

LEASE

THE STATE OF TEXAS

COUNTY OF POLK

T-16368-#1

THIS AGREEMENT made and entered into on this the 10th day of November, A. D. 1938, by and between West Securities Company, a Texas corporation, domiciled in the City of Houston, Harris County, Texas, and Kirby Lumber Corporation, a Delaware corporation, with permit to do business in the State of Texas, and having an office in the City of Houston, Harris County, Texas, hereinafter called "Lessors", and Geo. L. Peyton and W. M. Peyton of the County of Limestone, State of Texas, hereinafter called "Lessees",

16368

W I T N E S S E T H :

1.

That the said Lessors, for and in consideration of the sum of Three Thousand Seven Hundred Ninety and No/100 Dollars (\$3,790.00) cash to them in hand paid, the receipt of which is hereby acknowledged, and of the further consideration of the sum of Two Hundred Twenty-five Thousand and No/100 Dollars (\$225,000.00), to be paid to them in the manner hereinafter mentioned, out of oil and gas produced and saved from the tracts and parcels of land hereinafter described, of the royalties and payments as hereinafter provided, and of the covenants and agreements hereinafter contained on the part of the Lessees, to be paid, kept and performed, have DEMISED,

LEASED and LET, and by these presents do DEMISE, LEASE and LET unto the said Lessees for the sole and only purpose of exploring, prospecting, (by geophysical methods or otherwise), drilling, mining and operating for and producing oil and gas, laying pipe lines, building tanks, power stations, telephone and telegraph lines, and other structures thereon, to produce and save and take care of said products, all those certain tracts and parcels of land lying and being situated in the County of Polk, State of Texas, to-wit:

FIRST TRACT

94 acres of land, more or less, out of and a part of the G. S. Thomas League, Abstract 72, in Polk County, Texas, and being a part of a certain 2383.35 acre tract conveyed by the West Lumber Company to the Kirby Lumber Company by deed dated October 1, 1928, and recorded in Volume 80, page 9 et seq. of the deed records of Polk County, Texas, said 94 acres being more particularly described as follows:

BEGINNING at a point located due North 1536.7 feet and due East 1303 feet from the Peyton Brothers, Kirby-West Well No. B-1 for the Northwest corner of the hereindescribed tract;

THENCE East parallel with the South line of said Thomas League to the East line of said league;

THENCE South with the East line of said Thomas League a distance of approximately 1867 feet to the Southeast corner of same being on the north line of the P. A. Sublett League;

THENCE West with the North line of the P. A. Sublett League, being the South line of the Thomas League to a point located due South of the beginning point of the hereindescribed tract;

THENCE due North passing through a point located East 1303 feet from said Well No. B-1 a distance of approximately 1867 feet to the place of beginning and containing 94 acres of land, more or less.

SECOND TRACT:

60 acres of land, more or less, out of and a part of the G. S. Thomas League, Abstract 72 in Polk County, Texas, being all of a certain 70 acre tract less and except 10 acres around the Peyton Brothers, Kirby-West Well No. B-1, said 70 acre tract being more particularly described as follows:

BEGINNING at the Northwest corner of the 94 acre tract hereinabove described as the FIRST TRACT said beginning point being located due North 1536.7 feet and due East 1303 feet from the Peyton Brothers, Kirby-West Well No. B-1 for the Northeast corner of the herein described tract;

THENCE West parallel with the South line of the said Thomas League, a distance of 1633 feet to a point for corner;

THENCE due South, a distance of approximately 1867 feet to a point on the North line of the P. A. Sublett League, being the South line of the said Thomas League;

THENCE East with the North line of the said P. A. Sublett League, being the South line of the said Thomas League, a distance of 1633 feet to the Southwest corner of the said FIRST TRACT of 94 acres;

THENCE due North with the West line of said FIRST TRACT passing through a point located due East 1303 feet from the said Peyton Brothers, Kirby-West Well No. B-1, a distance of approximately 1867 feet to the place of beginning and containing 70 acres of land LESS AND EXCEPT a 10 acre tract of land around the said Peyton Brothers, Kirby-West Well No. B-1, being more particularly described as follows:

BEGINNING at a point located due North 330 feet and due East 330 feet from the said Peyton Brothers, Kirby-West Well No. B-1 for the Northeast corner of the herein described tract;

THENCE West parallel with the South line of the said Thomas League, a distance of 660 feet to point for corner on the West line of the herein above described 70 acre tract;

THENCE due South with the West line of the said 70 acre tract a distance of approximately 660 feet to the Southwest corner of same;

THENCE East with the South line of the said 70 acre tract, a distance of 660 feet to a point located due South of the beginning point of the herein described tract;

THENCE due North, a distance of approximately 660 feet to the place of beginning and containing 10 acres of land to be deducted from the above described 70 acre tract leaving a net residue of 60 acres of land, more or less.

THIRD TRACT

100 acres of land, more or less, out of the G. S. Thomas League, Abstract 72, in Polk County, Texas, and being more particularly described as follows:

BEGINNING at the Northwest corner of the 70 acre tract hereinabove described as the SECOND TRACT;

THENCE West parallel with the South line of the said Thomas League a distance of 2450 feet to a point for corner;

THENCE due South, a distance of approximately 1867 feet, to a point on the North line of the Kirby-West 271 acre tract being on the common line between the Thomas and Sublett Surveys;

THENCE East with the North line of said Kirby-West 271 acre tract and North line of the Sublett Survey and the South line of said Thomas League a distance of 2450 feet to the Southwest corner of the 70 acre tract herein above described under the SECOND TRACT;

THENCE due North with the West line of said 70 acre tract a distance of approximately 1867 feet to the place of beginning and containing 105 acres of land LESS AND EXCEPT 5 acres of land being more particularly described as follows:

COMMENCING at the Dick Schwab, Kirby-West Well No. 2 located on the above described 105 acre tract;

THENCE East parallel with the South line of said Thomas League a distance of $233\frac{1}{3}$ feet to a point for the BEGINNING POINT of the herein described tract;

THENCE North at right angles a distance of $233\frac{1}{3}$ feet to a point for corner;

THENCE West at right angles a distance of $466\frac{2}{3}$ feet to a point for corner;

THENCE South at right angles a distance of $466\frac{2}{3}$ feet to a point for corner;

THENCE East at right angles a distance of $466\frac{2}{3}$ feet to a point for corner;

THENCE North at right angles a distance of $233\frac{1}{3}$ feet to the place of beginning and containing 5 acres of land to be deducted from the above described 105 acre tract leaving a net residue of 100 acres, more or less.

FOURTH TRACT

140 acres of land, more or less, out of and a part of the G. S. Thomas League, Abstract 72, Polk County, Texas, and being more particularly described as follows:

BEGINNING at the Northwest corner of a 100 acre tract herein above described as the THIRD TRACT for the Northeast corner of the herein described tract;

THENCE West parallel with the South line of the said Thomas League, a distance of 3267 feet to a point for corner;

THENCE due South a distance of approximately 1867 feet to a point on the North line of the Peter J. Menard League, being the South line of the said Thomas League and being the Southwest corner of the herein described tract;

THENCE East with the North lines of the said Peter J. Menard League and the Kirby-West 271 acre tract in

P. A. Sublett League, being also the South line of the said Thomas League, a distance of 3267 feet to the Southwest corner of the said THIRD TRACT of 100 acres;

THENCE due North with the West line of the said THIRD TRACT, a distance of approximately 1867 feet to the place of beginning and containing 140 acres of land, more or less.

FIFTH TRACT

113 acres of land, more or less, out of the G. S. Thomas League, Abstract 72, Polk County, Texas, and being more particularly described as follows:

BEGINNING at the Northwest corner of the 140 acre tract herein above described as the FOURTH TRACT:

THENCE West parallel with the South line of said Thomas League to a West line of said Kirby Lumber Corporation 2383.35 acre tract;

THENCE South with the West line of said 2383.35 acre tract, a distance of approximately 1867 feet to the Southwest corner of same on the South line of said Thomas League, being the North line of the Peter J. Menard League;

THENCE East with the North line of said Peter J. Menard League to the Southwest corner of said 140 acre tract hereinabove described as the FOURTH TRACT;

THENCE due North with the West line of said 140 acre tract, a distance of approximately 1867 feet to the place of beginning and containing 113 acres of land, more or less.

SIXTH TRACT

100 acres of land, a part of the P. A. Sublett League, Abstract 71, in Polk County, Texas, described as follows:

BEGINNING at the northwest corner of said Sublett League;

THENCE East along the North boundary line of said league 381.45 varas to point for corner, being the Northeast corner of this 100 acre tract;

THENCE South parallel with the West line of said Sublett League 1480 varas to point for the Southeast corner of this 100 acre tract, being in the South line of that certain 271 acres tract of land in said Sublett League, conveyed by West Lumber Company to Kirby Lumber Company by deed dated October 1st, 1928;

THENCE West along and with the South line of said 271 acres tract to point for corner in the West boundary line of said Sublett League, the same being the East boundary line of the Peter J. Menard League;

THENCE North along and with said league line 1480 varas to the place of beginning, containing 100 acres of land.

SEVENTH TRACT

151 acres of land, a part of the P. A. Sublett League, Abstract 71, in Polk County, Texas, described as follows:

BEGINNING on the North line of said P. A. Sublett League 381.45 varas East from the Northwest corner of said Sublett League for the Northwest corner of this 151 acres tract, being also at the Northeast corner of that certain 100 acres tract out of said Sublett League hereinabove described as SIXTH TRACT;

THENCE East along and with the North line of said Sublett League 453.55 varas to point for the most Northern Northeast corner of this 151 acres tract, being also the most Northern Northeast corner of that certain 271 acres tract out of the said P. A. Sublett League conveyed by West Lumber Company to Kirby Lumber Company by deed dated October 1, 1928, recorded in Volume 88 on Pages 9 et seq. of the Deed Records of Polk County, Texas, and also being the Northwest corner of a 790 acre tract made for L. Fowler et al;

THENCE South along and with the West boundary line of said Fowler tract 740 varas to a corner of same;

THENCE East with the line of said Fowler tract 400 varas to corner;

THENCE South with the line of said Fowler tract 740 varas to the Southwest corner of said Fowler tract;

THENCE West 853.55 varas to point for the Southwest corner of this 151 acres tract, being also the Southeast corner of the tract of 100 acres in said Sublett League hereinabove described as SIXTH TRACT;

THENCE North along and with the East line of said 100 acres tract a distance of 1480 varas to the place of beginning, containing 171 acres of land, SAVE AND EXCEPT therefrom the following:

(a) 10 acres of land described as follows:

BEGINNING ^{449.4'} 180 varas West from the Southeast corner of a 271 acre tract out of the P. A. Sublett League in Polk County, Texas, from which a Magnolia 24 inches in diameter brs. N. 6 E. 2.4 varas, and a Magnolia 16 inches in diameter brs. S. 60.5 West 10-3/4 varas;

^{658.3'} THENCE North 237.6 varas to a stake for corner, from which a pin oak 12 inches in diameter brs. S. 28 E. 10.9 varas, and a pin oak 14 inches in diameter brs. N. 12 E. 5.5 varas;

THENCE West 237.6 varas to a stake for corner, from which a pin oak 14 inches in diameter brs. N. 53 E. 11.3 varas, and a pin oak 12 inches in diameter brs. N. 44 E. 10 varas;

THENCE South 237.6 varas to a stake for corner in the South line of said 271 acre tract, from which a Magnolia 18 inches in diameter brs. N. 11 E 6.5 varas, and a Beech 12 inches in diameter brs. N. 68 1/2 E. 6 varas;

THENCE East along and with the South line of said 271 acre tract 237.6 varas to the place of beginning, containing 10 acres of land, more or less.

(b) 10 acres of land described as follows:

BEGINNING at the producing well drilled by Dick Schwab and known as Dick Schwab Kirby-West A-1 well, on the P. A. Sublett League;

THENCE running East 330 feet to the most Northerly East line of the 160 acres tract leased to Dick Schwab April 16, 1936 for the beginning of this 10 acres tract;

THENCE North with said line 331 feet to point for the Northeast corner of this 10 acres tract;

THENCE West at right angles 662 feet to point for the Northwest corner of this 10 acres tract;

THENCE South at right angles 662 feet to point for Southwest corner of this 10 acres tract;

THENCE East at right angles 662 feet to point for Southeast corner of this 10 acres tract;

THENCE North 331 feet to the place of beginning, containing 10 acres.

2.

Subject to the other provisions herein contained, this lease shall be for a term of twelve months from this date (called "primary term") and as long thereafter as oil or gas continues to be produced from said land under this lease in paying quantities.

3.

In consideration of the premises, Lessees covenant and agree to pay to Lessors, (one-half thereof to Kirby Lumber Corporation and one-half to West Securities Company) the following royalties:

(a) On oil one-sixth ($1/6$) of that produced and saved from said land, the same to be delivered, free of cost to Lessors, into the pipe line, or other receptacle, to which the Lessees may connect their wells, or, at Lessors' option, may be sold at same price and with Lessees' oil, or at

Lessors' option, shall be delivered, free of cost, charges and expenses to Lessors, at the well or wells, in tanks or other receptacles by the Lessors provided on this lease.

(b) On gas, including casinghead gas, or other vaporous or gaseous substances produced from said lands, the following: In case Lessees shall use gas in the manufacture of gasoline, or other products therefrom, a one-sixth ($1/6$) of the market value at the plant of the gasoline, or other products manufactured therefrom, quantity or product to be ascertained in a manner recognized in the industry; in case Lessees shall sell gas at the wells, one-sixth ($1/6$) of the gross amount realized from such sales, and in all other cases, when sold or used off the premises, the market price at the wells of one-sixth ($1/6$) of the gas so sold or used.

4.

As a further consideration for this lease, the Lessees agree to pay to Lessors, in equal portions (one-half thereof to Kirby Lumber Corporation and one-half to West Securities Company), the sum of Forty-five Thousand and No/100 Dollars (\$45,000.00) from production of oil and gas, if, as and when produced from second, fourth and sixth tracts hereinabove described, and the sum of One Hundred Eighty Thousand Dollars (\$180,000.00) from production of oil and gas if, as and when produced from first,

third, fifth and seventh tracts hereinabove described, as follows:

(a) The market value as run to the pipe line or storage and sold of one-fourth ($1/4$) of five-sixths ($5/6$) of the first oil produced and saved under this lease and one-fourth ($1/4$) of five-sixths ($5/6$) of the amount received, at the well or wells, for all gas produced under this lease and sold, and, in case Lessees shall use or permit the use of gas, produced from the leased premises in the manufacture of gasoline, or other products therefrom, one-fourth ($1/4$) of five-sixths ($5/6$) of the fair market value, at the plant, of the gasoline, or other products manufactured therefrom and in all other cases, when used off the premises, the fair market value, at the wells, of one-fourth ($1/4$) of five-sixths ($5/6$) of the gas so used, until the aggregate sum of Forty-five Thousand Dollars (\$45,000.00) shall have been paid to Lessors from the second, fourth and sixth tracts hereinabove described, and the aggregate sum of One Hundred Eighty Thousand Dollars (\$180,000.00) shall have been paid to Lessors from the first, third, fifth and seventh tracts hereinabove described.

The market value referred to above, of said oil, shall be the highest available market price prevailing for the respective days on which runs are made to the pipe lines or storage for Texas Gulf Coast crude of similar grade, quantity and quality to

that produced and saved under this lease.

5.

Lessees further agree and hereby bind and obligate themselves, as a part of the consideration for this lease, to begin, within sixty days (60) from date hereof, the actual drilling of a well in search for oil or gas on the land covered by this lease, and thereafter continuously drill the same with due diligence and in a workmanlike manner, in a bona fide effort to find and produce oil or gas in paying quantities, to a depth of at least Eight Thousand (8000) feet, unless oil or gas is found and produced in paying quantities at a lesser depth, or, unless dome formation or sparta sand or formation similar to producing sand in the Spurger, Tyler County, Texas (Joe's Lake) oil field is encountered at a lesser depth.

After the drilling of the aforesaid well in the manner and to the depth above provided, and in the event oil or gas is not produced therefrom in paying quantities, this lease shall terminate as to both parties, unless Lessees shall, within ninety (90) days after the abandonment of such well, commence the actual drilling of another well on the land covered by this lease, in search for oil or gas, and drill the same with due diligence and to the depth and in the manner provided for said first well; and until oil or gas is found and produced in paying quantities from the premises covered by this lease, not more than ninety (90) days shall elapse between the abandonment of one well and the com-

mencement of another well. If oil or gas has not been produced in paying quantities from the lands covered by this lease within twelve months from date hereof, this lease contract shall terminate as to all parties, unless lessees are actually drilling a well on said lease at that time and in that event upon completion of said well as a dry hole.

6.

If, as a result of drilling by Lessees under this lease, oil or gas be produced in paying quantities from the lands covered by this contract, then this lease shall remain in full force and effect so long as such production continues; provided, thereafter, Lessees shall continue to drill wells thereon and develop said premises covered by this lease in a businesslike manner, and as a reasonable prudent operator would drill wells and develop the same, not more than ninety (90) days to elapse between the completion of a producing well, nor more than ninety (90) days after the abandonment of a dry hole, and the beginning of drilling another well, until said leased premises have been fully developed, and failure so to do shall terminate this lease, save and except as to twenty (20) acres in a square, as nearly as practicable, for each well being worked on in good faith, or being drilled or reworked, or producing oil or gas for the market, such twenty (20) acre tract or tracts to be selected by Lessees so that each twenty (20) acres will embrace one such

well, with the well in the center thereof as nearly as possible; provided reasonable development and production from such twenty (20) acre tract or tracts shall be continuous, and upon cessation thereof this lease shall terminate thereto. It is distinctly understood and agreed, however, that nothing herein contained shall ever be construed as in any manner releasing Lessees from payments to Lessors of any part of the royalties provided for and reserved in Paragraph 3 of this contract, or from payments to Lessors of any part of the contingent consideration out of production, as set out in Paragraph 4 of this contract, from production under the acreage not forfeited but retained by Lessees; it being understood that a partial forfeiture shall in no manner reduce the royalties and contingent considerations, including payments from proceeds of oil and gas, or either of them, to be paid to Lessors, as provided in Paragraphs 3 and 4, respectively, of this lease contract, from production under the acreage not forfeited but retained by Lessees.

7.

Whenever in this lease it is provided that Lessees shall, within some specified time, begin the drilling of a well for oil or gas on the leased premises it is the intent of the parties hereto that a well for oil or gas shall be actually spudded in within the specified time. By spudding in is meant that a derrick must be completed, the necessary operating machinery capable of drilling such a well as contemplated by this

lease to a depth of Eight Thousand (8000) feet or producing horizon fully set up and equipped and actual drilling with such machinery commenced.

8.

In the event a well or wells producing oil or gas in paying quantities shall be brought in on any other land, and within 466 feet of any line of the leased premises, Lessees shall commence the actual drilling of an offset well thereto, within thirty (30) days from the date of the completion of such well, and shall drill such offset well with due diligence and as a careful and prudent operator of the leased premises, having no interest in the well or wells to be offset, would drill under the same and similar circumstances.

9.

It is agreed that settlement for all payments out of production and for all royalties, except delivery in kind, shall be made monthly at Houston, Texas, on or before the 15th day of each calendar month, for the amounts accruing during the preceding month, one-half of such payments and royalties to be paid, delivered or tendered to and for the account of Kirby Lumber Corporation, and one-half thereof shall be paid, delivered or tendered to and for the account of West Securities Company. Until Lessees are otherwise notified in writing by Lessors, the address of West Securities Company is and shall

remain Sterling Building, Houston, Texas, and the address of Kirby Lumber Corporation is and shall remain Kirby Lumber Company Building, Houston, Texas, and until Lessors are otherwise notified in writing by Lessees, the address of Lessees is and shall remain Mexia, Texas.

10.

If Lessor, West Securities Company, owns less than a full undivided one-half interest in and to the minerals and mineral rights in any tract of land covered by this lease, then the royalties and other payments herein provided to be paid or delivered to said West Securities Company shall be paid or delivered to said West Securities Company only in the proportion which its interest in said minerals and mineral rights bears to said full undivided one-half interest.

If Lessor, Kirby Lumber Corporation, owns less than the full undivided one-half interest in and to the minerals and mineral rights in any tract of land covered by this lease, then the royalties and other payments herein provided to be paid or delivered to Kirby Lumber Corporation, shall be paid or delivered to Kirby Lumber Corporation only in the proportion which its interest bears to said full undivided one-half interest.

11.

If the within lease is for any cause terminated as to the whole or as to any portion of the land covered hereby,

Lessees agree to deliver to Lessors a good and sufficient release of said land in so far, but only in so far, as it covers or pertains to such land or parts of land as to which said lease is terminated.

12.

In case of the surrender of this lease or the forfeiture thereof, in whole or in part, or the expiration of the rights of Lessees for any reason and as to any part or parts of the whole of the land hereby leased, Lessees, their heirs and assigns, shall have sixty (60) days after the expiration, surrender or forfeiture thereof within which to remove all machinery, pipe lines, casing, pumps, tanks, telephone poles and telegraph lines and all other property whatsoever which the Lessees, their heirs or assigns, may have placed upon said land.

13.

Lessees shall have free use of oil and gas produced from the land covered by this lease, and water from said land, except water from Lessors' wells, in developing the same for oil and gas and producing the same therefrom, and in treating the oil produced therefrom to make it marketable, and any oil and gas so used shall be deducted before computing the royalties and other payments from production payable to Lessors.

14.

Lessors shall have the right to have, when requested, daily drilling reports, copies of the logs, samples of all cores

and reports of production of all wells drilled by Lessees on the land covered by this lease or on adjoining land, the right to be present at any and all reasonable times to inspect any and all such drilling operations and to inspect and gauge or measure any and all oil or gas produced hereunder, and the right at any and all reasonable times to inspect such of Lessees' records of the use and sale of gas on or off the premises, or sale of oil, as are pertinent to the proper determination of Lessors' royalty interests therein, or other payments due hereunder, or its or their proceeds, and all these rights may be exercised by Lessors in person or through their representatives thereunto duly authorized in writing.

15.

It is expressly agreed that during the life of this lease Lessees shall pay all taxes of every kind levied and assessed upon or against all or any part of the oil or gas in or under said land or the production thereof and all increase in taxes on the land resulting from the prospecting for or discovery or production of oil or gas therefrom.

16.

When requested by Lessors, Lessees shall bury all pipe lines below plow depth; and no well shall be drilled nearer than 200 feet to any house or barn now on said premises, without the written consent of Lessors.

17.

Lessees shall pay any and all damages caused by their operation to growing crops on the leased premises or to any improvements, structures or movable property of any kind on the leased premises, and they shall also pay to Lessor, Kirby Lumber Corporation, the sum of Ten Dollars (\$10.00) per thousand feet log scale, Scribner Rule, for all merchantable trees and timber cut, taken, injured, damaged or destroyed by them in the conduct of their operations, together with wages and expenses of the scaler who shall be employed by Lessor, Kirby Lumber Corporation, to scale such trees and timber and whose scale thereof shall be final and conclusive between the parties.

18.

It is agreed that the estate of either party hereto may be assigned in whole or in part, but it is expressly understood and agreed that all of the covenants, obligations and considerations of the within lease shall extend to and be binding upon the parties hereto, their heirs, executors and administrators, successors or assigns, but no change in the ownership of said land or assignment of royalties or any part thereof, shall be binding upon the Lessees until after the Lessees have been furnished with a written transfer or assignment or a true copy thereof. It is further expressly understood and agreed that no assignment of this lease in whole or in part, shall release Lessees from the obligation to drill one well for oil or gas as herein provided.

19.

Lessees shall have the right at any time to redeem for Lessors, by payment, any mortgage, taxes or other liens upon the leased premises in the event of default in the payment thereof by Lessors and be subrogated to the rights of the holder thereof.

20.

Whitney National Bank of New Orleans, Trustee under the first mortgage executed by Kirby Lumber Corporation July 14, 1936, recorded in Volume S, page 73 of the Deed of Trust Records of Polk County, Texas, and J. E. Jones, Trustee under the second mortgage executed by Kirby Lumber Corporation July 14, 1936, recorded in Volume S, page 137 of the Deed of Trust Records of Polk County, Texas, in consideration of the promise of Kirby Lumber Corporation to pay to the depositories under said first and second mortgages as provided by the terms thereof, all cash considerations, bonuses, royalties and other monies herein provided to be paid to Kirby Lumber Corporation, do hereby join in the execution of this instrument for the purposes of signifying their approval and subordinating and making junior and inferior, and they do hereby approve, subordinate and make junior and inferior all rights and claims in and to the land described above, created by and given to them under the terms of said first and second mortgages, to the rights, privileges and estates of Geo. L. Peyton and W. M. Peyton under the terms of this agreement so that hereafter all of the rights, privileges

and estates of the said Geo. L. Peyton and W. M. Peyton hereunder shall be prior and superior to the rights of Whitney National Bank of New Orleans, Trustee under said first mortgage and J. E. Jones, Trustee under said second mortgage and those holding under them.

IN WITNESS WHEREOF, the parties hereto have executed this instrument in five original counterparts, each of which shall be an original for all purposes, on this the 10th day of November, A. D. 1938.

ATTEST:

M. J. Skirwith
Secretary

ATTEST:

W. E. Miller
Assistant Secretary

WEST SECURITIES COMPANY

By H. Menne
President

KIRBY LUMBER CORPORATION

By J. M. Keenan
Vice-President

Lessors.

Geo. L. Peyton
W. M. Peyton

Lessees.

ATTEST:

W. A. Dixon
Cashier

WHITNEY NATIONAL BANK OF NEW ORLEANS, TRUSTEE

By William A. Dixon
Vice-President

J. E. Jones
Trustee

THE STATE OF TEXAS ✓

COUNTY OF HARRIS ✓

BEFORE ME, the undersigned authority, on this day personally appeared T. H. Marshall, President, and W. H. Skp mth, Secretary, of West Securities Company, a corporation, both known to me to be the persons whose names are subscribed to the foregoing instrument and severally acknowledged to me that they executed the same for the purposes and consideration therein expressed, in the respective capacities therein stated and as the act and deed of said corporation.

GIVEN under my hand and seal of office, this the 10th day of November, A. D. 1938. ✓

Countess Lass
Notary Public in and for
Harris County, Texas.

THE STATE OF TEXAS ✓

COUNTY OF HARRIS ✓

BEFORE ME, the undersigned authority, on this day personally appeared H. M. Seaman, Vice-President, and M. E. Miller, Assistant Secretary, of Kirby Lumber Corporation, a corporation, both known to me to be the persons whose names are subscribed to the foregoing instrument and severally acknowledged to me that they executed the same for the purposes and consideration therein expressed, in the respective capacities therein stated and as the act and deed of said corporation.

GIVEN under my hand and seal of office, this the 10th day of November, A. D. 1938. ✓

Chas. M. Puercher
Notary Public in and for
Harris County, Texas.

THE STATE OF TEXAS

COUNTY OF Harris

BEFORE ME, the undersigned authority, on this day personally appeared Geo. L. Peyton and W. M. Peyton, known to me to be the persons whose names are subscribed to the foregoing instrument and acknowledged to me that they executed the same for the purposes and consideration therein expressed.

GIVEN under my hand and seal of office, on this the 10th day of November, A. D. 1938.

Chas. M. Buercher
Notary Public in and for
Harris County, Texas.

THE STATE OF LOUISIANA

PARISH OF ORLEANS ✓

BEFORE ME, the undersigned authority, on this day personally appeared William A. Dunn, Vice President and Reeds S. Suter, Cashier, of Whitney National Bank of New Orleans, Trustee, a corporation, both known to me to be the persons whose names are subscribed to the foregoing instrument and severally acknowledged to me that they executed the same for the purposes and consideration therein expressed, in the respective capacities therein stated and as the act and deed of said corporation.

GIVEN under my hand and seal of office, this the 16th day of November, A. D. 1938. ✓

R. E. Sullivan
Notary Public in and for the
Parish of Orleans, Louisiana.

THE STATE OF KANSAS

COUNTY OF SHAWNEE

BEFORE ME, the undersigned authority, on this day personally appeared J. E. Jones, Trustee, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN under my hand and seal of office on this the 22 day of November, A. D. 1938.

GEO. W. PORTER
Notary Public in and for the
County of Shawnee, State of
Kansas.

Commission expires May 19, 1940.

STATE OF TEXAS
County of Polk

I hereby certify that the foregoing instrument with its certificate of authentication was filed for record in my office on the 19 day of Dec 1938 at 9:30 o'clock A.M., and was this day duly recorded at 9 o'clock A.M., in Vol. 31 Pages 162, et seq., Oil and Gas Lease Records of said County.

Witness my hand and official seal at office in Livingston, this 30th day of Dec. 1938.

CB Murch
Clerk County Court Polk County, Texas.

By Maurice Alyson Deputy.

12.375 1-16368

West Securities Co, et al
to

Bos. L. Beyton et al

Oil & Gas Lease

PROOF READ

FILED FOR RECORD

This 19 day

of Dec A.D. 1938

at 9:30 o'clock A.M.

C. B. Marsh
Clerk County Court, Polk County, Texas

By Mrs. C. M. Mautner
Deputy

Beyton Bros \$4.00
Mexico, Tex

(C. B. Marsh
Clerk)

Polk County - Leased

Lease

2073 Polk County