; and upon such filing, the unit or units shall thereby become effective, except that when a unit is created by order of a Regulatory Body the pooling shall be effective as of the effective date of such order, and no declaration shall be required in connection therewith. The royalties herein elsewhere specified shall be computed only on the proportionate part of the production form any pooled unit that is allocated to the land herein described; and unless otherwise allocated by order of a Regulatory Body, the amount of production to be so allocated from each pooled unit shall be that proportion of such total production that the surface area of the land affected hereby and included in the unit bears to the total surface area of all the lands included in such pooled unit. Drilling or reworking operations on or production of oil, gas or other minerals from land included in such pooled unit shall have the effect of continuing this lease in force and effect during or after the primary term as to all of the land covered hereby (including any portion of said land not included in said unit and as to all strata underlying said land, whether or not such operations be or such production be from land covered hereby. Any unit formed by Lessee hereunder must be created prior to the establishment of production from the unit well. Separate units may be created for oil and for gas, or for separate stratum or strata of oil or gas, even though the areas thereof overlap, and the creation of a unit as to one mineral or strata or stratum shall not exhaust the right of Lessee (even as to the same well) to create different or additional units for other minerals or for other strata or stratum of the same or other minerals. Lessee shall obtain Lessor's approval of any amendment to any unit formed pursuant to this Article, prior to such amendment, unless such unit is amended by order of a Regulatory Body. The failure of the leasehold title (in whole or in part) to any tract or interest therein included in a pooled unit shall not affect the validity of said unit as to the tracts or interests not subject to such failure, but the unit may thereafter be revised as hereinafter provided. Lessee shall have the right and power to reduce and diminish the extent of any unit created under the terms of this paragraph so as to eliminate from said unit any interest or lease to which title has failed or upon which there is or may be an adverse claim. Such revision of the unit shall be evidenced by an instrument in writing executed by Lessee, which shall describe the lands included in the unit as revised and shall be filed for record in the Records of Catahoula Parish, Louisiana where the lands herein are situated. The revised declaration shall not be retroactive but shall be effective as of the date it is filed for record. Any unit created by Lessee hereunder shall also be revised so as to conform with an order of a Regulatory Body issued after said unit was originally established; such revision shall be effective as of the effective date of such order without further declaration by Lessee, but such revision shall be limited to the stratum or strata covered by said order and shall not otherwise affect the unit originally created.

15. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and such well or wells are draining the leased premises, Lessee agrees to drill offset wells or cause an existing well or wells to be completed in the formation or horizon in which drainage is occurring. Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under similar circumstances. For the purpose of this Article, it shall be conclusively presumed that an oil well within 660 feet or a gas well within 1320 feet of the leased premises is draining the leased premises; it being understood, however, that this conclusive presumption shall not preclude Lessor from claiming drainage form offset wells located at greater distances from the leased premises, but is merely for the purpose of obviating the necessity of proof of drainage within the prescribed limits. Failure on the part of Lessee to comply with the provision of this Article within thirty (30) days from the date that any such well causing drainage (as that term is defined in this

Article) is completed shall cause this lease to terminate as to all acreage offsetting the well draining the leased premises. In the event the cancellation or termination of this provision under this Article, Lessee agrees and obligates itself to deliver to Lessor a recordable release of this lease as to acreage being drained. For the purpose of this Article, it shall be conclusively presumed that leased lands within 1320 feet from the drilling or proration unit for the offending oil well and within 2640 feet from the drilling and proration unit for the offending gas well are being drained unless a greater area is being drained, and said release shall specify, describe or recite the greater of areas determined in the manner expressed in this sentence.

16. Notwithstanding anything to the contrary contained herein, at the end of the primary term hereinbefore recited, this lease shall terminate with respect to all of the leased premises which is not included within the surface boundaries of a production and/or proration unit (as that term is defined in this lease) from which oil and/or gas is not being produced.

17. Lessor shall have the continuing, separate and distinct right and option at all times and from time to time, exercisable upon thirty (30) days' notice either orally or in writing, to purchase all or any part of the crude oil, condensate, distillate, casinghead gasoline, and other liquid hydrocarbons, or either of them, herein called "oil", produced and saved from or allocated to the interest leased to Lessee pursuant hereto. The price to be paid therefor shall be the price posted by the major oil purchaser for oil of like grade and gravity on the date of delivery in the district where said leased premises are located, the average thereof if there be more than one purchaser, or if there is no posted price, then the average price being paid for oil of like grade and gravity by the purchasing companies buying oil in the field where such premises are located. Upon each exercise of such option, the Lessor shall have the right to terminate such purchase at any time thereafter upon thirty (30) days' notice.

18. In order to secure the payment of Lessor's royalties, rentals and other sums which may become due and owing to Lessor under the terms hereof, Lessee does hereby pledge, transfer, assign, and convey unto Lessor, all Lessee's right, title and interest in and to this Lease, and all Oil, Gas and minerals in and under and which may be produced from the lands covered hereby, together with the proceeds of the sale of such production and all accounts receivable arising from the sale thereof. The maximum amount of indebtedness secured by this pledge shall not exceed $10,000,000.00. If Lessee fails to pay such royalties, as same become due and owing, Lessee does hereby agree to pay interest on the amount thereof at the rate of 12% per annum until paid in full. Lessor directs and authorizes any and all purchasers of such oil, gas or other minerals produced from this lease and mineral rights to pay to said Lessee all of such proceeds until such time as purchasers have received written notice from Lessor of Lessee's default in payment of royalties, rentals or other sums due hereunder, together with a certified copy of this Lease with such pledge and assignment of production contained therein. Such purchasers shall be entitled to rely upon such written notice from Lessor of said default without further proof or evidence thereof, and shall, after receipt of same, pay to Lessor all such production and proceeds therefrom until such purchasers have been furnished with evidence that all indebtedness secured hereby has been paid and Lessee authorizes said Lessor to receive and collect all sums derived from said production, and the proceeds thereof, and no purchaser of production shall have any responsibility for the application of funds so paid to said Lessor. Lessee grants to Lessor the power of attorney (coupled with an interest) to execute on behalf of Lessee any division order or transfer order or similar contract or agreement necessary or useful to effectuate this pledge and assignment of production and other rights conveyed to Lessor as security for such indebtedness when necessary in Lessor's sole discretion to provide for payment of the royalties due Lessor hereunder. Lessee further agrees to execute and deliver, as requested by said Lessor, any and all transfer or division orders or other instruments submitted by any purchaser of production for the purpose of effectuating payment of such production or proceeds therefrom to said Lessor. Lessee authorizes said Lessor to apply all funds received by it under and by virtue of this pledge and assignment first to the payment of interest due on indebtedness secured by this pledge and then in reduction of the principal of such indebtedness, provided that said Lessor may, at its option, and from time to time, release to Lessee any sums received, or portions thereof, in which event the said interest, and said indebtedness, shall be paid and extinguished only to the extent of the actual application of such funds to the payment thereof. Said Lessor and its successors may, but shall not

be obligated to, enforce collection of such proceeds and shall not be subject to any liability or responsibility therefor, except to account to Lessee for funds actually received in excess of those applied to any indebtedness secured hereby. Lessee agrees to indemnify and hold harmless the lessor against any and all liabilities, actions, claims, judgements, costs, charges and attorneys' fees by reason of the assertion that the Lessor has received, either before or after the payment in full of the indebtedness secured hereby, funds from the production of oil, gas, other hydrocarbons and other minerals from this lease claimed by third persons, and the Lessor shall have the right to defend against any such claims or actions, employing attorneys of its own selection, and if not furnished with indemnity satisfactory to the Lessor, the Lessor shall have the right to compromise and adjust any claims, actions and judgements. In addition to the right to be indemnified as herein provided, all amounts paid by the Lessor in compromise, satisfaction or discharge of any such claim, action or judgement and all court costs, attorneys' fees and other expenses of every character incurred by the Lessor shall constitute indebtedness secured by this pledge and shall bear interest at the rate of twelve percent (12%) per annum until paid. Nothing contained in this paragraph shall detract from or limit the obligations of Lessee as provided in this Lease, regardless of whether the proceeds of runs herein assigned are sufficient to discharge any and all such obligations; and the rights under this pledge and assignment of runs shall be cumulative of all other security of any and every character now or hereafter existing to secure the payment of royalties, overriding royalties, and all other indebtedness or other obligations secured hereby.

19. This lease is made in accordance with and fully subject to all the terms and conditions of that certain Farmout Agreement dated May 4, 1989, as amended, between Placid Oil Company and El Toro Oil Company, but not limited to Paragraph 29, Call on Oil. Said Farmout Agreement is incorporate herein by reference for all purposes.

IN WITNESS WHEREOF, this lease is executed as of the date first written above.

WITNESSES:

PLACID OIL COMPANY (Lessor)

By: Walter Fraker
WALTER FRAKER, President

ATTEST: Daniel R. Robinson, Secretary

WITNESSES:

EL TORO OIL COMPANY (Lessee)

By: _____

ATTEST: _____

ACKNOWLEDGEMENTS

STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME, a Notary Public in and for the State of Texas, on this day personally appeared Walter Fraker, President of PLACID OIL COMPANY, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledge to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 2nd day of July, 1990.

Jean C. Ricketts

My Commission Expires:

5/20/93

Print name: _____
NOTARY PUBLIC
STATE OF TEXAS

JEAN C. RICKETTS, Notary Public
In and for the State of Texas
My Commission expires
5/20/93

STATE OF _____ §
§
COUNTY OF _____ §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____, _____ of EL TORO OIL COMPANY, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledge to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the _____ day of _____, 1990.

_____

My Commission Expires:

_____

Print name: _____
NOTARY PUBLIC
STATE OF _____

OIL AND GAS LEASE

STATE OF LOUISIANA §
§
COUNTY OF CATAHOULA §

THIS AGREEMENT, made this 4th day of June, 1991, but effective May 13, 1991, by and between PLACID OIL COMPANY, a Delaware Corporation with offices at 3900 Thanksgiving Tower, 1601 Elm Street, Dallas, Texas 75201, hereinafter called "LESSOR" and EL TORO OIL COMPANY, P.O. Drawer M, Natchez, Mississippi 39120-1057, hereinafter called "LESSEE", WITNESSETH THAT:

1. Lessor in consideration of the royalties herein provided, and of the agreement of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee (for the purpose of investigating, exploring, prospecting and drilling for and producing oil and gas) the following described land in the Catahoula Parish, State of Louisiana to-wit:

Township 6 North, Range 6 East, Section 29: NE¼SE¼

This lease shall be limited to strata and/or zones from the surface of the earth down to and including a depth of 6,130 feet and its stratigraphic equivalent as found in the Placid Oil Co. Fee No. 7 Well located on said lands. All other rights are reserved by Lessor.

For the purposes of Articles 3 (d) and 9 (c) of this lease, the leased premises shall be conclusively presumed to comprise 40 acres, whether there be more or less.

2. Subject to the terms and conditions hereinafter set forth, this lease shall be for a term of ninety (90) days from the date hereof (hereinafter referred to as the "primary term") and as long thereafter as oil or gas is produced in paying quantities from the leased premises or lands pooled therewith.

3. Lessee shall pay to Lessor monthly as a royalty:

(a) On oil (which for the purposes of this lease includes all hydrocarbons produced at the well in liquid form by ordinary production methods), 25% of the amount received by Lessee for all oil produced and saved from the leased premises, or, at Lessor's option, Lessee will deliver to Lessor's credit free of cost to Lessor, in the pipe line or plant or storage tanks to which the well or wells may be connected, 25% of all oil produced and saved from the leased premises. The royalties here set forth for oil shall also be paid on all gasoline or other petroleum products manufactured or extracted from any gas produced from the leased premises, but Lessee may deduct from royalties on such gasoline or other petroleum products, the actual costs, not to exceed the fair and reasonable cost, of such manufacture or extraction. No deductions for extraction costs shall be made for liquid hydrocarbons recovered by use of drip, separator or similar apparatus on the flow line of wells, and except as to gas being used for repressuring or recycling purposes, Lessee shall, prior to the sale or use of gas from such well, install and use such apparatus on any well or wells capable of producing liquid hydrocarbons in paying commercial quantities.

(b) On gas (which for the purposes of this lease, includes all vaporous or gaseous substances and specifically includes the residue gas remaining after manufacture or extraction of any gasoline or other petroleum products),

(i) produced, saved and sold from the leased premises, 25% of the amount received by Lessee or 25% of the amount of the best price which could have been received by Lessee in the exercise of reasonable diligence, whichever is the higher.

(ii) produced, saved and used off the leased premises, but not sold, 25% of the market value at the time and place of use.

(c) On oil or gas sold (or used but not sold) outside the field from which produced, Lessee may deduct, from the royalties set forth in (a) and (b) above, the actual cost, not to exceed the fair value of transporting same from the field to the point of sale or, if same is not sold, to the point of use.

(d) Where gas from a well producing gas only is not sold because of no market or demand therefor, Lessee may pay as royalty $5.00 per acre (subject to proportionate reduction as set forth in Article 6 below) per year, such payment to be made on or before the thirtieth day after the date that such a well is shut in, and upon such payment it will be considered that gas is being produced within the meaning of Article 2 of this lease.

(e) Gas which may be disposed of for no consideration to Lessee, through unavoidable waste or leakage, or in order to recover oil and other liquid hydrocarbons, or returned to the ground, shall not be deemed to have been sold or used off the leased premises, within the meaning expressed or implied of any part of this lease.

4. If at the expiration of the primary term, oil and gas or any of them are not being produced on said leased premises or on land pooled therewith but Lessee is then engaged in operations thereon, or if Lessee shall have ceased operations or production on said leased premises or on land pooled therewith within ninety days prior to expiration of the primary term, this Lease shall remain in force so long thereafter as the same or other operations are prosecuted (on the same or different wells) with no cessation of more than ninety consecutive days, and, whether or not they result in the production of oil or gas as long thereafter as oil or gas are produced from or operations are prosecuted (on the same or different wells) on said leased premises or on land pooled therewith, with no cessation of more than ninety consecutive days. Whenever used in this Lease, the word "operations" means and includes operations for and the mining, drilling, testing, completing, recompleting, reworking, deepening, plugging back or repairing of a well or hole, repairing or replacing production equipment, or any other operations, in search for or in an effort to obtain or reestablish production of oil or gas and includes the production of leased substances whether or not in paying quantities. All operations hereunder shall be deemed to be continuously prosecuted if not more than ninety consecutive days elapse between the completion of all operations at one well or location and the commencement or recommencement of operations at the same or, another well or location.

5. The rights of the Lessee may not be assigned except upon written consent of Lessor. The provisions hereof shall extend to the heirs, successors and assigns of the parties hereto, but no change or division in ownership of the land, minerals or royalties however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such changes in ownership shall be binding on Lessee nor impair the effectiveness of any payments made hereunder until Lessee shall have been furnished, forty-five (45) days before payment is due, a certified copy of recorded instrument evidencing any transfer, inheritance, sale or other change in ownership.

6. This lease is executed WITHOUT WARRANTY OR COVENANT OF TITLE OR ANY OTHER WARRANTY WHATSOEVER, EITHER EXPRESS OR IMPLIED EVEN AS TO THE RETURN OF THE CONSIDERATION THEREFOR. If Lessor owns a mineral interest in the leased premises less than the entire fee simple estate, then the royalties to be paid Lessor shall be reduced proportionately.

7. All notices to be given Lessor pursuant to this lease shall be given to Placid Oil Company, Attention: Land Manager, Land Department, 3900 Thanksgiving Tower, Dallas, Texas 75201.

8. All terms and express or implied covenants of this lease shall be subject to all Federal and State Laws, executive orders, rules or regulations, and this lease shall not be terminated, in whole or in part nor Lessee held liable in damages, for failure to comply herewith, if compliance is prevented by any such law, order, rule or regulation.

9. (a) The term "Force Majeure" as used herein shall mean and include: Requisition, order, regulation or control by governmental authority or commission, exercise of rights of priority of control by governmental authority for National Defense or war purposes resulting in delay in obtaining or inability to obtain either material, equipment or means of transportation normally necessary in prospecting or drilling for oil or gas, or in producing, handling or transporting same from leased premises; war; scarcity of or delay in obtaining materials or equipment; lack of labor or by means of transportation of labor or material; Acts of God; insurrection; flood; strike; or other things beyond the control of Lessee.

(b) If by reason of Force Majeure as herein defined, Lessee is prevented from or delayed in drilling, completing or producing any offset well or wells for oil or gas on the leased premises or lands pooled therewith, then while so prevented or during the period of such delay Lessee shall be relieved from all obligations whether express or implied, imposed on Lessee under this lease, to drill, complete or produce such well or wells on the leased premises or lands pooled therewith, and Lessee shall not be liable in damages and this lease shall not be subject to cancellation for failure of Lessee to drill, complete or produce such well or wells during the time Lessee is so relieved from all obligations to do so.

(c) If upon or at any time after the expiration of the primary term hereof, while this lease is in force, Lessee cannot maintain same in effect because prevented by Force Majeure from fulfilling the particular requirement (operations on or continued production from the leased premises or lands pooled therewith, as the case may be) Lessee may continue this lease in effect during the time of the existence of such Force Majeure by payment to Lessor of an amount equal to $5.00 per acre on or before the end of the primary term or on or before the thirtieth day after the occurrence of Force Majeure, whichever is the later date, and the payment to Lessor of an amount equal to $5.00 per acre every sixty days thereafter for so long as such Force Majeure exists. Such payments when made shall continue this lease in effect for the time period specified within this Article. Any such payment shall be subject to proportionate reduction as set forth in Article 6 above. Nothing herein shall impair the right of Lessee to release this lease as to all or any portion of the leased premises and be relieved of all obligations thereafter accruing as to the acreage released.

10. Notwithstanding anything to the contrary contained herein, after the end of the primary term, this lease shall not be continued in effect for a cumulative period of more than one (1) year by means of payment of shut-in royalty (Article 3 (d)), by Force Majeure (Article 9) or by any other means or any combination of the means mentioned herein, except the actual production of oil or gas or both in paying quantities from the leased premises or lands with which the premises are pooled hereunder or additional drilling operations or reworking operations in compliance with Article 4.

11. (a) At payout, (i.e., after 100% of the expenses of drilling, completing, equipping and operating said well have been paid from the production therefrom, on a well by well basis) the royalty paid to Lessor shall increase to a 30% royalty, which royalty shall be paid in the manner set forth in Article 3.

12. Lessee agrees to protect, indemnify and hold Lessor harmless, free and clear of and from all liens, claims, demands, actions and causes of action whatsoever nature, arising out of or in connection with all operations conducted by Lessee on the leased premises or acreage pooled therewith, and agrees to promptly pay all bills for labor and other items. If any well which is drilled on the leased premises is plugged and abandoned, Lessee shall level all dumps, fill in all pits, remove all debris, and otherwise restore the surface of the land to substantially the same condition as it was before the commencement of such operations.

13. As to each well drilled on the leased premises or acreage pooled therewith, Lessee shall provide Lessor, at Lessee's expense, at the address set forth in Article 7 hereof the following information immediately upon acquisition of same, to-wit:

A. Copy of Application to Drill and location plat filed with the State Regulatory Body; and copy of Permit, and Permit number, issued in response thereto.

B. Derrick floor and ground level elevation.

C. Daily Drilling Report by prepaid telephone calls to Placid Oil Company Drilling Department, 214-880-1254, containing full information relative to the drilling progress of said test well, commencing with clearing the location and moving in material and equipment including all current formation top calls.

D. Copy of well record log.

E. A copy of the completion record form, if the test well is a producer; or a copy of the plugging and abandoning record, if the test well is a dry hole; all such copies to be properly notarized.

F. Core description and core analyses, if run.

G. Record of open flow potential test in the event said test well is a gas well.

H. Results of all tests made on said well as and when made, including records of all drill stem tests with copy of bottom hole pressure chart furnished by the service company, accurate description of recovery and test results, and copies of all other production test records.

I. Two copies of an electrical log survey of the well bore from the bottom of the surface casing to the total depth as well as two copies of any and all well or electrical logs, micrologs, section gauges, temperature surveys, radioactive logs, mud analyses logs, drilling time logs and any and all logs or surveys made of the well, except seismic velocity surveys, AS AND WHEN PRELIMINARY RUNS THEREOF ARE MADE, and a composite log upon completion of the well. Lessor, at its sole expense and risk (including payment of rig time and other expenses for which Lessee would otherwise be responsible, and liability for damage to persons, property and the well) may lower geophones in the well to make seismic velocity surveys as sole property of Lessor.

J. Upon request, samples of all cores, a set of formation drilling samples, and representative samples of fluid recovered on formation tests.

K. A geological sample description log indicating all shows of oil and/or gas, and geological horizons, made by a person qualified to make such log except where this requirement is specifically waived.

Lessee shall permit representatives of Lessor to have full and free access at all times to the test well and to the derrick floor whether such well is located on the leased premises or lands pooled therewith. Lessee shall notify Lessor of any of the following events at the time and in the manner shown sufficiently in advance thereof to enable Lessor to have a representative present at the well to witness:

1. The spudding of said test well;

2. All drill stem or any other tests of said test well;

3. The running of any electrical log or other survey that Lessor is entitled to receive;

4. Any coring operation;

5. The measurement of the total depth of said test well;

6. Any plugging operation.

Upon encountering any formation containing oil or gas in reasonably substantial quantity or pressure, Lessee shall immediately notify Lessor of such fact by orally informing Lessor's representative at the well site, or by notice to Lessor by telephone or telegraph at the address provided in Article 7 hereof if such representative is not at the drill site.

14. Lessee, at its option, is hereby given the right and power at any time prior to the establishment of production on the leased premises or acreage pooled therewith, to pool or combine the leased premises covered by this lease, or any portion thereof, with other land, lease or leases and mineral interests in the immediate vicinity thereof, when, in Lessee's judgment, it is necessary or advisable to do so in order to properly explore or develop or operate said premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises or to prevent waste or to avoid the drilling of unnecessary wells or to comply with the spacing or unitization order of any Regulatory Body of the State of Louisiana or the United States having jurisdiction, provided however, that Lessor shall have the right to approve the size, shape and configuration of any such unit so formed except a unit formed pursuant to a valid order of any Regulatory Body having jurisdiction. The term "Regulatory Body" shall include any governmental officer, tribunal or group (civil or military) issuing orders governing the drilling of wells or the production of minerals. Such pooling shall be of adjacent tracts which will form a reasonably compact (but not necessarily contiguous) body of land for each unit, and the unit or units so created shall not exceed forty (40) acres for each well for oil exploration or production and one hundred sixty (160) acres each for each well or gas and gas-condensate exploration or production unless a larger spacing pattern or larger drilling or production units (including a field or pool unit) shall have been fixed and established by an order of a Regulatory Body of the State of Louisiana or of the United States, in which event the unit shall be the same as fixed by said order. Lessee shall execute and file for record in the Records of Catahoula Parish, Louisiana in which the land herein leased is situated a declaration describing the pooled acreage; and upon such filing, the unit or units shall thereby become effective, except that when a unit is created by order of a Regulatory Body the pooling shall be effective as of the effective date of such order, and no declaration shall be required in connection therewith. The royalties herein elsewhere specified shall be computed only on the proportionate part of the production form any pooled unit that is allocated to the land herein described; and unless otherwise allocated by order of a Regulatory Body, the amount of production to be so allocated from each pooled unit shall be that proportion of such total production that the surface area of the land affected hereby and included in the unit bears to the total surface area of all the lands included in such pooled unit. Drilling or reworking operations on or production of oil, gas or other minerals from land included in such pooled unit shall have the effect of continuing this lease in force and effect during or after the primary term as to all of the land covered hereby (including any portion of said land not included in said unit and as to all strata underlying said land, whether or not such operations be or such production be from land covered hereby. Any unit formed by Lessee hereunder must be created prior to the establishment of production from the unit well. Separate units may be created for oil and for gas, or for separate stratum or strata of oil or gas, even though the areas thereof overlap, and the creation of a unit as to one mineral or strata or stratum shall not exhaust the right of Lessee (even as to the same well) to create different or additional units for other minerals or for other strata or stratum of the same or other minerals. Lessee shall obtain Lessor's approval of any amendment to any unit formed pursuant to this Article, prior to such amendment, unless such unit is amended by order of a Regulatory Body. The failure of the leasehold title (in whole or in part) to any tract or interest therein included in a pooled unit shall not affect the validity of said unit as to the tracts or interests not subject to such failure, but the unit may thereafter be revised as hereinafter provided. Lessee shall have the right and power to reduce and diminish the extent of any unit created under the terms of this paragraph so as to eliminate from said unit any interest or lease to which title has failed or upon which there is or may be an adverse claim. Such revision of the unit shall be evidenced by an instrument in writing executed by Lessee, which shall describe the lands included in the unit as revised and shall be filed for record in the Records of Catahoula Parish, Louisiana where the lands herein are situated. The revised declaration shall not be retroactive but shall be effective as of the date it is filed for record. Any unit created by Lessee hereunder shall also be revised so as to conform with an order of a Regulatory Body issued after said unit was originally established; such revision shall be effective as of the effective date of such order without further declaration by Lessee, but such revision shall be limited to the stratum or strata covered by said order and shall not otherwise affect the unit originally created.

15. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and such well or wells are draining the leased premises, Lessee agrees to drill offset wells or cause an existing well or wells to be completed in the formation or horizon in which drainage is occurring. Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under similar circumstances. For the purpose of this Article, it shall be conclusively presumed that an oil well within 660 feet or a gas well within 1320 feet of the leased premises is draining the leased premises; it being understood, however, that this conclusive presumption shall not preclude Lessor from claiming drainage form offset wells located at greater distances from the leased premises, but is merely for the purpose of obviating the necessity of proof of drainage within the prescribed limits. Failure on the part of Lessee to comply with the provision of this Article within thirty (30) days from the date that any such well causing drainage (as that term is defined in this Article) is completed shall cause this lease to terminate as to all acreage offsetting the well draining the leased premises. In the event the cancellation or termination of this provision under this Article, Lessee agrees and obligates itself to deliver to Lessor a recordable release of this lease as to acreage being drained. For the purpose of this Article, it shall be conclusively presumed that leased lands within 1320 feet from the drilling or proration unit for the offending oil well and within 2640 feet from the drilling and proration unit for the offending gas well are being drained unless a greater area is being drained, and said release shall specify, describe or recite the greater of areas determined in the manner expressed in this sentence.

16. Notwithstanding anything to the contrary contained herein, at the end of the primary term hereinbefore recited, this lease shall terminate with respect to all of the leased premises which is not included within the surface boundaries of a production and/or proration unit (as that term is defined in this lease) from which oil and/or gas is not being produced.

17. Lessor shall have the continuing, separate and distinct right and option at all times and from time to time, exercisable upon thirty (30) days' notice either orally or in writing, to purchase all or any part of the crude oil, condensate, distillate, casinghead gasoline, and other liquid hydrocarbons, or either of them, herein called "oil", produced and saved from or allocated to the interest leased to Lessee pursuant hereto. The price to be paid therefor shall be the price posted by the major oil purchaser for oil of like grade and gravity on the date of delivery in the district where said leased premises are located, the average thereof if there be more than one purchaser, or if there is no posted price, then the average price being paid for oil of like grade and gravity by the purchasing companies buying oil in the field where such premises are located. Upon each exercise of such option, the Lessor shall have the right to terminate such purchase at any time thereafter upon thirty (30) days' notice.

18. In order to secure the payment of Lessor's royalties, rentals and other sums which may become due and owing to Lessor under the terms hereof, Lessee does hereby pledge, transfer, assign, and convey unto Lessor, all Lessee's right, title and interest in and to this Lease, and all Oil, Gas and minerals in and under and which may be produced from the lands covered hereby, together with the proceeds of the sale of such production and all accounts receivable arising from the sale thereof. The maximum amount of indebtedness secured by this pledge shall not exceed $10,000,000.00. If Lessee fails to pay such royalties, as same become due and owing, Lessee does hereby agree to pay interest on the amount thereof at the rate of 12% per annum until paid in full. Lessor directs and authorizes any and all purchasers of such oil, gas or other minerals produced from this lease and mineral rights to pay to said Lessee all of such proceeds until such time as purchasers have received written notice from Lessor of Lessee's default in payment of royalties, rentals or other sums due hereunder, together with a certified copy of this Lease with such pledge and assignment of production contained therein. Such purchasers shall be entitled to rely upon such written notice from Lessor of said default without further proof or evidence thereof, and shall, after receipt of same, pay to Lessor all such production and proceeds therefrom until such purchasers have been furnished with evidence that all indebtedness secured hereby has been paid and Lessee authorizes said Lessor to receive and collect all sums derived from said production, and the proceeds thereof, and no purchaser of production shall have any responsibility for the application of funds so paid to said Lessor. Lessee grants to Lessor the power of attorney (coupled with an interest) to execute on behalf of Lessee any division order or transfer order or similar contract or agreement necessary or useful to effectuate this pledge and assignment of production and other rights conveyed to Lessor as security for such indebtedness when necessary in Lessor's sole discretion to provide for payment of the royalties due Lessor hereunder. Lessee further agrees to execute and deliver, as requested by said Lessor, any and all transfer or division orders or other instruments submitted by any purchaser of production for the purpose of effectuating payment of such production or proceeds therefrom to said Lessor. Lessee authorizes said Lessor to apply all funds received by it under and by virtue of this pledge and assignment first to the payment of interest due on indebtedness secured by this pledge and then in reduction of the principal of such indebtedness, provided that said Lessor may, at its option, and from time to time, release to Lessee any sums received, or portions thereof, in which event the said interest, and said indebtedness, shall be paid and extinguished only to the extent of the actual application of such funds to the payment thereof. Said Lessor and its successors may, but shall not

be obligated to, enforce collection of such proceeds and shall not be subject to any liability or responsibility therefor, except to account to Lessee for funds actually received in excess of those applied to any indebtedness secured hereby. Lessee agrees to indemnify and hold harmless the lessor against any and all liabilities, actions, claims, judgements, costs, charges and attorneys' fees by reason of the assertion that the Lessor has received, either before or after the payment in full of the indebtedness secured hereby, funds from the production of oil, gas, other hydrocarbons and other minerals from this lease claimed by third persons, and the Lessor shall have the right to defend against any such claims or actions, employing attorneys of its own selection, and if not furnished with indemnity satisfactory to the Lessor, the Lessor shall have the right to compromise and adjust any claims, actions and judgements. In addition to the right to be indemnified as herein provided, all amounts paid by the Lessor in compromise, satisfaction or discharge of any such claim, action or judgement and all court costs, attorneys' fees and other expenses of every character incurred by the Lessor shall constitute indebtedness secured by this pledge and shall bear interest at the rate of twelve percent (12%) per annum until paid. Nothing contained in this paragraph shall detract from or limit the obligations of Lessee as provided in this Lease, regardless of whether the proceeds of runs herein assigned are sufficient to discharge any and all such obligations; and the rights under this pledge and assignment of runs shall be cumulative of all other security of any and every character now or hereafter existing to secure the payment of royalties, overriding royalties, and all other indebtedness or other obligations secured hereby.

19. This lease is made in accordance with and fully subject to all the terms and conditions of that certain Farmout Agreement dated May 4, 1989, as amended, between Placid Oil Company and El Toro Oil Company, but not limited to Paragraph 29, Call on Oil. Said Farmout Agreement is incorporated herein by reference for all purposes.

IN WITNESS WHEREOF, this lease is executed as of the date first written above.

WITNESSES:

ATTEST: Daniel R. Robinson, Secretary

PLACID OIL COMPANY (Lessor)

By: Walter Fraker
WALTER FRAKER, President

WITNESSES:

_____

_____

ATTEST: _____

EL TORO OIL COMPANY (Lessee)

By: _____

ACKNOWLEDGEMENTS

STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME, a Notary Public in and for the State of Texas, on this day personally appeared Walter Fraker, President of PLACID OIL COMPANY, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledge to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 25th day of June, 1991.

Jean C. Ricketts

My Commission Expires:
5/20/93

Print name: _____
NOTARY PUBLIC
STATE OF TEXAS

JEAN C. RICKETTS
Notary Public in and
for the State of Texas
My Commission Expires: 5/20/93

STATE OF _____ §
§
COUNTY OF _____ §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____, _____ of EL TORO OIL COMPANY, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledge to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the _____ day of _____, 1991.

_____

My Commission Expires:

_____

Print name: _____
NOTARY PUBLIC
STATE OF _____

219470

CATAHOULA PARISH, LA
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OIL AND GAS LEASE

STATE OF LOUISIANA)

PARISH OF CATAHOULA)

THIS AGREEMENT made this 1st day of June, 1990, but effective April 4, 1990, among Hunt Petroleum Corporation and Rosewood Resources, Inc., hereinafter referred to as Lessor, and El Toro Oil Company, hereinafter referred to as Lessee.

W I T N E S S E T H :

1. Lessor in consideration of the royalties herein provided, and of the agreement of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee (for the purpose of investigating, exploring, prospecting and drilling for and producing oil and gas) the following described land in CATAHOULA PARISH, State of LOUISIANA, to-wit:

See Exhibit "A" which is attached hereto and made a part hereof.

219470

For the purposes of Articles 3 (c) and 9 (c) of this lease, the leased premises shall be conclusively presumed to comprise 40 acres, whether there be more or less.

2. Subject to the terms and conditions hereinafter set forth, this lease shall be for a term of ninety (90) days from the date hereof (hereinafter referred to as the "primary term") and as long thereafter as oil or gas is produced in paying quantities from the leased premises or lands pooled therewith.

3. Lessee shall pay to Lessor monthly as a royalty:

(a) On oil (which for the purposes of this lease includes all hydrocarbons produced at the well in liquid form by ordinary production methods), 25% of the amount received by Lessee for all oil produced and saved from the leased premises, or, at Lessor's option, Lessee will deliver to Lessor's credit free of cost to Lessor, in the pipe line or plant or storage tanks to which the well or wells may be connected, 25% of all oil produced and saved from the leased premises. The royalties here set forth for oil shall also be paid on all gasoline or other petroleum products manufactured or extracted from any gas produced from the leased premises, but Lessee may deduct from royalties on such gasoline or other petroleum products, the actual cost, not to exceed the fair and reasonable cost, of such manufacture or extraction. No deductions for extraction costs shall be made for liquid hydrocarbons recovered by use of drip, separator or similar apparatus on the flow line of wells, and except as to gas being used for repressuring or recycling purposes, Lessee shall, prior to the sale or use of gas from such well, install and use such apparatus on any well or wells capable of producing liquid hydrocarbons in paying commercial quantities.

(b) On gas (which for the purposes of this lease, includes all vaporous or gaseous substances and specifically includes the residue gas remaining after manufacture or extraction of any gasoline or other petroleum products),

(i) produced, saved and sold from the leased premises, 25% of the amount received by Lessee or 25% of the amount of the best price which could have been received by Lessee in the exercise of reasonable diligence, whichever is the higher.

(ii) produced, saved and used off the leased premises, but not sold, 25% of the market value at the time and place of use.

(c) Where gas from a well producing gas only is not sold because there is no market or demand therefor, Lessee may pay as royalty $100.00 per acre (subject to proportionate reduction as set forth in Article 6 below) per year, such payment to be made on or before the thirtieth day after the date that such a well is shut in, and if such payment is timely made it will be considered that gas is being produced within the meaning of Article 2 of this lease.

(d) Gas which may be disposed of for no consideration to Lessee, through unavoidable waste or leakage, or in order to recover oil and other liquid hydrocarbons, or returned to the ground, shall not be deemed to have been sold or used off the leased premises, within the meaning expressed or implied of any part of this lease.

4. If at the expiration of the primary term, oil and gas or any of them are not being produced on said leased premises or on land pooled therewith but Lessee is then engaged in operations thereon, or if Lessee shall have ceased operations or production on said leased premises or on land pooled therewith within ninety days prior to expiration of the primary term, this Lease shall remain in force so long thereafter as the same or other operations are prosecuted (on the same or different wells) with no cessation of more than ninety consecutive days, and, whether or not they result in the production of oil or gas and as long thereafter as oil or gas are produced from or operations are prosecuted (on the same or different wells) on said leased premises or on land pooled therewith, with no cessation of more than ninety consecutive days. If after the expiration of the primary term production should cease for any reason, other than lack of market or demand for production, this Lease shall remain in force so long thereafter as operations are prosecuted (on same or different wells) with no cessation of more than sixty consecutive days, and, whether or not said operations result in the production of oil or gas and as long thereafter as oil or gas are produced from or operations are prosecuted on same or different wells on said leased premises or on lands pooled therewith with no cessation of more than sixty consecutive days. Whenever used in this Lease, the word "operations" means and includes operations for and the mining, drilling, testing, completing, recompleting, reworking, deepening, plugging back or repairing of a well or hole, repairing or replacing production equipment, or any other operations, in search of or in an effort to obtain or reestablish production of oil or gas in paying quantities.

5. The rights of the Lessee may not be assigned except upon written consent of Lessor. Should Lessor grant Lessee permission to assign all or a portion of this Lease or the rights thereunder, Lessee shall remain primarily liable to Lessor for the performance of the terms, conditions, covenants and obligations of this Lease, and such consent shall not serve to diminish the obligations of Lessee hereunder. Any assignment of all or a part of this Lease by Lessee shall not be effective until such time as the transferee has executed a Ratification of this Lease which is acceptable to Lessor. The provisions hereof shall extend to the heirs, successors and assigns of the parties hereto, but no change or division in ownership of the land, minerals or royalties however accomplished shall operate to enlarge the obligations or diminish the rights of Lessee; and no such changes in ownership shall be binding on Lessee nor impair the effectiveness of any payments made hereunder until Lessee shall have been furnished, forty-five (45) days before payment is due, a certified copy of recorded instrument evidencing any transfer, inheritance, sale or other change in ownership.

6. This lease is executed WITHOUT WARRANTY OR COVENANT OF TITLE OR ANY OTHER WARRANTY WHATSOEVER, EITHER EXPRESS OR IMPLIED EVEN AS TO THE RETURN OF THE CONSIDERATION THEREFOR. If Lessor owns a mineral interest in the leased premises less than the entire fee simple estate, then the royalties to be paid Lessor shall be reduced proportionately.

7. All notices to be given Lessor pursuant to this lease shall be given to Hunt Petroleum Corporation, Attention: Mr. Steve Brooks, 3400 Thanksgiving Tower, Dallas, Texas 75201.

8. All terms and express or implied covenants of this lease shall be subject to all Federal and State Laws, executive orders, rules or regulations, and this lease shall not be terminated, in whole or in part nor Lessee held liable in damages, for failure to comply herewith, if compliance is prevented by any such law, order, rule or regulation.

9. (a) The term "Force Majeure" as used herein shall mean and include: Requisition, order, regulation or control by governmental authority or commission, exercise of rights of priority or control by governmental authority for National Defense or war purposes resulting in delay in obtaining or inability to obtain either material, equipment or means of transportation normally necessary in prospecting or drilling for oil or gas, or in producing, handling or transporting same from leased premises; war; scarcity of or delay in obtaining materials or equipment; lack of labor or by means of transportation of labor or material; Acts of God; insurrection; flood; strike; or other things beyond the control of Lessee.

(b) If by reason of Force Majeure as herein defined, Lessee is prevented from or delayed in drilling, completing or producing any offset well or wells for oil or gas on the leased premises or lands pooled therewith, then while so prevented or during the period of such delay Lessee shall be relieved from all obligations whether express or implied, imposed on Lessee under this lease, to drill, complete or produce such well or wells on the leased premises or lands pooled therewith, and Lessee shall not be liable in damages and this lease shall not be subject to cancellation for failure of Lessee to drill, complete or produce such well or wells during the time Lessee is so relieved from all obligations to do so.

(c) If upon or at any time after the expiration of the primary term hereof, while this lease is in force, Lessee cannot maintain same in effect because it is prevented by Force Majeure from fulfilling the particular requirement (operations on or continued production from the leased premises or lands pooled therewith, as the case may be) Lessee may continue this lease in effect during the time of the existence of such Force Majeure by payment to Lessor of an amount equal to $ 50.00 per acre on or before the end of the primary term or on or before the thirtieth day after the occurrence of Force Majeure, whichever is the later date, and the payment to Lessor of an amount equal to $ 50.00 per acre every sixty days thereafter for so long as such Force Majeure exists. Such payments if made in a timely manner shall continue this lease in effect for the time period specified within this Article. Any such payment shall be subject to proportionate reduction as set forth in Article 6 above. Nothing herein shall impair the right of Lessee to release this lease as to all or any portion of the leased premises and be relieved of all obligations thereafter accruing as to the acreage released.

10. Notwithstanding anything to the contrary contained herein, after the end of the primary term, this lease shall not be continued in effect for a cumulative period of more than one (1) year by means of payment of shut-in royalty (Article 3 (c)), by Force Majeure (Article 9) or by any other means or any combination of the means mentioned herein, except the actual production of oil or gas or both in paying quantities from the leased premises or lands with which the premises are pooled hereunder or additional drilling operations or reworking operations in compliance with Article 4.

11. At payout (i.e., after 100% of the expenses of drilling, completing, equipping and operating said well have been paid from the production therefrom, on a well by well basis) the royalty paid to Lessor shall increase to a 30% royalty, which royalty shall be paid in the manner set forth in Article 3.

12. Lessee agrees to protect, indemnify and hold Lessor harmless, free and clear of and from all liens, claims, demands, actions and causes of action of whatsoever nature, including court costs and attorney's fees arising out of or in connection with all operations conducted by Lessee on the leased premises or acreage pooled therewith, and agrees to promptly pay all bills for labor and other items. As to any well which Lessee has drilled on the leased premises which ceases production , Lessee shall be required to plug and abandon same and shall also level all dumps, fill in all pits, remove all debris, and otherwise restore the surface of the land to substantially the same condition as it was before the commencement of such operations.

13. As to each well drilled on the leased premises or on acreage pooled therewith, Lessee shall provide Lessor, at Lessee's expense, at the address set forth in Article 7 hereof the following information immediately upon acquisition of same, to-wit:

A. Copy of Application to Drill and location plat filed with the State Regulatory Body; and copy of Permit, and Permit number, issued in response thereto.

B. Derrick floor and ground level elevation.

C. Daily Drilling Report containing full information relative to the drilling progress of said test well, commencing with clearing the location and moving in material and equipment including all current formation top calls.

D. Copy of well record log.

E. A copy of the completion record form, if the test well is a producer; or a copy of the plugging and abandoning record, if the test well is a dry hole; all such copies to be properly notarized.

F. Core description and core analyses, if run.

G. Record of open flow potential test in the event said test well is a gas well.

H. Results of all tests made on said well as and when made, including records of all drill stem tests with copy of bottom hole pressure chart furnished by the service company, accurate description of recovery and test results, and copies of all other production test records.

I. Two copies of an electrical log survey of the well bore from the bottom of the surface casing to the total depth as well as two copies of any and all well or electrical logs, micrologs, section gauges, temperature surveys, radioactive logs, mud analyses logs, drilling time logs and any and all logs or surveys made of the well, except seismic velocity surveys, AS AND WHEN PRELIMINARY RUNS THEREOF ARE MADE, and a composite log upon completion of the well. Lessor, at its sole expense and risk (including payment of rig time and other expenses for which Lessee would otherwise be responsible, and liability for damage to persons, property and the well) may lower geophones in the well to make seismic velocity surveys as sole property of Lessor.

J. Upon request, samples of all cores, a set of formation drilling samples, and representative samples of fluid recovered on formation tests.

K. A geological sample description log indicating all shows of oil and/or gas, and geological horizons, made by a person qualified to make such log except where this requirement is specifically waived.

Lessee shall permit representatives of Lessor to have full and free access at all times to the test well and to the derrick floor whether such well is located on the leased premises or lands pooled therewith. Lessee shall notify Lessor of any of the following events at the time and in the manner shown sufficiently in advance thereof to enable Lessor to have a representative present at the well to witness:

1. The spudding of said test well;

2. All drill stem or any other tests of said test well;

3. The running of any electrical log or other survey that Lessor is entitled to receive;

4. Any coring operation;

5. The measurement of the total depth of said test well;

6. Any plugging operation.

Upon encountering any formation containing oil or gas in reasonably substantial quantity or pressure, Lessee shall immediately notify Lessor of such fact by orally informing Lessor's representative at the well site, or by notice to Lessor by telephone or telegraph at the address provided below if such representative is not at the drill site.

L. Lessor, at its sole cost, risk and expense, may conduct any tests or logging it desires on a well situated on the leased premises. Results from such operations shall be the sole property of Lessor.

14. A. If Lessee drills a well on the leased premises and decides to plug and abandon said well as a dry hole, with or without having run casing therein, it shall immediately notify Lessor of such decision and shall furnish Lessor with a copy of the logs it is required to run pursuant hereto. Lessor shall have twenty-four (24) hours (exclusive of Saturdays, Sundays and legal holidays), and after receipt of such notice and logs, within which to elect to take over the well for the purpose of conducting such additional drilling, testing, completion or other operations thereon as it desires. If Lessor elects not to take over the well, or fails to advise Lessee of its election within said period of time, then the well shall be forthwith plugged and abandoned by Lessee at its sole risk, cost and expense.

B. If Lessor elects to take over the well, it shall have the right to, and shall promptly take possession thereof and of such materials, equipment and drilling tools thereon, therein and at the well site, owned or controlled by Lessee, which Lessor desires to use in connection with its further operations; and Lessor shall pay or reimburse Lessee for such materials, equipment and drilling tools so used, to the extent of such use, as follows:

1. The reasonable net salvage value of casing, materials and equipment in and on the well which could have been salvaged by Lessee if Lessor had not taken over the well.

2. Reasonable compensation for any materials and equipment at the well site owed or controlled by Lessee which will have no salvage value after use by Lessor.

3. If Lessor elects to use the drilling tools and equipment in use at the well by Lessee, then payment for such use shall be made

(a) at the going rate or in the area if the tools belong to Lessee; or

(b) at the rate set forth in the drilling contract if the tools belong to a drilling contractor or other party controlled by Lessee.

If Lessor elects to use its own or other drilling tools, then Lessee shall, at its expense, promptly remove from the well site the tools used by Lessee.

C. If Lessor takes over the well, then, and in that event:

1. Lessee shall be deemed to have released and relinquished the to Lessor all of its right, title and interest in and to the well, operating rights therein, production therefrom, and the leased premises included in the drilling, spacing and proration unit therefor.

2. All operations thereon by Lessor after the take-over, including plugging and abandoning, shall be at Lessor's sole risk, cost and expense; but Lessor shall not be liable for any cost, expense or obligation for or in connection with operations conducted on the well prior to such take-over.

3. Notwithstanding anything herein to the contrary, Lessee shall not be deemed to have released and relinquished to Lessor more than a proportionate interest in such well, production, and unit, which proportion shall be that which the leased premises derived hereunder from Lessor bears to the total acreage in such unit.

15. Lessee, at its option, is hereby given the right and power at any time prior to the establishment of production on the leased premises or acreage pooled therewith, to pool or combine the leased premises covered by this lease, or any portion thereof, with other land, lease or leases and mineral interests in the immediate vicinity thereof, when, in Lessee's judgment, it is necessary or advisable to do so in order to properly explore or develop or operate said premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises or to prevent waste or to avoid the drilling of unnecessary wells or to comply with the spacing or unitization order of any Regulatory Body of the State of Louisiana or the United States having jurisdiction, provided however, that Lessor shall have the right to approve the size, shape and configuration of any such unit so formed except a unit formed pursuant to a valid order of any Regulatory Body having jurisdiction. The term "Regulatory Body" shall include any governmental officer, tribunal or group (civil or military) issuing orders governing the drilling of wells or the production of minerals. Such pooling shall be of adjacent tracts which will form a reasonably compact (but not necessarily contiguous) body of land for each unit, and the unit or units so created shall not exceed forty (40) acres for each well for oil exploration or production and one hundred sixty (160) acres each for each well for gas and gas-condensate exploration or production unless a larger spacing pattern or larger drilling or production units (including a field or pool unit) shall have been fixed and established by an order of a Regulatory Body of the State of Louisiana or of the United States, in which event the unit shall be the same as fixed by said order. Lessee shall execute and file for record in the Records of the Parish in which the land herein leased is situated a declaration describing the pooled acreage; and upon such filing, the unit or units shall thereby become effective, except that when a unit is created by order of a Regulatory Body the pooling shall be effective as of the effective date of such order, and no declaration shall be required in connection therewith. The royalties herein elsewhere specified shall be computed only on the proportionate part of the production from any pooled unit that is allocated to the land herein described; and unless otherwise allocated by order of a Regulatory Body, the amount of production to be so allocated from each pooled unit shall be that proportion of such total production that the surface area of the land affected hereby and included in the unit bears to the total surface area of all the lands included in such pooled unit. Drilling or reworking operations on or production of oil and/or gas from land included in such pooled unit shall have the effect of continuing this lease in force and effect during or after the primary term as to all of the land covered hereby (including any portion of said land not included in said unit) and as to all strata underlying said land, whether or not such operations be or such production be from land covered hereby. Any unit formed by Lessee hereunder must be created prior to the establishment of production from the unit well. Separate units may be created for oil and for gas, or for separate stratum or strata of oil or gas, even though the areas thereof overlap, and the creation of a unit as to one mineral or strata or stratum shall not exhaust the right of Lessee (even as to the same well) to create different or additional units for other minerals or for other strata or stratum of the same or other minerals. Lessee shall obtain Lessor's approval of any amendment to any unit formed pursuant to this Article, prior to such amendment, unless such unit is amended by order of a Regulatory Body. The failure of the leasehold title (in whole or in part) to any tract or interest therein included in a pooled unit shall not affect the validity of said unit as to the tracts or interests not subject to such failure, but the unit may thereafter be revised as hereinafter provided. Lessee shall have the right and power to reduce and diminish the extent of any unit created under the terms of this paragraph so as to eliminate from said unit any interest or lease to which title has failed or upon which there is or may be an adverse claim. Such revision of the unit shall be evidenced by an instrument in writing executed by Lessee, which shall describe the lands included in the unit as revised and shall be filed for record in the Records of the Parish where the lands herein are situated. The revised declaration shall not be retroactive but shall be effective as of the date it is filed for record. Any unit created by Lessee

hereunder shall also be revised so as to conform with an order of a Regulatory Body issued after said unit was originally established; such revision shall be effective as of the effective date of such order without further declaration by Lessee, but such revision shall be limited to the stratum or strata covered by said order and shall not otherwise affect the unit originally created.

16. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and such well or wells are draining the leased premises, Lessee agrees to drill offset wells or cause an existing well or wells to be completed in the formation or horizon in which drainage is occurring. Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under similar circumstances. For the purpose of this Article, it shall be conclusively presumed that an oil well within 640 feet or a gas well within 1,320 feet of the leased premises is draining the leased premises; it being understood, however, that this conclusive presumption shall not preclude Lessor from claiming drainage from offset wells located at greater distances from the leased premises, but is merely for the purpose of obviating the necessity of proof of drainage within the prescribed limits. Failure on the part of Lessee to comply with the provision of this Article within thirty (30) days from the date that any such well causing drainage (as that term is defined in this Article) is completed shall cause this lease to terminate as to all acreage offsetting the well draining the leased premises. In the event the cancellation or termination of this provision under this Article, Lessee agrees and obligates itself to deliver to Lessor a recordable release of this lease as to acreage being drained. For the purpose of this Article, it shall be conclusively presumed that leased lands within 1320 feet from the drilling or proration unit for the offending oil well and within 2640 feet from the drilling and proration unit for the offending gas well are being drained unless a greater area is being drained, and said release shall specify, describe or recite the greater of areas determined in the manner expressed in this sentence.

17. Notwithstanding anything to the contrary contained herein, at the end of the primary term hereinbefore recited, this lease shall terminate with respect to all of the leased premises which is not included within the surface boundaries of a production and/or proration unit.

18. Lessor shall have the continuing, separate and distinct right and option at all times and from time to time, exercisable upon thirty (30) days' notice either orally or in writing, to purchase all or any part of the crude oil, condensate, distillate, casinghead gasoline, and other liquid hydrocarbons, or either of them, herein called "oil", produced and saved from or allocated to the interest leased to Lessee pursuant hereto. The price to be paid therefor shall be the price posted by the major oil purchaser for oil of like grade and gravity on the date of delivery in the district where said leased premises are located, the average thereof if there be more than one purchaser, or if there is no posted price, then the average price being paid for oil of like grade and gravity by the purchasing companies buying oil in the field where such premises are located. Upon each exercise of such option, the Lessor shall have the right to terminate such purchase at any time thereafter upon thirty (30) days' notice.

19. This Oil and Gas Lease is subject to the terms and conditions of that certain Farmout Agreement dated March 1, 1989, among Hunt Petroleum Corporation and Rosewood Resources, Inc., "First Party", and El Toro Oil Company "Second Party".

20. This Oil and Gas Lease may be signed in any number of counterparts, each of which shall be considered an original for all purposes and which shall become effective only if all parties referenced herein have executed an original or counterpart hereof.

IN WITNESS WHEREOF, this lease is executed as of the date first written above.

LESSOR:

WITNESSES:

HUNT PETROLEUM CORPORATION

By: James L. Parker
JAMES L. PARKER, President

ATTEST:

By: Charlotte B. Tiedt
Charlotte B. Tiedt, Secretary

ROSEWOOD RESOURCES, INC.

By: _____
Richard R. Lindsley,
Vice-President

LESSEE:

EL TORO OIL COMPANY

By: _____

ATTEST:

By: _____

ACKNOWLEDGMENTS:

STATE OF TEXAS)
COUNTY OF DALLAS)

This instrument was acknowledged before me on the 5th day of June, 1990, James L. Parker, President of Hunt Petroleum Corporation, a Delaware corporation, on behalf of said corporation.

My Commission Expires:

Earline A. Sheats
NOTARY PUBLIC - STATE OF TEXAS

EARLINE A. SHEATS
Notary Public
STATE OF TEXAS
My Commission Expires
February 9, 1993

STATE OF TEXAS)
COUNTY OF DALLAS)

This instrument was acknowledged before me on the _____ day of _____, 19 , by RICHARD R. LINDSLY, Vice President of Rosewood Resources, Inc., a Delaware corporation, on behalf of said corporation.

My Commission Expires:

_____
NOTARY PUBLIC - STATE OF TEXAS

_____

STATE OF _____)
OF _____)

This instrument was acknowledged before me on the _____ day of _____, 19 , by _____, _____ of _____, a _____ corporation, on behalf of said corporation.

My Commission Expires:

_____
NOTARY PUBLIC - STATE OF

_____

STATE OF MISSISSIPPI
COUNTY OF ADAMS

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared, P. W. VASSER, Owner of EL TORO OIL COMPANY, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledge to me that he executed the same for the purpose and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 11th day of July, 1990.

Paige Bynne Blackwell
NOTARY PUBLIC - STATE OF MISSISSIPPI

My Commission Expires: 3/24/94

EXHIBIT "A"

CATAHOULA PARISH, LOUISIANA

Township 6 North - Range 6 East

Section 29: S½ of the SE¼ of the SE¼.
Section 32: N½ of the NE¼ of the NE¼.

INSOFAR AND ONLY INSOFAR as to all depths from the surface of the earth down to and including the subsurface depth of 6,000 feet measured vertically from the surface of the earth.

222820

SALTWATER DISPOSAL AGREEMENT

CATAHOULA PARISH, LA
Conv BOOK 166 PAGE 671
FILED AND RECORDED
S/SHEILA J BOOK DY
'91 JUL 25 AM 9 39

STATE OF LOUISIANA

PARISH OF CATAHOULA

THIS AGREEMENT, made and entered into this 3rd day of June, 1991, by and between PLACID OIL COMPANY, a Delaware corporation, whose address is 3800 Thanksgiving Tower, Dallas, Texas 75201, (hereinafter referred to as "POC"), and EL TORO PRODUCTION CO., INC., a corporation, whose address is Post Office Drawer M, Natchez, Mississippi 39121-1057, (hereinafter referred to as "ETP"),

WITNESSETH:

I.

Subject to the terms and conditions hereinafter set forth, POC hereby grants unto ETP the right to convert, at ETP's sole cost, risk and expense, the Placid Oil Company Fee No. 5 Well located 100' FNL and 100' FWL of Section 33, Township 6 North, Range 6 East, Catahoula Parish, Louisiana (hereinafter referred to as "Saltwater Disposal Well"), to a saltwater disposal well for the purpose of disposing of saltwater between the subsurface depths of 2750' and 3510' in said well.

222820

II.

ETP has made application to and received approval from the appropriate regulatory body for a permit to convert the Placid Oil Company Fee No. 5 Well mentioned above to dispose of saltwater produced from wells drilled pursuant to the terms and conditions of that certain Farmout Agreement dated May 4, 1989, by and between Placid Oil Company and El Toro Oil Company, as amended, and completed as oil wells. In the event the application of ETP is amended or modified, ETP shall immediately correct or amend the application or make additional application as necessary until an amended or modified permit is issued. ETP shall not commence any operations for the conversion of said well to a saltwater disposal well until it has received all necessary permits from the governmental authority or authorities having jurisdiction thereof. However, if ETP is unable to obtain an amended or modified permit within six (6) months of the date hereof, this Agreement shall terminate and be of no further force and effect.

III.

ETP shall not use the aforesaid well for the purpose of engaging in the commercial disposal of saltwater, and ETP agrees to only dispose of saltwater from the wells mentioned herein above, except that ETP shall accept for disposal, on a space available basis, all saltwater produced by Hunt Petroleum Corporation from its wells in the vicinity of the Saltwater Disposal Well in accordance with Articles III and IV of the Saltwater Disposal Agreement dated March 6, 1991, by and between Hunt Petroleum Corporation, Rosewood Resources, Inc. and El Toro Production Co., Inc.

IV.

ETP shall indemnify and hold POC harmless, free and clear of and from all liens, claims, demands, actions and causes of action of whatsoever nature, including, but not limited to, attorney's fees, court costs and environmental or pollution penalties, arising out of or in connection with the transportation of saltwater by ETP or its agents to the Saltwater Disposal Well. ETP shall also indemnify and hold POC harmless, free and clear of and from all liens, claims, demands, actions and causes of actions of whatsoever nature, including, but not limited to, attorney's fees, court costs and environmental or pollution penalties, arising out of or in connection with the disposal of saltwater into the Saltwater Disposal Well.

V.

POC and ETP agree that this agreement shall be interpreted according to the laws of the State of Texas, and that any action brought on any matter relating to this agreement shall be brought in the state court of competent jurisdiction located in Dallas, Texas.

VI.

This agreement is not intended to create and nothing contained herein shall be construed to create an association, a trust, a joint venture, a mining partnership or other partnership or entity of any kind, nor to constitute ETP the agent of POC.

VII.

If any portion of this agreement is found to be void and unenforceable by a court of competent jurisdiction, then this agreement shall be read as if the offending portion of the agreement had never been included in same; it being the intent hereof that this agreement, less the offending portion thereof, shall continue in full force and effect and shall be reformed to exclude the offending portion thereof.

VIII.

The rights and obligation of ETP herein constitute a covenant in Gross and shall not be assignable to any other party whatsoever.

IX.

This agreement constitutes the entire agreement between the parties hereto and supersedes any prior or contemporaneous oral or written communications of agreements; provided however, that this agreement may be hereinafter amended, from time to time, by a writing executed by all parties hereto.

X.

Should ETP decide to abandon the Saltwater Disposal Well, it shall plug and abandon said well in accordance with applicable laws, orders, rules and regulations of any governmental authority having jurisdiction thereof, and such plugging and abandonment shall be at ETP's sole cost, risk and expense.

XI.

This agreement shall be binding upon and inure to the benefit of POC, its successors and assigns, and ETP.

PLACID OIL COMPANY

WITNESSES:

By: Walter Fraker
Walter Fraker, President

EL TORO PRODUCTION CO., INC.

By:
Phil W. Vasser, President

ACKNOWLEDGMENTS

STATE OF TEXAS
COUNTY OF DALLAS

This instrument was acknowledged before me on the 10th day of June, 1991, by WALTER FRAKER, President of Placid Oil Company, a Delaware corporation, on behalf of said corporation.

My Commission Expires:
4-25-93

LAVINA LAUGHLIN, Notary Public
In and for The State of Texas
My Commission Expires 4-25-93

NOTARY PUBLIC - STATE OF TEXAS

STATE OF MISSISSIPPI
COUNTY OF ADAMS

This instrument was acknowledged before me on the 23rd day of July, 1991, by PHIL W. VASSER, President of El Toro Production Co., Inc., a corporation, on behalf of said corporation.

My Commission Expires:
3/24/94

NOTARY PUBLIC IN AND FOR
ADAMS COUNTY, MISSISSIPPI

222821

SALTWATER DISPOSAL AGREEMENT

CATAHOULA PARISH, LA
Conv BOOK 141 PAGE 674
FILED AND RECORDED
S/SHEILA J BOOK DY
'91 JUL 25 AM 9 44

STATE OF LOUISIANA

PARISH OF CATAHOULA

THIS AGREEMENT, made and entered into this 6th day of March, 1991, by and between HUNT PETROLEUM CORPORATION, a Delaware corporation, whose address is 1601 Elm Street, Suite 3400, Dallas, Texas 75201, and ROSEWOOD RESOURCES, INC., a Delaware corporation, whose address is 200 Crescent Court, Suite 300, Dallas, Texas 75201, (hereinafter referred to as "HPC et al"), and EL TORO PRODUCTION CO., INC., a corporation, whose address is P. O. Drawer M, Natchez, Mississippi 39121-1057, (hereinafter referred to as "ETP"),

W I T N E S S E T H:

222821

I.

Subject to the terms and conditions hereinafter set forth, HPC et al hereby grants unto ETP the right to convert, at ETP's sole cost, risk and expense, the Placid Oil Company Fee No. 5 Well located 100' FNL and 100' FWL of Section 33, Township 6 North, Range 6 East, Catahoula Parish, Louisiana (hereinafter referred to as "Saltwater Disposal Well"), to a saltwater disposal well for the purpose of disposing of saltwater between the subsurface depths of 2750' and 3510' in said well.

II.

ETP agrees that on or before April 30, 1991, ETP shall make application to the appropriate regulatory body for a permit to convert the Placid Oil Company Fee No. 5 Well mentioned above to dispose of saltwater produced from wells drilled pursuant to the terms and conditions of that certain Farmout Agreement dated March 1, 1989, by and between Hunt Petroleum Corporation and El Toro Oil Company, as amended, and completed as oil wells. In the event the application of ETP is denied, ETP shall immediately correct or amend the application or make additional application as necessary

until a permit is issued. ETP shall not commence any operations for the conversion of said well to a saltwater disposal well until it has received all necessary permits from the governmental authority or authorities having jurisdiction thereof. However, if ETP is unable to obtain a permit within six (6) months of the date hereof, this Agreement shall terminate and be of no further force and effect.

III.

ETP shall not use the aforesaid well for the purpose of engaging in the commercial disposal of saltwater, and ETP agrees to only dispose of saltwater from the wells mentioned herein above, except that ETP shall accept for disposal, on a space available basis, all saltwater produced by HPC et al from its wells in the vicinity of the Saltwater Disposal Well. ETP shall charge HPC et al for taking and disposing of HPC et al's saltwater its pro-rata share of the costs of operating and maintaining the Saltwater Disposal Well, related storage tanks and equipment. The parties agree that such costs amount to $0.10 per barrel of HPC et al's saltwater disposed of in the Saltwater Disposal Well.

IV.

Any such disposal of HPC et al's saltwater shall be on a space available basis and ETP shall not be liable to HPC et al for the failure to dispose of saltwater due to lack of capacity in the Saltwater Disposal Well or other circumstances beyond its control. ETP shall in no event be liable to HPC et al for the shut down of the Saltwater Disposal Well.

V.

ETP shall indemnify and hold HPC et al harmless, free and clear of and from all liens, claims, demands, actions and causes of action of whatsoever nature, including, but not limited to, attorney's fees, court costs and environmental or pollution penalties, arising out of or in connection with the transportation of saltwater by ETP or its agents to the Saltwater Disposal Well. ETP shall also indemnify and hold HPC et al harmless, free and

clear of and from all liens, claims, demands, actions and causes of actions of whatsoever nature, including, but not limited to, attorney's fees, court costs and environmental or pollution penalties, arising out of or in connection with the disposal of saltwater into the Saltwater Disposal Well.

VI.

HPC et al and ETP agree that this agreement shall be interpreted according to the laws of the State of Texas, and that any action brought on any matter relating to this agreement shall be brought in the state court of competent jurisdiction located in Dallas, Texas.

VII.

This agreement is not intended to create and nothing contained herein shall be construed to create an association, a trust, a joint venture, a mining partnership or other partnership or entity of any kind, nor to constitute ETP the agent of HPC et al.

VIII.

If any portion of this agreement is found to be void and unenforceable by a court of competent jurisdiction, then this agreement shall be read as if the offending portion of the agreement had never been included in same; it being the intent hereof that this agreement, less the offending portion thereof, shall continue in full force and effect and shall be reformed to exclude the offending portion thereof.

IX.

The rights and obligation of ETP herein constitute a Covenant in Gross and shall not be assignable to any other party whatsoever.

X.

This agreement constitutes the entire agreement between the parties hereto and supersedes any prior or contemporaneous oral or written communications of agreements; provided however, that this agreement may be hereinafter amended, from time to time, by a writing executed by all parties hereto.

XI.

Should ETP decide to abandon the Saltwater Disposal Well, it shall plug and abandon said well in accordance with applicable laws, orders, rules and regulations of any governmental authority having jurisdiction thereof, and such plugging and abandonment shall be at ETP's sole cost, risk and expense.

XII.

This agreement shall be binding upon and inure to the benefit of HPC et al, its successors and assigns, and ETP.

WITNESSES:

HUNT PETROLEUM CORPORATION

By: _____
JAMES L. PARKER, President

ROSEWOOD RESOURCES, INC.

By: _____
GARY E. CONRAD, President

EL TORO PRODUCTION CO., INC.

By: _____
~~PHIL~~ W. VASSER, President

ACKNOWLEDGEMENTS

STATE OF TEXAS
COUNTY OF DALLAS

This instrument was acknowledged before me on the 2nd day of April, 1991, by JAMES L. PARKER, President of Hunt Petroleum Corporation, a Delaware corporation, on behalf of said corporation.

My Commission Expires:

_____

_____
NOTARY PUBLIC - STATE OF TEXAS

EARLINE A. SHEATS
Notary Public
STATE OF TEXAS
My Commission Expires
February 9, 1993

STATE OF TEXAS
COUNTY OF DALLAS

This instrument was acknowledged before me on the 8th day of April, 1991, by GARY E. CONRAD, President of Rosewood Resources, Inc., a Delaware corporation, on behalf of said corporation.

My Commission Expires:

Colleen Skiles
NOTARY PUBLIC - STATE OF TEXAS

COLLEEN SKILES
Notary Public, State of Texas
My Commission Expires 1-06-93

STATE OF MISSISSIPPI
COUNTY OF ADAMS

This instrument was acknowledged before me on the 23rd day of July, 1991, by PHIL W. VASSER, President of El Toro Production Co., Inc., a corporation, on behalf of said corporation.

My Commission Expires:
3/24/94

Page Byrne Blackwell
NOTARY PUBLIC IN AND FOR ADAMS COUNTY, MISSISSIPPI

ASSIGNMENT OF INTEREST IN OIL AND GAS LEASE AND BILL OF SALE

RECORDED CATAHOULA PARISH, LA
BOOK 244 PAGE 140
INDEX PAGE
BY

2008 SEP -4 P 12:08

STATE OF LOUISIANA

PARISH OF CATAHOULA

BE IT KNOWN, that JUSTISS OIL COMPANY, INC., a Louisiana corporation, whose address is P. O. Box 2990, Jena, LA 71342, represented herein by W. B. McCartney, Jr., Executive Vice President; MUNOCO COMPANY L.C., an Arkansas Limited Liability Company, whose address is 200 N. Jefferson, Suite 308, El Dorado, AR 71730, represented herein by Robert C. Nolan, a Manager Member (herein collectively referred to as "Assignors"), for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, do hereby GRANT, BARGAIN, ASSIGN, CONVEY AND DELIVER, unto TDE Property Holdings, LP, a Louisiana limited partnership, whose address is 16610 Dallas Parkway, Suite 2500, Dallas, TX 75248, ("Assignee"), all of Assignors' right, title and interest in and to the oil and gas lease and properties described on Exhibit "A" attached hereto and made a part hereof.

This assignment is made subject to the following terms and conditions, to-wit:

1. This assignment is made without warranty, express or implied, except for acts by, through and under Assignors.

2. The assignment made and accepted subject to the obligation of the Assignee to comply with all requirements of the oil and gas leases described on Exhibit "A," as well as all applicable laws, rules, regulations and orders relative to the operation and abandonment of the lease and any well or wells located thereon, including plugging and abandoning requirements and site restoration as set forth in the regulations of the Office of Conservation of the State of Louisiana and to pay its proportionate part of any and all costs, fees and expenses which may be incurred in connection therewith.

3. This Assignment of Interest in Oil, Gas and Mineral Lease may be executed in any number of counterparts, each of which shall be considered an original and all of which, construed together, shall constitute one instrument, and this Assignment of Interest in Oil, Gas and Mineral Lease shall be binding upon any party signing same, or a counterpart hereof, regardless of whether all parties named herein sign this instrument or a counterpart hereof.

4. There is also conveyed, all of Assignors proportionate interest in and to the well(s), equipment, tanks, pumps, pipelines, in-hole equipment and rights-of-way of every kind and character used on said lands or in connection with operations of the well(s) set forth on Exhibit "A".

5. The effective date of this Assignment shall be September 1, 2008 (the "Effective Date").

STATE OF LOUISIANA

PARISH OF LASALLE

BEFORE ME, the undersigned, a Notary Public, in and for said Parish and State, on this day personally came and appeared W. B. McCartney, Jr., known to me to be the Executive Vice President of JUSTISS OIL COMPANY, INC., who acknowledged to me that he executed the

6. Assignors agree and obligate themselves to do, execute, acknowledge and deliver all and every such further acts, conveyances, transfer orders, division order, notices, releases and acquittances and such other instruments as may be necessary or appropriate more fully to assure to Assignee, its successors and assigns, all of the Assigned Interests herein conveyed and assigned or intended so to be.

The provisions of this Assignment shall be binding upon, and shall inure to the benefit of, the successors and assigns of Assignee.

THUS DONE AND PASSED in the presence of the undersigned competent witnesses on this 12 day of August, 2008, but effective for all purposes as of the Effective Date.

ASSIGNORS

WITNESSES:

William J. Ross
William J. Ross
(Name of Witness – Please Print)

Karen Aymond
Karen Aymond
(Name of Witness – Please Print)

JUSTISS OIL COMPANY, INC.

BY: W. B. McCartney, Jr.
W. B. McCartney, Jr.
Executive Vice President

W. T. Watson, Jr.
W. T. Watson, Jr.
(Name of Witness – Please Print)

Jo A. Layton
Jo A. Layton
(Name of Witness – Please Print)

MUNOCO COMPANY, L.C.

BY: Robert C. Nolan
Robert C. Nolan,
A Managing Member

STATE OF LOUISIANA

PARISH OF LASALLE

BEFORE ME, the undersigned, a Notary Public, in and for said Parish and State, on this day personally came and appeared W. B. McCartney, Jr., known to me to be the Executive Vice President of JUSTISS OIL COMPANY, INC., who acknowledged to me that he executed the above and foregoing instrument for the purposes and consideration therein expressed by authority of its board of directors, and the said W. B. McCartney, Jr. acknowledged such instrument to be the free act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL, this the 15th day of August, 2008.

Tracy McCartney
Notary Public

Tracy McCartney — 36811
(Name of Notary Public - Please Print) (I.D. No. or Bar Roll No.)

STATE OF ARKANSAS

COUNTY OF UNION

BEFORE ME, the undersigned, a Notary Public, in and for said Parish and State, on this day personally came and appeared Robert C. Nolan, known to me to be a Managing Member of MUNOCO COMPANY, L.C., who acknowledged to me that he executed the above and foregoing instrument for the purposes and consideration therein expressed by authority of its members, and the said Robert C. Nolan acknowledged the instrument to be the free act and deed of said limited liability company.

GIVEN UNDER MY HAND AND SEAL, this the 11th day of August, 2008.

Angela K Sutherlin
Notary Public

ANGELA K. SUTHERLIN
Union County
My Commission Expires
February 6, 2012

EXHIBIT "A"

Attached to and made a part of that certain Assignment of Interest in Oil and Gas Lease and Bill of Sale by and between, Justiss Oil Company, Inc., et al, as Assignors, and TDE Property Holdings, LP, as Assignee, effective September 1, 2008.

Placid Fee NLB #3 Serial #214900
Oil and Gas Lease dated September 4, 1992, effective August 11, 1992, by and between Placid Oil Company, as Lessor, and Justiss Oil Company, Inc., as Lessee, recorded in Conveyance Book 168, Page 299 under Registry #226909 of the records of Catahoula Parish, Louisiana. (JOC #57-0007-01)

Placid Fee 21-13 SWD #1 Serial #972341
Grant of Right-of-Way dated July 27, 1992, by and between The Prudential Insurance Company of America, as Grantor, and Justiss Oil Company, Inc., as Grentee, recorded in Conveyance Book 167, Page 557 under Registry #226549 of the records of Catahoula Parish, Louisiana.

Attachment D to Proof of Claim

Itemization of Attorneys Fees and Costs expended by Petro-Hunt, L.L.C. through May 31, 2010

Date Bill sent	Legal Services	Costs	Total
6/2/2010	$ 2,250.00	$ 0.44	$ 2,250.44
5/4/2010	$ 3,881.25		$ 3,881.25
4/2/2010	$ 806.25		$ 806.25
3/2/2010	$ 5,550.00		$ 5,550.00
2/2/2010	$ 562.50		$ 562.50
1/4/2010	$ 2,268.75		$ 2,268.75
12/1/2009	$ 3,143.75	$ 9.39	$ 3,153.14
11/3/2009	$ 4,275.00		$ 4,275.00
10/1/2009	$ 12,025.00	$ 518.07	$ 12,543.07
9/2/2009	$ 39,262.50	$ 153.55	$ 39,416.05
8/3/2009	$ 11,606.25	$ 365.07	$ 11,971.32
7/1/2009	$ 3,575.00		$ 3,575.00
6/1/2009	$ 2,318.75	$ 2.10	$ 2,320.85
5/1/2009	$ 1,850.00		$ 1,850.00
3/4/2009	$ 68.75		$ 68.75
2/4/2009	$ 650.00		$ 650.00
1/6/2009	$ 1,692.50	$ 354.93	$ 2,047.43
12/3/2008	$ 787.50		$ 787.50
11/4/2008	$ 62.50		$ 62.50
10/2/2008	$ 250.00	$ 23.53	$ 273.53
7/1/2008	$ 62.50		$ 62.50
5/2/2008	$ 187.50		$ 187.50
4/1/2008	$ 125.00	$ 0.82	$ 125.82
3/3/2008	$ 500.00		$ 500.00
2/4/2008	$ 6,062.50	$ 12.57	$ 6,075.07
12/3/2007	$ 1,775.00		$ 1,775.00
11/2/2007	$ 1,412.50		$ 1,412.50
10/2/2007	$ 675.00		$ 675.00
9/5/2007	$ 6,051.25	$ 151.96	$ 6,203.21
8/3/2007	$ 3,093.75	$ 154.50	$ 3,248.25
7/3/2007	$ 4,451.25	$ 94.85	$ 4,546.10
6/4/2007	$ 7,755.00	$ 2.00	$ 7,757.00
5/2/2007	$ 11,062.50	$ 782.39	$ 11,844.89
4/3/2007	$ 2,812.50	$ 59.17	$ 2,871.67
TOTALS:	$ 142,912.50	$ 2,685.34	**$ 145,597.84** *

***for time thru May 21, 2010**

Northern District of Texas
Claims Register

10-33568-sgj11 Axis Marketing, LP

Judge: Stacey G. Jernigan **Chapter:** 11

Office: Dallas **Last Date to file claims:** 07/28/2010

Trustee: **Last Date to file (Govt):**

Creditor: (13409746) Petro-Hunt, L.L.C. 1601 Elm Street, Ste. 3400 Dallas, TX 75201	**Claim No: 3** *Original Filed Date:* 07/28/2010 *Original Entered Date:* 07/28/2010	*Status:* *Filed by:* CR *Entered by:* White, Joseph *Modified:*

Unsecured claimed: $145597.84

Total claimed: $145597.84

History:

Details 3-1 07/28/2010 Claim #3 filed by Petro-Hunt, L.L.C., total amount claimed: $145597.84 (White, Joseph)

Description: (3-1) Contract; restoration of environmental damage; specific performance; indemnity; contribution; attorneys fees and court costs

Remarks: (3-1) $145, 597.84 in attorneys fees and costs; remainder unliquidated

Claims Register Summary

Case Name: Axis Marketing, LP
Case Number: 10-33568-sgj11
Chapter: 11
Date Filed: 05/21/2010
Total Number Of Claims: 1

	Total Amount Claimed	Total Amount Allowed
Unsecured	$145597.84	
Secured		
Priority		
Unknown		
Administrative		
Total	**$145597.84**	**$0.00**