

of June 1933, by and between Julia Bailey McDonald, widow; W. P. Bailey and wife, Stella Bailey; and Emmett Vernon Cook, a single man, whose post office address is Route #1, Fordtran, Texas, hereinafter called lessor (whether one or more), and Shell Petroleum Corporation hereinafter called lessee:

1. WITNESSETH: That the said lessor, for and in consideration of NINETY SIX AND 50/100 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, demised, leased and let, and by these presents does grant, lease and let unto the said lessee for the purpose and with the exclusive right of exploring, drilling, mining, and operating for, producing, and owning oil, gas, sulphur and all other minerals and of laying pipe lines and of building tanks, telephone lines, power stations and other structures thereon to produce, save, treat, and take care of said products, and housing its employes, all that certain tract of land situated in the County of Lavaca State of Texas, described as follows, to-wit:

FIRST TRACT: About eight miles south 11 W. of the town of Hallettsville, the same being a part of the A. Adams survey and the boundaries of which are as follows: BEGINNING on the Northeast line of the Chas. Delmas survey, one mile from said Chas. Delmas (survey) North corner, a stake a Post Oak marked S bears N 29 E. 8-3/4 varas another marked M bears N 47 E 11-3/4 vrs; THENCE N 45 E 1925 varas a stake a black jack tree marked X bears S 6 E 9 varas another tree marked \_ bears S 12 1/2 E 7 1/2 varas; THENCE S 45 E to the Streetman North corner; THENCE with the Streetman line 1925 varas to Chas. Delmas line; THENCE with the North east line of said Chas. Delmas to the place of beginning, containing 160 acres of land, more or less.

SECOND TRACT: All that certain tract or parcel of land situated in Lavaca County, Texas, & being a part of Sebastian Martin pre-emption and described by metes and bounds as follows: BEGINNING at the N. E. corner of a 160-acre survey made for Sebastian Martin on the N. W. boundary line of the A. Adams survey; THENCE S 45 W 505 vrs. a stake from which a P O 20 inches in dia. mkd. X. brs. S. 45 W. 1 vrs; THENCE N 45 W 950 vrs. to a stake from which a P O 12 in dia mkd X brs N 45 E 1 vr; THENCE N 45 E 505 vrs. to the N. W. corner of said survey; THENCE S 45 E 950 vrs. to the place of beginning, containing 85 acres of land.

2. For the purpose of determining the amount of any money payment hereunder, said land shall be considered to comprise 245 acres, even though it actually comprises more or less, but it is lessor's intention to lease, and he does lease hereby, in addition to the land above described, all of the land and interests in land owned by lessor in said sections, grants, leagues and surveys as shown by the records of said County or Parish and all other land and interests in land owned by lessor in said sections, grants, leagues and surveys and adjoining sections, grants, leagues and surveys and lessor expressly agrees to deliver to lessee any supplemental instrument deemed necessary or requested by lessee for more complete or accurate description of said land and interests.

3. It is agreed that this lease shall remain in force for a term of ten (10) years from this date, said term being hereinafter called "Primary Term", and as long thereafter as either oil, gas, sulphur or any other mineral is produced from said land by lessee.

4. In consideration of the premises lessee covenants and agrees:

(A) To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect its or his wells, the equal one-eighth part of all oil produced and saved by lessee from the leased premises, or from time to time, at the option of lessee, to pay lessor the average of the posted market price of such one-eighth part of such oil as of the day it is run to the pipe line or storage tanks.

(B) To pay lessor, as royalty for gas from each well where gas only is found, while the same is being sold or used off the premises, one-eighth of the market price at the wells of the amount so sold or used, and where such gas is not so sold or used, lessee shall pay to lessor

\$50.00 per annum as royalty from each of such wells and while such royalty is so paid such well