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**PAID-UP
OIL, GAS AND MINERAL LEASE**

THIS AGREEMENT, dated 1st day of February, 2012, is made and entered into this day between **Fort Bend County**, as Lessor (whether one or more), whose address is 301 Jackson Street, Suite 728, Richmond, Texas 77469 and **HALEX OIL CORPORATION**, hereinafter called "Lessee," whose address is 5644 Westheimer, Suite 165, Houston, Texas 77056.

1. Lessor, in consideration of ten and no/100's and other valuable consideration Dollars (\$10.00) in hand paid, receipt of which is hereby acknowledged, of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets, exclusively unto Lessee for the purpose of exploring, drilling, mining and operating for and producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land necessary or useful in lessee's operation in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Fort Bend, State of Texas, and described as follows:

1 acre of land, more or less, being Lot 3 of Block 13 of the Blue Ridge Oil Field Subdivision "A" out of the Hicks Shropshire 1/3 League, A-313, Fort Bend County, Texas, and being that same land described in that certain Gift Deed dated September 30, 1987, from Joe C. Wessendorf, et ux to Fort Bend County, Texas, and recorded in Volume 1993, Page 1505 of the Deed Records of Fort Bend County, Texas.

For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 1 acre, whether actually containing more or less. Lessor agrees to execute any supplemental instrument(s) requested by Lessee for a more complete or accurate description of said land or instrument(s) to perfect title deficiencies.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) YEARS (called "primary term"), and as long thereafter as oil, gas or other mineral is produced from said physical land or land with which said land or any part thereof is pooled, or this lease is maintained by virtue of some other provision hereof.

3. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times surrender this Lease as to all or any portion of said land by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.

4. The royalties to be paid by Lessee are: (a) to deliver in kind to Lessor, at the well, or to the credit of Lessor into the pipeline or storage tank to which the well may be connected, the one-fifth (1/5th) part of all oil (including condensate) produced and saved from the leased premises. In lieu thereof, Lessee shall have the option, at any time, to sell Lessor's oil, in which case Lessor's royalty shall be based on Lessee's net proceeds at the lease, or to purchase Lessor's oil for the value of such oil at the lease. In any event, Lessor's interest shall be free of all costs of production, but shall bear its proportionate part of production and similar taxes, and shall share proportionately with Lessee in any costs to market, transport, or condition the oil; (b) to pay Lessor for gas, (including casinghead gas, all gaseous substances, and all constituents thereof) produced and sold from the leased premises, one-fifth (1/5th) part of the net proceeds at the lease from the sale of such gas, after deducting Lessor's proportionate part of production, and other similar taxes; Lessor's interest to be free of all costs of production, but to bear proportionately with Lessee any costs incurred by Lessee to market the gas, to deliver the gas to a market off the leased premises, or to dehydrate, compress, process, treat, or otherwise place such gas marketable condition; (c) on gas, including casinghead gas and all gaseous substances, produced from said land and used off said land by Lessee and not benefiting Lessor, the market value at the mouth of the well of one-fifth (1/5th) of the gas so used off said land; (d) on all minerals mined and marketed, one-fifth (1/5th), either in kind or value at the well or mine, at Lessee's election, except that on sulphur the royalty shall be One Dollar (\$1.00) per long ton; and (e) if at any time while there is a gas well or wells on the said land or land pooled therewith (for the purposes of this clause (e) the term "gas well" shall include wells capable of producing natural gas, condensate, distillate or any gaseous substance and wells classified as gas wells by any governmental authority) and such well or wells are shut-in, and this lease is not being maintained otherwise as provided herein, this lease shall nevertheless remain in force and effect following the shutting-in of the well(s), whether it be during or after the primary term (unless released by

CCM 2-7-12 # 306
Fort Bend County Clerk
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Lessee), and it shall be considered that gas is being produced from the land covered by this lease. When the lease is continued in force in this manner and the well or wells are shut-in for a period of at least ninety (90) consecutive days, Lessee shall pay or tender as an advanced annual royalty to the parties who at the time of such payment would be entitled to receive royalty hereunder if the well were producing, \$1.00 per net acre for the acreage then held under this lease by the party making such payment or tender. The first payment of such sum shall be made on or before either; (1) ninety (90) days from the date such well or wells are shut-in; (2) ninety (90) days from the effective date for inclusion of said land or a portion thereof within a unit on which is located a shut-in gas well; or (3) ninety (90) days from the date this lease ceases to be otherwise maintained as provided herein, whichever is the later date, and it shall be considered that gas is being produced from said land in paying quantities within the meaning of Paragraph 2 hereof for one (1) year from the date of such payment, and in like manner subsequent advance annual royalty payments may be made or tendered and it will be considered that gas is being produced from said land in paying quantities within the meaning of said Paragraph 2 during any annual period for which such royalty is so paid or tendered; such advanced annual royalty payment shall be credited against any royalty accruing to the owners thereof on any production from said land during any annual period for which such advanced annual payment has been made. Lessee's failure to pay or tender or to pay or tender properly or timely any such sum as royalty shall render Lessee liable for the amount due but it shall not operate to terminate this lease. All royalty interests, whether or not owned by the undersigned, shall be paid out of the royalty as provided for in said lease.

5. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee at its sole discretion deems it necessary or proper to do in order to develop or operate prudently the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 40 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%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the term "horizontal completion" means a well in which the horizontal component of the gross completion interval in the reservoir is at least one hundred (100) feet. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling, completion, or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling, completion or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, so long as the total acreage therein does not exceed the maximum herein specified. Also each such drilling or production unit, when limited to any one or more formations and to any one or more of the minerals therein or produced therefrom may from time to time be enlarged and extended by Lessee to include additionally any other formation or formations and any other mineral or minerals therein or produced therefrom. In making such a revision, Lessee shall file or record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. Lessee may place and use on each unit created hereunder common measuring and reworking tanks for production from such unit. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

6. If, at the expiration of the primary term, oil, gas or other mineral is not being produced from said land or land pooled therewith but Lessee is then engaged in operations for drilling, mining or reworking of any well or mine thereon or shall have completed a dry hole thereon within ninety (90) days prior to the end of the primary term, this lease shall remain in force so long as operations on said well or for the drilling or reworking of an additional well are commenced and prosecuted (whether on the same or successive wells) with no cessation of more than ninety (90) days, and, if they result in production, so long thereafter as oil, gas or other mineral is produced from said land or land pooled therewith. If, after the expiration of the primary term of this lease and after oil, gas or other mineral is produced from said land or land pooled therewith, production thereof 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 such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than ninety (90) days, and if they result in the production of oil, gas or other mineral, so long thereafter as oil, gas or other mineral is produced from said land or land pooled therewith. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within two hundred (200) feet of and draining said land, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances. The judgment of the Lessee, when not fraudulently exercised, in carrying out the purpose of this lease shall be conclusive.

7. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells and tanks,



for all operations hereunder including repressuring, pressure maintenance, cycling and secondary recovery operations, and the royalty shall be computed after deducting any so used. Any structures and facilities placed on said land by Lessee for operations hereunder and any well or wells on said land drilled or used for the injection of salt water or other fluids may also be used for Lessee's operations on other lands in the same area. Lessee shall have the right at any time during or for a period of four (4) months after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipelines below thirty six (36") inches below the surface, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's consent.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, representatives, 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. No such change or division in the ownership of the land or royalties shall be binding upon Lessee for any purpose until such person acquiring any interest has furnished Lessee with the instrument or instruments, or certified copies thereof, constituting the chain of title from the original Lessor. An assignment of this lease, in whole, or in part, shall, to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder, and, if Lessee or assignee of part or parts hereof shall fail to comply with any provision of this lease, such default shall not affect this lease insofar as it covers a part of said land upon which Lessee or any assignee thereof shall not be in default. Should more than six parties become entitled to royalties hereunder, Lessee may require the appointment of a single agent to receive payment for all and may withhold payment until such appointment has been made.

9. When drilling or other operations are delayed or interrupted by storm, flood or other act of God, fire, war, rebellion, insurrection, riot, strikes, differences with workmen, unavailability of material or equipment, failure of carriers to transport or furnish facilities for transportation, some order, requisition or necessity of the government or as a result of any cause whatsoever beyond the control of the Lessee, the time of such delay or interruption shall not be counted against Lessee. All express or implied covenants of this lease shall be subject to all federal and state laws, executive orders, rules or regulations and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages for failure to comply therewith if compliance is prevented by, or if such failure is the result of, any such law, order, rule or regulation. If from such causes Lessee is prevented from conducting drilling or reworking operations on, or producing oil or gas from said land or land pooled therewith, the time while Lessee is so prevented shall not be counted against Lessee, and this lease shall be extended for a period of time equal to that during which such Lessee is so prevented from conducting drilling or reworking operations on, or producing oil or gas from said land or land pooled therewith, notwithstanding any other provision hereof.

10. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part. In the event 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 upon as constituting a breach hereof, and Lessee, if in default, shall have sixty (60) days after receipt of notice in which to commence the compliance with the obligations imposed by virtue of this instrument. After the discovery of oil, gas or other mineral in paying quantities on said land, Lessee shall reasonably develop the acreage retained hereunder, but in discharging this obligation it shall in no event be required to drill more than one (1) well per forty (40) acres, plus an acreage tolerance not to exceed ten per cent (10%) of forty (40) acres of the area retained hereunder and capable of producing oil in paying quantities and one (1) well per six hundred forty (640) acres, plus an acreage tolerance not to exceed ten per cent (10%) of six hundred forty (640) acres of the area retained hereunder and capable of producing gas or other mineral in paying quantities.

11. Without impairment of Lessee's rights under the warranty in the event of failure of title, it is agreed that, if Lessor owns an interest in said land less than the entire fee simple estate, whether stated hereinabove as a whole or partial interest, then the royalties to be paid Lessor shall be reduced proportionately. All royalty interest covered by this lease (whether or not owned by lessor) shall be paid out of the royalty herein provided. Should any one or more of the parties named hereinabove as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

12. Lessee, its successors and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor or Lessor's heirs, representatives, successors and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, express or implied, of this agreement as to the acreage so surrendered, and thereafter the advance annual royalties payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

13. Lessee or its assigns shall reimburse Lessor or the surface owner for the reasonable value of any improvements to include agricultural crops destroyed or damaged by Lessee's operations hereunder. Moreover, Lessee or its assigns shall also reimburse Lessor or the surface owner for the reasonable value of damages to the surface of the leased premises, which damages have been caused by negligence thereon or as a result of Lessee's operations on adjoining or contiguous lands.

14. It is understood and agreed that iron ore, coal, lignite, gravel and all fissionable minerals or materials

are excepted and not included in this lease.

15. In the event a portion or portions of the land described in this lease are pooled or unitized with other land, lease or leases so as to form a pooled unit or units, it is agreed that all of the land described herein will be included in said unit.

16. Lessee agrees to indemnify Lessor and hold the Lessor and or surface harmless from any claims arising from damage to the property or any person or the personal injury or death of any person on or off the leased premises as a result of the performance of any terms of this lease agreement or any actions that might result therefrom.

17. Lessor's royalty provided for herein shall not be charged directly or indirectly with any of the following: expenses of production, gathering, dehydration, compression, transportation, manufacturing, processing, treating or marketing of gas, oil, or any liquefiable hydrocarbons extracted therefrom. Royalty due on gas sold to a third party in an arms-length transaction shall be based on the gross proceeds received by Lessee at the point of sale. In computing the dollar value of Lessor's royalty due and payable under this lease, the term "amount realized" as used in this lease does not contemplate or allow Lessee to deduct any post production costs from the gross sales price of the oil or gas produced and sold from this lease. This shall apply to royalty payments made under this despite the holding in Heritage Resources, Inc. v NationsBank, 939SW2d 118.

18. Lessor hereby warrants and agrees to defend title to said land by, through and under Lessor, but not otherwise.

19. Before building any pipelines upon the leased premises, Lessee is required to secure Lessor's approval as to the location and route of same and such approval will not be unreasonably withheld. It is the intention of the Lessor in selecting the route that will cause the least amount of damage or interruption to the Lessor's use of said land.

20. This lease shall not be maintained solely by the payment of shut in gas royalty for a period longer than two (2) years in the aggregate after the expiration of the primary term.

21. Prior to constructing any roads or location upon the leased premises, Lessee shall give Lessor notification of its intention to conduct operations and make arrangements to meet with Lessor or its agent on the premises to select a location that is mutually and reasonably acceptable with the particular reference to both convenience and conservation of trees; however, approval of such road construction by Lessor shall not be unreasonably withheld. Lessee shall pay liquidated damages of \$2,000.00 per location in the event the Lessee constructs a road or location without the consent of the Lessor in addition to the surface damages required below. Lessee shall leave on said premises, free of cost to Lessor, any cattle guards, gates or gravel roads, or water wells. In the event the Lessee builds a road or location on the property the Lessee shall build a gravel road with a minimum of four (4) inches of gravel from the property line to the location and pay the Lessor \$2,000.00 per location for surface damages.

22. Lessor after drilling of any such well shall, upon request be furnished, on a confidential basis to Lessor, free of cost (a) copies of all tests conducted on the well and copies or core analysis and all electrical, sonic, nuclear, induction or other similar surveys, such data to be furnished immediately after such are run or conducted, (b) complete copies of the drilling or drillers log of the completed well from surface to a total depth, (c) copy of plugging report if well be plugged or abandoned, (d) reports of oil, water and gas producing during completion and thirty (30) days after a well has been placed on production and (e) upon request and from time to time, such other pertinent information concerning the producing wells or dry holes drilled by Lessee on Lessor's property and such well information shall be held confidential for a period of one (1) year by Lessor.

23. The Lessee will produce, upon demand in writing to Lessor, copies of production records and receipts from sales of oil and gas pertaining to the production on said premises, or lands pooled therewith upon demand by the Lessor herein, or his representative. The sales contract pertaining to said production shall be produced for inspection, copying, and examination by the Lessor herein or his representative, subject to a confidentiality agreement.

24. Lessee shall pay Lessor their royalty within ninety (90) days of the sale of Lessee of such oil and gas produced from the land herein leased or from any land with which it may be unitized, or after the curing of all significant title defects, whichever is later, and liquidated damages for failure to timely make such payment shall be one and one-half percent (1-1/2%) per month of the royalty due Lessor. Except in the case of a title dispute. If Lessee fails to comply with the provisions of this Paragraph, then Lessors shall at their option, have the right to terminate this Lease Agreement. Lessors shall, however give written notice of such intention to Lessee and Lessee shall have thirty (30) days in which to comply with the requirements, and failure to comply herewith shall cause a forfeiture of this oil and gas lease. The rights of Lessor under this paragraph shall be in addition to, and not in lieu of, all rights Lessor may have as to payment of under V.T.C.A. Natural Resources Code, Section 91.401 through 91.405.

IN WITNESS WHEREOF, this instrument is executed as of the date above written.

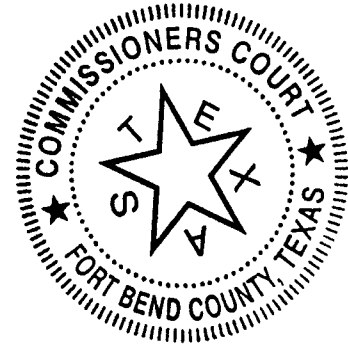
LESSOR:

FORT BEND COUNTY

BY: *Robert E. Hebert*
Robert E. Hebert, County Judge

Date: 2-7-2012

ATTEST: *Dianne Wilson*
Dianne Wilson, County Clerk

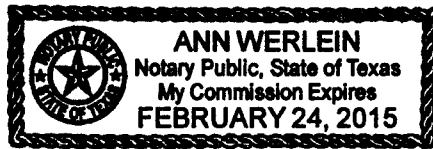


ACKNOWLEDGMENT

THE STATE OF TEXAS §

COUNTY OF FORT BEND §

This instrument was acknowledged before me on the 7 day of February, 2012 by Robert E. Hebert, County Judge on behalf of FORT BEND COUNTY.



Ann Werlein
Notary Public Signature

LESSEE:

HALEX OIL CORPORATION

BY: *Michael Hale*
Signature

Printed Name and Title: Michael Hale, President

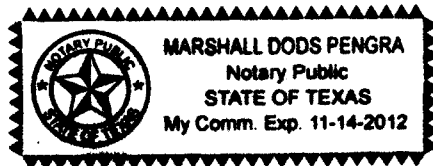
Date: 1/25/2012

ACKNOWLEDGMENT

THE STATE OF TEXAS §

COUNTY OF HARRIS §

This instrument was acknowledged before me on the 25th day of January, 2012 by Michael Hale on behalf of HALEX OIL CORPORATION.



MP
Notary Public Signature

FILED AND RECORDED

OFFICIAL PUBLIC RECORDS

Dianne Wilson

2012 Feb 09 11:30 AM

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LW \$0.00

Dianne Wilson COUNTY CLERK

FT BEND COUNTY TEXAS