

NO. 2716

MINERAL LEASE NO. 19556

GENERAL LAND OFFICE

AUSTIN, TEXAS, SEPTEMBER 26, 1935

WHEREAS, the following area, to-wit: TRACT NO. 36, containing 670 acres, more or less, of Turtle Bay, in Chambers County, Texas, as shown by attached sketch marked "Exhibit A," which shows the approximate location of this particular area, said tract to take its position from the South line of Tract No. 37, field notes of which latter tract are recorded in Chambers County Surveyor's Record of Field Notes Book 2, Page 473, as surveyed February 1st to April 23rd, 1935, was duly advertised under provisions of Chapter 271, Act approved May 29, 1931, and the oil and gas, and all other minerals, except gold, silver, platinum, cinnabar and other metals and precious stones that may be therein, offered for lease on the 4th day of SEPTEMBER, 1935, at TEN o'clock A. M. and after all applications and remittances which were received up to said time had been considered, it was found that THE TEXAS COMPANY, OF HOUSTON, TEXAS, had offered the most for such a lease on said area, namely: CASH BID OF \$23,685.50, with an additional sum of \$43,550.00 to be paid out of one-eighth of seven-eighths of the oil which may be produced from the leased area; and is therefore entitled to receive a lease thereon.

63027 A

NOW, THEREFORE, I, J. W. HAWKINS, ACTING, Commissioner of the General Land Office of the State of Texas, by virtue of the authority vested in me, do hereby lease and grant unto THE TEXAS COMPANY, OF HOUSTON, TEXAS, the exclusive right to prospect for, produce and take out of the aforesaid area for a period of FIVE YEARS and as long thereafter as any minerals covered hereby are produced therefrom, in commercial quantities, not to exceed TWENTY-FIVE YEARS, all oil and gas and other minerals, except gold, silver, platinum, cinnabar and other metals and precious stones that may be therein, upon the following conditions, to-wit:

1. If none of such minerals be produced in commercial quantities within five years this lease shall terminate.
2. The owner hereof shall pay to the Commissioner of the General Land Office at Austin, Texas, for the use and benefit of the State of Texas, annually in advance, ONE DOLLAR per acre for the second year and each year thereafter during the life hereof, so long as the area may be held undeveloped, and not to exceed five years without production.
3. When production of oil, gas or other minerals covered by this lease

is secured the owner shall pay to the Commissioner of the General Land Office, at Austin, Texas, for the use and benefit of the State of Texas, One-EIGHTH of the value of the gross production of oil, ONE-EIGHTH of the gross production of gas, ONE-EIGHTH of the gross production of sulphur, and one-sixteenth of the value ~~of the other minerals~~ of the other minerals, that may be produced from said area, also an additional sum of \$43,550.00 to be paid out of one-eighth of seven-eighths of the oil, if, as and when produced from this leased area;

4. If production should cease and royalty not be paid the owner of the lease shall, at the end of the lease year in which royalty ceased to be paid, and annually thereafter in advance, pay ONE DOLLAR per acre so long as such owner may desire to maintain the rights acquired under this lease not to exceed five years from the date hereof provided that the annual rental of ONE DOLLAR per acre must be paid in all cases where the royalty paid does not equal that amount for the year preceding the date of payment.

5. All royalty that may become due the State shall be paid on or before the twentieth day of the month following the month in which the oil, gas or other minerals was produced. The payment shall be accompanied by the sworn statement of the owner, manager or other authorized agent, showing the gross amount of production since the last report, and the market value of the same, together with a copy of all daily gauges of tanks, gas meter readings, pipe line receipts and other checks or memoranda of the amount produced.

6. The books, accounts, records, and contracts pertaining to the production, transportation, sale and marketing of the oil, gas and other minerals shall at all times be subject to inspection and examination by the Commissioner of the General Land Office, the Attorney General and the Governor or the representative of either of them.

7. The State shall have a first lien upon all oil, gas and other minerals produced from this area to secure the payment of all unpaid royalty and other sums of money that may become due under this lease.

8. If oil or gas should be produced ^{in commercial quantities} in a well on land privately owned, which well is within one thousand feet of the area included herein, the owner of this lease will, within sixty days after such initial production on such private land begin in good faith and prosecute diligently the drilling of an offset well on this area, and such offset well will be drilled to such depth as may be necessary to prevent the undue drainage of this area, and the owner, manager, or driller will use all means necessary in a good faith effort to make such offset well produce oil and gas in commercial quantities.

9. A log of each well drilled on this area, whether a producer or not, must be filed in the General Land Office within thirty days after such well shall have been completed or abandoned, and the correctness of such log must be sworn to by the owner, manager or driller, also with description or plat showing exact location of well.

10. All development on this area shall be done in such manner as to prevent the pollution of water so far as practicable.

11. This lease may be transferred at any time. All transfers must be recorded in the county where the area is located, and within ninety days they must be filed in the General Land Office accompanied by a filing fee of one dollar.

12. The owner of this lease may relinquish it back to the State at any time by recording the relinquishment in the county where this area is situated and filing the same in the General Land Office within ninety days after its execution, accompanied by a filing fee of one dollar. Such relinquishment will not have the effect of releasing the owner from any liability theretofore accrued in favor of the State.

13. If the owner of the lease should fail or refuse to make the payment of any sum due either as rental on this lease or for royalty on the production within thirty

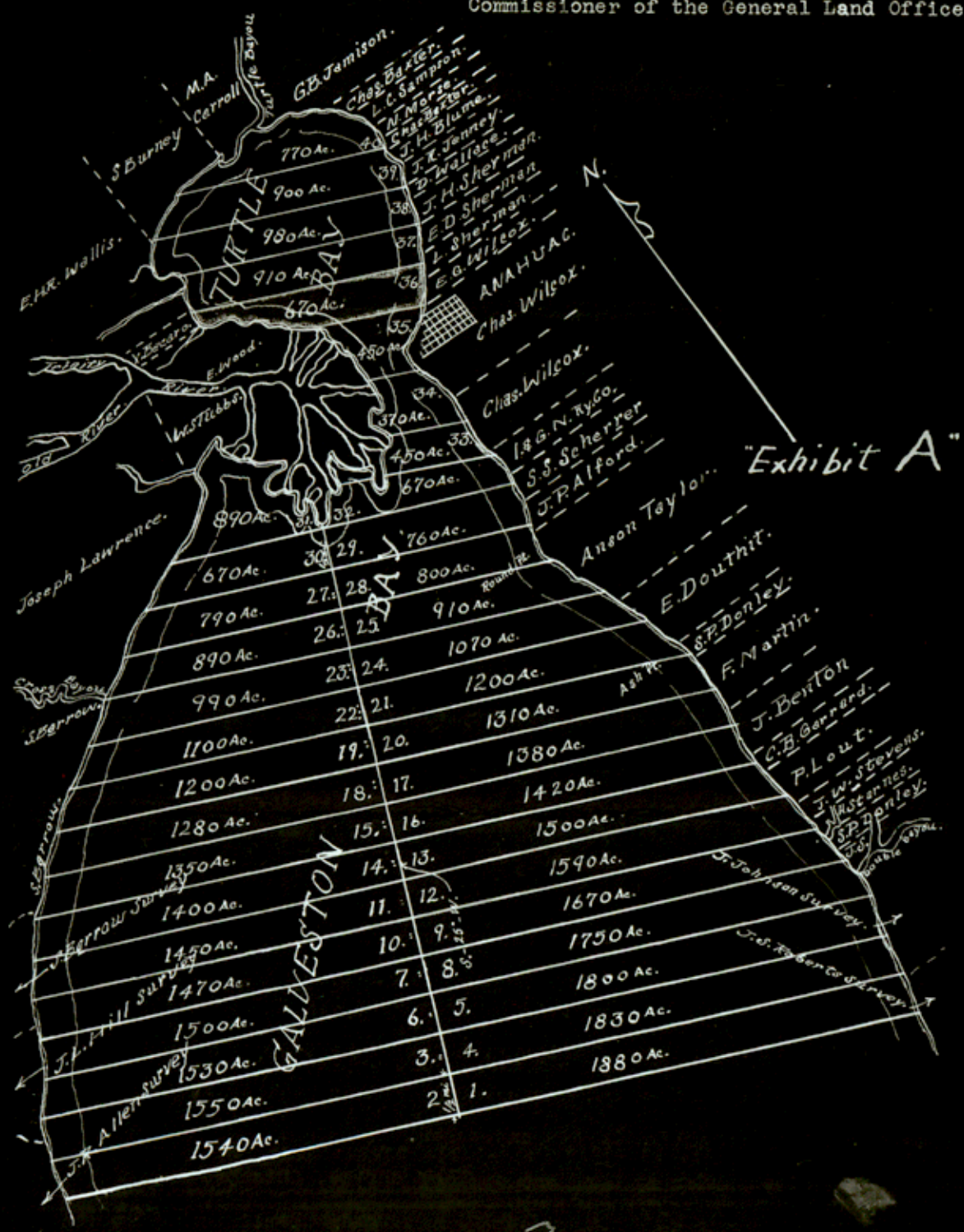
days after it shall become due, or if the owner or his authorized agent should knowingly make any false return or false report concerning production, royalty, or drilling or mining, or if the owner should fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if the owner or his agent should refuse the proper authority access to the records pertaining to operations under this lease, or if such owner or his authorized agent should knowingly fail or refuse to give correct information to the proper authority, or fail or refuse to furnish the log of any well as provided herein, this lease shall be subject to forfeiture by the Commissioner of the General Land Office, and when forfeited the area shall again be subject to lease to the highest bidder, under the same regulations controlling the original sale of leases.

14. In all cases the authority of a manager or agent to act for the owner of this lease must be filed in the General Land Office.

15. Forfeitures may be set aside and this lease and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the Commissioner of the General Land Office of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative thereto.

IN TESTIMONY WHEREOF, I have caused the Seal of the General Land Office to be affixed hereto at the City of Austin on the 26th day of SEPTEMBER in the year of our Lord, One Thousand Nine Hundred and THIRTY-FIVE.
(SEAL)

J. W. Hawkins Chf Clk & acting
Commissioner of the General Land Office of Texas.



63027 A

Map Showing
Forty Tracts within Tidewater Limits

of

Turtle and Galveston Bays

in

Chambers County, Texas.

Offered for Mineral Lease

by

J H Walker, Commissioner General Land Office.

Austin, Texas.

Scale: 1 inch = 3000 varas.

11 - 12 - '34

T.A.J.

Note - Acreage as indicated above is only approximate.

Filed for Record the 2nd day of October A. D. 1935, at 1:10 o'clock P.
M., and duly Recorded the 8th day of October A. D. 1935, at 5 o'clock P. M.

(SEAL)

A. L. Scherer
COUNTY CLERK, CHAMBERS COUNTY, TEXAS.

THE STATE OF TEXAS |

COUNTY OF CHAMBERS |

I, J. B. WOOLDRIDGE, Clerk of the County and State aforesaid,

do hereby certify that the above and foregoing is a true and

correct copy of Deed as same appears of record in

Vol. 46 Page 473 in the Deed Records of

Chambers County, Texas.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this the 26 day
of February A. D. 1964.

J. B. WOOLDRIDGE, COUNTY CLERK

CHAMBERS COUNTY, TEXAS

BY: *Ernest Sturrock* DEPUTY

5K. 36
See Min F. 18905
18906
Chambers Co.

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