

ADDENDUM TO OIL AND GAS LEASE

THIS ADDENDUM IS TO BECOME A PART OF THE LEASE AND IF THERE BE ANY INCONSISTENCY BETWEEN THE TERMS SET FORTH IN THE BASIC LEASE AND THOSE IN THIS ADDENDUM, THE PROVISIONS OF THIS ADDENDUM SHALL PREVAIL.

1. THE LOCATION OF ALL WELL SITES, TANK BATTERIES, METERS, SEPARATOR SITES, ACCESS ROADS, AND PIPELINES MUST BE APPROVED BY THE LESSOR IN WRITING BEFORE DRILLING IS STARTED OR BEFORE EQUIPMENT IS SET. THIS APPROVAL SHALL NOT BE UNREASONABLY WITHHELD AND LESSOR AGREES TO APPROVE ONE WELL SITE PER FORTY (40) ACRES.
2. THE PROVISIONS IN THE LEASE PERMITTING UNITIZATION OR POOLING OF SUBJECT PROPERTY WITH ANY OTHER PROPERTY SHALL BE STRICKEN AND THE PROPERTY SHALL BE UNITIZED OR POOLED ONLY UPON THE EXECUTION OF A SEPERATE WRITTEN AGREEMENT WITH THE LESSOR.
3. SHOULD LESSEE DECIDE TO TERMINATE THIS LEASE AND ABANDON ANY THEN EXISTING WELL OR WELLS ON SUBJECT LAND, LESSOR SHALL HAVE THE OPTION TO PURCHASE ANY OF THE WELLS AT THE SALVAGE VALUE THEREOF MINUS THE COST OF REMOVAL AND COST OF PLUGGING. LESSEE SHALL GIVE WRITTEN NOTICE TO LESSOR OF THE INTENT TO ABANDON AND LESSOR SHALL HAVE A PERIOD OF SIXTY (60) DAYS AFTER THE RECEIPT OF SUCH NOTICE TO ELECT TO PURCHASE. NOTICE OF SAID ELECTION SHALL BE GIVEN BY LESSOR TO LESSEE IN WRITING. NOTICES PROVIDED FOR HEREIN MAY BE DELIVERED EITHER PERSONALLY OR BY CERTIFIED MAIL.
4. THE GAS ALLOCATED TO THE LESSOR UNDER THE FREE GAS CLAUSE IN PARAGRAPH 07 OF THE OIL & GAS LEASE SHALL BE ON A PER WELL BASIS, AND LESSEE AGREES TO PROVIDE THE TRENCHING, ALL PIPELINE, REGULATORS, AND EQUIPMENT NECESSARY FOR THE LESSOR TO HOOK UP TO HIS RESIDENCE AT LESSEE'S COST. LESSOR FURTHER AGREES AND ACKNOWLEDGES THAT LESSEE CANNOT BE RESPONSIBLE FOR LESSOR'S HOOK-UP.
5. LESSEE AGREES TO REMOVE, SAVE, AND RETURN TO ORIGINAL CONDITION, (AS NEARLY AS POSSIBLE), ALL TOPSOIL DISTURBED IN ANY OF ITS OPERATIONS OR ACTIVITIES IN THE DRILLING OR COMPLETION OF ANY WELL OR WELLS.
6. IF WITHIN EIGHTEEN (18) MONTHS AFTER THE SUCCESSFUL COMPLETION AND PUTTING INTO PRODUCTION OF THE FIRST WELL, THE LESSEE DOES NOT COMMENCE A NEW WELL, THE LEASE ON THE UNDEVELOPED LAND SHALL BE TERMINATED, AND LESSOR SHALL HAVE THE RIGHT TO RE-LEASE THE UNDEVELOPED LAND OR TO HOLD IT FREE OF LEASE.
7. LESSEE AGREES TO REMOVE FROM SAID PROPERTY, ALL CHEMICALS AND SALT WATER USED IN OR CAUSED BY ITS OPERATIONS.
8. There will be no assignment of the Lease by Lessee without the express written consent of Lessor. Lessee may, however, assign working interest and overriding royalty interests.