

## OIL AND GAS LEASE PAID UP

**THIS LEASE AGREEMENT** (herein the "Lease"), Made and entered into on the date set out on the signature page hereof ("Effective Date") by and between \_\_\_\_\_ (herein the "Lessor"), (whether one or more) and **McAfee Land Management, LLC** whose address is 800 S. Polk Street Suite 204 Amarillo, Texas 97101, (herein the Lessee).

**WITNESSETH**, That Lessor, for and in consideration of TEN AND MORE DOLLARS cash in hand paid, receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed, has granted, leased and let and by these presents does grant, lease and let exclusively unto Lessee, for the sole and only purpose of exploring by geophysical and other methods, developing, and operating for oil (which for all purposes under this Lease shall be deemed to include but not be limited to distillate and condensate), gas (which for all purposes under this Lease shall be deemed to include casing-head gas, wet gas, all gaseous substances, and helium) and, and to the extent Lessor's consent is required, for laying pipe lines, and building tanks, power stations and structures thereon, to produce, save and take care of said oil and gas, all that certain fee mineral acreage, together with any reversionary rights therein, situated in Hutchinson and Roberts Counties, State of Texas, described as follows and hereinafter referred to as the "Leased Premises", to-wit:

see Exhibit "A" attached hereto and incorporated herein by reference.

It is agreed that this Lease shall remain in force for a term of four (4) years from the Effective Date (herein called the "Primary Term") and as to lands held by production on the Leased Premises by the Lessee in accordance with the terms of this Lease, for as long thereafter as oil and gas, or either of them is produced in paying quantities therefrom.

In consideration of the foregoing, Lessee covenants and agrees:

1st. **Oil Royalty.** To deliver to the credit of the Lessor free of cost, in the pipe line or tanks to which it may connect its well or wells, the three-sixteenths (3/16ths) part of all oil produced and saved from the Leased Premises. In lieu thereof, Lessee shall have the option, at any time, to sell Lessor's oil, in which case Lessor's royalty shall be based on Lessee's gross proceeds at the Leased Premises, or to purchase Lessor's oil for the fair market value of such oil at the Leased Premises, not to be less than the fair market value of oil produced in the area of the Leased Premises. The proceeds from the sale of Lessor's oil by Lessee or Lessee's purchase of Lessor's oil under this section shall be tendered to Lessee monthly unless other payment arrangements are agreed in a written instrument signed by Lessee and Lessor.

2nd. **Gas Royalty.** To pay Lessor for gas produced and sold or used off the Leased Premises, or used in the manufacture of products therefrom, free of cost, three-sixteenths (3/16th) of the gross proceeds received for such gas or the products manufactured therefrom, said payments to be made monthly.

3rd. **Other Royalty.** To pay Lessor for gas produced from any oil well and used off the Leased Premises, or for the manufacture of casing-head gasoline or dry commercial gas, three-sixteenths (3/16th) of the gross proceeds, at the mouth of the well, received by Lessee for such gas during the time such gas shall be used, said payments to be made monthly.

For purposes of the foregoing sections 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup>, Lessor's interests shall be free of all costs, including but not limited to costs of finding, producing, gathering, storing, separating, treating, compressing, dehydrating, or otherwise processing any gas, liquid, or other substance listed herein that is produced, saved, or sold on or from the Leased Premises.

**Shut-In Wells and Royalties.** As to any oil or gas well drilled and completed during the Primary Term or after the Primary Term in compliance with the continuous drilling provisions in this Lease is shut in and oil or gas, respectively, is not being sold from such well or wells, Lessee shall pay a royalty of Five Dollars (\$5.00) per year per net mineral acre held under the terms of this Lease by such shut-in oil or gas well (in each case a "Shut-in Royalty Payment"). The first of such Shut-in Royalty Payments shall be made by Lessee to Lessor on or before a date that is no more than forty-five (45) days from the date the well(s) was shut-in. A like Shut-in Royalty Payment shall be due and payable on or before each anniversary date of the initial Shut-in Royalty Payment date, *provided, however*, that in no event shall the payment of a shut-in royalty extend this Lease as to any acreage held by a shut-in well under the terms of this Lease for a period exceeding twenty-four (24) consecutive months from the initial shut-in payment date.

**Continued Operations.** If Lessee shall commence to drill a well or commence reworking or recompletion operations on an existing well within the Primary Term or any extension thereof, the Lessee shall have the right to drill such well to completion or complete reworking or recompletion operations with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this Lease shall continue and be in force with like effect as if such well had been completed within the Primary Term.

If production on the Leased Premises ceases beyond the Primary Term, this Lease, subject to the following, shall continue in force provided that Lessee has either (i) complied with the requirements of the continuous drilling provision set out below or (ii) commenced reworking or recompletion operations on a well or wells to reestablish production from such well or wells, provided further that (a) no more than one hundred twenty (120) days have elapsed between such cessation of production in the well or wells to be reworked or recompleted and the initiation of reworking or recompletion operations on such well or wells and (b) such reworking or recompletion operations are prosecuted with due diligence and dispatch. With respect to (i) and (ii) above, the Lease shall only remain in force with respect to the production unit or units subject to such reworking operations or new wells, as the case may be, that are successful in establishing production in paying quantities.

**Continuous Drilling Provision.** In the event that Lessee has drilled and completed a well on the Leased Premises, or lands pooled therewith prior to the expiration of the Primary Term and such well is capable of producing in paying quantities at the expiration of the Primary Term, Lessee may postpone the requirement of releasing acreage that isn't currently held via any terms or provisions of this Lease, but to do so, Lessee shall be obligated to drill and complete or abandon at least two (2) new wells on the Leased Premises, or lands pooled therewith, each Lease-Year and if Lessee fails to do so, then this Lease shall terminate at the expiration of such Lease-Year as to all lands that aren't currently incorporated into a production unit and producing in paying quantities, SAVE and EXCEPT for the production units that are then held via other terms and provisions in this Lease. For purposes of this Continuous Drilling Provision, the term "Lease-Year" embodies each consecutive twelve (12) month period beginning on the day following the 4<sup>th</sup> anniversary of the Effective Date until this Lease expires in accordance with its terms.

**Operations Defined.** For all purposes under this Lease, drilling or reworking operations shall be deemed to be commenced (i) in the case of a new well, when the well is spudded or (ii) in the case of a previously drilled well, when a work over unit is rigged-up over a previously drilled and completed well, and any such well drilling or reworking operations shall be deemed to terminate on the date the drilling rig or work over rig, as applicable, is released.

**Pooling.** Lessee has no authority to pool or unitize the Leased Premises without the prior written consent of Lessor, which consent shall not be unreasonably withheld but shall be subject to Lessee providing to Lessee sufficient data and information deemed necessary by Lessee in good faith for understanding the details of Lessee's unitization reasoning and plan.

If pooling is authorized by Lessor, Lessee shall file written unit designations in the county or counties in which a well on the Leased Premises or lands pooled therewith is situated. Operations upon and production from a pooled unit authorized hereunder by Lessor shall be treated as if such operations were upon or such production were from the Leased Premises whether or not the well or wells are located thereon, *provided, however*, that the acreage from the Leased Premises contributed by Lessor to form the pooled unit shall be the only acreage within the Leased Premises held by production from a pooled unit well and in calculating the amount of any royalty or Shut-in Royalty Payments, only the part of the acreage originally leased and then actually included in such unit shall be counted. To clarify, in calculating Lessor's royalty and Shut-in Royalty Payments with respect to production from a pooled unit, Lessee shall pay Lessor the royalty stipulated elsewhere in this Lease, free of cost, as the amount of Lessor's acreage contribution to the pooled unit bears to the total acreage in the unit, expressed as a percentage.

**Acreage held by Production.** For all purposes under this Lease, including with respect to a pooled unit, if a vertical well is classified as an oil well under the Rules and Regulations of the Railroad Commission of Texas then in effect, the maximum size of the production unit shall embrace no more than 160 acres. If a vertical well is classified as a gas well under the Rules and Regulations of the Railroad Commission of Texas then in effect, the maximum size of the production unit shall embrace no more than 640 acres. In the event of a horizontal well, the maximum size of the production unit shall embrace no more than 640 acres.

**Lesser Interest.** If Lessor owns a lesser interest in any production unit than as expressed in this Lease, then the royalties herein provided for such production unit shall be paid to Lessor only in the proportion which Lessee's interest bears to the whole and undivided fee mineral estate of such production unit.

**Lessee's Right to Use Production.** Lessee shall have the right to use, free of cost, gas, oil, and water produced on the Leased Premises for its operations thereon, except water from wells of Lessor or any owner of all or any portion of the surface estate associated with the Leased Premises (the "Surface Estate").

**Surface Estate Owner Agreement.** Lessee shall use its best efforts to enter into a surface use agreement with the Surface Estate owner of the Leased Premises prior to commencing operations, provided that the terms of this Lease shall not be affected by or subject to any or no agreement by and between Lessee and the Surface Estate owner.

**Property Removal.** Lessee may remove all machinery and fixtures placed on the Surface Estate, provided that the right to draw and remove casing is hereby approved by Lessor but subject to Lessee arranging such removal with the Surface Owner, and Lessee agrees that it shall have no right or authorization under this Lease to drill a waste water disposal well for any purpose or to otherwise dispose of drilling or other fluids on the Surface Estate or Leased Premises and that any storage of equipment, parts, components, tanks (other than production tanks), casing, drill pipe, tubing or other materials used in performing Lessee's obligations under this Lease shall be limited to a reasonable length of time, not to exceed nine (9) months, from and after cessation of drilling or reworking operations on the Lease Premises absent a separate agreement with the Surface Estate owner and/or Lessor, as the case may be.

Lessee agrees to reclaim all earthen tanks used in performing its obligations under this Lease within a reasonable period of time following their useful life and subject to any obligations owed by Lessee to the Surface Estate owner.

**Releases.** Upon expiration of the Primary Term or Lessee's failure to comply with the Continuous Drilling Provision herein above, whichever occurs later, Lessor may tender a written request to Lessee requesting that Lessee record a release of all of Lessee's rights and interest in the Leased Premises that are not part of a production unit or held via any other provision of this lease. Lessee agrees to execute a release within forty-five (45) days of receipt of Lessor's written notice and shall promptly record a copy of the release in the official records of the county or counties in which the Leased Premises are located. Further, Lessee shall provide Lessor with a recorded copy of the release once available. In the event Lessee fails to prepare a release within forty-five (45) days of receipt of Lessor's written demand, Lessor shall have the right to prepare and execute, as Lessee's agent for limited purpose, a release or other necessary documentation and to file the release in the official records of the county or counties in which the Leased Premises are located. **ADDITIONALLY, AT THE EXPIRATION OF THE PRIMARY TERM OR LESSEE'S FAILURE TO COMPLY WITH THE CONTINUOUS DRILLING PROVISION HEREIN ABOVE, WHICHEVER OCCURS LATER, THIS LEASE SHALL AUTOMATICALLY EXPIRE AS TO ANY AND ALL RIGHTS (i) ONE HUNDRED (100) FEET BELOW THE BASE OF THE DEEPEST FORMATION DRILLED IN ANY WELL LOCATED ON THE LEASED PREMISES OR LANDS POOLED THEREWITH.**

**Assignment.** Lessee shall not assign, transfer, or encumber its leasehold interest under this Lease without the prior written consent of Lessor, such consent not to be unreasonably withheld or delayed. In the event Lessee shall request for Lessor's consent to assign an interest, Lessor shall have fifteen (15) days from written receipt of the request to respond to Lessee's request. In the event, Lessor shall fail to respond within the fifteen (15) day window, it shall be deemed as if Lessor consented to the subject conveyance. If the estate of Lessor or Lessor's rights in this Lease are transferred or assigned or Lessee assigns its leasehold interest as authorized hereunder, the covenants hereof shall extend to Lessor's or Lessee's respective heirs, executors, administrators, successors, or assigns. However, no change or division in ownership of the Leased Premises or royalty payable under this Lease shall enlarge the obligation or diminish the rights of Lessee. No change in the ownership of the Leased Premises or royalties payable under this Lease shall be binding on Lessee until after Lessee has been furnished with a written transfer or assignment or a true copy thereof, which document sets out the legal names and current addresses of each party thereto. If Lessee is authorized to, and actually assigns this Lease, in whole or in part, Lessee shall be relieved of all obligations under this Lease the performance of which has not accrued as of the date of the assignment, but not otherwise.

**Compliance.** All express or implied covenants of this Lease shall be subject to all Federal and State Laws, Executive Orders, Rules and Regulations applicable to Lessee or this Lease, and this Lease shall not be terminated, in whole or in part, nor Lessee held liable in damages to the extent Lessee's non-compliance therewith is due to any such Law, Order, Rule or Regulation and is otherwise not attributable to Lessee's acts, errors, or omissions.

**Surrender.** Lessee may at any time and from time to time recommend to Lessor a surrender of this Lease as to any part or parts of the Leased Premises by notifying Lessee, in which notice Lessee shall define and describe the exact acreage out of the Leased Premises to be released. Provided Lessor is fully apprised of the extent of such release and Lessee's reasoning therefor, Lessor agrees to permit such release subject to Lessee placing a release of the defined acreage of record in the proper County, provided further that such release does not adversely affect or otherwise compromise the Leased Premises for producing oil and/or gas in paying quantities or that adversely affects or reduces any revenues obtained from a well or wells on the Leased Premises.

**No Warranty.** Lessor does not warrant and does not agree to defend title to the Leased Premises.

**Insurance.** Lessee shall, at its sole expense, procure and maintain in full force and effect for so long as this Lease is in effect in accordance with its terms, the following insurance coverage:

- (i) Comprehensive general public liability insurance against claims for bodily injury, death or property damage, occurring in or about the Leased Premises, including contractual indemnity coverage, in an amount (which amount may be satisfied by both primary and umbrella coverage) not less than Five Million Dollars (\$5,000,000.00) per occurrence for bodily injury or death with an annual aggregate of Ten Million Dollars (\$10,000,000.00) and Five Million Dollars for property damage arising out of a single occurrence.
- (ii) Worker's compensation and employer's liability insurance adequate to fully satisfy Lessee's legal obligations under any state or federal workers' compensation statute, including, without limitation, obligations with respect to occupational disease; and
- (iii) Automobile liability and/or excess umbrella liability insurance (owned, hired and non-owned vehicles) with minimum bodily injury and property damage limits of Three Million Dollars (\$3,000,000.00) for each occurrence.

All insurance required above shall be with a reputable insurer, shall name Lessor as an additional insured, shall contain a provision for notice to Lessor of any overdue or unpaid premium, and shall provide for thirty (30) days advance notice to Lessor of any proposed coverage cancellation. Each policy of insurance shall be written as an "occurrence" contract, unless the policy is available only on a "claims made" basis, in which case Lessee shall continue such policy for a period of five (5) years after termination, expiration, or cancellation of this Lease. Lessee shall furnish to Lessor certificates of all insurance required herein prior to commencing any activity whatsoever on the Leased Premises.

**Indemnity.** Lessee shall indemnify, defend, and hold harmless Lessor from and against any and all suits, actions, obligations, penalties, charges, expenses, liabilities, demands, losses, claims, awards, damages and/or judgments of any kind, nature or description (including, without limitation, any and all reasonable attorneys' fees and other reasonable costs and expenses that may be incurred by Lessee, or by Lessee's employees, agents, officers, directors or shareholders in connection therewith, which may be imposed upon, incurred or suffered by, or asserted against, Lessee or Lessee's employees, agents, officers, directors or shareholders, and which arise out of or are attributable, directly or indirectly, to (i) the acts, errors, or omissions of Lessee or Lessee's employees, agents, officers, directors or shareholders, Work, (ii) any misrepresentation or breach of any covenant or warranty herein made by Lessee, (iii) any failure on the part of Lessee to fully and strictly observe and comply with the terms of this Lease. This covenant of indemnity herein contained shall survive the cancellation, termination, or expiration of this Lease.

**Notice.** Any and all notices, payments, reports, consents, demands or other communications between Lessor and Lessee shall be in writing and shall be deemed to have been given when (i) personally delivered by courier or other expedited service, (ii) mailed by registered or certified United States mail, postage prepaid, return receipt requested, to the appropriate party at the address set forth below, which address shall prevail until notice of change is given in writing in accordance with the provisions of this Section, or (iii) when electronically mailed to the appropriate party at the electronic mail address set forth below, which electronic mail address shall prevail until notice of change is given in writing in accordance with the provisions of this Section.

**Choice of Law and Venue.** This Lease shall be governed by and construed in accordance with the laws of the State of Texas, the principles of conflicts of laws notwithstanding, and any lawsuit arising out of or relating to this Lease shall be brought exclusively in the Courts of Roberts County, Texas,

**Miscellaneous.** This Lease (i) sets forth the entire agreement of Lessor and Lessee pertaining to the subject matter hereof and supersedes all prior agreements, arrangements, and understandings of the parties with respect to such subject matter, (ii) may not be modified, in whole or in part, other than by written agreement of Lessor and Lessee, (iii) may be executed by Lessor and Lessee in counterparts, each of which shall be deemed an original, and taken together shall constitute one Lease. Time is of the essence with respect to each and every provision of this Lease. Any provision hereof which by its terms has or may have application after the termination, expiration, or cancellation of this Lease, shall be deemed to the extent of such application to survive such termination, expiration, or cancellation.

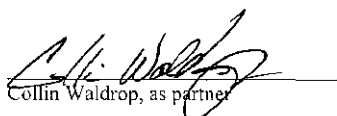
SIGNATURE PAGE FOLLOWS

IN TESTIMONY WHEREOF, this Lease is hereby executed in the respective capacity stated by Lessor and Lessee as of the 27<sup>th</sup> day of January, 2021.

LESSOR

LESSEE

MCAFFEE LAND MANAGEMENT, LLC

  
Collin Waldrop, as partner

Printed Name: Collin Waldrop

NOTARY ACKNOWLEDGMENT

STATE OF TEXAS

§  
§  
§

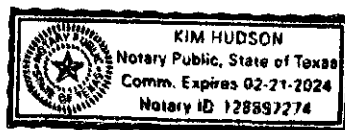
COUNTY OF Dallas

This Oil and Gas Lease instrument was executed before me on this 27<sup>th</sup> day of January, 2021, by \_\_\_\_\_ as Lessor or an authorized representative of Lessor, who after being by me duly sworn did acknowledge that she/he executed this instrument in the capacity stated and for the purposes expressed therein.

My Commission Expires:

02/21/2024  
# 128897274

  
Notary Public



NOTARY ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF POTTER

§  
§  
§

5th day of April

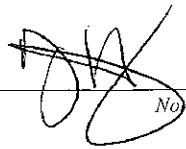
This Oil and Gas Lease instrument was executed before me on this 5th day of April, 2020, by Collin Waldrop, as partner of McAfee Land Management, LLC, as Lessee or an authorized representative of Lessee, who after being by me duly sworn did acknowledge that she/he executed this instrument in the capacity stated and for the purposes expressed therein.

cmw

My Commission Expires:

3/30/2024

# \_\_\_\_\_

  
\_\_\_\_\_  
Notary Public

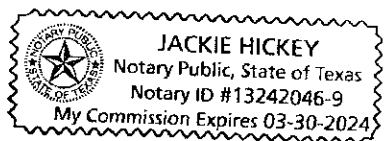


Exhibit "A"

Attached to and made a part of that certain Paid-Up Oil and Gas Lease, dated \_\_\_\_\_, 2021  
between \_\_\_\_\_ as Lessor,  
and McAfee Land Management, LLC, as Lessee

ROBERTS COUNTY, TEXAS:

- Tract 1: All of Section 184, Block 2, I&GN RR Co. Survey, containing 640 acres, more or less;
- Tract 2: All of Section 185, Block 2, I&GN RR Co. Survey, containing 640 acres, more or less;
- Tract 3: All of Section 202, Block 2, I&GN RR Co. Survey, containing 640 acres, more or less;
- Tract 4: All of Section 203, Block 2, I&GN RR Co. Survey, containing 640 acres, more or less;
- Tract 5: All of Section 204, Block 2, I&GN RR Co. Survey, containing 640 acres, more or less;
- Tract 6: The East 211 acres of Section 208, Block 2, I&GN RR Co. Survey, containing 211 acres, more or less;

HUTCHINSON COUNTY, TEXAS:

- Tract 1: All of Section 229, Block 2, I&GN RR Co. Survey, containing 640 acres, more or less;
- Tract 2: All of Section 230, Block 2, I&GN RR Co. Survey, containing 640 acres, more or less;
- Tract 3: All of Section 235, Block 2, I&GN RR Co. Survey, containing 640 acres, more or less;

ROBERTS AND HUTCHINSON COUNTY, TEXAS:

- Tract 1: All of Section 209, Block 2, I&GN RR Co. Survey, containing 640 acres, more or less.  
Wherein the East 252 acres of said section lies in Roberts County, Texas and the West 388 acres lies in Hutchinson County;
- Tract 2: All of Section 210, Block 2, I&GN RR Co. Survey, containing 640 acres, more or less.  
Wherein the East 252 acres of said section lies in Roberts County, Texas and the West 388 acres lies in Hutchinson County;
- Tract 3: All of Section 211, Block 2, I&GN RR Co. Survey, containing 640 acres, more or less.  
Wherein the East 252 acres of said section lies in Roberts County, Texas and the West 388 acres lies in Hutchinson County;

End of Exhibit "A"

STATE OF TEXAS

COUNTY OF HUTCHINSON

I hereby certify that this instrument was  
filed on the date and time stamped hereon by me  
and was duly recorded in the volume and page  
of the named records of:  
Hutchinson County  
as stamped hereon by me.

By,  
Angela Tooley, Deputy

Jan Barnes, Hutchinson County Clerk  
Hutchinson County