

5/90

READ INSTRUCTIONS ON BACK

1 Field name exactly as shown on proration schedule Wildcat				2 Lease name Johnson			
3. Operator name exactly as shown on P-5 Organization Report Range Production Company				4. Operator P-5 no 691703		5. Oil lease no	
7. Operator address including city, state, and zip code 500 Throckmorton, STE 1900 Fort Worth, TX 76102				8 County in which oil lease or gas well is actually located Angelina		9. Gas ID no. 165914	
						10 Gas well no 1	
						11 Effective date 5/1/00	
12 GAS WELL GAS OR CASINGHEAD GAS Additional space and example on reverse side							

Type Operation			Name of gatherer, purchaser, and/or nominator as indicated in type operation columns NOTE: For each purchaser, give its RRC-assigned system code and identify the market. If applicable, place an "X" in the full-well stream column for the gatherer.	RRC USE ONLY		Purchaser's RRC Assigned System Code	Purchaser's Market		Percent of Take	Full-well stream
gatherer	purchaser	nominator		G/P/N Code			inter-state	intra-state		

13 NAME OF OIL OR CONDENSATE GATHERER
List highest volume gatherer first

13.1 NAME OF OIL OR CONDENSATE GATHERER

13.2 NAME OF OIL OR CONDENSATE GATHERER

13.3 NAME OF OIL OR CONDENSATE GATHERER

13.4 NAME OF OIL OR CONDENSATE GATHERER

Percent of Take

RRC USE ONLY

Gath code

14. PURPOSE OF FILING Remarks

a. ☐ New oil lease ☐ New gas well

☐ Reclassification (oil to gas or gas to oil)

☐ Consolidation, unitization or subdivision

b CHANGE ☐ Gatherer ☐ Nominator

☐ Purchaser ☐ Purchaser's system code

c CHANGE FROM

RRC USE ONLY

Approved (initials) CLM Oper. No. _____

Date 5/2/00 Field No. _____

Remarks: _____

☒ Operator M. E. Operating & Services, Inc.

☐ Field Name _____

☐ Lease Name _____

15 OPERATOR CHANGE Being the PREVIOUS OPERATOR, I certify that operating responsibility for wells located on the subject lease has been transferred in its entirety to the above named Current Operator. I understand, as Previous Operator, that designation of the above named operator as Current Operator is not effective until this certificate is approved by the Commission.

Previous Operator M. E. Operating & Services, Inc. Date 5/1/00

Signature [Signature] Name (Print) Mark E. Smith

Title President Phone (817) 335-0831

Address with city/state/zip 401 W. Leuda, Fort Worth, TX 76104-3228

16 CURRENT OPERATOR'S CERTIFICATION By signing this certificate as the CURRENT OPERATOR, I acknowledge responsibility for the regulatory compliance of the subject lease, INCLUDING PLUGGING OF WELLS if required under Statewide Rule 14. I also acknowledge that I will remain designated as the Current Operator until a new certificate designating a new Current Operator is approved by the Commission.

Signature [Signature] Name (Print) C.D. Fling

Title VIC PRESIDENT Date 5-01-00 Phone (817) 870-2601

I, the Current Operator, certify that the above agent is authorized to transport the above specified percentage of the allowable oil or gas produced from the above described property in accordance with the regulations of the Railroad Commission of Texas, and that this authorization will be valid until further notice or until cancelled by the Railroad Commission of Texas, and further certify that the conservation laws of the State of Texas and all rules, regulations and orders of the Railroad Commission of Texas have been complied with in respect to the property covered by this report.

☐ check if listings are continued on reverse side

Additional Listings for Gas Well Gas and Casinghead Gas

Type Operation			Name of gatherer, purchaser, and/or nominator as indicated in type operation columns NOTE: For each purchaser, give its RRC-assigned system code and identify the market. If applicable, place an "X" in the full-well stream column for the gatherer.	RRC USE ONLY					Purchaser's RRC Assigned System Code	Purchaser's Market		Percent of Take	Full-well stream
gatherer	purchaser	nominator		G/P/N Code						Inter-state	Intra-state		

Example

			All-Tex Gathering Company								25.00	
			Trans-Tex Pipelines, Inc.					001			75.00	
			All-Tex Oil and Gas Company					003			25.00	
			All-Tex Gasco								25.00	

INSTRUCTIONS

Form P-4: Producer's Transportation Authority
and Certificate of Compliance
Reference: Statewide Rule 58

Who Files The operator of any oil, gas well gas, condensate, and/or casinghead gas producing property in the State must file a P-4 for each such property

Purpose of Filing The P-4 must be filed to

- Identify all gatherers, purchasers, purchasers' RRC-assigned system codes, and nominators authorized for each oil lease or gas well. **NOTE: Except during initial testing, no production may leave the oil lease or gas well until the P-4 has been filed and a letter of approval from the Railroad Commission received by all parties.** If, during initial production testing, large quantities of oil or condensate are produced, application may be made on Form P-8: Request for Clearance of Storage Tanks prior to potential test to the appropriate district office for issuance of temporary transportation authority. For initial test purposes, a gas well may produce into a pipeline without a P-4 authorization no more than 30 days.
- Certify that production from the subject property is in accordance with the laws of Texas and the rules, regulations, and orders of the Commission.
- Establish status on Commission records as operator of the subject property.
- Notify the Commission of changes in

Operator (see No. 6, below)

Field Name (see No. 7, below)

Nominator

Lease Name

Gatherer

Purchaser System Code

Purchaser

Reclassification (oil to gas or gas to oil)

or when consolidations, unitizations, or subdivisions take place (see No. 5, below).

NOTE: When filing a P-4 for changes, the form must be completed in its entirety, not just in areas being changed.

What and Where to File The original only of the P-4

Oil and Gas Division

is to be filed with the

P. O. Drawer 12967 — Capitol Station

Railroad Commission in Austin

Austin, Texas 78711-2967

Revocation This authorization may be revoked by the Commission at any time for failure to comply with the oil and gas laws of the State of Texas and the rules, regulations, and orders of the Railroad Commission of Texas.

DETAILED INSTRUCTIONS

- An effective date is required only when the P-4 is filed for changes.
- For split connections, percentages of take must be given to no more than two decimal points. Combined percentages for gas or liquid gatherers must equal 100 percent; combined percentages for gas purchasers must equal 100 percent; and, combined percentages for gas nominators must equal 100 percent.
- An RRC-assigned system code and market identification must be given for each purchaser listed in No. 12. If gas is going full-well stream to a processing plant, an "X" is to be placed in the last column on the line naming the gatherer of that gas.
- If additional space is required for listings, use an attachment in the same format as Items 12 and 13, including blank areas for Railroad Commission use.
- The following attachments must be filed for a consolidation, subdivision, or unitization:
 - Form P-6
 - Before and after plats showing changes, distances to lease line and between wells, and, if acreage is in the field's allocation formula, proration units assigned.
 - A letter certifying that there is no overproduction on the subject leases at the time of application.
- For changes of operator:
 - The Previous Operator must complete Item 15. If impossible, leave blank and attach a letter of explanation and supporting documentation.
 - The Current (new) Operator must have a Form P-5 Organization Report on file with the Commission
 - If a SWR 14(b)(2) plugging extension has already been granted or is required on the subject property or any well on that property, the Current (new) Operator must make arrangements for a new extension before the P-4 change can be approved
 - Responsibility for ALL wells on an oil lease is to be transferred. Otherwise, the lease must be subdivided.
 - After the P-4 is filled out and signed by both the Previous Operator and the Current Operator, the Previous Operator should file the P-4 with the Commission or ensure that it is filed immediately. **NOTE: Responsibility for plugging and all other regulatory compliance obligations will not transfer from the Previous Operator to the Current Operator until the P-4 is filed with and approved by the Commission.**
- Field name changes, that is, transfers, must be reviewed by technical staff. If supporting documents are required, the operator will be notified.
- To change a gas well number, submit a Form G-1 or a letter of request; do not use Form P-4.

FORM P-4

5/90

READ INSTRUCTIONS ON BACK

1. Field name exactly as shown on proration schedule <i>Wildcat</i>	2. Lease name <i>Johnson</i>		
3. Operator name exactly as shown on P-5 Organization Report <i>M.E. Operating & Services, Inc.</i>	4. Operator P-5 no <i>518265</i>	5. Oil lease no <i>.</i>	6. RRC district no <i>06</i>
7. Operator address including city, state, and zip code <i>401 W. Leuda Ft. Worth, Tx 76104-3228</i>	8. County in which oil lease or gas well is actually located <i>Angelina</i>	9. Gas ID no <i>165914</i>	10. Gas well no <i>1</i>
		11. Effective date <i>10/1/97</i>	

12 GAS WELL GAS OR CASINGHEAD GAS Additional space and example on reverse side

[illegible]

13 NAME OF OIL OR CONDENSATE GATHERER List highest volume gatherer first	Percent of Take	RRC USE ONLY Gath code	14 PURPOSE OF FILING	Remarks
NONE			a <input type="checkbox"/> New oil lease	<input checked="" type="checkbox"/> New gas well
			<input type="checkbox"/> Reclassification (oil to gas or gas to oil)	
			<input type="checkbox"/> Consolidation, unitization or subdivision	
			b CHANGE <input type="checkbox"/> Gatherer	<input type="checkbox"/> Nominlator
			<input type="checkbox"/> Purchaser	<input type="checkbox"/> Purchaser's system code

RRC USE ONLY		c. CHANGE FROM	
Approved (Initials) <u>CH</u>	Oper No. _____	<input type="checkbox"/> Operator <u>per Joe Hall</u>	_____
Date <u>1-13-98</u>	Field No. _____	<input type="checkbox"/> Field Name _____	_____
Remarks _____		<input type="checkbox"/> Lease Name _____	_____

15 OPERATOR CHANGE Being the PREVIOUS OPERATOR, I certify that operating as a well for wells located on the subject lease has been transferred in its entirety to the above named Current Operator. I understand, as Previous Operator, that designation of the above named operator as Current Operator is not effective until this certificate is approved by the Commission

Previous Operator _____ Date _____
Signature _____ Name (Print) _____
Title _____ Phone (_____) _____
Address with city/state/zip _____

OIL & GAS DIVISION
KILGORE, TEXAS

NOV 17 1997

16 CURRENT OPERATOR'S CERTIFICATION. By signing this certificate as the CURRENT OPERATOR, I acknowledge responsibility for the regulatory compliance of the subject lease, INCLUDING PLUGGING OF WELLS if required under Statewide Rule 14. I also acknowledge that I will remain designated as the Current Operator until a new certificate designating a new Current Operator is approved by the Commission.

Signature [Signature] Name (Print) Mark E. Smith
Title President Date 10/16/97 Phone (817) 335-0831

I, the Current Operator, certify that the above agent is authorized to transport the above specified percentage of the allowable oil or gas produced from the above described property in accordance with the regulations of the Railroad Commission of Texas, and that this authorization will be valid until further notice or until cancelled by the Railroad Commission of Texas, and further certify that the conservation laws of the State of Texas and all rules, regulations and orders of the Railroad Commission of Texas have been complied with in respect to the property covered by this report.

☐ check if listings are continued on reverse side

Additional Listings for Gas Well Gas and Casinghead Gas

Type Operation			Name of gatherer, purchaser, and/or nominator as indicated in type operation columns NOTE: For each purchaser, give its RRC-assigned system code and identify the market. If applicable, place an "X" in the full-well stream column for the gatherer.	RRC USE ONLY					Purchaser's RRC Assigned System Code	Purchaser's Market			Percent of Take	Full-well stream
gatherer	purchaser	nominator		G/P/N Code						Inter-state	Intra-state			

Example

			All-Tex Gathering Company								25.00	
			Trans-Tex Pipelines, Inc.					001			75.00	
			All-Tex Oil and Gas Company					003			25.00	
			All-Tex Gasco								25.00	

INSTRUCTIONS

Form P-4: Producer's Transportation Authority
and Certificate of Compliance
Reference: Statewide Rule 58

Who Files The operator of any oil, gas well gas, condensate, and/or casinghead gas producing property in the State must file a P-4 for each such property.

Purpose of Filing The P-4 must be filed to

- Identify all gatherers, purchasers, purchasers' RRC-assigned system codes, and nominators authorized for each oil lease or gas well. **NOTE: Except during initial testing, no production may leave the oil lease or gas well until the P-4 has been filed and a letter of approval from the Railroad Commission received by all parties.** If, during initial production testing, large quantities of oil or condensate are produced, application may be made on Form P-8: Request for Clearance of Storage Tanks prior to potential test to the appropriate district office for issuance of temporary transportation authority. For initial test purposes, a gas well may produce into a pipeline without a P-4 authorization no more than 30 days.
- Certify that production from the subject property is in accordance with the laws of Texas and the rules, regulations, and orders of the Commission.
- Establish status on Commission records as operator of the subject property.
- Notify the Commission of changes in

Operator (see No. 6, below)	Field Name (see No. 7, below)	Nominator	Lease Name
Gatherer	Purchaser System Code	Purchaser	Reclassification (oil to gas or gas to oil)

or when consolidations, unitizations, or subdivisions take place (see No. 5, below).

NOTE: When filing a P-4 for changes, the form must be completed in its entirety, not just in areas being changed.

What and Where to File The original only of the P-4 is to be filed with the Railroad Commission in Austin

Oil and Gas Division
P. O. Drawer 12967 — Capitol Station
Austin, Texas 78711-2967

Revocation This authorization may be revoked by the Commission at any time for failure to comply with the oil and gas laws of the State of Texas and the rules, regulations, and orders of the Railroad Commission of Texas.

DETAILED INSTRUCTIONS

- An effective date is required only when the P-4 is filed for changes.
- For split connections, percentages of take must be given to no more than two decimal points. Combined percentages for gas or liquid gatherers must equal 100 percent; combined percentages for gas purchasers must equal 100 percent; and, combined percentages for gas nominators must equal 100 percent.
- An RRC-assigned system code and market identification must be given for each purchaser listed in No. 12. If gas is going full-well stream to a processing plant, an "X" is to be placed in the last column on the line naming the gatherer of that gas.
- If additional space is required for listings, use an attachment in the same format as Items 12 and 13, including blank areas for Railroad Commission use.
- The following attachments must be filed for a consolidation, subdivision, or unitization:
 - Form P-6
 - Before and after plats showing changes, distances to lease line and between wells, and, if acreage is in the field's allocation formula, proration units assigned.
 - A letter certifying that there is no overproduction on the subject leases at the time of application.
- For changes of operator:
 - The Previous Operator must complete Item 15. If impossible, leave blank and attach a letter of explanation and supporting documentation.
 - The Current (new) Operator must have a Form P-5 Organization Report on file with the Commission.
 - If a SWR 14(b)(2) plugging extension has already been granted or is required on the subject property or any well on that property, the Current (new) Operator must make arrangements for a new extension before the P-4 change can be approved.
 - Responsibility for ALL wells on an oil lease is to be transferred. Otherwise, the lease must be subdivided.
 - After the P-4 is filled out and signed by both the Previous Operator and the Current Operator, the Previous Operator should file the P-4 with the Commission or ensure that it is filed immediately. **NOTE: Responsibility for plugging and all other regulatory compliance obligations will not transfer from the Previous Operator to the Current Operator until the P-4 is filed with and approved by the Commission.**
- Field name changes, that is, transfers, must be reviewed by technical staff. If supporting documents are required, the operator will be notified.
- To change a gas well number, submit a Form G-1 or a letter of request; do not use Form P-4.

Type or print only

483-047

RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

Form G-1

Rev. 4/1/83

API No 42-005-30231

7 RRC District No
06

8 RRC Gas ID No

N/A

9 Well No

1

Gas Well Back Pressure Test,
Completion or Recompletion Report, and Log

1 FIELD NAME (as per RRC Records or Wildcat)

Wildcat

2 LEASE NAME

Johnson

3 OPERATOR'S NAME (Exactly as shown on Form P-5, Organization Report)

M. E. Operating & Services, Inc.

RRC Operator No.

518265

10 County of well site

Angelina

4 ADDRESS

401 W. Leuda, Ft. Worth, TX 76104-3228

11 Purpose of filing

Initial Potential ☐Retest ☐Reclass ☐Well record only ☒
(Explain in remarks)

5 Location (Section, Block, and Survey)

W. T. Carter & Bros, A-956

5b Distance and direction to nearest town in this county

15 miles E Diboll

6 If operator has changed within last 60 days,
name former operator12 If workover or reclass, give former field (with reservoir) & Gas ID or
oil lease no
FIELD & RESERVOIRGAS ID or
OIL LEASE #Oil—O
Gas—GWELL
#

13 Pipe Line Connection

14 Completion or recompletion date

8/3/95

15 Any condensate on hand at time of workover
or recompletion? ☐ Yes ☒ No

16 Type of Electric or other Log Run

DIL, CDN

Section I

GAS MEASUREMENT DATA

Date of Test		Gas Measurement Method (Check One)							Gas produced during test	
NO TEST		Orifice Meter <input type="checkbox"/>	Flange Taps <input type="checkbox"/>	Pipe Taps <input type="checkbox"/>	Positive Choke <input type="checkbox"/>	Orifice Vent Meter <input type="checkbox"/>	Pitot Tube <input type="checkbox"/>	Critical-flow Prover <input type="checkbox"/>	MCF	
Run No	Line Size	Orif or Choke Size	24 Hr Coeff Orif or Choke	Static P _m or Choke Press	Diff h _w	Flow Temp °F	Temp Factor F _{tf}	Gravity Factor F _g	Compress Factor F _{pv}	Volume MCF/DAY
1										
2										
3										
4										

Section II

FIELD DATA AND PRESSURE CALCULATIONS

Gravity (Dry Gas)		Gravity Liquid Hydrocarbon		Gas-Liquid Hydro Ratio		Gravity of Mixture		Avg. Shut-in Temp		Bottom Hole Temp	
		Deg API		CF/Bbl		G _{mix} =		°F		°F @ (Depth)	
D _{eff} ^{8/3} =		$\sqrt{T_f} = \sqrt{\quad} =$		$\sqrt{GL} = \sqrt{\quad} =$							
$C = \frac{1118 \times (D_{eff})^{8/3}}{\sqrt{T}} =$						$\frac{\sqrt{GL}}{C} =$					
Run No	Time of Run Min	Choke Size	Wellhead Press PSIA P _w	Wellhead Flow Temp °F	P _{w2} (Thousands)	R	R ² (Thousands)	P ₁	P _w /P ₁		
Shut-In											
1											
2											
3											
4											
Run No	F	K	$S = \frac{1}{z}$	E _{ks}	P _f and P _s	P _f ² and P _s ² (thousands)	P _f ² - P _s ² (thousands)	Angle of Slope			
Shut-In											
1											
2											
3											
4											

WELL TESTER'S CERTIFICATION I declare under penalties prescribed in Sec 91 143, Texas Natural Resources Code, that I conducted and supervised this test and that data and facts shown in Sections I and II above are true, correct, and complete, to the best of my knowledge. Bottomhole temperature and the diameter and length of flow string were furnished by the operator of the well

Signature Well Tester

Name of Company

RRC Representative

OPERATOR'S CERTIFICATION I declare under penalties prescribed in Sec 91 143, Texas Natural Resources Code, that I am authorized to make this report, that I prepared or supervised and directed this report, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge

Signature Operator's representative

Title

Date

Tel

A/C Number

MAPPING

817-335-0631
11/21/97

DEC 10 1997

7B

AMD

SECTION III DATA ON WELL COMPLETION AND LOG (Not Required on Retest)							
17. Type of Completion:				18. Permit to Drill, Plug Back or Deepen			
New Well <input checked="" type="checkbox"/> Deepening <input type="checkbox"/> Plug Back <input type="checkbox"/> Other <input checked="" type="checkbox"/>				DATE 12/18/92 PERMIT NO. 407435			
19. Notice of Intention to Drill this well was filed in Name of				Rule 37			
Kraft Petroleum Corp.				Exception			
Mobil Exploration & production				Water Injection Permit			
20. Number of producing wells on this lease in this field (reservoir) including this well		21. Total number of acres in this lease		Salt Water Disposal Permit		PERMIT NO.	
1		241.13		Other		PERMIT NO.	
22. Date Plug Back, Deepening, WorkOver or Drilling Operations:		Commenced		Completed		23. Distance to nearest well, Same Lease & Reservoir	
		6/7/95		7/30/95		N/A	
24. Location of well, relative to nearest lease boundaries of lease on which this well is located				25. Elevation (DF, RKB, RT, GR, ETC.)			
1040 Feet From North Line and 1479 Feet from East Line of the Johnson Lease				231' GL			
26. Was directional survey made other than inclination (Form W-12)?				<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
27. Top of Pay		28. Total Depth		29. P. B. Depth		30. Surface Casing Determined by:	
16358		19775		16700		Field <input type="checkbox"/> Rules <input type="checkbox"/> Recommendation of T.D.W.R. <input checked="" type="checkbox"/> Railroad Commission (Special) <input type="checkbox"/>	
		15200				Dt. of Letter 9/15/96	
31. Is well multiple completion?		32. If multiple completion, list all reservoir names (completions in this well) and Oil Lease or Gas ID No.				33. Intervals Drilled by:	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		FIELD & RESERVOIR				Rotary Tools <input checked="" type="checkbox"/> Cable Tools <input type="checkbox"/>	
34. Name of Drilling Contractor						35. Is Cementing Affidavit Attached?	
Morris Thurman						<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
36. CASING RECORD (Report All Strings Set in Well)							
CASING SIZE	WT #/FT.	DEPTH SET	MULTISTAGE TOOL DEPTH	TYPE & AMOUNT CEMENT (sacks)	HOLE SIZE	TOP OF CEMENT	SLURRY VOL. cu. ft.
20"		125		270 sx "A" standard	28"	surface	319
13-3/8"	68#	3528		2725 sx HLC	16"	surface	4862
9-5/8"	53.5#	15182		2700sx HTLD	12-1/4	7750	5229
				6500sx Prem			

37. LINER RECORD				
Size	TOP	Bottom	Sacks Cement	Screen
7-5/8"	14662	18068		

38. TUBING RECORD			39. Producing Interval (this completion) Indicate depth of perforation or open hole	
Size	Depth Set	Packer Set	From	To
2-7/8"	14700	14700	16358	16384
			From	To
			From	To

40. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.	
Depth Interval	Amount and Kind of Material Used
EZSV @ 1350'	96 sxs 10/92
EZSV @ 3400'	164 sxs

41. FORMATION RECORD (LIST DEPTHS OF PRINCIPAL GEOLOGICAL MARKERS AND FORMATION TOPS)			
Formations	Depth	Formations	Depth
Navarro	7242	Smackover	17640
Austin Chalk	8280		
James	11490		

REMARKS Cementing affidavit previously filed when well originally plugged.
W-12 unavailable. filed in plug. comp. prior to logging per Joe Hurd (D.O.)
Re-entry of oil lease #13063, #1

ELECTRIC LOG
STATUS REPORT

FORM L-1

Rev. 12/88

INSTRUCTIONS

When to file the L-1

- with Forms G-1, W-2, and GT-1 for new and deepened gas, oil, and geothermal wells
- with Form W-3 for plugged dry holes
- when sending in a log which was held under a request for confidentiality and the period of confidentiality has not yet expired

When the L-1 is NOT required

- with Forms W-2, G-1, and GT-1 filed for injection wells, disposal wells, water supply wells, service wells, re-test wells, re-classifications, and plugbacks of oil, gas, and geothermal wells
- with Form W-3 for plugging of other than a dry hole

Where to file the L-1

- with the appropriate Commission district office

Filling out the L-1

- Section I and the signature section must be filled out for all wells
- complete only the appropriate part of Section II

Type of log required

- any wireline survey run for the purpose of obtaining lithology, porosity, or resistivity information
- no more than one such log is required but it must be of the subject well
- if such a log is NOT run on the subject well, do NOT substitute any other type of log; just select Section II, Part A below

SEE REVERSE SIDE

SECTION I. IDENTIFICATION

Operator Name <i>M.E. Operating & Services</i>	District No. <i>06</i>	Completion Date <i>8/13/95</i>
Field Name <i>Wildcat</i>	Drilling Permit No. <i>407435</i>	
Lease Name <i>Johnson</i>	Lease/ID No. <i>NA</i>	Well No. <i>1</i>
County <i>Angelina</i>	API No. <i>42 - 005 - 30231</i>	

SECTION II. LOG STATUS (complete either A. or B.)

☐ A. BASIC ELECTRIC LOG NOT RUN

☒ B. BASIC ELECTRIC LOG RUN (select one)

☐ 1. Confidentiality requested.

☐ 2. Confidentiality already granted on basic electric log covering this interval (applicable to deepened wells only).

☐ 3. Basic electric log covering this interval already on file with Commission (applicable to deepened wells only).

☐ 4. Log attached to (select one)

☐ (a) Form L-1 (this form). If the company/lease name on log is different from that shown in Section I, please enter name on log here: _____

Check here if attached log is being submitted after being held confidential ☐

☐ (b) Form P-7, Application for Discovery Allowable and New Field Designation.

☐ (c) Form W-4, Application for Multiple Completion: lease or ID no.(s) _____, well no.(s) _____

Log already released by Mobil. Copy available at PI. We have no original log copy.

Signature <i>Mark E. Smith</i>	Signature <i>P. B. Smith</i>	Signature <i>P. B. Smith</i>
name (print) <i>Mark E. Smith</i>	name (print) <i>P. B. Smith</i>	name (print) <i>P. B. Smith</i>
	phone 1997 <i>(817) 335-0831</i>	date <i>11/12/97</i>

For Railroad Commission use only

OIL & GAS DIVISION
KILGORE, TEXAS

Electric Log Filing Requirements

As required by statute (T.N.R.C. Chapter 91, Subchapter M) and defined by Statewide Rule 16 (see copy below), a legible, unaltered final copy of a basic electric log run on a well must be filed with the completion report for that well (Form W-2 and Form G-1) or the plugging report for that well if it is a dry hole (Form W-3). The electric log will become a part of the public record.

You may, however, request a one-year period of confidentiality during which the log will be kept in your possession. Prior to the expiration of the initial period of confidentiality, you may request a renewal for a two-year period. Logs of wells drilled on land submerged in State water may be granted an additional two-year extension. At the end of the period(s) of confidentiality, a copy of the basic electric log must be filed with the Commission. The Commission will send you a notice prior to expiration of the confidentiality period(s). **NOTE: electric logs submitted in conjunction with an application for multiple completion or a new field designation are considered part of the public records; confidentiality cannot be granted them.**

§3.16 RULE 16. Log and Completion or Plugging Report. (Effective February 28, 1986)

(a) The owner or operator of an oil, gas or geothermal resource well, within thirty (30) days after the completion of such well or the plugging of such well, if the well is a dry hole, shall file with the Commission the appropriate completion or plugging report, and if a basic electric log is run on the well, a legible, unaltered final copy of such log shall be attached. A "basic electric log" means a lithology, porosity, or resistivity log run over the entire wellbore or in the alternative, if no such log is run over the entire wellbore, the log which is the most complete of such logs run. Amended completion reports must be filed for any change in perforations, or openhole or casing records within thirty (30) days after recompleting the well. In addition, if the well is deepened, a copy of a basic electric log run after September 1, 1985 should be submitted if such log is run over a deeper interval than the interval covered by a basic electric log already on file with the Commission for that wellbore.

(b) Each log filed with the Commission shall be considered public information and shall be available to the public during normal business hours. If the owner or operator of such well described in subsection (a) of this section desires log(s) to be confidential, the owner or operator must submit a written request for a delayed filing of the log(s). When filing such a request, the owner or operator must retain the log(s) and may delay filing such log(s) for one (1) year beginning from the date the completion or plugging report is required to be filed with the Commission. The owner or operator of such well may request an additional filing delay of two (2) years, provided the written request is filed prior to the expiration date of the initial confidentiality period. If a well is drilled on land submerged in state water, the owner or operator may request an additional filing delay of two (2) years so that a possible total filing delay of five (5) years may be obtained. A request for the additional two (2) year filing delay period must be in writing and be received prior to the expiration of the first two (2) year filing delay. Logs must be filed with the Commission within thirty (30) days after the expiration of the final confidentiality period.

(c) If the logs are not filed in accordance with the provisions of this section, the Commission may refuse to assign an allowable to a well or may set the allowable for such well at zero. If the well is a dry hole and the logs are not filed in accordance with the provisions of this section, the Commission may initiate penalty action pursuant to Title 3 of the Texas Natural Resources Code.

John F. Rentro
A-1097

Angelina Co. School Land
A-720

John McGini
A-446

John F. Rentro
A-1097

Angelina Co. School Land
A-720

W. Stanley
A-549

Alfred Cra
A-191

SARATOGA RESOURCES
J. Johnson #1-A

Julianne Flournoy Johnson
241.12 acres

W.T. Carter & Bros.
A-956

L. Norris
A-878

E.T.R.R.
A-244

30 acres
Julianne Flournoy
Johnson
- lease line -

THOMAS G. Flournoy,
27.619 acres et al

27.619 acres
ROBERT L. Flournoy
et al

E.T.R.R.
A-246

RECEIVED
R.R.C. - O&G
SEP 29 1994

5775 AUSTIN, TEXAS

WELL LOCATION PLAT

This plat is true and correct to the
best of my knowledge and belief.

Kevin M. Smith
Kevin M. Smith

E.T.R.R.
A-242

1000' 0' 1000' 2000'

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

CERTIFICATE OF POOLING AUTHORITY

I, Jerry Russell, being of lawful age, being familiar with the matter, and having full knowledge of the facts set out, do state:

(1) That the acreage claimed for the purpose of establishing a pooled drilling or proration unit under applicable orders of the Railroad Commission of Texas, for the

NAME OF OPERATOR: Saratoga Resources, Inc.

NAME OF POOLED UNIT: J. Johnson WELL NO. 1A

FIELD: Zavalla, Angelina COUNTY,

TEXAS, contains 828.628 acres; that with respect to such pooled unit, as it is hereafter described, parties now owning a mineral interest or mineral interests (including royalty interests, working interests, or other mineral interests) therein either (1) acquired such interest as they now have subject to the provisions of an instrument or instruments now in effect and which permit the pooling of said interests or (2) have, by virtue of the execution of an instrument or instruments the provisions of which are now in effect, pooled such of said interests as they now own therein, in such manner that all of such pooled unit shall be considered by the Commission as one base tract as if all rights with respect thereto has been acquired under a single contract.

(2) That the pooled unit described in the preceding paragraph is made up of and contains the hereafter described individual tracts of land no part of which is embraced within any other pooled unit in the same field and which, by virtue of the pooling agreements referred to in the preceding paragraph, are now contained within the pooled unit herein described.

(3) That where a non-pooled undivided interest exists in any of the individual tracts pooled, that certain non-pooled interest is noted in the margin of this instrument beside the tract description to identify the existence of the non-pooled interests in that tract:

RECEIVED
RRC - O&G
DEC 18 1992
AUSTIN, TEXAS

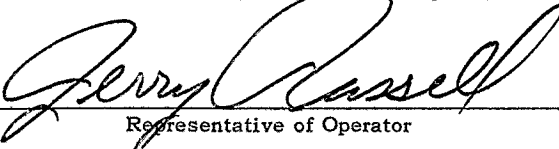
(OVER)

DESCRIPTION OF INDIVIDUAL TRACTS OR LEASES CONTAINED
WITHIN POOLED UNIT REFERRED TO IN PARAGRAPH (1) ABOVE

NAME OF HOLDER OF LEASE	LEASE NAME	NO. OF ACRES	MARGIN
Saratoga Resources, Inc.	Don M. Flournoy	241.13 ✓	
" " "	Julianne Flournoy Johnson	241.13 ✓	
" " "	Robert L. Flournoy et al	241.13	
" " "	Julianne Flournoy Johnson	30.00 ✓	
" " "	Thomas G. Flournoy et al	37.619 ✓	
" " "	Robert L. Flournoy et al	<u>37.619</u> ✓	
		828.628	

CERTIFICATE:

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

	Agent	12/17/92
Representative of Operator	Title	Date
	Telephone 512	469-0064
	A / C	Number

INSTRUCTIONS

Where two or more tracts are pooled to form either a drilling unit or a proration unit as permitted by Commission regulation, the operator thereof must furnish a certificate of pooling authority at the time action by the Commission is sought either for a permit to drill on a pooled drilling unit or for establishment of an allowable for a well on a pooled proration unit.

John F. Renfro
A-1097

Angelina Co. School Land
A-720

John McGinnis
A-446

John F. Renfro
A-1097

Angelina Co. School Land
A-720

W. Stanley
A-549

Alfred Cran
A-191

L. Norris
A-878

E.T.R.R.
A-244

E.T.R.R.
A-246

RECEIVED
DEC 18 1992
AUSTIN, TEXAS

This plat is true and correct to the
best of my knowledge and belief.

Kevin M. Smith
Kevin M. Smith

UNIT & WELL LOCATION PLAT
SARATOGA RESOURCES 828.628 Acre Proration Unit
Located in the W.T. Carter Survey A-956
and the John F. Renfro Survey A-1097
Angelina County, Texas

E.T.R.R.
A-242



RAILROAD COMMISSION OF TEXAS

OIL AND GAS DIVISION



JAMES E. (JIM) NUGENT,
COMMISSIONER
BOB KRUEGER, COMMISSIONER
JIM WALLACE, COMMISSIONER

DAVID M. GARLICK
DIRECTOR

JAMES W. WALKER, JR.
DIRECTOR, PRODUCTION ALLOCATION

1701 N. CONGRESS

CAPITOL STATION - P.O. BOX 12967 AUSTIN, TEXAS 78711-2967

(512) 463-7288

December 18, 1992

SARATOGA RESOURCES, INC.
709-A HENDERSON
AUSTIN TX 78703

RE: DIRECTIONAL DEVIATION
PERMIT #: 407435
LEASE: JOHNSON, J.
FIELD: SEE ATTACHMENT

WELL #: 1A
COUNTY: ANGELINA

SURFACE LOCATION:

LEASE:	1479.00 F E	E	5175.00 F S
SURVEY:	1479.00 F N'LYE	E	26.60 F N'LYN

BOTTOM HOLE LOCATION:

LEASE:	500.00 F N	E	1600.00 F W
SURVEY:	2200.00 F E'LYS	E	1766.00 F E'LYE

OPERATOR :

This will be your authority in accordance with Statewide Rule 11 to directionally drill the subject well. Please bear in mind that this well will be directionally drilled at your own risk and no allowable will be assigned until this office is in receipt of a certified directional survey report made and filed in the manner prescribed in Statewide Rules 11 and 12 showing that exact surface location and bottomhole location of the well, together with a certified plat to adequate scale showing correct surface location and other pertinent information in order to determine exact bottomhole location.

A drilling permit for the well is being issued subject to review after receipt of all completion forms, together with such evidence as is necessary to show the exact bottomhole location of the deviated well. A copy of this permit must be furnished to the person in charge of directional control of the well, so such person will know the permitted bottomhole location to which the well is projected. Completion forms should be accompanied by a letter of transmittal giving reference to this letter as authority to directionally deviate the well. This procedure should be followed regardless of whether the well is completed either as a producer or as a dry hole.

Yours very truly,

DAVID C. TRIANA, P.E.
PRODUCTION ALLOCATION ENGINEER

cc: RRC - District Office KILGORE
Production and Proration

06

ATTACHMENT
PERMIT #: 407435

FIELD: WILDCAT

FIELD: ZAVALLA

FIELD: ZAVALLA EAST (AUSTIN CHALK)

FIELD: ZAVALLA, S.W. (AUSTIN CHALK)

Address to
Railroad Commission of Texas
Oil and Gas Division, Drilling Permits
P. O. Box 12967
Austin, Texas 78711-2967

Application for Permit to Drill, Deepen, Plug Back, or Re-Enter

► File a copy of W-1 and plat in RRC District Office

► Read Instructions on Back

EFFECTIVE SEPT. 1, 1991, PERMIT APPLICATION FEE WILL VARY
ACCORDING TO THE TOTAL DEPTH SHOWN IN ITEM NO. 9 BELOW.

0-2000' - \$100,	2001' - 4000' - \$125
4001' - 9000' - \$150	9001' or deeper - \$200

Purpose of filing (mark appropriate boxes): <input type="checkbox"/> Drill <input type="checkbox"/> Deepen (below casing) <input type="checkbox"/> Deepen (within casing) <input type="checkbox"/> Plug Back <input checked="" type="checkbox"/> Re-Enter			Enter here, if assigned: API No. 42-005-30231		
<input type="checkbox"/> Horizontal <input type="checkbox"/> Directional Well <input type="checkbox"/> Sidetrack <input checked="" type="checkbox"/> Amended Permit (enter permit no. at right & explain fully in Remarks)			Permit No. 407435		
1. Operator's Name (exactly as shown on Form P-5, Organization Report) Kraft Petroleum Corporation 9-29-94			3. RRC Operator No. 476549		5. County of Well Site Angelina
2. Address (including city and zip code) 15 East Pike Ridge S-310 Conshohocken, Pennsylvania 19428 955542			6. Lease Name (32 spaces maximum) J. Johnson		7. RRC Lease/ID No.
10. Location • Section 22 Block Survey W. T. Carter & Bros. Abstract No. A-956 • This well is to be located 15 miles in a SE direction from Diboll which is the nearest town in the county of the well site.			8. Well No. 1		9. Total Depth 17500
11. Distance from proposed location to nearest lease or unit line 1050 ft.			12. Number of contiguous acres in lease, pooled unit, or unitized tract 241.13 OUTLINE ON PLAT.		
13. FIELD NAME (Exactly as shown on RRC proration schedule). List all established and wildcat zones of anticipated completion. Attach additional Form W-1's as needed to list these zones. One zone per line.			14. Completion depth	15. Spacing pattern (ft.)	16. Density pattern (acres)
Wildcat 12001			17500	467/1200	40
17. Number of acres in drilling unit for this well. OUTLINE ON PLAT.			18. Is this acreage assigned to another well on this lease & in this reservoir? If so, explain in Remarks.		
241.13			No		
19. Distance from proposed location to nearest applied for, permitted, or completed well, this lease & reservoir. (ft.)			20. Oil, gas, or other type well (Specify)		
NA			O/G		
21. No. of applied for, permitted, or completed locations (including this one) on lease in this reservoir.			OIL GAS		
1			1		
22. Perpendicular surface location from two nearest designated lines: • Lease/Unit 1479 FEL & 1050 FNL • Survey/Section 1505 FNL & 1479 FEL			If a directional well, show also projected bottom-hole location: • Lease/Unit • Survey/Section		
23. Is this a pooled unit? FINAL FW/NEL Yes <input type="checkbox"/> (Attach Form P-12 and certified plat.) No <input checked="" type="checkbox"/>			24. Is Item 17 less than Item 16 (standard acreage for any field applied for)? Yes <input type="checkbox"/> (Attach Form W-1A) No <input checked="" type="checkbox"/>		
25. Is this wellbore subject to Statewide Rule 36 (hydrogen sulfide area)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>			If subject to Rule 36, is Form H-9 filed? Yes <input type="checkbox"/> No <input type="checkbox"/> If not filed, explain in Remarks.		
26. Do you have the right to develop the minerals under any right-of-way that crosses, or is contiguous to, this tract? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If not, and if the well requires a Rule 37 or 38 exception, see Instructions for Rule 37.			I certify that information stated in this application is true and complete, to the best of my knowledge.		
Remarks Amend TD, Operator, Acres, & show vertical instead of horizontal.			Signature: Don Orr, Agent Date: 9/28/94 Area Code: 713/688-7033 Number: 407435		

Instructions to Form W-1

NOTICE:

Review Statewide Rule 5, *Application to Drill, Deepen, Reenter, or Plug Back*, paragraph (c) for eligibility of an organization to file a W-1 application.

A. IMPORTANT: Do not begin drilling operations on any location until you receive a drilling permit from the Commission, and the waiting-clause period, if specified in the permit, has ended.

B. Organization Report. Before this application can be processed, a **Form P-5, Organization Report**, showing the exact operator name used on Form W-1, must be on file with the Commission in Austin.

C. Fee. With each W-1 application or materially amended W-1 application, the applicant must submit the applicable fee to the Commission in Austin. A check or money order must be made payable to the State Treasurer of Texas. This fee is nonrefundable. An application will be considered materially amended if the amendment requires the issuance of a new permit. A materially amended application includes an application in which an additional field or a change in location or field is sought for a previously permitted well. However, if a new application and/or permit becomes necessary because of Commission action, the fee may be waived.

D. Surface casing. Before the Commission will assign an allowable to a well, the operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Texas Water Commission. Before drilling a well where Commission rules do not specify surface casing requirements, the operator must obtain a letter from the Department stating the protection depth. Write: TWC, Surface Casing, P. O. Box 13087, Capitol Station, Austin, Texas 78711-3087.

E. What to file. File Form W-1, a plat and the applicable fee in the Commission's Austin office. Send a copy of the W-1 and plat to the RRC District Office that serves the county of the proposed well site.

F. Plat. Each W-1 must be accompanied by a neat, accurate plat of the lease or unit which clearly shows the following:

For a REGULAR location (where the proposed site conforms to Commission rules)

- Drilling unit boundary for the proposed location and proration unit boundaries for each producing well on this lease or unit which is completed in the same field. Show the acreage contained in each unit. For Commission purposes, lease or unit acreage must be contiguous unless an exception to Statewide Rule 39 is granted. If a Rule 39 exception has previously been granted for the lease or unit, **attach a copy of the RRC approval.**
- Surface location of the proposed site. If the well is to be directionally drilled, show also the projected bottom-hole location.
- Perpendicular distance to nearest intersecting: (a) lease/unit lines and (b) survey/section lines. To avoid confusion, distinguish between the two sets of lines.
- Distance to nearest applied for, permitted, or completed well on this lease or unit in the same field.
- Section, block, or lot.
- Northerly direction.
- Scale. Where the size of the lease or unit will allow, use a scale of $1" = 1,000'$. If it is not practical to show the entire lease or unit on the plat, attach a second plat, drawn to a scale no smaller than $1" = 2,000'$, to show the entire lease or unit in relation to the patent survey. Enter on Form W-1 (Item 12) the acreage for the entire lease or unit.
- On a pooled unit, outline the entire lease or unit as well as the individual tracts listed on Form P-12, Certificate of Pooling Authority.

For a RULE 37 or RULE 38 Exception (where spacing or acreage is less than prescribed by rule)

- A **certified** plat of the entire lease or unit which includes the information described above; and
- A list of the names and addresses of all offsetting operators or unleased mineral interest owners of each tract which is contiguous to the drill site tract. If you do not have the right to develop the minerals under any right-of-way that crosses, or is contiguous to, this tract, and if the well requires a Rule 37 or 38 exception, list also the name and address of the person who has this right. The list should refer to the plat clearly so as to enable the Commission to readily identify each tract and its operator or mineral owner.

NOTE: If you penetrate a Rule 37 or 38 zone in which you do not propose to complete at this time, you will not necessarily be allowed to use the existence of this wellbore as justification for an exception to complete this wellbore in such zone in the future.

G. Specific Items.

Item 13. Field name. Use only field designations, including reservoir, approved by the Commission (not proposed field names). Enter "Wildcat" if the reservoir has no RRC field designation and give the total projected depth under "Completion Depth." If the well is to be drilled in a multi-pay area, list all established and wildcat zones for which a completion is proposed. If necessary, attach additional Form W-1's to list these zones.

Item 15. Spacing pattern. If the proposed location of the well is in a field with special field rules, enter the appropriate spacing pattern. If there are no field rules in effect, Statewide Rule 37 spacing applies. Rule 37 requires wells to be spaced at least 467 feet from lease lines and 1,200 feet from other wells completed in the same reservoir and on the same lease, with one well to each 40 acres. However, if the proposed location is in RRC Districts 7B, 9, or in McCulloch County (District 7C), and in a field with no special field rules adopted, a district (or county regular) rule will apply, with special spacing and depth controls for wells drilled to 5,000 feet or above.

Item 16. Density pattern. If the proposed location is in a field with special field rules, enter the appropriate density pattern. If there are no field rules in effect, Statewide Rules 37 and 38 apply, allowing one well to each 40 acres. However, if the proposed location is in RRC Districts 7B, 9, or in McCulloch County (District 7C), and in a field with no special field rules adopted, special spacing and depth controls in Rule 38(b) govern density.

Return each W-1 with plat, applicable fee, and "W-1 Compliance Certificate" (W-1c). Make a check or money order payable to the State Treasurer of Texas.

Address to
Railroad Commission of Texas
Oil and Gas Division, Drilling Permits
P. O. Box 12967
Austin, Texas 78711-2967

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Page 1 of 2

Form W-1
Rev. 9/1/91

Application for Permit to Drill, Deepen, Plug Back, or Re-Enter

File a copy of W-1 and plat in RRC District Office

Read Instructions on Back

EFFECTIVE SEPT. 1, 1991, PERMIT APPLICATION FEE WILL VARY
ACCORDING TO THE TOTAL DEPTH SHOWN IN ITEM NO. 9 BELOW.
0-2000' - \$100, 2001' - 4000' - \$125
4001' - 9000' - \$150 9001' or deeper - \$200

Purpose of filing (mark appropriate boxes): <input type="checkbox"/> Drill <input type="checkbox"/> Deepen (below casing) <input type="checkbox"/> Deepen (within casing) <input type="checkbox"/> Plug Back <input checked="" type="checkbox"/> Re-Enter <input checked="" type="checkbox"/> Horizontal <input type="checkbox"/> Directional Well <input type="checkbox"/> Sidetrack <input type="checkbox"/> Amended Permit (enter permit no. at right & explain fully in Remarks)			Enter here, if assigned: API No. <u>005-30231</u> <u>42-055-30231</u> Permit No. <u>407435 dg</u> Rule 37 Case No.		
1. Operator's Name (exactly as shown on Form P-5, Organization Report) <u>Saratoga Resources, Inc.</u>		3. RRC Operator No. <u>748470</u>	4. RRC District No. <u>6</u>	5. County of Well Site <u>Angelina</u>	
2. Address (including city and zip code) <u>709-A Henderson</u> <u>Austin, TX 78703</u>		6. Lease Name (32 spaces maximum) <u>J. Johnson</u>		7. RRC Lease/ID No. <u>1A</u>	9. Total Depth <u>9500</u>
10. Location <u>SHL & THL #2 Sec. 22 W. T. Carter & Bros.</u> • Section <u>THL #1-26</u> Block <u>Survey John F. Renfro #26</u> Abstract No. <u>A-1097</u> • This well is to be located <u>15</u> miles in a <u>SE</u> direction from <u>Diboll</u> which is the nearest town in the county of the well site.					
11. Distance from proposed location to nearest lease or unit line <u>THL #1 500</u> ft. <u>SHL 1479</u>			12. Number of contiguous acres in lease, pooled unit, or unitized tract <u>828.628</u> (OUTLINE ON PLAT.)		
13. FIELD NAME (Exactly as shown on RRC proration schedule). List all established and wildcat zones of anticipated completion. Attach additional Form W-1's as needed to list these zones. One zone per line.			14. Completion depth	15. Spacing pattern (ft.)	16. Density pattern (acres)
Zavalla <u>997/5100</u>			9322	467/1200	40
Zavalla, SW (Austin Chalk) <u>997.2/500</u>			8590	467/1200	40
Zavalla, E. (Austin Chalk) <u>997.20400</u>			9500	467/1200	40
22. Perpendicular surface location from two nearest designated lines: • Lease/Unit <u>1479 FEL & 5175 FSL</u> • Survey/Section <u>1479 FEL & 1505 FEL FNIYEL</u>			If a directional well, show also projected bottom-hole location: <u>THL #1</u> • Lease/Unit <u>500 FNI & 1600 FWL</u> • Survey/Section <u>2200 FSL & 1766 FEL FEL</u>		
23. Is this a pooled unit? <u>FNIYEL</u> Yes <input checked="" type="checkbox"/> (Attach Form P-12 and certified plat.) No <input type="checkbox"/>			24. Is Item 17 less than Item 16 (substandard acreage for any field applied for)? Yes <input type="checkbox"/> (Attach Form W-1A) No <input checked="" type="checkbox"/>		
25. Is this wellbore subject to Statewide Rule 36 (hydrogen sulfide area)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>			If subject to Rule 36, is Form H-9 filed? Yes <input type="checkbox"/> No <input type="checkbox"/> If not filed, explain in Remarks.		
26. Do you have the right to develop the minerals under any right-of-way that crosses, or is contiguous to, this tract? If not, and if the well requires a Rule 37 or 38 exception, see Instructions for Rule 37. Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>			I certify that information stated in this application is true and complete, to the best of my knowledge.		
Remarks <u>KOP is the same as the SHL.</u> <u>Re-entry of Mobil, Julianne Johnson #1 D & A'd 10/10/90</u> <u>THL #2 500 FSL & 2248 FEL of Lease & Survey.</u> <u>WIC attached</u>			Signature <u>Jerry Russell</u> Name and title of operator's representative <u>Jerry Russell, Agent</u> Date: <u>12/16/92</u> mo. day yr. Tel.: <u>713/531-0022</u> Area Code Number • RRC Use Only • <u>Rec # 11608</u> <u>206784 DEC 18 92</u> <u>407435</u>		

Instructions to Form W-1

NOTICE:

A "W-1 COMPLIANCE CERTIFICATE" (Form W-1c) MUST ACCOMPANY THIS PERMIT APPLICATION. THE W-1 APPLICATION CANNOT BE PROCESSED WITHOUT A FORM W-1c.

A. IMPORTANT: Do not begin drilling operations on any location until you receive a drilling permit from the Commission, and the waiting-clause period, if specified in the permit, has ended.

B. Organization Report. Before this application can be processed, a Form P-5, Organization Report, showing the exact operator name used on Form W-1, must be on file with the Commission in Austin.

C. Fee. With each W-1 application or materially amended W-1 application, the applicant must submit the applicable fee to the Commission in Austin. A check or money order must be made payable to the State Treasurer of Texas. This fee is nonrefundable. An application will be considered materially amended if the amendment requires the issuance of a new permit. A materially amended application includes an application in which an additional field or a change in location or field is sought for a previously permitted well. However, if a new application and/or permit becomes necessary because of Commission action, the fee may be waived.

D. Surface casing. Before the Commission will assign an allowable to a well, the operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Texas Water Commission. Before drilling a well where Commission rules do not specify surface casing requirements, the operator must obtain a letter from the Department stating the protection depth. Write: TWC, Surface Casing, P. O. Box 13087, Capitol Station, Austin, Texas 78711-3087.

E. What to file. File Form W-1, a plat, the applicable fee, and "W-1 Compliance Certificate" (W-1c) in the Commission's Austin office. Send a copy of the W-1 and plat to the RRC District Office that serves the county of the proposed well site.

F. Plat. Each W-1 must be accompanied by a neat, accurate plat of the lease or unit which clearly shows the following:

For a **REGULAR** location (where the proposed site conforms to Commission rules)

- Drilling unit boundary for the proposed location and proration unit boundaries for each producing well on this lease or unit which is completed in the same field. Show the acreage contained in each unit. For Commission purposes, lease or unit acreage must be contiguous unless an exception to Statewide Rule 39 is granted. If a Rule 39 exception has previously been granted for the lease or unit, attach a copy of the RRC approval.
- Surface location of the proposed site. If the well is to be directionally drilled, show also the projected bottom-hole location.
- Perpendicular distance to nearest intersecting: (a) lease/unit lines and (b) survey/section lines. To avoid confusion, distinguish between the two sets of lines.
- Distance to nearest applied for, permitted, or completed well on this lease or unit in the same field.
- Section, block, or lot.
- Northerly direction.
- Scale. Where the size of the lease or unit will allow, use a scale of 1" = 1,000'. If it is not practical to show the entire lease or unit on the plat, attach a second plat, drawn to a scale no smaller than 1" = 2,000', to show the entire lease or unit in relation to the patent survey. Enter on Form W-1 (Item 12) the acreage for the entire lease or unit.
- On a pooled unit, outline the entire lease or unit as well as the individual tracts listed on Form P-12, Certificate of Pooling Authority.

For a **RULE 37** or **RULE 38** Exception (where spacing or acreage is less than prescribed by rule)

- A certified plat of the entire lease or unit which includes the information described above; and
- A list of the names and addresses of all offsetting operators or unleased mineral interest owners of each tract which is contiguous to the drill site tract. If you do not have the right to develop the minerals under any right-of-way that crosses, or is contiguous to, this tract, and if the well requires a Rule 37 or 38 exception, list also the name and address of the person who has this right. The list should refer to the plat clearly so as to enable the Commission to readily identify each tract and its operator or mineral owner.

NOTE: If you penetrate a Rule 37 or 38 zone in which you do not propose to complete at this time, you will not necessarily be allowed to use the existence of this wellbore as justification for an exception to complete this wellbore in such zone in the future.

G. Specific Items.

Item 13. Field name. Use only field designations, including reservoir, approved by the Commission (not proposed field names). Enter "Wildcat" if the reservoir has no RRC field designation and give the total projected depth under "Completion Depth." If the well is to be drilled in a multi-pay area, list all established and wildcat zones for which a completion is proposed. If necessary, attach additional Form W-1's to list these zones.

Item 15. Spacing pattern. If the proposed location of the well is in a field with special field rules, enter the appropriate spacing pattern. If there are no field rules in effect, Statewide Rule 37 spacing applies. Rule 37 requires wells to be spaced at least 467 feet from lease lines and 1,200 feet from other wells completed in the same reservoir and on the same lease, with one well to each 40 acres. However, if the proposed location is in RRC Districts 7B, 9, or in McCulloch County (District 7C), and in a field with no special field rules adopted, a district (or county regular) rule will apply, with special spacing and depth controls for wells drilled to 5,000 feet or above.

Item 16. Density pattern. If the proposed location is in a field with special field rules, enter the appropriate density pattern. If there are no field rules in effect, Statewide Rules 37 and 38 apply, allowing one well to each 40 acres. However, if the proposed location is in RRC Districts 7B, 9, or in McCulloch County (District 7C), and in a field with no special field rules adopted, the special spacing and depth controls in Rule 38(b) govern density.

Return each W-1 with plat, applicable fee, and "W-1 Compliance Certificate" (W-1c). Make a check or money order payable to the State Treasurer of Texas

Address to:
Railroad Commission of Texas
Oil and Gas Division, Drilling Permits
P O. Box 12967
Austin, Texas 78711-2967

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Page 2 of 2

Form W-1
Rev. 9/1/91

Application for Permit to Drill, Deepen, Plug Back, or Re-Enter

File a copy of W-1 and plat in RRC District Office

Read Instructions on Back

EFFECTIVE SEPT. 1, 1991, PERMIT APPLICATION FEE WILL VARY
ACCORDING TO THE TOTAL DEPTH SHOWN IN ITEM NO. 9 BELOW.
0-2000' - \$100, 2001' - 4000' - \$125
4001' - 9000' - \$150 9001' or deeper - \$200

Purpose of filing (mark appropriate boxes): <input type="checkbox"/> Drill <input type="checkbox"/> Deepen (below casing) <input type="checkbox"/> Deepen (within casing) <input type="checkbox"/> Plug Back <input checked="" type="checkbox"/> Re-Enter		Enter here, API No. 005-30231 if assigned: 42-055-30231								
<input checked="" type="checkbox"/> Horizontal <input type="checkbox"/> Directional Well <input type="checkbox"/> Sidetrack <input type="checkbox"/> Amended Permit (enter permit no. at right & explain fully in Remarks)		Permit No. 42-055-30231								
1. Operator's Name (exactly as shown on Form P-5, Organization Report) Saratoga Resources, Inc.		3. RRC Operator No. 748470	4. RRC District No. 6	5. County of Well Site Angelina		Rule 37 Case No.				
2. Address (including city and zip code)		6. Lease Name (32 spaces maximum) J. Johnson		7. RRC Lease/ID No.	8. Well No. 1A	9. Total Depth				
		10. Location • Section _____ Block _____ Survey _____ Abstract No. A- _____ • This well is to be located _____ miles in a _____ direction from _____ which is the nearest town in the county of the well site.								
11. Distance from proposed location to nearest lease or unit line _____ ft.		12. Number of contiguous acres in lease, pooled unit, or unitized tract _____ (OUTLINE ON PLAT.)								
13. FIELD NAME (Exactly as shown on RRC proration schedule). List all established and wildcat zones of anticipated completion. Attach additional Form W-1's as needed to list these zones. One zone per line.	14. Completion depth	15. Spacing pattern (ft.)	16. Density pattern (acres)	17. Number of acres in drilling unit for this well. OUTLINE ON PLAT.	18. Is this acreage assigned to another well on this lease & in this reservoir? If so, explain in Remarks.	19. Distance from proposed location to nearest applied for, permitted, or completed well, this lease & reservoir. (ft.)	20. Oil, gas, or other type well (Specify)	21. No. of applied for, permitted, or completed locations (including this one) on lease in this reservoir.		
								OIL	GAS	
	Wildcat	12001	9500	467/1200	40	40	No	NA	O/G	1 1
22. Perpendicular surface location from two nearest designated lines: • Lease/Unit _____ • Survey/Section _____		If a directional well, show also projected bottom-hole location: • Lease/Unit _____ • Survey/Section _____								
23. Is this a pooled unit? Yes <input type="checkbox"/> (Attach Form P-12 and certified plat.) No <input type="checkbox"/>		24. Is Item 17 less than Item 16 (substandard acreage for any field applied for)? Yes <input type="checkbox"/> (Attach Form W-1A) No <input type="checkbox"/>								
25. Is this wellbore subject to Statewide Rule 36 (hydrogen sulfide area)? Yes <input type="checkbox"/> No <input type="checkbox"/>		If subject to Rule 36, is Form H-9 filed? Yes <input type="checkbox"/> No <input type="checkbox"/> If not filed, explain in Remarks.								
26. Do you have the right to develop the minerals under any right-of-way that crosses, or is contiguous to, this tract? If not, and if the well requires a Rule 37 or 38 exception, see Instructions for Rule 37. Yes <input type="checkbox"/> No <input type="checkbox"/>		I certify that information stated in this application is true and complete, to the best of my knowledge. Jerry Russell Signature _____ Name and title of operator's representative 12/16/92 Date: mo. day yr. 713/531-0022 Tel.: Area Code Number								
Remarks		• RRC Use Only •								

Instructions to Form W-1

NOTICE:

A "W-1 COMPLIANCE CERTIFICATE" (FORM W-1c) MUST ACCOMPANY THIS PERMIT APPLICATION. THE W-1 APPLICATION CANNOT BE PROCESSED WITHOUT A FORM W-1c.

A. IMPORTANT: Do not begin drilling operations on any location until you receive a drilling permit from the Commission, and the waiting-clause period, if specified in the permit, has ended.

B. Organization Report. Before this application can be processed, a Form P-5, Organization Report, showing the exact operator name used on Form W-1, must be on file with the Commission in Austin.

C. Fee. With each W-1 application or materially amended W-1 application, the applicant must submit the applicable fee to the Commission in Austin. A check or money order must be made payable to the State Treasurer of Texas. This fee is nonrefundable. An application will be considered materially amended if the amendment requires the issuance of a new permit. A materially amended application includes an application in which an additional field or a change in location or field is sought for a previously permitted well. However, if a new application and/or permit becomes necessary because of Commission action, the fee may be waived.

D. Surface casing. Before the Commission will assign an allowable to a well, the operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Texas Water Commission. Before drilling a well where Commission rules do not specify surface casing requirements, the operator must obtain a letter from the Department stating the protection depth. Write: TWC, Surface Casing, P. O. Box 13087, Capitol Station, Austin, Texas 78711-3087.

E. What to file. File Form W-1, a plat, the applicable fee, and "W-1 Compliance Certificate" (W-1c) in the Commission's Austin office. Send a copy of the W-1 and plat to the RRC District Office that serves the county of the proposed well site.

F. Plat. Each W-1 must be accompanied by a neat, accurate plat of the lease or unit which clearly shows the following:

For a **REGULAR** location (where the proposed site conforms to Commission rules)

- Drilling unit boundary for the proposed location and proration unit boundaries for each producing well on this lease or unit which is completed in the same field. Show the acreage contained in each unit. For Commission purposes, lease or unit acreage must be contiguous unless an exception to Statewide Rule 39 is granted. If a Rule 39 exception has previously been granted for the lease or unit, attach a copy of the RRC approval.
- Surface location of the proposed site. If the well is to be directionally drilled, show also the projected bottom-hole location.
- Perpendicular distance to nearest intersecting: (a) lease/unit lines and (b) survey/section lines. To avoid confusion, distinguish between the two sets of lines.
- Distance to nearest applied for, permitted, or completed well on this lease or unit in the same field.
- Section, block, or lot.
- Northerly direction.
- Scale. Where the size of the lease or unit will allow, use a scale of $1'' = 1,000'$. If it is not practical to show the entire lease or unit on the plat, attach a second plat, drawn to a scale no smaller than $1'' = 2,000'$, to show the entire lease or unit in relation to the patent survey. Enter on Form W-1 (Item 12) the acreage for the entire lease or unit.
- On a pooled unit, outline the entire lease or unit as well as the individual tracts listed on Form P-12, Certificate of Pooling Authority.

For a **RULE 37 or RULE 38 Exception** (where spacing or acreage is less than prescribed by rule)

- A **certified** plat of the entire lease or unit which includes the information described above; and
- A list of the names and addresses of all offsetting operators or unleased mineral interest owners of each tract which is contiguous to the drill site tract. If you do not have the right to develop the minerals under any right-of-way that crosses, or is contiguous to, this tract, and if the well requires a Rule 37 or 38 exception, list also the name and address of the person who has this right. The list should refer to the plat clearly so as to enable the Commission to readily identify each tract and its operator or mineral owner.

NOTE: If you penetrate a Rule 37 or 38 zone in which you do not propose to complete at this time, you will not necessarily be allowed to use the existence of this wellbore as justification for an exception to complete this wellbore in such zone in the future.

G. Specific Items.

Item 13. Field name. Use only field designations, including reservoir, approved by the Commission (not proposed field names). Enter "Wildcat" if the reservoir has no RRC field designation and give the total projected depth under "Completion Depth." If the well is to be drilled in a multi-pay area, list all established and wildcat zones for which a completion is proposed. If necessary, attach additional Form W-1's to list these zones.

Item 15. Spacing pattern. If the proposed location of the well is in a field with special field rules, enter the appropriate spacing pattern. If there are no field rules in effect, Statewide Rule 37 spacing applies. Rule 37 requires wells to be spaced at least 467 feet from lease lines and 1,200 feet from other wells completed in the same reservoir and on the same lease, with one well to each 40 acres. However, if the proposed location is in RRC Districts 7B, 9, or in McCulloch County (District 7C), and in a field with no special field rules adopted, a district (or county regular) rule will apply, with special spacing and depth controls for wells drilled to 5,000 feet or above.

Item 16. Density pattern. If the proposed location is in a field with special field rules, enter the appropriate density pattern. If there are no field rules in effect, Statewide Rules 37 and 38 apply, allowing one well to each 40 acres. However, if the proposed location is in RRC Districts 7B, 9, or in McCulloch County (District 7C), and in a field with no special field rules adopted, the special spacing and depth controls in Rule 38(b) govern density.

John F. Renfro
A-1097

Angelina Co. School Land
A-720

John Mc
A-441

John F. Renfro
A-1097

Angelina Co. School Land
A-720

W. Stanley
A-549

L. Norris
A-878

W.T. Carter & Bros.
A-956

E.T.R.R.
A-244

RECEIVED
R.R.C. OF TEXAS

NOV 17 1907

OIL & GAS DIVISION
KILGORE, TEXAS

This plat is true and correct to
the best of my knowledge.

Mark E. Smith

M. E. Operating & Services, Inc.
#1 Johnson
Angelina Co., TX

1000'

0'

1000'

1" = 1000'

PERMIT CORRECTION

AP1-005-30231

Permit No. 407435

Date: 12-18-92

From: ☒ Map Dept.

☐ Rec'ds. Codif.

Survey Name:

SL¹/₂ ET RR Co/W.T. Carter & Bros #22 A-956

Correct to - Sec. _____ Blk. _____ Survey 1TL: John F. Renfro #26 Abstract 1097

Distances:

Lease:

Correct to -

Survey:

Correct to

SL: 1479 FNL EL & 1505 FNL NL
1TL: 2200 FEN SL & 1766 FEN EL
-2TL: 2248 FSN EL & 500 FSL

Signed:

AM Sanchez

Authorized by:

Company Representative

W-1 COMPLIANCE CERTIFICATION

FORM W-1C

rev. 10/11/91

Railroad Commission of Texas
Oil and Gas Division
P. O. Box 12967
Austin, Texas 78711-2967

Reference: Texas Natural
Resources Code 91.110

ATTACH TO DRILLING PERMIT APPLICATION

WHEN TO FILE: A Form W-1C, "W-1 Compliance Certification," is to accompany any filing of Form W-1, "Application for Permit to Drill, Deepen, Plug Back, or Re-Enter." This includes initial and materially amended applications. The W-1C is attached only to the W-1 filed with Austin; a copy does not have to be attached to the W-1 copy filed with the district office.

This certification is binding on the named organization. Failure to file the W-1C will delay approval of the W-1 application. Knowingly filing a false certification statement may be a violation of TNRC 91.143 and may also subject a permit to denial or revocation. A permit that is issued on the basis of a certification statement that is later determined to be incorrect is also subject to revocation.

VIOLATION means non-compliance with Title 3, TNRC or a Commission rule, order, license, permit, or certificate that relates to safety or the prevention or control of pollution.

OUTSTANDING FINAL ORDERS. An organization has an outstanding final order against it if:

- a Commission order finding a violation has been entered and all appeals have been exhausted; or
- the Commission and the organization have entered into an agreed order relating to an alleged violation;

AND

- (1) the conditions that constituted a violation have not been corrected;
- (2) all administrative, civil, and criminal penalties relating to any conditions constituting a violation have not been paid; and
- (3) all reimbursements of costs and expenses assessed by the Commission to be collected in relation to any conditions constituting a violation have not been collected.

CERTIFICATION STATEMENT: I, on behalf of the named organization, certify to the best of my knowledge and that of the organization after reasonable inquiry, that within the last five years:

- (1) the applicant organization named below has no outstanding final orders against it; and
- (2) no owner of more than 25 percent ownership interest, officer, director, general partner, or trustee of the applicant organization named below has held a position of ownership or control in any organization (including the named organization) that has an outstanding final Commission order against it relating to a violation, during that period of ownership or control.

Saratoga Resources, Inc.

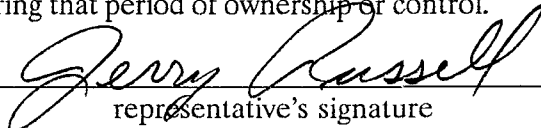
organization name

Jerry Russell

representative's name (print or type)

512/469-0064

phone number with area code



representative's signature

Agent

representative's title

12/17/92

date

RECEIVED
R.R.C. - O&G
DEC 18 1992
AUSTIN, TEXAS

Sent for recording 11/12/97

DESIGNATION OF POOLED UNIT AND OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made and effective this **1st day of August, 1997**, between, **Ruby Pitre Flournoy, Morgan P. Flournoy and Barbra Duke Flournoy, Julianne Flournoy Toups and Rodney Toups, Don M. Flournoy and Mary Anne Flournoy, Thomas G. Flournoy, Individually and as Trustee for Lisa Flournoy McElveen, Derick Flournoy and Erin Flournoy, Barbara Flournoy, Eugenia L. Flournoy, Robert L. Flournoy, Individually and as Trustee for Nicole Flournoy, Joshua Flournoy, Kristin Flournoy and Jordon Flournoy, LESSOR**, (whether one or more), whose address is Route 1 Box 378, Diboll, TX 75941, and **M. E. OPERATING AND SERVICES, INC., LESSEE**, (whether one or more), whose address is 401 W. Leuda, Fort Worth, TX 76104-3228,

WITNESSETH:

1. Lessor in consideration of ****TEN & 00/100** Dollars (\$10.00) and other Valuable Consideration**, in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purposes of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, conducting exploration, geologic and geophysical surveys by seismograph, core test, gravity and magnetic methods, injecting gas, water and other fluids, and air into subsurface strata, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in **ANGELINA COUNTY, TEXAS**, to-wit:

FIRST TRACT:

Tract One: 57.4 acres, more or less, part of the Williford Stanley Survey, A-549, Angelina County, Texas, and being the same land described as Tract 7 in that certain Deed dated August 16, 1937, from Carter-Kelly Lumber Co. to W. M. Gibbs, recorded in Volume 87, Page 296 of the Deed Records of Angelina County, Texas.

Tract Two: 45 acres, more or less, part of the Lincoln Norris Survey, A-878, Angeline County, Texas, and being the same land described as tract 8 of 103 acres in that certain Deed dated August 16, 1937, from Carter-Kelly Lumber Co. to W. M. Gibbs, recorded in Volume 87, Page 296 of the Deed Records of Angelina County, Texas,

SAVE AND EXCEPT: (1) 30 acres, more or less, being the same land described in a Deed dated March 16, 1976, from M. M. Flournoy to Julianne Johnson, recorded in Volume 440, Page 382 of the Deed Records Angelina County, Texas, and (2) 28 acres of land, more or less, being the same land described as Tracts One and Five in a Deed dated December 17, 1960, from W. L. Vanglahn to Herbert Aubrey Vanglahn, recorded in Volume 251, Page 145 of the Deed Records of Angelina County, Texas.

Tract Three: 0.21 acres, more or less, part of the Lincoln Norris Survey, A-878 and the W. T. Carter & Bro. Survey, A-956 and being the same land described in a Deed dated May 20, 1975, from Louise Vanglahn Stewart Mahan, et vir, to M. M. Flournoy, recorded in Volume 425, Page 166 of the Deed Records of Angelina County, Texas, Angeline County, Texas.

SECOND TRACT:

Tract One: 241.13 acres, more or less, part of the W. T. Carter and Bro. Survey, A-956, Angelina County, Texas, and being the same land described in a Deed dated April 1, 1979, from M. M. Flournoy, et ux, to Julianne Johnson, recorded in Volume 489, Page 194 of the Deed Records of Angelina County, Texas.

Tract Two: 30 acres, more or less, part of the Lincoln Norris Survey, A-878, Angelina County, Texas, and being the same land described in a Deed dated March 16, 1976, from M. M. Flournoy, et ux, to Julianne Johnson, recorded in Volume 440, Page 382 of the Deed Records of Angelina County, Texas..

THIRD TRACT:

Tract One: 241.13 acres, more or less, part of the W. T. Carter and Bro. Survey, A-956, and John Renfro Survey, A-1097, Angelina County, Texas, and being the same land described in a Deed dated April 1, 1979, from M. M. Flournoy, et ux, to Don Michael Flournoy, recorded in Volume 489, Page 182 of the Deed Records of Angelina County, Texas.

FOURTH TRACT:

Tract One: 143.13 acres, more or less, part of the W. T. Carter and Bro. Survey, A-956, Angelina County, Texas, and being the same land described in that certain Deed dated April 1, 1979, from M. M. Flournoy, et ux, to Thomas Gibbs Flournoy, recorded in Volume 489, Page 182 of the Deed Records of Angelina County, Texas.

Tract Two: 69.20 acres, more or less, part of the Angelina County School Land Survey, A-720, Angelina County, Texas, and being the same land described in that certain Deed dated December 31, 1981, from Morgan P. Flournoy to Thomas Gibbs Flournoy, et al, recorded in Volume 527, Page 25 of the Deed Records of Angelina County, Texas.

There is no Tract Three through Tract Eight:

Tract Nine: 43.279 acres, more or less, out of the Lincoln Norris Survey, A-878, and W. T. Carter and Bro. Survey, A-956 Angelina County, Texas, and being the same land described in a Deed dated February 15, 1978, from Louise Vanglahn Stewart to Robert L. Flournoy, et al, recorded in Volume 469, Page 314 of the Deed Records of Angelina County, Texas.

There is no Tract Ten to this Lease.

Tract Eleven: 26.211 acres, more or less, out of the Alfred Crane Survey, A-191, Angelina County, Texas, and being the same land described as Tract One in a Deed dated January 3, 1984, from Robert L. Flournoy to Robert

RECEIVED
R.R.C. OF TEXAS

NOV 1 1997

OIL & GAS DIVISION
ANGELINA COUNTY, TEXAS

covered by this lease whether or not the well or wells be located on the premises covered by this lease and in such event operations for drilling shall be deemed to have been commenced on said land; and the entire acreage constituting such unit or units, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease.

(d) For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them shall be entitled on production of oil and gas, or either of them, from the pooled unit, there shall be allocated to the land covered by this lease and included in said unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled unit. Such allocation shall be on an acreage basis - that is to say, there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land. The production from an oil well will be considered as production from the lease or oil pooled unit which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit.

(e) The formation of any unit hereunder shall not have the effect of changing the ownership of any shut-in production royalty which may become payable under this lease. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool as provided above with consequent allocation of production as above provided. As used in this paragraph 5, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

6. If prior to discovery and production of oil, gas or other mineral on said land or on acreage pooled therewith, Lessee should drill a dry hole or holes thereon, or if after discovery and production of oil, gas and other mineral, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within ninety (90) days thereafter. If at the expiration of the primary term, oil, gas or other mineral is not being produced on said land, or on acreage pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon or shall have completed a dry hole thereon within ninety days prior to the end of the primary term, the lease shall remain in force so long as operation on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than ninety (90) consecutive days, and if they result in the production of oil, gas or other mineral, so long thereafter as oil, gas or other mineral is produced from said land or acreage pooled therewith. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within three hundred thirty (330) feet of and draining the leased premises, or acreage pooled therewith, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances.

7. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's consent.

8. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns; but no change or division in ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U.S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part, liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. In the event of the death of any person entitled to shut-in royalty or royalty hereunder, Lessee may pay or tender such shut-in royalty or royalty to the credit of the deceased or the estate of the deceased until such time as Lessee is furnished with proper evidence of the appointment and qualification of an executor or administrator of the estate, or if there be none, then until Lessee is furnished with evidence satisfactory to it as to the heirs or devisees of the deceased and that all debts of the estate have been paid. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payments for all.

9. (a) The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination

of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty (60) days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument. The provisions of this paragraph 10(a) shall be applicable to the payment by Lessee of shut-in gas royalty except that the time for the Lessee to cure any non-payment thereof is otherwise stated in paragraph 4 hereof.

(b.) After the discovery of oil, gas or other mineral in paying quantities on said premises, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator, but in discharging this obligation it shall in no event be required to drill more than one well per 40 acres, plus an acreage tolerance not to exceed 10% of 160 acres, of the area retained hereunder and capable of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder and capable of producing gas or other mineral in paying quantities.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with right to enforce same and apply royalties accruing hereunder toward satisfying same. Should Lessee become involved in any dispute or litigation arising out of any claim adverse to the title of Lessor to said land, Lessee may recover from Lessor its reasonable and necessary expenses and attorneys fees incurred in such dispute or litigation, with the right to apply royalties accruing hereunder toward satisfying said expenses and attorneys fees. Without impairment of Lessee's rights under the warranty in event of failure of title, it is agreed that if this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties and other monies accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. When drilling, production or other operations on said land or land pooled with such land, or any part thereof are prevented, delayed or interrupted by lack of water, labor or materials, or by fire, storm, flood, war, rebellion, insurrection, sabotage, riot, strike, difference with workers, or failure of carriers to transport or furnish facilities for transportation, or as a result of some law, order, rule, regulation or necessity of governmental authority, either Local, State or Federal, or as a result of the filing of a suit in which Lessee's title may be affected, or as a result of any cause whatsoever beyond the reasonable control of Lessee, the lease shall nevertheless continue in full force and effect. If any such prevention, delay or interruption should commence during the primary term hereof, the time of such prevention, delay or interruption shall not be counted against Lessee, anything in this lease to the contrary notwithstanding, and the running of the primary term shall be suspended during such time; if any such prevention, delay or interruption should commence after the primary term hereof Lessee shall have a period of ninety (90) days after the termination of such period of prevention, delay or interruption within which to commence or resume drilling, production or other operations hereunder, and this lease shall remain in force during such ninety (90) day period and thereafter in accordance with the other provisions of this lease. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. This lease states the entire contract between the parties, and no representation or promise, verbal or written, on behalf of either party shall be binding unless contained herein; and this lease shall be binding upon each party executing the same, regardless of whether or not executed by all owners of the above described land or by all persons above named as "Lessor", and, notwithstanding the inclusion above of other names as "Lessor", this term as used in this lease shall mean and refer only to such parties as execute this lease and their successors in interest.

NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN CONTAINED, LESSOR AND LESSEE HEREBY AGREE AS FOLLOWS:

13. This lease covers only oil, gas, sulphur and all other liquid or liquefiable hydrocarbons and specifically excludes coal, lignite, iron ore, gravel, uranium, thorium and all other fissionable minerals and materials.

14. Lessee shall pay lessor for damages to growing crops resulting from its operations on said land. Moreover, lessee shall reimburse lessor for damages to the surface of the leased premises, which damages have been caused by lessee's unreasonable use thereof or negligence therein and Lessee agrees to fill and level all slush pits or other excavations so as to return the surface as nearly as practicable to its original condition within a reasonable time after abandonment of the use of such pit or excavation.

15. Drilling or reworking operations on or producing from a pooled unit or units shall maintain this lease in force only as to land lying within the lateral boundaries of said unit or units. This lease may be maintained in force as to land not included within the lateral boundaries of such unit or units in any manner herein provided for

16. Lessee will make no seismic charge within 600 yards of any deep water well and no oil or gas wells shall be drilled within 100 yards of any deep water well without written consent of Lessor.

AND

WHEREAS, M. E. Operating and Services, Inc is the owner of the above described oil and gas lease and that certain Oil and Gas lease dated August 1, 1997, between Morgan P Flournoy, et ux, and M E. Operating and Services, Inc, recorded in Volume _____, Page _____, covering the above described lands and the described lands in the Morgan P. Flournoy 104.37 acre lease, situated in the County of Angelina, State of Texas, and reference is hereby made to the above described leases, provisions and covenants thereof; and

WHEREAS, the leases described above authorize the pooling and unitization thereof in the manner set fourth in this agreement; and the Lessors agree to forming a larger unit than authorized in said leases; and

NOW THEREFORE, notwithstanding the provisions of any size voluntary unit in paragraph 5 of the above oil and gas leases, and Lessors and Lessee hereby contractually agree to a 1242.20 acre surface unit located in the W. T. Carter and Bro. Survey, A-956, E. T R. R. Survey, A-244, Johyn F. Renfro Survey, A-1097, Angelina County School Survey, A-720, W, Stanley Survey, A-549, Lincoln Norris Survey, A-878, Alfred Crane Survey, A-191 and E. T R. R. Survey, A-246, and shown outlined on Exhibit "A", attached hereto and made a part hereof, and in consideration of the premises, M. E. Operating and Services, Inc. and all Lessors of the leases described above and the rules and regulations of Angelina County of the State of Texas in force at the time of execution of this instrument, and all Lessors and M. E. Operating and Services, Inc. agree to a 1242.20 acre surface pooling of the above described leases according to all terms of the above leases and agreement of the parties, and Lessors and Lessee hereby pool, combine and unitize said above described oil and gas leases as to all oil and gas rights to form a unit comprising 1242.20 surface acres as described by the above leases herein and the plat attached hereto as Exhibit "A".

The undersigned parties desire to exercise the rights of pooling and unitization granted by the leases hereinabove specifically described and this Declaration of Pooling shall be effective for 18 months, and if another well, outside of the Johnson #1, has not begun drilling on the pooled unit within 18 months of August 1, 1997, then this pooling shall be limited and reduced to 702 acres and such 702 acre unit shall be agreed on by Lessors and Lessee as to shape of the 702 acres and lands included.

IN WITNESS WHEREOF, this instrument, in its entirety, is executed on the date of our respective acknowledgments and effective the 1st day of August, 1997

LESSOR:

Ruby Pitre Flournoy Morgan P. Flournoy Barbara Duke Flournoy
Ruby Pitre Flournoy Morgan P. Flournoy Barbara Duke Flournoy

Julianne Flournoy Touns Rodney Touns
Julianne Flournoy Touns Rodney Touns

Don M. Flournoy by [Signature] Mary Anne Flournoy by [Signature]
Don M. Flournoy attorney in fact Mary Anne Flournoy attorney in fact

Thomas G. Flournoy
Thomas G. Flournoy, Individually and as Trustee for Lisa Flournoy McElveen,
Derick Flournoy and Erin Flournoy

Barbara Flournoy Eugenia L. Flournoy
Barbara Flournoy Eugenia L. Flournoy

FIFTH TRACT:

Tract One: 241.13 acres, more or less, part of the W. T. Carter and Bro. Survey, A-956 and the E.T.R.R. Co. Survey, A-244, Angelina County, Texas, and being the same land described in certain Deed dated September 30, 1983, from Robert L. Flournoy, et ux, to Thomas G. Flournoy, recorded in Volume 550, Page 793 of the Deed Records of Angelina County, Texas.

For all purposes of this lease, said land is estimated to comprise 1137.83 acres, more or less, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall be for a term of **one (1) year** from the date ("called" primary term) and so long thereafter as oil, gas or other mineral is produced from said land or land with which said land is pooled hereunder.

3. The royalties to be paid by Lessee are:

(a) On oil, **one-sixth** of that produced and saved from said land, the same to be delivered at the well. If Lessor elects not to take delivery of the royalty oil, Lessee may from time to time sell the royalty oil in its possession, paying to Lessor therefor the net proceeds derived by Lessee from the sale of such royalty oil. Lessor's royalty interest in oil shall bear its proportionate part of the cost of treating the oil to render it marketable oil and, if there is no available pipeline, its proportionate part of the cost of all trucking charges.

(b) On gas, including all gases, liquid hydrocarbons and their respective constituent elements, casinghead gas or other gaseous substance, produced from said land and sold or used off the premises or for the extraction of gasoline or other product therefrom, the market value at the well on **one-sixth** of the gas so sold or used, provided that on gas sold at the well the royalty shall be **one-sixth** of the net proceeds derived from such sale. Lessor's royalty interest in gas, including all gases, liquid hydrocarbons and their respective constituent elements, casinghead gas or other gaseous substance, shall bear its proportionate part of the cost of all compressing, treating, dehydrating and transporting incurred in marketing the gas so sold at the wells.

(c) On all other minerals mined and marketed **one-sixth** either in kind or value at the well or mine, at Lessee's election, except that on sulphur mined and marketed the royalty shall be two dollars (\$2.00) per long ton.

(d) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as through operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety (90) consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety (90) day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, a sum equal to **five dollars (\$5.00)** for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety (90) day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the paid to the Lessor at the above address. Bank at _____ or its

successors, which shall continue as the depositories regardless of changes in the ownership of shut-in royalty. If at any time that the Lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, Lessee may, in lieu of any other method of payment herein provided, pay or tender shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as Lessee may elect. Any payment hereunder may be made by check or draft of Lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank, if provided above, on or before the last date for payment. Lessee may at any time or times execute and deliver to Lessor or to the depository above named or place of record a release or releases of this lease as to all or any part of the above-described premises, or of any mineral or horizon under all or any part thereof, and thereby be relieved of all obligations as to the released land or interest. If this lease is released as to all minerals and horizon under a portion of the land covered by this lease, the shut-in and other payments computed in accordance therewith shall thereupon be reduced in the proportion that the number of surface acres within such released portion bears to the total number of surface acres which was covered by this lease immediately prior to such release. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owners of this lease, severally as to acreage owned by each.

(e) If the price of any oil, gas, or other minerals produced hereunder is regulated by any governmental

authority, the value of same for the purpose of computing royalties hereunder shall not be in excess of the price permitted by such regulation. Should it ever be determined by any governmental authority, or any court of final jurisdiction, or otherwise, that the Lessee is required to make any refund on oil, gas, or other minerals produced or sold by Lessee hereunder, then the Lessor shall bear his proportionate part of the cost of any such refund to the extent that royalties paid to Lessor have exceeded the permitted price, plus any interest thereon ordered by the regulatory authority or court, or agreed to by Lessee. If Lessee advances funds to satisfy Lessor's proportionate part of such refund, Lessee shall be subrogated to the refund order or refund claim, with the right to enforce same for Lessor's proportionate contribution, and with the right to apply royalties accruing hereunder toward satisfying Lessor's refund obligations.

(f) Lessee shall have free use of oil, gas, coal, water from said land, except water from Lessor's wells and/or ponds, for all operations hereunder, and the royalty on oil, gas and coal shall be computed after deducting any so used.

4. Notwithstanding anything herein to the contrary, it is a condition of this lease that it shall not terminate upon any failure of the Lessee, for whatever reason, to make payments of any required shut-in royalty herein provided for on or before the due dates thereof unless and until: (1) Lessor notifies Lessee in writing by registered mail or certified mail, return receipt requested, of non-payment of the shut-in royalty; and (2) Thereafter Lessee fails to make payment of the shut-in royalty to Lessor within fifteen (15) days following Lessee's actual receipt of said written notice. Payment of shut-in royalty by Lessee to Lessor within fifteen (15) days following Lessee's actual receipt of said notice from Lessor shall be deemed timely and sufficient to maintain this lease in force and effect. The provisions of this paragraph are a part of the consideration for this lease, are contractual, and constitute a warranty from Lessor to Lessee. It is the desire and agreement of Lessor and Lessee to avoid forfeiture of this lease should Lessee fail to make payment of any required shut-in royalty on or before the scheduled due dates thereof, and to afford Lessee an opportunity to make such payments within fifteen (15) days following actual receipt of written notice of non-payment from Lessor, thereby maintaining this lease in force. Such written notice from Lessor to Lessee shall state the full particulars concerning non-payment of shut-in royalty, identify the lease and land involved, the due date and amount claimed by Lessor, and Lessor's full name, current address and telephone number.

5. (a) Lessee, at its option, is hereby given the right and power to pool, unitize or combine the acreage covered by this lease or any portion thereof as to oil and gas, or either of them, with any other land covered by this lease, and/or with any other land, lease or leases in the immediate vicinity thereof to the extent hereinafter stipulated, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore, or to develop and operate said leased premises in compliance with the spacing rules of the Railroad Commission of Texas, or other lawful authority, or when to do so would, in the judgment of Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not substantially exceed 40 acres each in area, plus a tolerance of ten percent (10%) thereof, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each plus a tolerance of ten percent (10%) thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well drilled, drilling or already drilled, units thereafter created may conform substantially in size with those prescribed or permitted by government regulations.

(b) Lessee under the provisions hereof may pool or combine acreage covered by this lease or any portion thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Upon execution by Lessee of an instrument describing and designating the pooled acreage as a pooled unit, said unit shall be effective as to all parties hereto, their heirs, successors, and assigns, irrespective of whether or not the unit is likewise effective as to all other owners of surface, mineral, royalty, or other rights in land included in such unit. Within a reasonable time following the execution of said instrument so designating the pooled unit, Lessee shall file said instrument for record in the appropriate records of the county in which the leased premises are situated. Any unit so formed may be re-formed, increased, decreased, or changed in configuration, at the election of Lessee, at any time and from time to time after the original forming thereof, and Lessee may vacate any unit formed by it hereunder by instrument in writing filed for record in said county at any time when there is no unitized substance being produced from such unit.

(c) Lessee may at its election exercise its pooling option before or after commencing operations for or completing an oil or gas well on the leased premises, and the pooled unit may include, but it is not required to include, land or leases upon which a well capable of producing oil or gas in paying quantities has theretofore been completed or upon which operations for the drilling of a well for oil or gas have theretofore been commenced. In the event of operations for drilling on or production of oil or gas from any part of a pooled unit which includes all or a portion of the land covered by this lease, regardless of whether such operations for drilling were commenced or such production was secured before or after the execution of this instrument or the instrument designating the pooled unit such operations shall be considered as operations for drilling on or production of oil and gas from land

Robert L. Flournoy
Robert L. Flournoy, Individually and as Trustee for Nicole Flournoy,
Joshua Flournoy, Kristin Flournoy and Jordon Flournoy

LESSEE:

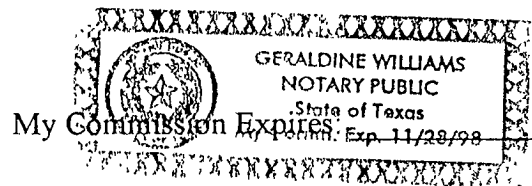
M. E. OPERATING AND SERVICES, INC.

Mark E. Smith
Mark E. Smith, President

(ACKNOWLEDGMENTS)

STATE OF TEXAS §
COUNTY OF §

This instrument was acknowledged before me on the 4th day of November, 1997, by
Ruby Pitre Flournoy.

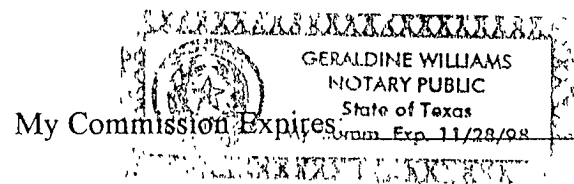


Geraldine Williams
Notary Public in and for
the State of TEXAS

Geraldine Williams
Printed Name of Notary

STATE OF TEXAS §
COUNTY OF §

This instrument was acknowledged before me on the 4th day of November, 1997, by
Morgan P. Flournoy.

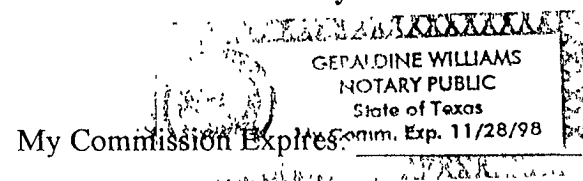


Geraldine Williams
Notary Public in and for
the State of TEXAS

Geraldine Williams
Printed Name of Notary

STATE OF TEXAS §
COUNTY OF §

This instrument was acknowledged before me on the 4th day of November, 1997, by
Barbara Duke Flournoy.



Geraldine Williams
Notary Public in and for
the State of TEXAS

Geraldine Williams
Printed Name of Notary