

OIL AND GAS LEASE

THIS LEASE is made and entered into to be effective **September 12, 2011**, deemed the Effective Date, between **COUNTY JUDGE OF WISE COUNTY and his successors in office**, referred to as Lessor, (whether one or more), whose address is 101 North Trinity Street, Decatur, TX 76234, and **PIONEER NATURAL RESOURCES, USA, INC.**, referred to as Lessee, whose address is 5205 N. O'Connor Blvd., Suite 200, Irving, TX 75039.

1. Lessor, in consideration of Ten Dollars and other valuable consideration (\$10.00 & OVC), the receipt and sufficiency of which is acknowledged, and for the royalties reserved in this Lease, GRANTS, LEASES, and LETS the lands described below, exclusively to Lessee, for the purpose of exploring, drilling, producing and owning, oil, gas, and all other minerals produced with them, and conducting all activities necessary or reasonably incident to the exploration for, operations in search of, and production of oil, gas, and other minerals. The lands subject to this Lease (referred to as the "land" or the "leased premises") are located in Wise County, Texas, and are described as follows:

0.443 acres of land, more or less, Bell County School Land Survey, Block 60, Abstract 27, Wise County, Texas, being more particularly described in that certain deed dated October 16, 1886, from R.A. Dorsey to the County Judge of Wise County and his successors in office, recorded in Volume 8, Page 338 of the Deed Records of Wise County, Texas, to which reference is herein made for a more complete description.

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

This Lease also covers and includes land owned or claimed by Lessor adjacent or contiguous to the land described above, whether in the same or adjacent surveys, although not included within the boundaries of the land described above, and (a) owned or claimed by Lessor by limitation, prescription, possession, reversion, or unrecorded instrument, or (b) as to which Lessor has a preferential right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of the land. For the purpose of determining the amount of any payments provided for in this Lease, the land shall be deemed to contain **0.443 acres**, whether actually containing more or less, and the recital or acreage in any tract shall be deemed to be the true acreage in each tract. Lessor accepts the bonus as consideration for this Lease and all rights under it.

2. This is a Paid Up Lease. No payments are due Lessor during the primary term except the payment of royalty as provided for in paragraph 3. Subject to its other provisions, this Lease shall be for a term of **ten (10) years** from the Effective Date (the "primary term") and as long thereafter as operations are being conducted on the leased premises or lands pooled with it, or oil, gas or other minerals are produced from the land or land with which the land is pooled under the terms of this Lease, or this Lease is maintained by any of its other provisions. If, at the end of the primary term Lessee has drilled and abandoned a well on the leased premises, or lands pooled with it, this Lease shall not terminate at the end of the primary term, if Lessee, within 180 days of the end of the end of the primary term, commences additional operations on the Leased premises, or lands pooled with it, which operations shall be deemed operations during the primary term of this Lease and serve to maintain it in full force and effect. When used in this Lease, the term "operations" means: surface location preparation or maintenance; drilling; testing; completing; reworking; recompleting; deepening; plugging back or repair of a well in search of or in an endeavor to obtain production of oil, gas, or other minerals; or, production of oil, gas, or other minerals, whether or not in paying quantities.

3. Lessor reserves as royalty, and Lessee agrees to pay Lessor as royalty on oil, other liquid hydrocarbons, and non-gaseous minerals produced and saved from the leased premises (the "oil"), **one-fifth (1/5)** part of the net amount received by Lessee for the sale of the oil at the time it is run from the storage tanks, or into the pipeline to which the well or wells on the leased premises are connected. In either case, Lessor's interest shall bear the stated part of all taxes and costs of treating the oil to render it marketable. Lessee shall pay Lessor as royalty on gas and casinghead gas produced from the leased premises **one-fifth (1/5)** of the net amount received by Lessee for the gas if sold at the wellhead, at a location on the leased premises, or on lands with which the leased premises are pooled, with Lessor's share of those proceeds to bear its proportionate share of all taxes and costs incurred by Lessee in delivering, processing, compressing, or otherwise making the gas merchantable or enhancing its marketability. On all other gas and casinghead gas, Lessee shall pay Lessor as royalty **one-fifth (1/5)** of the net amount received by Lessee for the gas so sold, less its proportionate share of all costs of transportation, compression, processing, treating, and all other costs of marketing. For all gas sold, Lessor shall bear its proportionate share of all adjustments for heating content, shrinkage, and deductions for impurities. At the expiration of the primary term or at any later time or times, if there is a well or wells on the land or on lands with which the land or any portion of it has been pooled, capable of producing oil or gas, and all wells are shut-in, this Lease shall, nevertheless, continue in force as though operations were being conducted on the land for so long as the wells are shut-in, and Lessee pays the shut-in royalty provided below, and then 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 the wells, but in the exercise of 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 oil or gas on terms unacceptable to Lessee. If, at any time after the expiration of the primary term of this Lease, all the wells, oil or gas, on the leased premises, or lands pooled with it, are shut in and this Lease is not otherwise maintained in effect, Lessee may pay or tender, by its check or draft, as shut in royalty, an amount equal to One Dollar (\$1.00) for each acre of land then covered by this Lease (the "shut-in royalty"), on or before the end of each 12 month period during which all wells on the leased premises, or lands pooled with it, are shut in and oil and gas is not being produced, sold, or used, and this Lease is not otherwise being maintained. Each 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, or may be deposited in the **Pay directly to Lessor at above address**, or its successors, which shall continue as the depository bank for the parties, regardless of changes in the ownership of shut-in royalty. If at any time that Lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive payments, Lessee, at its election, may, in lieu of any other method of payment provided for in this Lease, pay or tender shut-in royalty, in the manner specified above, either jointly to the parties or separately to each in accordance with their respective ownership. Any payment may be made by Lessee's check or draft, deposited in the mail or delivered to the party entitled to receive payment, or to the depository bank provided for above, on or before the last date for payment. Lessee's failure to pay, or to properly pay or tender any sum due as shut in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this Lease. Nothing in this Lease shall impair Lessee's right to release this Lease, in whole or in part, as provided in paragraph 5. below. In the event of assignment of this Lease, in whole or in part, liability for any payments of any sums which may be due under this Lease, shall rest exclusively on the then owners of this Lease, severally as to acreage owned by each, and the original Lessee, or an assignee will have no obligation for royalties payable on production after an assignment to a subsequent or successor lessee or assignee.

4. At its option, Lessee is granted the right and authority to pool, unitize, or combine the land covered by this Lease or any portion of it as to oil and/or gas, with any other land covered by this Lease, and/or with any other land, lease, or leases in the immediate vicinity of the leased premises, when in Lessee's judgment it is necessary or advisable to do so in order to explore, develop, and operate the 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/or gas in and under and that may be produced from the leased premises. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well, or a horizontal completion, shall not exceed 640 acres plus a maximum acreage tolerance of 10%; however, a larger unit may be formed for an oil well, a gas well, or horizontal completion to conform to any well spacing or density pattern that may be prescribed, allowed, or permitted by any governmental authority having jurisdiction to do so. For the purposes of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate government authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means a well in which the horizontal component of the gross completion interval in the reservoir exceeds one hundred feet (100').

Lessee may pool or combine acreage covered by this Lease or any portion of it as to oil and/or 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 to the area within gas units. Pooling in one or more instances shall not exhaust the rights of the Lessee to pool this Lease or portions of it into other units. On execution by Lessee of an instrument describing and designating the pooled acreage as a pooled unit, the unit shall be effective as to all parties, 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 the unit. Within a reasonable time following the execution of the instrument designating the pooled unit, Lessee shall file the instrument for record in the appropriate records of the county in which the leased premises are located. Any unit formed may be revised, re-formed, increased or decreased in size, or changed in configuration, at the election of Lessee, at any time either before or after commencement of operations or production from the unit well. Lessee may, at any time, at its election, dissolve or terminate any unit formed, by written instrument filed for record in the county where the land is located, which instrument shall specify the date of termination of the unit.

Lessee may exercise its right to pool at any time and from time to time, while this Lease is in force and effect, whether before or after commencing operations, completing an oil well, a gas well, or horizontal completion, or establishing production on the leased premises, or on any land pooled or unitized with the leased premises. Any operations for drilling on or production of oil or gas from a pooled unit which include all or a part of the leased premises, regardless of whether the operations for drilling were commenced, or the production was secured, before or after the execution of this Lease or the instrument designating the pooled unit, shall be considered operations for drilling on or production of oil and/or gas from land covered by this Lease, whether or not the well or wells is located on the leased premises. In that event, operations for drilling shall be deemed to have been commenced on the leased premises within the meaning of this Lease; and, the entire acreage constituting the unit or units, as to oil and/or gas, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if it were included in this Lease.

For the purpose of computing the royalties to which owners of royalties and payments out of production shall be entitled on production of oil and/or gas from a pooled unit, there shall be allocated to the land covered by this Lease and included in a 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/or gas, produced from the pooled unit after deducting that used for operations on the lease or pooled unit. The allocation shall be on an acreage basis; i.e., 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/or gas, produced from the pooled unit which the number of surface acres covered by this Lease (or in each separate tract) and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties shall be computed on the portion of the production, whether it be oil or gas, allocated to the land covered by this Lease and included in the unit just as though the production were from the land. The production from an oil well will be considered as production from the Lease or oil pooled unit from 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.

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

5. If at the expiration of the primary term, oil, gas, or other minerals are not being produced on or from the land, or on or from the land with which it is pooled, but Lessee is then engaged in any operations, or shall have completed a dry hole prior to the end of the primary term, this Lease shall remain in force, as provided in paragraph 2., so long as operations on the 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 minerals, so long as oil, gas, or other minerals are produced from the land, or from land pooled with it. If, after the expiration of the primary term of this Lease and after oil, gas, or other minerals are produced from the land, or from land pooled with it, the production should cease from any cause, this Lease shall not terminate if Lessee commences operations for drilling or reworking within ninety (90) days after the cessation of production, but shall remain in force and effect so long as operations are prosecuted with no cessation of more than ninety (90) consecutive days, and if they result in the production of oil, gas, or other minerals, so long thereafter as oil, gas, or other minerals are produced from the land, or from land pooled with it. Lessee may at any time execute and deliver to Lessor or place of record a release or releases covering any portion or portions of the leased premises as to any depths, and surrender this Lease as to that portion, portions, or depths, and be relieved of all obligations as to the acreage or depths surrendered.

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

7. The rights of either party may be assigned in whole or in part, and the provisions of this Lease 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 ownership shall be binding on Lessee until sixty (60) days after Lessee is furnished by registered U.S. mail at Lessee's principal place of business with a certified copy of the recorded instrument or instruments evidencing the changes or division of ownership. In the event of an assignment of this Lease, in whole or in part, liability for a breach of any obligation shall rest exclusively on the owner of this Lease or of a portion of it who commits the breach.

8. The breach by Lessee of any obligation arising under this Lease shall not work a forfeiture or termination of this Lease or cause a termination or reversion of the estate created by it, or be grounds for cancellation in whole or in part. No obligation to develop the leased premises shall arise during the primary term. Should oil, gas, or other minerals be discovered on the leased premises, then after the expiration of the primary term, Lessee shall develop the acreage retained as a reasonably prudent operator. If after the expiration of the primary term, 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 on as constituting a claimed breach of this Lease, and Lessee, if in default, shall have sixty (60) days after receipt of the notice in which to commence compliance with the obligations imposed by virtue of this Lease.

Bms 9. ~~Lessor hereby warrants and agrees to defend the title to the land and agrees that Lessee, at its option, may discharge any tax, mortgage, or other lien on the land, either in whole or in part. In the event Lessee does so, it shall be subrogated to the lien discharged, with the right to enforce it and apply royalties and any other payments accruing under this Lease toward satisfying the lien. Without impairing 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, or other minerals in all or any part of the land than the entire and undivided fee simple estate (whether Lessor's interest is specified or not), or no interest, then the royalties, and other monies accruing from any part where this Lease covers less than the full interest, shall be paid only in the proportion which the Lessor's interest, if any, covered by this Lease, bears to the whole and undivided fee simple estate. All royalty interest covered by this Lease (whether or not owned by Lessor) shall be paid out of the royalty provided for above. Should any one or more of the parties named above as Lessor fail to execute this Lease, it shall nevertheless be binding on the party or parties executing this Lease.~~

10. Should Lessee be prevented from complying with any express or implied covenant of this Lease, from conducting drilling or reworking operations, or from producing any oil, gas, or other minerals by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force majeure, or federal or state law or any order, rule, or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with any covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply with the provisions of this Lease; and, this Lease shall be extended while and so long as Lessee is prevented by any cause from conducting drilling or reworking operations on or from producing oil or gas from the lease premises, and the time while Lessee is so prevented shall not be counted against Lessee, notwithstanding anything in this Lease to the contrary.

Bms 11. ~~In the event Lessor, during the primary term of this Lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this Lease and covering all or a portion of the land described subject to this Lease, with the lease becoming effective upon expiration of this Lease, Lessor expressly agrees to notify Lessee in writing of the offer, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase a Lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.~~

12. This Oil and Gas Lease shall not be recorded in the records of Wise County, Texas. For recording purposes, Lessor agrees to execute a Memorandum of Oil and Gas Lease.

13. This lease is subject to the terms and conditions of the Invitation of Bid No. 11-600-042 of Wise County, Texas, attached as a reference and will supersede any lease language.

FOR ADDITIONAL PROVISIONS, SEE ADDENDUM ATTACHED HERETO AND MADE A PART HEREOF.

This Lease is executed as of the date of the acknowledgment of the undersigned's signature, but shall be deemed effective for all purposes as of the Effective Date stated above.

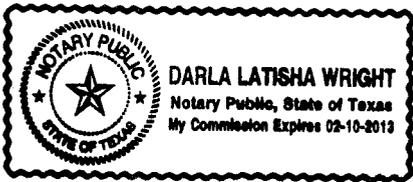
LESSORS:
JUDGE BILL MCELHANEY

Bill McElhane
COUNTY JUDGE OF WISE COUNTY and his successors in office

STATE OF Texas
COUNTY OF Wise

ACKNOWLEDGMENT

This instrument was acknowledged before me on the 26 day of September, 2011 by COUNTY JUDGE BILL MCELHANEY OF WISE COUNTY and his successors in office.



Darla L. Wright
NOTARY PUBLIC, STATE OF: Texas
MY COMMISSION EXPIRES: 2-10-2011

ADDENDUM

Attached to and made a part of the certain Oil and Gas Lease dated **September 12, 2011**, from **COUNTY JUDGE OF WISE COUNTY and his successors in office**, Lessor to **PIONEER NATURAL RESOURCES USA, INC.**, Lessee, covering 0.443 acres, more or less, in the Bell County School Land Survey, Block 60, Abstract 27, Wise County, Texas.

14. **No Surface Use:** Notwithstanding any other provision contained in this lease to the contrary, this lease is not intended to and does not grant to Lessee the right and privilege to come on Lessor's land for any purpose. Lessee shall not have the right to use the surface of the leased premises for drilling sites, pits, storage tanks, plants or treatment facilities, buildings, power stations, processing plants or the like on the surface of the leased premises. Lessee shall have the right to drill and operate directional or horizontal wells under said land irrespective of the bottom hole location of said wells. To this end, Lessor hereby grants to Lessee a subsurface easement for all purposes associated with such directional or horizontal wells. This lease does not grant any rights of ingress or egress on lands leased by Lessee.

15. **Attachment Prevails:** The provisions of this typewritten attachment shall prevail if in conflict with the provisions of the printed lease to which this is attached.

Signed for Identification:
JUDGE BILL MCELHANEY



COUNTY JUDGE OF WISE COUNTY and his successors in office

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490/359-001-00D/RE/RA

**MEMORANDUM OF
OIL AND GAS LEASE**

STATE OF TEXAS §

COUNTY OF WISE §

This Agreement, made and entered into on September 12, 2011, by and between **COUNTY JUDGE OF WISE COUNTY and his successors in office**, whose address is 101 North Trinity Street, Decatur, TX 76234, hereinafter referred to as "Lessor", whether one or more, and **PIONEER NATURAL RESOURCES, USA, INC.**, whose address is 5205 N. O'Connor Blvd., Suite 200, Irving, TX 75039, hereinafter referred to as "Lessee".

WITNESSETH:

Lessor and Lessee have this day entered into an Oil and Gas Lease ("Lease") covering the following described lands located in Wise County, Texas (the "Leased Premises"), to wit:

0.443 acres of land, more or less, Bell County School Land Survey, Block 60, Abstract 27, Wise County, Texas, being more particularly described in that certain deed dated October 16, 1886, from R.A. Dorsey to the County Judge of Wise County and his successors in office, recorded in Volume 8, Page 338 of the Deed Records of Wise County, Texas, to which reference is herein made for a more complete description.

The Oil and Gas Lease has a primary term of ten (10) years from the effective date of said Lease, and shall continue as long thereafter as oil or gas is produced in paying quantities from the Leased Premises or land pooled therewith, or said lease is otherwise maintained, all as more particularly set out in said Oil and Gas Lease of even date herewith to which reference is hereby made for all purposes including further description of the terms, provisions and conditions of said Lease.

In the event Lessor, during the primary term of this Lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this Lease and covering all or a portion of the land described subject to this Lease, with the lease becoming effective upon expiration of this Lease, Lessor expressly agrees to notify Lessee in writing of the offer, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase a Lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

This Memorandum of Oil and Gas Lease ("Memorandum") is subject to the terms and conditions of that certain Lease of even date herewith between the parties hereto which, with all of its terms, covenants and other conditions, is hereby referred to and incorporated herein, the same as if copied in full herein at this point. Included within the terms, provisions and conditions of the Oil and Gas Lease is the right of Lessee to obtain subsurface right-of-ways and easements under the surface of and through the subsurface of the leased premises.

The purpose of this Memorandum is to evidence the existence of said Lease and this Memorandum is executed and recorded solely for the purpose of affording notice of the existence of said Lease and shall not amend, alter or otherwise affect the terms, provisions and conditions of said Lease. This Memorandum is recorded in lieu of filing said Lease for record in the County Clerk's office of Wise County, Texas, so as to avoid unduly encumbering such records and to give notice to all third parties dealing with Lessor and Lessee or with the lands

described herein. The Lease and this Memorandum shall be binding upon Lessor and Lessee and their respective heirs, successors, representatives and assigns.

IN WITNESS WHEREOF, this instrument is executed effective on the date first above written.

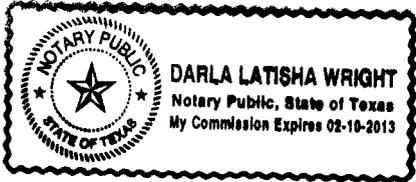
LESSORS:
JUDGE BILL MCELHANEY

Bill McElhaney
COUNTY JUDGE OF WISE COUNTY and his successors in office

ACKNOWLEDGMENT

STATE OF Texas
COUNTY OF Wise

This instrument was acknowledged before me on the 26 day of September, 2011 by COUNTY JUDGE BILL MCELHANEY OF WISE COUNTY and his successors in office.



Darla L. Wright
NOTARY PUBLIC, STATE OF: Texas
MY COMMISSION EXPIRES: 2-10-2013