

IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF ARKANSAS
WESTERN DIVISION

FILED
U.S. DISTRICT COURT
EASTERN DISTRICT OF ARKANSAS

JUL 30 2012

JAMES W. McCORMACK, CLERK
By: SWS DEPT. CLERK
PLAINTIFF

DORCHESTER MINERALS, LP

v.

CASE NO. 4:12 cv 461 KGB

CHESAPEAKE EXPLORATION, LLC

DEFENDANT

This case assigned to District Judge Baker
and to Magistrate Judge Young

COMPLAINT

COMES NOW the Plaintiff Dorchester Minerals, LP ("Dorchester"), and for its Complaint against the Defendant Chesapeake Exploration, LLC ("Chesapeake"), states and alleges:

JURISDICTIONAL ALLEGATIONS

1. This is an action for an accounting for sums due and payable by Chesapeake to Dorchester pursuant to the terms of certain oil and gas leases, and for the entry of a judgment in favor of Dorchester and against Chesapeake for the sums found to be due and owing. The amount in controversy in this proceeding exceeds \$75,000.00, exclusive of interest and costs.

2. Dorchester is a limited partnership organized and existing pursuant to the laws of the State of Delaware, and having its principal place of business in the State of Texas. Chesapeake is a limited liability company organized and existing pursuant to the laws of the State of Oklahoma and having its principal place of business in the State of Oklahoma. Complete diversity of citizenship exists between Dorchester and Chesapeake.

3. This court has jurisdiction of the subject matter of this proceeding pursuant to 28 U.S.C. §1332.

4. The oil and gas leases between Dorchester and Chesapeake convey lands located in Van Buren County, Cleburne County, White County, Conway County, Faulkner County, and Pope County, Arkansas. Venue is therefore proper in this court.

5. Chesapeake is authorized to conduct business in the State of Arkansas and is in fact conducting business in the State of Arkansas. Chesapeake has further designated a registered agent for service of process within the State of Arkansas. This court therefore has jurisdiction of the person of the Defendant Chesapeake.

FACTUAL ALLEGATIONS

6. Effective June 27, 2006, Dorchester, as lessor, and Chesapeake, as lessee, entered into an oil and gas lease conveying lands located in Van Buren County, Arkansas (the "Van Buren Lease"). A true and correct copy of the Van Buren Lease is attached hereto as Exhibit "A" and incorporated herein by this reference.

7. Effective June 27, 2006, Dorchester, as lessor, and Chesapeake, as lessee, entered into an oil and gas lease conveying lands located in Cleburne County, Arkansas (the "Cleburne Lease"). A true and correct copy of the Cleburne Lease is attached hereto as Exhibit "B" and incorporated herein by this reference.

8. Effective June 27, 2006, Dorchester, as lessor, and Chesapeake, as lessee, entered into an oil and gas lease conveying lands located in White County, Arkansas (the "White Lease"). A true and correct copy of the White Lease is attached hereto as Exhibit "C" and incorporated herein by this reference.

9. Effective June 27, 2006, Dorchester, as lessor, and Chesapeake, as lessee, entered into an oil and gas lease conveying lands located in Conway County, Arkansas (the "Conway Lease"). A true and correct copy of the Conway Lease is attached hereto as Exhibit "D" and incorporated herein by this reference.

10. Effective June 27, 2006, Dorchester, as lessor, and Chesapeake, as lessee, entered into an oil and gas lease conveying lands located in Faulkner County, Arkansas (the "Faulkner Lease"). A true and correct copy of the Faulkner Lease is attached hereto as Exhibit "E" and incorporated herein by this reference.

11. Effective June 27, 2006, Dorchester, as lessor, and Chesapeake, as lessee, entered into an oil and gas lease conveying lands located in Pope County, Arkansas (the "Pope Lease"). A true and correct copy of the Pope Lease is attached hereto as Exhibit "F" and incorporated herein by this reference.

12. The Van Buren Lease, the Cleburne Lease, the White Lease, the Conway Lease, the Faulkner Lease, and the Pope Lease are hereinafter sometimes referred to collectively as the "Lease."

13. The language, terms and conditions of each of the above referenced leases are identical, as contemplated by that certain unrecorded Letter Agreement between Dorchester and Chesapeake dated March 30, 2006 (the "Letter Agreement"), attached hereto as Exhibit "G" and incorporated herein by this reference.

FIRST CAUSE OF ACTION – UNDERPAYMENT OF ROYALTIES

14. Section 3(b) of the Lease includes the following language concerning the calculation and payment of royalties due under the Lease which reads as follows:

Provided, however the proceeds from any such well shall always be equal to or greater than the proceeds received from sales in the field or prevailing area whichever is the greater....

Despite demand, Chesapeake has failed and refused to pay royalties to Dorchester in accordance with the foregoing provision of the Lease. The amount of the underpaid royalties is in excess of \$1,000,000.00.

15. Dorchester is entitled to judgment against Chesapeake in an amount equal to the difference between the royalties actually paid by Chesapeake to Dorchester and the amount which Chesapeake should have paid pursuant to paragraph 3(b) of the Lease.

SECOND CAUSE OF ACTION – 12% INTEREST

16. A.C.A. §15-74-604 provides that royalties shall be paid within 180 days after commencement of production, and that if royalties are not timely paid, the lessee shall be liable for interest on the unpaid royalties at the rate of 12% per annum. Chesapeake has failed and refused, despite demand, to pay royalties within 180 days of commencement of production. Dorchester is therefore entitled to recover judgment against Chesapeake in an amount equal to interest accrued at the rate of 12% per annum on royalties which were not paid within 180 days of commencement of production.

THIRD CAUSE OF ACTION – 14% PENALTY

17. A.C.A. §15-74-602 provides that if a lessee willfully withholds payment of royalties without just cause or through bad faith, the lessee shall be liable to the royalty owner for a penalty of 14% of the royalties wrongfully withheld.

18. Chesapeake has failed and refused to timely pay royalties to Dorchester, despite demand, without just cause or through bad faith.

19. Dorchester is entitled to recover judgment against Chesapeake in an amount equal to 14% of the royalties wrongfully withheld by Chesapeake.

FOURTH CAUSE OF ACTION – POST PRODUCTION EXPENSES

20. In addition to other sections in Paragraph 3, Section 3(e) of the Lease prohibits Chesapeake from deducting from Dorchester's royalties any post production expenses or other costs, as follows:

The royalties provided in the Paragraph 3 shall be determined and delivered to Lessor free of any development, production, gathering,

separating, storing, dehydration, treating, compression, processing, marketing, manufacturing, transportation, delivery or like costs except as provided for in 3(b) above...

21. Chesapeake has improperly deducted post production expenses from Dorchester's royalties.

22. Dorchester is entitled to judgment against Chesapeake in an amount equal to the deductions wrongfully charged by Chesapeake to Dorchester.

FIFTH CAUSE OF ACTION – NON-PAYMENT OF ROYALTIES

23. With respect to at least 20 wells, Chesapeake has paid no royalties to Dorchester.

24. Chesapeake has failed to provide Dorchester with any explanation or justification for its refusal to pay royalties.

25. Dorchester is entitled to judgment against Chesapeake in an amount equal to the royalties due Dorchester.

SIXTH CAUSE OF ACTION – ACCOUNTING

26. The data from which the calculation of the amounts owed by Chesapeake to Dorchester pursuant to the First through Fifth Causes of Action hereinabove set forth is exclusively within the control of Chesapeake.

27. Dorchester is entitled to an accounting from Chesapeake with respect to each of the Causes of Action hereinabove set forth.

JURY DEMAND


28. Dorchester demands a trial by jury.

WHEREFORE, Dorchester prays that Chesapeake be required to provide Dorchester with an accounting with respect to each of the Causes of Action herein set forth, that it have and recover judgment in an amount equal to the sums which are shown by the accounting to be due and owing by Chesapeake to Dorchester, but in any event in an amount exceeding \$75,000.00 exclusive of interest, costs, and fees, for its costs and attorney's fees herein laid out and expended, and for all other just and proper relief to which it may be entitled.

Respectfully submitted,

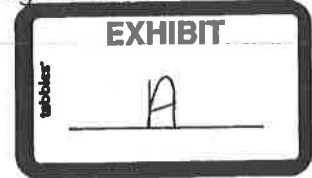
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OIL AND GAS LEASE

STATE OF ARKANSAS §
 §
COUNTY OF VAN BUREN §

THIS Oil, Gas and Liquid Hydrocarbon Lease is entered into and effective as of June 27, 2006 (the "Effective Date"), by and between DORCHESTER MINERALS, L.P., a Delaware limited partnership, hereinafter referred to as "Lessor," whose address is 3838 Oak Lawn Avenue, Suite 300, Dallas, Texas 75219, and CHESAPEAKE EXPLORATION LIMITED PARTNERSHIP, 6100 N. Western Avenue, Oklahoma City, Oklahoma 73118, hereinafter referred to as "Lessee."

WITNESSETH:

1. Lessor, in consideration of Ten and No/100 Dollars (\$10.00) in hand paid, of the royalties herein provided and of the agreements of Lessee hereinafter contained, hereby grants, leases and lets exclusively unto Lessee for the sole purpose of exploring by geophysical or other means, prospecting, drilling, operating for and producing oil, liquid hydrocarbons, gas and respective constituent products, laying pipelines, building tanks, power stations, telephone lines and roads and constructing, maintaining and removing other structures, improvements, equipment and facilities thereon to produce, save, care for, treat, process, store, and transport said products from the lands leased hereunder in Van Buren County, Arkansas, which are more fully described as follows:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

comprising 6,051.92 gross acres, more or less, which lands are sometimes referred to as "Said Land".

2. **Term.**

Subject to the other provisions herein contained, this Lease shall be for a term of Five (5) Years from the date hereof (herein called "Primary Term") and as long thereafter as oil, liquid hydrocarbons, gas or respective constituent products, or any of them, is produced in commercial quantities from Said Land, or from lands with which Said Land may be pooled or unitized, or drilling or reworking operations are conducted thereon, as provided herein.

3. **Royalties.**

(a) **Royalty On Oil.** On all oil (including any other liquid hydrocarbons) the sum of Twenty-Five Percent (25.0%) of the value of the gross production, said value to be the proceeds received by Lessee. Lessee may, from time to time, purchase any royalty oil (including any other liquid hydrocarbons) paying therefore, on the date it is run to the pipeline or storage tanks, at the same proceeds received by Lessee for the sale thereof.

(b) **Royalty on Gas.** On gas, including casinghead gas or other gaseous substances, produced and saved from the premises [other than for processing at a plant as described in Paragraph 3(d) hereof], Twenty-Five Percent (25.0%) of the proceeds received from any sale of such gas at the point of sale or delivery of the gas produced and saved. Any deduction for the expenses of production, gathering, dehydration, compression, transportation, (except non-affiliated transportation charges incurred on interstate pipelines regulated by the Federal Energy Regulatory Commission and/or pipelines whose transportation rates are regulated by the State of Arkansas. Said transportation charges will be limited to direct for amounts of Lessor's gas transported and Lessee will not be able to deduct charges for unutilized pipeline capacity.), manufacturing, processing, treating or marketing of such gas shall be added to the price received by Lessee for such gas so that Lessor's royalty shall not be charged directly or indirectly with any such expenses. Provided, however the proceeds from any such well shall always be equal to or greater than the proceeds received from sales in the field or prevailing area whichever is the greater, but not less than received by Lessee or any of its affiliates, exclusive of the above enumerated expenses except for those transportation charges incurred in a regulated pipeline system as set forth above.

(c) **Royalty on Gas Liquids by Lease Operations.** If the gas from any gas well situated on the lands covered hereby should be sufficiently impregnated with gasoline, condensate or other hydrocarbons in suspension that paying quantities of such gasoline, condensate or other hydrocarbons can be separated from said gas and liquefied as a practical lease operation by the installation of traps, separators or other devices ordinarily used in the industry for such purpose, then Lessee agrees to install upon the lands covered hereby such device or devices to the end that so much of said gasoline, condensate or other hydrocarbons as can be separated and liquefied through the use of such devices, before marketing, be recovered and Lessor shall receive its royalty as specified in Paragraph 3(a) hereof on such gasoline, condensate or other hydrocarbons recovered in such manner, together with royalty on residue gas in the amount and determined as provided in Paragraph 3(b) of this Lease.

(d) **Royalty on Gas Processed by Plant Operations.** If gas or casinghead gas (or separated gas resulting from field separation) produced from the lands covered hereby is processed by or for the

account of Lessee (or any company or any other entity with which Lessee is affiliated by stock ownership or otherwise) for the recovery of liquid hydrocarbons therefrom in a gas processing, absorption, stripping or similar plant, then in lieu of royalties provided in Paragraph 3(b) hereof, Lessor shall receive a royalty of Twenty-Five Percent (25.0%) of the market value at the plant of all liquid hydrocarbons and mineral by-products including sulphur, if any, recovered and saved in such plant and attributable to gas produced from Said Land, without any deductions for any indirect or direct costs (amortization and depreciation on pipeline and plant investment and indirect overhead associated therewith) of processing such gas in the plant for the recovery of such liquid hydrocarbons plus a royalty on residue gas resulting from such plant operations attributable to gas production from said Land of Twenty-Five Percent (25.0%) of the proceeds received from any sale of such residue gas at the tailgate of the plant, subject however to the provisions of the last sentence of Paragraph 3(b) hereof. It is expressly provided, however, that the total royalties payable to Lessor under this Paragraph 3(d) shall never be less than the royalties that would have been paid to Lessor under Paragraph 3(b) if the gas were marketed pursuant to such Paragraph 3(b).

(e) **Right to Use Production.** Lessee shall have free use of oil, liquid hydrocarbons, gas and respective constituent products from said Land for operations hereunder. Royalties shall be computed after deducting any production so used.

(f) **Royalties Free of All Costs.** The royalties provided in this Paragraph 3 shall be determined and delivered to Lessor free of any development, production, gathering, separating, storing, dehydration, treating, compression, processing, marketing, manufacturing, transportation, delivery or like costs except as provided for in 3 (b) above, and except however, taxes applicable to Lessor's share of production which are actually paid by Lessee or deducted by the purchaser of production, and are not reimbursed or refunded to Lessee.

(g) **Shut-in Royalty.** If at any time during the Primary Term, subject to the provisions of Paragraph 4(d) hereof, Lessee shall have completed a well or wells on the lands covered hereby, or lands pooled or unitized therewith which are capable of producing gas in commercial quantities but are shut-in with the result that gas is not produced and sold or used, Lessee may pay as shut-in royalty to Lessor for each shut-in well on or before the expiration of ninety (90) days after (i) the date of completion of such gas well, or (ii) the date such gas ceased to be sold or used from such well, as the case may be, and at yearly intervals thereafter, an amount equal to Five Hundred Dollars (\$500) for each such well, and upon making said payment, it will be considered that each well is producing gas in commercial quantities within the meaning of this Lease during the year for which each such payment is so made. In like manner and upon like payments being made yearly on or before the expiration of the last day of the year following the preceding year for which such payment or tender has been made, it will be considered that said well or wells are producing in commercial quantities for successive periods of one (1) year each. In the event a well capable of producing gas in commercial quantities is shut-in at or subsequent to the expiration of the Primary Term, this Lease may be continued in force by payment of shut-in royalty as provided herein, but only as to the lands covered by this Lease included within the drilling unit for such well for a period not to exceed two consecutive years from the date the well is shut-in. As used in this Lease, the term "drilling unit" has the meaning given such term by Section 15-72-302 of the Arkansas Code. Following the expiration of the two (2) year shut-in period referenced in the preceding sentence, the shut-in royalty payment shall increase to Seven Hundred and Fifty Dollars (\$750.00) per year for each such shut-in well. Provided however, at or subsequent to the expiration of the Primary Term of this Lease, the payment of shut-in royalty as provided herein shall not maintain this Lease as to the lands within a drilling unit for a well for a period, or cumulative shut-in periods, to exceed of three (3) consecutive years from the date the well is first shut-in. The shut-in payments due Lessor shall not be subject to proportionate reduction.

(h) **Payment of Royalty.** Accounting and payment to Lessor of royalties from the first production oil, liquid hydrocarbons, gas or respective constituent products as herein provided shall commence thirty (30) days following the receipt by Lessee of proceeds of any sale, or the use of such production, but no later than one hundred eighty (180) days after the date of first production, whichever is the earliest. Thereafter, unless otherwise specifically provided herein, all accountings and payments of royalties shall be made on or before the last day of the second calendar month following the calendar month in which such production occurred. Unless otherwise expressly provided, if royalties are not paid to Lessor within the time period specified, Lessee shall pay to Lessor interest at ten percent (10%) per annum for each day overdue to a maximum of one hundred, twenty (120) days. The obligation of Lessee to pay Lessor's royalty to Lessor, either in kind or as proceeds from production, shall be absolute and unconditional, and shall not be subject to any defense (other than payment) or any right of setoff, recoupment, counterclaim, abatement or otherwise. Acceptance by Lessor, its successors, agents or assigns, of royalties which are past due shall not act as a waiver or estoppel of its right to receive or recover any royalties due under the provisions hereof, unless the written acceptance or acknowledgment by Lessor to Lessee expressly so provides. Any tender or payment to Lessor of a sum less than the total amount due to Lessor hereunder which is made or intended to be made as an offer of settlement or accord by or on behalf of Lessee, its agents, successors or assigns, must be accompanied by a Notice of Settlement Offer, so denominated, addressed to Lessor's address set out on page 1 of this Lease (or such other address as shall be specified by written notice to Lessee). Any such offer of settlement submitted solely by the tender of a check containing language of settlement or accord printed or otherwise inserted thereon shall not be deemed an offer of settlement or accord, unless preceded or accompanied by such a Notice of Settlement Offer, nor shall the negotiation of such check constitute an acceptance of the terms of settlement or accord contained thereon.

(i) **Marketing of Royalty.** Notwithstanding the provisions of this Paragraph 3 to the contrary, Lessor shall have the right and option, but not the obligation, to take in kind Lessor's royalty share of all oil and/or liquid hydrocarbons, gas and respective constituent products produced under the terms of this Lease

and to separately market same for Lessor's own account. Lessor's option may be exercised at any time, and from time to time, by Lessor giving Lessee not less than sixty (60) days advance written notice. In the event Lessor elects to take in kind and separately market Lessor's royalty gas, Lessee agrees to deliver such gas to Lessor, at Lessor's option, at the wellhead after separation and dehydration has been completed. All other costs and expenses attributable to Lessor's election to separately market Lessor's royalty share of production shall be borne by Lessor. Should Lessor elect not to take in kind its royalty share of any such production hereunder after having done so, Lessor shall notify Lessee by giving Lessee not less than sixty (60) days advance written notice of Lessor's desire to no longer take said royalty in kind and it shall be Lessee's obligation to market said production for Lessor and to pay Lessor's royalty according to the other terms of this Lease. An election by Lessor to take in kind or have Lessee market Lessor's royalty share of such production shall be effective for a period of not less than twelve (12) months.

4. Maintenance of Lease by Operations.

Subject to the other provisions of this Lease, during and following the expiration of the Primary Term, the following provisions as applicable shall govern:

(a) **Drilling Operations to Continue Lease at Expiration of the Primary Term.** If at the expiration of the Primary Term hereof, no oil, liquid hydrocarbons, gas or respective constituent products (collectively referred to in this Paragraph 4 as "oil and gas") is being produced from Said Land, or Lands pooled therewith but Lessee is then engaged in drilling operations thereon or Lands pooled therewith, then this Lease will continue in effect during said drilling operations if prosecuted in a good and workmanlike manner as a prudent operator, to completion as a producer in commercial quantities or as a dry hole. If the drilling operations result in a dry hole, Lessee has the right to further maintain the Lease in effect upon the commencement of drilling operations within the sixty (60) day period and manner as provided in Paragraph 4(b) below. If the said drilling operations result in a well producing in commercial quantities, the Lease will continue in effect in the manner and for the time specified in Paragraph 4.

(b) **Operations Upon Drilling a Dry Hole or Cessation of Production.** If after the expiration of the Primary Term of the Lease, Lessee (i) drills a dry hole on lands covered hereby and no oil and gas is being produced therefrom, or (ii) in the event production of oil and gas from the lands covered hereby should at any time cease for any cause [and shut-in royalty shall not be payable as provided in Paragraph 3(g) and the Lease is not otherwise held in effect by another provision hereof], this Lease shall continue in effect as to the lands covered hereby for a period of sixty (60) days from the completion of such dry hole or cessation of production and may be continued thereafter if Lessee restores production or commences drilling operations on the land covered hereby within said sixty (60) day period and so long as drilling operations are prosecuted with reasonable diligence in a good faith manner, with no cessation of more than thirty (30) consecutive days and thereafter as long as oil or gas is produced in commercial quantities from the land covered hereby, subject to the provisions of Paragraph 4.

(c) **Definitions.** The term "drilling operations" whenever used in this Lease shall mean and include operations for drilling a well, reworking operations and reconditioning, deepening, plugging back, cleaning out, repairing or testing of a well being conducted with equipment customarily used in the industry for such operations, in a prudent manner with reasonable diligence in a bona fide good faith effort to obtain or restore the production of oil or gas in commercial quantities. For all purposes of this Lease, drilling operations shall be deemed to be prosecuted with reasonable diligence when prosecuted in good faith without the cessation of more than sixty (60) consecutive days. For purposes of this Lease:

- (i) The day of commencement of drilling operations on a well shall be that date upon which the surface of the earth is penetrated by the drilling bit, using a drilling rig capable of drilling the well to its permitted depth;
- (ii) The completion date of such well which results in commercial production shall be thirty (30) days after that day upon which final open hole electrical surveys are made of the hole;
- (iii) The completion date of a well which results in a dry hole and is abandoned shall be the day upon which the last plug is set (excluding any cement plug or plate welded on abandoned casing at or just below ground surface); and
- (iv) As to all other operations on a well, the date of commencement of the applicable operation shall be the date on which the equipment required to conduct such operations in the manner specified herein has been installed on the well and the actual operation thereof has commenced; and the completion or cessation of any such operations shall be deemed to have occurred on the earlier of the date such operations are discontinued or the date such equipment is removed from the well.

Lessee shall notify Lessor in writing as to the date (1) drilling operations are commenced on each well, (2) each well is completed and (3) each well is shut-in, same to be furnished to Lessor with reasonable dispatch; such notice to be accompanied by a copy of any appropriate form required by the Arkansas Oil and Gas Commission.

(d) **Lands Held Upon Expiration of Primary Term.** Upon expiration of the Primary Term and completion of continuous drilling operations, this Lease shall remain effective only as to those lands covered

by this Lease which are (i) included within a drilling unit upon which a well is situated that is producing oil or gas or capable of producing gas in commercial quantities with shut-in royalties having been properly paid, and/or (ii) included within a drilling unit upon which Lessee is engaged in drilling operations conducted pursuant to Paragraph 4(a) or 4(b), and if such operations result in commercial production of oil or gas, this Lease shall remain effective as to such drilling unit so long thereafter as oil or gas is produced in commercial quantities from such drilling unit, or if operations are conducted thereon as provided for herein.

(e) **Continuous Drilling Operations.** After expiration of the Primary Term and upon completion of operations under Paragraph 4(c)(ii) or 4(c)(iii) above, this Lease shall remain in force for as long as Lessee is conducting continuous drilling operations on the Leased Premises, or lands pooled therewith. Drilling operations shall be deemed continuous if no more than one hundred twenty (120) days elapse between the completion date on one well and commencement of drilling operations on the next well.

(f) **Lands Held as to Depth Limitations Upon Expiration of Primary Term.** Upon expiration of the Primary Term and completion of continuous drilling operations under Paragraph 4(e) above, this Lease shall terminate as to all depths which are one hundred (100) feet below the base of the deepest formation to which production casing is set in each drilling unit, provided however, in the event no productive perforated interval exists in any well upon expiration of the Primary Term and completion of continuous drilling operations under Paragraph 4(e) above, but thereafter a well is completed on a drilling unit as provided herein, then, in such an event, this Lease shall thereupon terminate as to all depths which are one hundred (100) feet below the base of the deepest formation to which production casing is set in the respective drilling unit for each such well completed after the expiration of the Primary Term and after completion of continuous drilling operations.

(g) **Units Prescribed by Governmental Authority.** In the event any federal or state law, or any order, rule or regulation of the statewide conservation agency or commission having jurisdiction prescribes or permits a spacing pattern for the development of the field that is larger than the drilling unit described in Section 15-72-302 of the Arkansas Code, or prescribes or permits a producing allowable in whole or in part based on surface acreage per well, then any drilling unit retained hereunder may include as much additional surface acreage as may be so prescribed or permitted as may be used in such allocation or allowable. Lessee, to the extent a reasonable prudent Operator would do so, shall form each drilling unit so as to best utilize all available acreage covered by this Lease and so as not to leave acreage outside of a drilling unit which cannot be utilized or included in subsequently created drilling units.

(h) **Lease Maintained Only as to Each Pooled Unit.** On the partial termination of this Lease as to all or parts of Said Land pursuant to this Paragraph 4, the leasehold rights in each drilling unit must be separately maintained hereunder and production from or operations on one drilling unit shall not maintain this Lease as to any of Said Land included in another drilling unit, and thereafter this Lease shall continue in effect as to each drilling unit so long and only so long as the well located on the applicable drilling unit continues to produce hereunder and so long thereafter as Lessee may be conducting operations on said well and drilling unit in the strata or stratum then covered hereby as to the applicable drilling unit with a view of developing and/or restoring production therefrom, and with no cessation of such operations on a well or wells thereon for more than sixty (60) days until production from such drilling unit and strata or stratum is restored or developed. It is the intention of the parties hereto that upon the cessation of continuous drilling operations by Lessee upon Said Land pursuant to this Paragraph 4, each drilling unit established for a well producing or capable of producing oil or gas in commercial quantities (subject to the above depth limitation), shall be treated as constituting a separate lease and neither production from nor operations on any one such drilling unit shall maintain this Lease in force as to any other lands covered hereby, and this Lease shall terminate as to all of Said Land not a part of any such drilling unit.

5. **Pooling.**

Lessee is hereby granted the right to pool or consolidate the land covered by this Lease, or any part or parts thereof as to all strata or any stratum, with any other land, lease or leases, or any part or parts thereof as to all strata or any stratum, adjoining or in the immediate vicinity thereof for the production of gas or oil, when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate the Leased Premises or to promote the conservation of gas or oil in and under and that may be produced therefrom; provided, however, the lands covered hereby may be pooled for purposes of oil production only in the event there is insufficient contiguous lands covered by this Lease to form a drilling unit for oil within a section. Pooling in one or more instances shall not exhaust the rights of Lessee hereunder to pool the Leased Premises or portions thereof into other or different drilling units. Drilling units pooled or consolidated for gas hereunder shall not exceed the number of acres specified for a gas well drilling unit and shall otherwise conform with the drilling units as set forth in Paragraph 4(g) of this Lease. Drilling or reworking operations or production on any part of the pooled acreage shall be treated for all purposes hereof as if such drilling or reworking operations are upon, or such production is from the lands described in this Lease included within such pooled unit, whether the well or wells be located on land covered by this Lease or not. The entire acreage included in a drilling unit shall be treated for all purposes, except for the payment of royalties on production from the drilling unit, as if it were included in this Lease. In the event of such pooling, Lessor shall receive on production from a drilling unit so pooled only such portion of the royalty stipulated herein as the amount of Lessor's acreage placed in the drilling unit or royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular drilling unit involved, subject to the provisions of Paragraph 4 hereof. Anything in this Lease to the contrary notwithstanding, in the event only a part or parts of the land covered by this Lease is pooled or consolidated with other land or lands, operations on or production from such pooled unit or units will maintain this Lease in force only as to the land covered hereby which is included in such unit or units and, following expiration of the Primary Term of this Lease, only as provided by Paragraph

4. This Lease may be maintained in force as to any land covered hereby and not included in such pooled unit or units in any manner provided in this Lease.

6. Obligations to Offset Producing Wells.

In the event a well or wells capable of producing oil or gas in commercial quantities shall be completed on lands within three hundred thirty feet (330') of the Leased Premises, Lessee agrees within one hundred twenty (120) days after the completion of any such well to commence drilling operations on an offset well located on the Leased Premises, as a reasonable and prudent operator would drill under the same or similar circumstances. Without limiting the foregoing, it shall be presumed that any oil or gas well producing within these defined distances shall be draining the Leased Premises; provided, however, that this presumption may be rebutted by Lessee with the burden of such proof being that of the Lessee. If Lessee shall fail to timely commence or drill such offset well, Lessee shall either:

- (a) Pay Lessor as compensatory damages, the royalties provided for herein on the equivalent production from the well or wells which create the offset obligation(s) on the Leased Premises, or
- (b) File a release of record covering that portion of Said Land located within the appropriate drilling unit or units which otherwise would be designated for such offset well or wells limited to the productive zones of such offset.

Any offset well drilled by Lessee hereunder shall be drilled into the same zone or zones as the producing zone or zones of the well to be offset and shall thereafter be operated by Lessee as a reasonably prudent operator to provide proper protection from drainage to the Leased Premises. If oil or gas is discovered on the land covered by this Lease, Lessee agrees to further develop the land covered by this Lease as a reasonable and prudent operator would under the same or similar circumstances.

7. THIS SECTION INTENTIONALLY DELETED.

8. Operations.

Lessee shall conduct all operations hereunder at its sole cost, risk and expense and shall be and remain fully responsible for all such operations. Lessee assumes all risks and liability of any kind and nature incident to, occasioned by or resulting in any manner, directly or indirectly, from Lessee's operations hereunder, and Lessee agrees to keep the Leased Premises duly and fully free from and protected against liens of every character arising in connection with and resulting from such operations.

9. Lessee's Indemnification.

Lessee agrees to protect, indemnify and hold harmless Lessor, its officers, directors, agents and employees from every kind and character of liens, damages, losses, expenses, demands, claims and causes of action claimed by or arising in favor of any person, firm or corporation whatsoever, including without limitation Lessee, its officers, directors, agents, employees and its contractors or subcontractors, or their officers, directors, agents and employees on account of personal injuries, death claims or damages to property or any persons arising from any causes whatsoever (including, but not limited to, pollution of air, water, land, minerals, animal and botanical life and any other natural resources and the violation or claimed violation of any and all federal, state and local pollution control or other environmental laws now in effect or which may hereafter become effective) caused by the operations conducted by Lessee or its contractors or subcontractors or to the entrance of Lessee or its officers, directors, agents or employees on the Leased Premises under color of this Lease. Lessee, at its own expense, shall defend any suit or action brought against Lessor based on any such alleged injury, death or damage and shall pay all damages, costs and expenses, including attorneys' fees, in connection therewith, or in any manner resulting therefrom, but Lessor shall have the right to participate in said suit or action if it so elects, at Lessor's expense.

10. Lessor's Reservation.

This Lease does not include and there is hereby excepted and reserved to Lessor all of the sulphur [except as may be recovered pursuant to the provisions of Paragraph 3(d) hereof], coal, lignite, uranium and other fissionable materials, geothermal energy (including entrained methane, hydrostatic pressure and thermal energy), base and precious metals and any other mineral substances (excepting only oil, liquid hydrocarbons, gas and respective constituent products expressly covered under this Lease) owned by Lessor in, under or upon the Leased Premises for purposes of exploration of the minerals reserved herein by Lessor and its mineral lessees. Lessor and Lessee shall each conduct their respective operations on the Leased Premises as not to unreasonably interfere with the operations or activities of the other.

11. Alienation of Interest.

The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns of the parties hereto; provided, however, that any such assignment by Lessee without the prior written consent of Lessor, which consent shall not be unreasonably withheld, shall result in Lessee remaining liable hereunder for the performance of its assignee's obligations under this Lease however such consent shall not be necessary for the conveyance to officers of Lessee. If any assignment is made of this Lease, or any portion thereof, the assignee(s) shall within thirty (30) days after the date of such assignment notify Lessor in writing of the name

and current address of the assignee(s), which notice shall also identify the lease and property involved and the interest assigned. 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, nor shall any such change or division be binding upon Lessee for any purpose until the party acquiring any interest has furnished Lessee with the instrument or instruments, or recorded copies thereof, constituting its chain of title from Lessor. If Lessee or any assignee of a segregated 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 comply with all other provisions hereof.

12. Assumption of Liabilities and Responsibilities.

Notwithstanding the foregoing, if Lessee elects to assign any part or all of Lessee's rights and interests hereunder, Lessee shall then require assignee to assume all liabilities and responsibilities to Lessor for all surface and subsurface damages which may be caused to the Leased Premises, after the effective date of any such assignment. Lessee, its successors and assigns, shall comply with all valid laws, rules and regulations affecting the Leased Premises and all operations thereon, and Lessee does hereby indemnify and agree to hold Lessor harmless from all claims, causes of action, costs and expenses relating to such operations of Lessee.

13. Force Majeure.

Lessee shall not be liable for delays or defaults in its performance of any agreement or covenant hereunder (other than any agreement or covenant which relates to the payment of money) and this Lease shall not terminate because of delays in drilling operations due to force majeure and upon Lessee giving notice and full particulars of such force majeure in writing or by fax to Lessor as soon as possible after the occurrence of the cause relied on, the obligations of Lessee and the running of any period described in Paragraphs 4(a), (b) or (e), so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused by such force majeure and for no longer period, and such cause shall, as far as possible, be remedied with all reasonable dispatch. The term "force majeure" as employed herein shall mean any act of God, including but not limited to storms, floods, washouts, landslides and lightning, inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, war, sabotage, riot, strike or labor disputes, failure of purchasers or transporters to take or transport production, or any other cause not reasonably within Lessee's control. This Lease is expressly made subject to, and Lessee in its operations hereunder shall comply with applicable requirements of all federal and state laws, and rules and regulations of any governmental authority, state or federal, having jurisdiction in the premises, and nothing herein contained shall be construed as requiring Lessee to violate any such laws, rules or regulations or to penalize Lessee for complying therewith. If any period of suspension exists or occurs during the Primary Term, the time thereof shall be added to such term; provided, however, that in no event shall the term hereof be extended for a cumulative period of more than six (6) months solely by reason of this Paragraph 13.

14. Notice of Operations and Drilling Report.

Lessee agrees to fax or email to Lessor and its authorized representatives, on a daily basis, a drilling report on each well drilled on Said Land or land pooled therewith, such daily drilling report to include a description of activities during the preceding twenty-four (24) hour period, together with other data pertinent to the operations being conducted with respect to each such well, Lessee agrees to furnish to Lessor, as directed by Lessor, copies of all forms filed with the Arkansas Oil and Gas Commission and related correspondence to and from said agency.

15. Well Information.

Lessor shall have the right, personally or by representative, at Lessor's risk, to have access to the derrick floor on all wells drilled on the Leased Premises to observe all operations, inspect and take samples of all cores and cuttings, and witness the taking of all cores, electrical logs and drill stem tests and Lessee agrees to give Lessor advance notice not less than forty-eight (48) hours prior to any coring, logging or testing operations so that Lessor may have a representative present to witness same. Upon request by Lessor, Lessee shall furnish Lessor with copies (field and final) of all electrical logs taken, promptly after taking same, and copies of each well log promptly after completion of each well drilled on the Leased Premises. Lessee agrees to promptly divulge to Lessor true and correct information as requested by Lessor as to each well, the production therefrom and such technical information as Lessee may acquire with respect to the lithology and formations encountered in such wells. Lessor or Lessor's designated agents shall have the right to be present when wells and/or tanks are gauged and measured, and shall have the right to examine all run tickets and gas measurement charts and to have full information as to production and runs, including, but not limited to, being furnished with a complete copy of any gas sales contract entered into covering any gas produced from the lands subject to this Lease, together with any modifications thereof and associated data used in determining sales price or volume. Lessor and its representatives shall also have the right, upon fifteen (15) days written notice to Lessee, at Lessee's offices during regular business hours, to inspect, examine and make copies of and extracts from Lessee's books, records, accounts, contracts, commitments and agreements as such relate to the Leased Premises, operations thereon or production therefrom (including, without limitation, the information referred to above), but in no event shall Lessor have any access to any interpretive data, materials, reports, maps or records. Lessor understands that the information to be furnished as recited above is confidential and Lessor agrees to maintain such information as confidential for so long as Lessee maintains such information as confidential, unless Lessor is required to report such

information to its stockholders under applicable law. Lessor may use such information in its ordinary course of business.

Further, all information required pursuant to this Section 15 shall be furnished to Lessor by Lessee in accordance with the "Data Requirement Form," attached hereto as Exhibit "B."

16. Special Warranty of Title.

This Lease is made and accepted by Lessee with warranty of title as to matters arising by, through or under Lessor. Except as provided in the preceding sentence, this Lease is made and accepted without any covenant of title or warranty of any kind, either express or implied, and without recourse against Lessor. If Lessor's interest in the minerals covered by this Lease in, on and under the Said Land is less than the undivided fee simple estate to the entirety thereof, then Lessor agrees that the royalties provided in this Lease shall be paid to Lessor in the proportion which Lessor's interest bears to the entire and undivided fee simple estate therein. Lessee agrees to deliver to Lessor copies of all title opinions and related curative documents covering the lands subject to this Lease within thirty (30) days of receipt of such opinions or documents by Lessee and Lessor shall rely upon same at its sole risk and shall keep same confidential for so long as Lessee maintains such information as confidential, unless Lessor, in its sole opinion, be required to report such information to its stockholders.

17. Lease Amendments.

It is agreed that neither this Lease nor any terms or provisions hereof shall be altered, amended, extended or ratified by any division order or transfer order executed by Lessor, its officers, directors, agents, employees, successors, or assigns, but that any division orders or transfer orders shall be solely for the purposes of confirming the extent of Lessor's interest in oil, liquid hydrocarbons, gas or respective constituent products produced from the Leased Premises, or any land or lands pooled therewith. Any amendment, alteration, extension or ratification of this Lease or of any term or provision of this Lease shall be made by an instrument in writing clearly denominated as to its purpose and effect, describing the specific terms or provisions of the lease affected and the proposed change or modification thereof, and executed by the party against whom any such amendment, alteration, extension or ratification is sought to be so enforced, and any purported amendment, alteration, extension or ratification not so drafted and executed shall be of no force and effect.

18. Notice.

Any notice or other communication permitted or required under the terms hereof shall be in writing and, unless otherwise specified, be deemed properly given on the date personally delivered and/or received by the addressee. Notices mailed shall be sent by postage prepaid United States certified mail, return receipt requested, addressed to Lessor or Lessee at the address set forth, as follows, or to such other address as may hereafter be designated by either party to the other by written notice. Notice given in any other manner shall be effective only if and when received.

1. **Lessor:** **Dorchester Minerals, L.P.**
3838 Oak Lawn Avenue, Suite 300
Dallas, Texas 75219
2. **Lessee:** **Chesapeake Exploration Limited Partnership**
6100 N. Western Ave.
Oklahoma City, Oklahoma 73118

19. Release.

Upon expiration or termination of this Lease for any reason as to all or any portion of the Leased Premises, Lessee shall be obligated at its expense promptly to prepare, execute and file in the public records in the county in which Said Land or a portion thereof is located, an appropriate release instrument covering all or such portion of Said Land, and to forward a copy of same as so recorded to Lessor within thirty (30) days after such expiration or termination date. If, after a written request by Lessor, Lessee shall fail to timely file an appropriate release instrument within thirty (30) days, then Lessor may execute and file of record such a Release or Partial Release, which shall be binding upon Lessee, and this Lease shall be deemed terminated as to the land and/or depth covered by such Release. The provisions of this paragraph shall apply each time that a termination occurs.

20. Retention of Rights to Facilities.

Notwithstanding the termination of this Lease under the provisions contained herein, as to part or parts of the Leased Premises, it is agreed that Lessee shall have and retain the right to maintain and use (after such termination) all roads, pipelines and other installations of Lessee (and ingress and egress to and from same) which may be located on such part or parts of the Leased Premises as to which this Lease may have terminated, so long as such roads, pipelines and installations are useful in Lessee's operations under this Lease, but not otherwise.

21. **Attorney's Fees for Enforcement of Lessor's Rights.**

If Lessor elects to employ an attorney to enforce any of Lessor's rights hereunder and the dispute is resolved in favor of Lessor, Lessee shall pay Lessor for all such reasonable attorney's fees and all court costs and expenses incurred by Lessor with respect to any such proceeding.

22. **Recording of Memorandum.**

In lieu of filing this Lease of record in the County Clerk's office of the county in which the Leased Premises are located, Lessor and Lessee agree that a Memorandum of Oil and Gas Lease shall be filed of record in said county.

23. During the Term of this Lease, Lessee shall at its expense, maintain in force and effect minimum insurance in accordance with the provisions of Exhibit "C" attached hereto.

24. This Lease is made specifically subject to the terms and provisions of that certain unrecorded letter agreement dated March 30, 2006 by and between Lessor and Lessee.

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

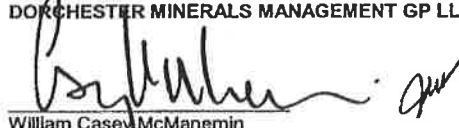
LESSOR

DORCHESTER MINERALS, L.P.

By: **DORCHESTER MINERALS MANAGEMENT LP, its General Partner**

By: **DORCHESTER MINERALS MANAGEMENT GP LLC, its General Partner**

By:


William Casey McManemin
Chief Executive Officer

LESSEE

**CHESAPEAKE EXPLORATION
LIMITED PARTNERSHIP**

By:

Henry J. Hood

Its: Senior Vice President - Land and Legal,
Chesapeake Operating, Inc., general partner
of Chesapeake Exploration Limited Partnership

21. Attorney's Fees for Enforcement of Lessor's Rights.

If Lessor elects to employ an attorney to enforce any of Lessor's rights hereunder and the dispute is resolved in favor of Lessor, Lessee shall pay Lessor for all such reasonable attorney's fees and all court costs and expenses incurred by Lessor with respect to any such proceeding.

22. Recording of Memorandum.

In lieu of filing this Lease of record in the County Clerk's office of the county in which the Leased Premises are located, Lessor and Lessee agree that a Memorandum of Oil and Gas Lease shall be filed of record in said county.

23. During the Term of this Lease, Lessee shall at its expense, maintain in force and effect minimum insurance in accordance with the provisions of Exhibit "C" attached hereto.

24. This Lease is made specifically subject to the terms and provisions of that certain unrecorded letter agreement dated March 30, 2008 by and between Lessor and Lessee.

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

LESSOR

DORCHESTER MINERALS, L.P.

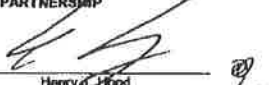
By: DORCHESTER MINERALS MANAGEMENT LP, its General Partner

By: DORCHESTER MINERALS MANAGEMENT GP LLC, its General Partner

By: 
William Casey McManemin
Chief Executive Officer

LESSEE

CHESAPEAKE EXPLORATION
LIMITED PARTNERSHIP

By: 
Henry L. Hood
Its: Senior Vice President - Land and Legal,
Chesapeake Operating, Inc., general partner
of Chesapeake Exploration Limited Partnership

U-27-06
containing 6,051.92
gross acres

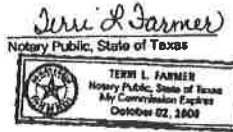
ACKNOWLEDGEMENTS

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

Before me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared William Casey McMonegin, known to me to be the person and office whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said DORCHESTER MINERALS MANAGEMENT GP LLC, a Delaware limited liability company, the General Partner of DORCHESTER MINERALS MANAGEMENT LP, a Delaware limited partnership, the General Partner of DORCHESTER MINERALS, L.P., a Delaware limited partnership, and that he executed the same as the act of said partnership for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal this the 25th day of May, 2006.

My Commission Expires:
10/02/2008



STATE OF OKLAHOMA §
 §
COUNTY OF OKLAHOMA §

This instrument was acknowledged before me this 2 day of June, 2006, by Henry J. Hood, Senior Vice President - Land and Legal, Chesapeake Operating, Inc., general partner of Chesapeake Exploration Limited Partnership.

Kendra Monroe
Notary Public for the State of Oklahoma

My Commission Expires:
3-13-09
(SEAL)



5-25-06

containing 100 gross acres
30-8N-15W
AR3139270-001

ACKNOWLEDGEMENTS

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

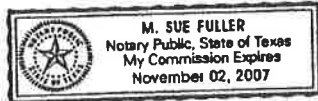
Before me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared William Casey McManemin, known to me to be the person and office whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said DORCHESTER MINERALS MANAGEMENT GP LLC, a Delaware limited liability company, the General Partner of DORCHESTER MINERALS MANAGEMENT LP, a Delaware limited partnership, the General Partner of DORCHESTER MINERALS, L.P., a Delaware limited partnership, and that he executed the same as the act of said partnership for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal this the 27th day of June 2006.

My Commission Expires:

11-2-07


Notary Public, State of Texas



STATE OF OKLAHOMA §
 §
COUNTY OF OKLAHOMA §

This instrument was acknowledged before me this _____ day of _____ 2006, by Henry J. Hood, Senior Vice President - Land and Legal, Chesapeake Operating, Inc., general partner of Chesapeake Exploration Limited Partnership.

Notary Public for the State of Oklahoma

My Commission Expires:

[SEAL]

Exhibit "A"

Attached hereto and made a part of that certain Oil and Gas Lease dated June 27, 2006, by and between Dorchester Minerals, L.P., Lessor, and Chesapeake Exploration Limited Partnership, Lessee, covering lands in Van Buren County, Arkansas

Section 15-9N-12W

NE/4 SW/4, containing 40.00 acres
SW/4 NE/4 and W/2 NW/4 SE/4, containing 60.00 acres

Section 21-9N-12W

SE/4 NE/4 and N/2 SE/4, containing 120.00 acres

Section 22-9N-12W

NW/4, NW/4 NE/4, and NW/4 SW/4, containing 240.00 acres

Section 28-9N-12W

SW/4 SE/4 and NW/4 SE/4, containing 80.00 acres

Section 29-9N-12W

SW/4 SW/4, containing 40.00 acres
N/2 NW/4; SW/4 NE/4, except 10 acres described as beginning at the SE/C running West 18 chains and 50 links, thence North 65° East 5 chains and 35 links, thence North 53 1/3° East 9 chains, thence 80° East 7 chains, thence South 8 chains and 90 links to place of beginning; and SE/4 NW/4, containing 150 acres
Part of the SW/4 NE/4 beginning at the SE/C running West 18 chains and 50 links, thence North 65° East 5 chains and 35 links, thence North 53 1/3° East 9 chains, thence North 80° East 7 chains, thence South 8 chains and 90 links to place of beginning; The East 35 acres of NW/4 SE/4; S/2 NE/4 NE/4; SE/4 NE/4; and NE/4 SE/4, containing 145.00 acres

Section 30-9N-12W

SE/4 SE/4, containing 40.00 acres

Section 31-9N-12W

N/2 NE/4, containing 80.00 acres

Section 33-9N-12W

NW/4 NE/4, containing 40.00 acres

Section 24-9N-13W

All land of the SW/4 of the fifth principal meridian, lying South of Cadron Creek, containing 100.00 acres

Section 25-9N-13W

NW/4 NW/4, containing 40.00 acres

Section 26-9N-13W

SE/4 SE/4, containing 40.00 acres

Section 35-9N-13W

N/2 NE/4, containing 80.00 acres

Section 36-9N-13W

W/2 NW/4, containing 80.00 acres

Section 9-10N-12W

E/2 SE/4 and SW/4 SE/4, containing 120.00 acres

Section 16-10N-12W

W/2 SW/4 and SW/4 NW/4, containing 120.00 acres
NE/4 NE/4, containing 40.00 acres

Section 17-10N-12W

NE/4 NE/4; SE/4 NE/4, except 2 acres in the SE/C 224 feet North and South, 440 feet East and West, containing 78.00 acres

Part of W/2 NW/4 and part of NW/4 SW/4 described as beginning at the quarter section corner between sections 17 and 18, running South 4 chains and 50 links, thence East 20 chains, thence North 10 chains, North again 24° West down a ditch 20 chains and 80 links, thence South 80° West 15 chains to section line, thence South on section line to place of beginning, containing 61.00 acres
SE/4 SE/4; SW/4 SE/4; SE/4 SW/4; and NE/4 SW/4, containing 160.00 acres

Section 18-10N-12W

S/2 NE/4, except 14 acres described as beginning at the NW/C of SE/4 NE/4 and running East 350 yards, thence South 29° West 288 yards, thence North 81° West 9 chains and 90 links to the quarter section line, running North and South, thence North 10 chains and 50 links to place of beginning. ALSO, the N/2 SE/4, except 10 acres described as beginning at the SE/C of NE/4 SE/4 and running West 26 rods, thence North 62 rods, thence East 26 rods, thence South 62 rods to place of beginning, containing 136.00 acres

Section 20-10N-12W

NE/4 NE/4; NW/4 NE/4; and NE/4 NW/4, containing 120.00 acres

Section 19-10N-13W

N/2 NE/4, containing 80.00 acres

Section 5-10N-15W

W/2 E/2 NE/4 SW/4; E/2 W/2 NE/4 SW/4; W/2 E/2 SE/4 NW/4; and SE/4 W/2 SE/4 NW/4, containing 35.00 acres

Section 25-10N-15W

SE/4 NE/4 and SW/4 NE/4, containing 80.00 acres

Section 1-10N-16W

SE/4 SW/4, containing 40.00 acres
NW/4 NW/4 and NW/4 NE/4, containing 61.415 acres

Section 11-10N-16W

SE/4 NW/4, containing 40.00 acres

Section 14-10N-17W

NW/4 NW/4, containing 40.00 acres

Section 15-10N-17W

NE/4 NW/4 and N/2 NE/4, containing 120.00 acres

Section 31-10N-17W

NE/4 SE/4, containing 40.00 acres

Section 32-10N-17W

N/2 SW/4 SW/4; NE/4 SW/4, LESS AND EXCEPT 6 acres in a triangular shape in the NE/C thereof, containing 54.00 acres

Section 36-10N-17W

S/2 SE/4; SE/4 SW/4; and NE/4 SE/4, containing 160.00 acres
S/2 NE/4; NW/4 NE/4; S/2 NW/4; N/2 SW/4; and NW/4 SE/4, containing 320.00 acres

Section 9-11N-13W

NW/4 NW/4, containing 40.00 acres

Section 18-11N-13W

SE/4 NW/4, containing 40.00 acres

Section 28-11N-13W

SW/4 SE/4; S/2 SW/4; All that part of the SE/4 NW/4 that lies North and East of Little Red River, being 15 acres; All that part of NE/4 SW/4 which lies North and East of Little Red River, being 25 acres, containing 160.00 acres in all

Section 29-11N-13W

SE/4 SE/4, containing 40.00 acres

Section 30-11N-13W

The North part of N/2 SE/4, containing 35.00 acres

Section 19-11N-14W

SE/4 NE/4; Part of SE/4 SE/4 beginning at SE/C of said forty and running West 370 yards to a ditch, thence North with ditch to East and West line of said forty, thence East to NE/C of said forty, thence South to place of beginning, containing 35 acres; NE/4 SE/4 LESS AND EXCEPT: Beginning at a point 110 yards North of SW/C of said subdivision and following top of cliff or bluff in a Northeasterly to a Northwesterly circular line to where it intersects the line subdividing the NE/4 SE/4 and NW/4 SE/4 at a point 209 yards South of NW/C of said subdivision, thence South 121 yards to place of beginning, being 1.50 acres, leaving 38.50 acres; part of NW/4 SE/4 beginning at the SE/C of said subdivision and run West 110 yards and thence in a Northeasterly direction intersecting the East boundary line of said subdivision at a point 110 yards North of point of beginning, thence South 110 yards to point of beginning, being 1.50 acres, containing 115.00 acres in all

Section 20-11N-14W

Part of SW/4 NW/4 commencing at the SE/C of said forty and running North 250 yards to a Branch; thence in a Northwest direction to line of said forty running East and West, thence West to section line; thence South 1/4 of a mile, thence East to point of beginning, being 35 acres; Part of SE/4 NW/4 beginning at the SW/C of said forty and running East 36 yards, thence North 110 yards, thence West 36 yards, thence South 110 yards to place of beginning, being 0.75 acres. Also, part of NW/4 SW/4 beginning at NE/C of said forty and running West 70 yards, thence South 20 yards, thence East 70 yards, thence North to place of beginning, being 0.25 acres, containing 36.00 acres in all

Section 30-11N-14W

Part of NE/4 NE/4 beginning at a ditch 70 yards more or less East of NE/C of said forty, thence running East 148 yards more or less to the Bradley Branch, thence South 50 yards more or less to the River, thence West 148 yards more or less to a ditch, thence North with the ditch to place of beginning, containing 2.00 acres

Section 32-11N-14W

NW/4 NE/4, containing 40.00 acres

Section 6-11N-15W

SW/4 NW/4 and NW/4 SW/4, containing 80.00 acres

Section 27-11N-15W

E/2 NE/4; and beginning 192 yards North of the SE/C of NE/4 SE/4, running in a Western direction to a Branch, thence North with said Branch to North line of said 40-acre tract, thence East with the North line of said 40 acres to the NE/C of said 40 acres, thence South to place of beginning, containing 104 acres in all

Section 1-11N-16W

SE/4 NE/4 and NE/4 SE/4, containing 80.00 acres

Section 8-11N-16W

S/2 SW/4; N/2 SW/4; and S/2 NW/4, containing 240.00 acres

Section 36-11N-16W

S/2 SW/4; S/2 SE/4; S/2 SE/4 NW/4 SE/4; NW/4 SE/4 NW/4 SE/4; and E/2 SW/4 NW/4 SE/4, containing 172.50 acres

Section 16-11N-17W

SW/4 SE/4; NW/4 SE/4; SE/4 SW/4; and SE/4 NE/4, containing 160.00 acres

Section 1-12N-13W

NW/4 NW/4; SE/4 NW/4; S/2 NE/4; NE/4 SE/4; and NE/4 SW/4, except 3 acres out of SW/C, containing 237.00 acres
NW/4 SE/4, containing 40.00 acres

Section 9-12N-13W

NW/4 SE/4, containing 40.00 acres

Section 12-12N-13W

SE/4 NW/4, containing 40.00 acres

Section 29-12N-13W

NW/4 SE/4 and SW/4 NE/4, containing 80.00 acres

Section 32-12N-13W

SW/4 NE/4 and NE/4 SW/4, containing 80.00 acres

Section 8-12N-14W

SE/4 NW/4 and E/2 SW/4, containing 120.00 acres

Section 10-12N-14W

SE/4 SW/4 and SW/4 SE/4, containing 80.00 acres
SE/4 NE/4, containing 40.00 acres

Section 17-12N-14W

W/2 SW/4, containing 80.00 acres

Section 19-12N-14W

NE/4 NE/4, containing 40.00 acres

Section 23-12N-16W

SW/4 SE/4; SE/4 SW/4; NW/4 SE/4; and NE/4 SW/4, containing 160.00 acres

Section 32-12N-16W

SE/4 NW/4 and NE/4 SW/4, containing 80.00 acres

Section 34-12N-16W

SE/4 SW/4; NE/4 SE/4; and W/2 SE/4, containing 160.00 acres

Section 31-13N-14W

SW/4 SE/4, containing 40.00 acres

NE/4 SE/4, containing 40.00 acres

Section 32-13N-14W

South $\frac{1}{2}$ of SW/4 NW/4, and NW/4 SW/4, containing 70.00 acres

Exhibit "B"

Attached hereto and made a part of that certain Oil and Gas Lease dated June 27, 2006, by and between Dorchester Minerals, L.P., Lessor, and Chesapeake Exploration Limited Partnership, Lessee, covering lands in Van Buren County, Arkansas

"Data Requirement Form"

1. Approved drilling permit including location plan or survey.
2. Daily drilling and completion reports including notification of spud and first sales transmitted by email.
3. Composite/cumulative daily drilling and completion reports from spud to first sales transmitted by email or mail.
4. Hard copy of final prints of all wellbore surveys, including but not limited to mud logs, directional surveys, electric, porosity, sonic, cement bond, and interpretive logs (MRI, NMR etc). Any of these surveys, or portions thereof, available on a daily basis via email should be transmitted as well.
5. Hard copy of well tests, shut-in and flowing bottom-hole or surface pressure tests, fluid analyses, drill-stem tests, pressure transient data and interpretations thereof.
6. Complete copies of drillsite and division order title opinions covering subject lands and lands pooled therewith.

Contact Info:

Email Address: drillingreports@dmlp.net
Facsimile Number: 214.559.0933
Mailing Address: 3838 Oak Lawn Avenue
Suite 300
Dallas, Texas 75219-4541

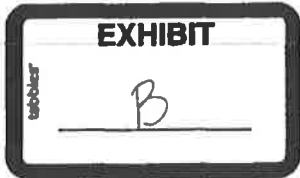
EXHIBIT "C"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND GAS LEASE
DATED JUNE 27, 2006 BY AND BETWEEN DORCHESTER MINERALS, L.P., AS LESSOR
AND CHESAPEAKE EXPLORATION LIMITED PARTNERSHIP, AS LESSEE

Lessee shall procure and maintain, at all times while conducting operations under this Agreement, the following insurance coverages with limits not less than those specified below:

- | | | |
|----|---|--------------------------------------|
| A. | Worker's Compensation | Statutory |
| | Employer's Liability | \$100,000 each accident |
| B. | Comprehensive General Liability including: | |
| | (a) property damage and bodily injury liability including, but not limited to, losses resulting from explosion, collapse, underground damage; and | |
| | (b) contractual liability assumed under this Agreement. | \$1,000,000 Combined single limit |
| C. | Comprehensive Automobile Liability covering owned, non-owned and hired vehicles. | \$1,000,000 Combined single limit |

Upon request, Lessee shall provide Lessor with a certificate of insurance providing evidence of the coverages required above which will include a 30 day notice of cancellation.



OIL AND GAS LEASE

STATE OF ARKANSAS §
 §
COUNTY OF WHITE §

THIS Oil, Gas and Liquid Hydrocarbon Lease is entered into and effective as of June 27, 2006 (the "Effective Date"), by and between DORCHESTER MINERALS, L.P., a Delaware limited partnership, hereinafter referred to as "Lessor," whose address is 3838 Oak Lawn Avenue, Suite 300, Dallas, Texas 75219, and CHESAPEAKE EXPLORATION LIMITED PARTNERSHIP, 6100 N. Western Avenue, Oklahoma City, Oklahoma 73118, hereinafter referred to as "Lessee."

WITNESSETH:

1. Lessor, in consideration of Ten and No/100 Dollars (\$10.00) in hand paid, of the royalties herein provided and of the agreements of Lessee hereinafter contained, hereby grants, leases and lets exclusively unto Lessee for the sole purpose of exploring by geophysical or other means, prospecting, drilling, operating for and producing oil, liquid hydrocarbons, gas and respective constituent products, laying pipelines, building tanks, power stations, telephone lines and roads and constructing, maintaining and removing other structures, improvements, equipment and facilities thereon to produce, save, care for, treat, process, store, and transport said products from the lands leased hereunder in White County, Arkansas, which are more fully described as follows:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

comprising 560.0 gross acres, more or less, which lands are sometimes referred to as "Said Land".

2. Term.

Subject to the other provisions herein contained, this Lease shall be for a term of Five (5) Years from the date hereof (herein called "Primary Term") and as long thereafter as oil, liquid hydrocarbons, gas or respective constituent products, or any of them, is produced in commercial quantities from Said Land, or from lands with which Said Land may be pooled or unitized, or drilling or reworking operations are conducted thereon, as provided herein.

3. Royalties.

(a) Royalty On Oil. On all oil (including any other liquid hydrocarbons) the sum of Twenty-Five Percent (25.0%) of the value of the gross production, said value to be the proceeds received by Lessee. Lessee may, from time to time, purchase any royalty oil (including any other liquid hydrocarbons) paying therefore, on the date it is run to the pipeline or storage tanks, at the same proceeds received by Lessee for the sale thereof.

(b) Royalty on Gas. On gas, including casinghead gas or other gaseous substances, produced and saved from the premises [other than for processing at a plant as described in Paragraph 3(d) hereof], Twenty-Five Percent (25.0%) of the proceeds received from any sale of such gas at the point of sale or delivery of the gas produced and saved. Any deduction for the expenses of production, gathering, dehydration, compression, transportation, (except non-affiliated transportation charges incurred on interstate pipelines regulated by the Federal Energy Regulatory Commission and/or pipelines whose transportation rates are regulated by the State of Arkansas. Said transportation charges will be limited to direct for amounts of Lessor's gas transported and Lessee will not be able to deduct charges for unutilized pipeline capacity.), manufacturing, processing, treating or marketing of such gas shall be added to the price received by Lessee for such gas so that Lessor's royalty shall not be charged directly or indirectly with any such expenses. Provided, however the proceeds from any such well shall always be equal to or greater than the proceeds received from sales in the field or prevailing area whichever is the greater, but not less than received by Lessee or any of its affiliates, exclusive of the above enumerated expenses except for those transportation charges incurred in a regulated pipeline system as set forth above.

(c) Royalty on Gas Liquids by Lease Operations. If the gas from any gas well situated on the lands covered hereby should be sufficiently impregnated with gasoline, condensate or other hydrocarbons in suspension that paying quantities of such gasoline, condensate or other hydrocarbons can be separated from said gas and liquefied as a practical lease operation by the installation of traps, separators or other devices ordinarily used in the industry for such purpose, then Lessee agrees to install upon the lands covered hereby such device or devices to the end that so much of said gasoline, condensate or other hydrocarbons as can be separated and liquefied through the use of such devices, before marketing, be recovered and Lessor shall receive its royalty as specified in Paragraph 3(a) hereof on such gasoline, condensate or other hydrocarbons recovered in such manner, together with royalty on residue gas in the amount and determined as provided in Paragraph 3(b) of this Lease.

(d) Royalty on Gas Processed by Plant Operations. If gas or casinghead gas (or separated gas resulting from field separation) produced from the lands covered hereby is processed by or for the

account of Lessee (or any company or any other entity with which Lessee is affiliated by stock ownership or otherwise) for the recovery of liquid hydrocarbons therefrom in a gas processing, absorption, stripping or similar plant, then in lieu of royalties provided in Paragraph 3(b) hereof, Lessor shall receive a royalty of Twenty-Five Percent (25.0%) of the market value at the plant of all liquid hydrocarbons and mineral by-products including sulphur, if any, recovered and saved in such plant and attributable to gas produced from Said Land, without any deductions for any indirect or direct costs (amortization and depreciation on pipeline and plant investment and indirect overhead associated therewith) of processing such gas in the plant for the recovery of such liquid hydrocarbons plus a royalty on residue gas resulting from such plant operations attributable to gas production from said Land of Twenty-Five Percent (25.0%) of the proceeds received from any sale of such residue gas at the tailgate of the plant, subject however to the provisions of the last sentence of Paragraph 3(b) hereof. It is expressly provided, however, that the total royalties payable to Lessor under this Paragraph 3(d) shall never be less than the royalties that would have been paid to Lessor under Paragraph 3(b) if the gas were marketed pursuant to such Paragraph 3(b).

(e) **Right to Use Production.** Lessee shall have free use of oil, liquid hydrocarbons, gas and respective constituent products from said Land for operations hereunder. Royalties shall be computed after deducting any production so used.

(f) **Royalties Free of All Costs.** The royalties provided in this Paragraph 3 shall be determined and delivered to Lessor free of any development, production, gathering, separating, storing, dehydration, treating, compression, processing, marketing, manufacturing, transportation, delivery or like costs except as provided for in 3 (b) above, and except however, taxes applicable to Lessor's share of production which are actually paid by Lessee or deducted by the purchaser of production, and are not reimbursed or refunded to Lessee.

(g) **Shut-In Royalty.** If at any time during the Primary Term, subject to the provisions of Paragraph 4(d) hereof, Lessee shall have completed a well or wells on the lands covered hereby, or lands pooled or unitized therewith which are capable of producing gas in commercial quantities but are shut-in with the result that gas is not produced and sold or used, Lessee may pay as shut-in royalty to Lessor for each shut-in well on or before the expiration of ninety (90) days after (i) the date of completion of such gas well, or (ii) the date such gas ceased to be sold or used from such well, as the case may be, and at yearly intervals thereafter, an amount equal to Five Hundred Dollars (\$500) for each such well, and upon making said payment, it will be considered that each well is producing gas in commercial quantities within the meaning of this Lease during the year for which each such payment is so made. In like manner and upon like payments being made yearly on or before the expiration of the last day of the year following the preceding year for which such payment or tender has been made, it will be considered that said well or wells are producing in commercial quantities for successive periods of one (1) year each. In the event a well capable of producing gas in commercial quantities is shut-in at or subsequent to the expiration of the Primary Term, this Lease may be continued in force by payment of shut-in royalty as provided herein, but only as to the lands covered by this Lease included within the drilling unit for such well for a period not to exceed two consecutive years from the date the well is shut-in. As used in this Lease, the term "drilling unit" has the meaning given such term by Section 15-72-302 of the Arkansas Code. Following the expiration of the two (2) year shut-in period referenced in the preceding sentence, the shut-in royalty payment shall increase to Seven Hundred and Fifty Dollars (\$750.00) per year for each such shut-in well. Provided however, at or subsequent to the expiration of the Primary Term of this Lease, the payment of shut-in royalty as provided herein shall not maintain this Lease as to the lands within a drilling unit for a well for a period, or cumulative shut-in periods, to exceed of three (3) consecutive years from the date the well is first shut-in. The shut-in payments due Lessor shall not be subject to proportionate reduction.

(h) **Payment of Royalty.** Accounting and payment to Lessor of royalties from the first production oil, liquid hydrocarbons, gas or respective constituent products as herein provided shall commence thirty (30) days following the receipt by Lessee of proceeds of any sale, or the use of such production, but no later than one hundred eighty (180) days after the date of first production, whichever is the earliest. Thereafter, unless otherwise specifically provided herein, all accountings and payments of royalties shall be made on or before the last day of the second calendar month following the calendar month in which such production occurred. Unless otherwise expressly provided, if royalties are not paid to Lessor within the time period specified, Lessee shall pay to Lessor interest at ten percent (10%) per annum for each day overdue to a maximum of one hundred, twenty (120) days. The obligation of Lessee to pay Lessor's royalty to Lessor, either in kind or as proceeds from production, shall be absolute and unconditional, and shall not be subject to any defense (other than payment) or any right of setoff, recoupment, counterclaim, abatement or otherwise. Acceptance by Lessor, its successors, agents or assigns, of royalties which are past due shall not act as a waiver or estoppel of its right to receive or recover any royalties due under the provisions hereof, unless the written acceptance or acknowledgment by Lessor to Lessee expressly so provides. Any tender or payment to Lessor of a sum less than the total amount due to Lessor hereunder which is made or intended to be made as an offer of settlement or accord by or on behalf of Lessee, its agents, successors or assigns, must be accompanied by a Notice of Settlement Offer, so denominated, addressed to Lessor's address set out on page 1 of this Lease (or such other address as shall be specified by written notice to Lessee). Any such offer of settlement submitted solely by the tender of a check containing language of settlement or accord printed or otherwise inserted thereon shall not be deemed an offer of settlement or accord, unless preceded or accompanied by such a Notice of Settlement Offer, nor shall the negotiation of such check constitute an acceptance of the terms of settlement or accord contained thereon.

(i) **Marketing of Royalty.** Notwithstanding the provisions of this Paragraph 3 to the contrary, Lessor shall have the right and option, but not the obligation, to take in kind Lessor's royalty share of all oil and/or liquid hydrocarbons, gas and respective constituent products produced under the terms of this Lease

and to separately market same for Lessor's own account. Lessor's option may be exercised at any time, and from time to time, by Lessor giving Lessee not less than sixty (60) days advance written notice. In the event Lessor elects to take in kind and separately market Lessor's royalty gas, Lessee agrees to deliver such gas to Lessor, at Lessor's option, at the wellhead after separation and dehydration has been completed. All other costs and expenses attributable to Lessor's election to separately market Lessor's royalty share of production shall be borne by Lessor. Should Lessor elect not to take in kind its royalty share of any such production hereunder after having done so, Lessor shall notify Lessee by giving Lessee not less than sixty (60) days advance written notice of Lessor's desire to no longer take said royalty in kind and it shall be Lessee's obligation to market said production for Lessor and to pay Lessor's royalty according to the other terms of this Lease. An election by Lessor to take in kind or have Lessee market Lessor's royalty share of such production shall be effective for a period of not less than twelve (12) months.

4. Maintenance of Lease by Operations.

Subject to the other provisions of this Lease, during and following the expiration of the Primary Term, the following provisions as applicable shall govern:

(a) **Drilling Operations to Continue Lease at Expiration of the Primary Term.** If at the expiration of the Primary Term hereof, no oil, liquid hydrocarbons, gas or respective constituent products (collectively referred to in this Paragraph 4 as "oil and gas") is being produced from Said Land, or Lands pooled therewith but Lessee is then engaged in drilling operations thereon or Lands pooled therewith, then this Lease will continue in effect during said drilling operations if prosecuted in a good and workmanlike manner as a prudent operator, to completion as a producer in commercial quantities or as a dry hole. If the drilling operations result in a dry hole, Lessee has the right to further maintain the Lease in effect upon the commencement of drilling operations within the sixty (60) day period and manner as provided in Paragraph 4(b) below. If the said drilling operations result in a well producing in commercial quantities, the Lease will continue in effect in the manner and for the time specified in Paragraph 4.

(b) **Operations Upon Drilling a Dry Hole or Cessation of Production.** If after the expiration of the Primary Term of the Lease, Lessee (i) drills a dry hole on lands covered hereby and no oil and gas is being produced therefrom, or (ii) in the event production of oil and gas from the lands covered hereby should at any time cease for any cause [and shut-in royalty shall not be payable as provided in Paragraph 3(g) and the Lease is not otherwise held in effect by another provision hereof], this Lease shall continue in effect as to the lands covered hereby for a period of sixty (60) days from the completion of such dry hole or cessation of production and may be continued thereafter if Lessee restores production or commences drilling operations on the land covered hereby within said sixty (60) day period and so long as drilling operations are prosecuted with reasonable diligence in a good faith manner, with no cessation of more than thirty (30) consecutive days and thereafter as long as oil or gas is produced in commercial quantities from the land covered hereby, subject to the provisions of Paragraph 4.

(c) **Definitions.** The term "drilling operations" whenever used in this Lease shall mean and include operations for drilling a well, reworking operations and reconditioning, deepening, plugging back, cleaning out, repairing or testing of a well being conducted with equipment customarily used in the industry for such operations, in a prudent manner with reasonable diligence in a bona fide good faith effort to obtain or restore the production of oil or gas in commercial quantities. For all purposes of this Lease, drilling operations shall be deemed to be prosecuted with reasonable diligence when prosecuted in good faith without the cessation of more than sixty (60) consecutive days. For purposes of this Lease:

- (i) The day of commencement of drilling operations on a well shall be that date upon which the surface of the earth is penetrated by the drilling bit, using a drilling rig capable of drilling the well to its permitted depth;
- (ii) The completion date of such well which results in commercial production shall be thirty (30) days after that day upon which final open hole electrical surveys are made of the hole;
- (iii) The completion date of a well which results in a dry hole and is abandoned shall be the day upon which the last plug is set (excluding any cement plug or plate welded on abandoned casing at or just below ground surface); and
- (iv) As to all other operations on a well, the date of commencement of the applicable operation shall be the date on which the equipment required to conduct such operations in the manner specified herein has been installed on the well and the actual operation thereof has commenced; and the completion or cessation of any such operations shall be deemed to have occurred on the earlier of the date such operations are discontinued or the date such equipment is removed from the well.

Lessee shall notify Lessor in writing as to the date (1) drilling operations are commenced on each well, (2) each well is completed and (3) each well is shut-in, same to be furnished to Lessor with reasonable dispatch; such notice to be accompanied by a copy of any appropriate form required by the Arkansas Oil and Gas Commission.

(d) **Lands Held Upon Expiration of Primary Term.** Upon expiration of the Primary Term and completion of continuous drilling operations, this Lease shall remain effective only as to those lands covered

by this Lease which are (i) included within a drilling unit upon which a well is situated that is producing oil or gas or capable of producing gas in commercial quantities with shut-in royalties having been properly paid, and/or (ii) included within a drilling unit upon which Lessee is engaged in drilling operations conducted pursuant to Paragraph 4(a) or 4(b), and if such operations result in commercial production of oil or gas, this Lease shall remain effective as to such drilling unit so long thereafter as oil or gas is produced in commercial quantities from such drilling unit, or if operations are conducted thereon as provided for herein.

(e) **Continuous Drilling Operations.** After expiration of the Primary Term and upon completion of operations under Paragraph 4(c)(ii) or 4(c)(iii) above, this Lease shall remain in force for as long as Lessee is conducting continuous drilling operations on the Leased Premises, or lands pooled therewith. Drilling operations shall be deemed continuous if no more than one hundred twenty (120) days elapse between the completion date on one well and commencement of drilling operations on the next well.

(f) **Lands Held as to Depth Limitations Upon Expiration of Primary Term.** Upon expiration of the Primary Term and completion of continuous drilling operations under Paragraph 4(e) above, this Lease shall terminate as to all depths which are one hundred (100) feet below the base of the deepest formation to which production casing is set in each drilling unit, provided however, in the event no productive perforated interval exists in any well upon expiration of the Primary Term and completion of continuous drilling operations under Paragraph 4(e) above, but thereafter a well is completed on a drilling unit as provided herein, then, in such an event, this Lease shall thereupon terminate as to all depths which are one hundred (100) feet below the base of the deepest formation to which production casing is set in the respective drilling unit for each such well completed after the expiration of the Primary Term and after completion of continuous drilling operations.

(g) **Units Prescribed by Governmental Authority.** In the event any federal or state law, or any order, rule or regulation of the statewide conservation agency or commission having jurisdiction prescribes or permits a spacing pattern for the development of the field that is larger than the drilling unit described in Section 15-72-302 of the Arkansas Code, or prescribes or permits a producing allowable in whole or in part based on surface acreage per well, then any drilling unit retained hereunder may include as much additional surface acreage as may be so prescribed or permitted as may be used in such allocation or allowable. Lessee, to the extent a reasonable prudent Operator would do so, shall form each drilling unit so as to best utilize all available acreage covered by this Lease and so as not to leave acreage outside of a drilling unit which cannot be utilized or included in subsequently created drilling units.

(h) **Lease Maintained Only as to Each Pooled Unit.** On the partial termination of this Lease as to all or parts of Said Land pursuant to this Paragraph 4, the leasehold rights in each drilling unit must be separately maintained hereunder and production from or operations on one drilling unit shall not maintain this Lease as to any of Said Land included in another drilling unit, and thereafter this Lease shall continue in effect as to each drilling unit so long and only so long as the well located on the applicable drilling unit continues to produce hereunder and so long thereafter as Lessee may be conducting operations on said well and drilling unit in the strata or stratum then covered hereby as to the applicable drilling unit with a view of developing and/or restoring production therefrom, and with no cessation of such operations on a well or wells thereon for more than sixty (60) days until production from such drilling unit and strata or stratum is restored or developed. It is the intention of the parties hereto that upon the cessation of continuous drilling operations by Lessee upon Said Land pursuant to this Paragraph 4, each drilling unit established for a well producing or capable of producing oil or gas in commercial quantities (subject to the above depth limitation), shall be treated as constituting a separate lease and neither production from nor operations on any one such drilling unit shall maintain this Lease in force as to any other lands covered hereby, and this Lease shall terminate as to all of Said Land not a part of any such drilling unit.

5. **Pooling.**

Lessee is hereby granted the right to pool or consolidate the land covered by this Lease, or any part or parts thereof as to all strata or any stratum, with any other land, lease or leases, or any part or parts thereof as to all strata or any stratum, adjoining or in the immediate vicinity thereof for the production of gas or oil, when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate the Leased Premises or to promote the conservation of gas or oil in and under and that may be produced therefrom; provided, however, the lands covered hereby may be pooled for purposes of oil production only in the event there is insufficient contiguous lands covered by this Lease to form a drilling unit for oil within a section. Pooling in one or more instances shall not exhaust the rights of Lessee hereunder to pool the Leased Premises or portions thereof into other or different drilling units. Drilling units pooled or consolidated for gas hereunder shall not exceed the number of acres specified for a gas well drilling unit and shall otherwise conform with the drilling units as set forth in Paragraph 4(g) of this Lease. Drilling or reworking operations or production on any part of the pooled acreage shall be treated for all purposes hereof as if such drilling or reworking operations are upon, or such production is from the lands described in this Lease included within such pooled unit, whether the well or wells be located on land covered by this Lease or not. The entire acreage included in a drilling unit shall be treated for all purposes, except for the payment of royalties on production from the drilling unit, as if it were included in this Lease. In the event of such pooling, Lessor shall receive on production from a drilling unit so pooled only such portion of the royalty stipulated herein as the amount of Lessor's acreage placed in the drilling unit or royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular drilling unit involved, subject to the provisions of Paragraph 4 hereof. Anything in this Lease to the contrary notwithstanding, in the event only a part or parts of the land covered by this Lease is pooled or consolidated with other land or lands, operations on or production from such pooled unit or units will maintain this Lease in force only as to the land covered hereby which is included in such unit or units and, following expiration of the Primary Term of this Lease, only as provided by Paragraph

4. This Lease may be maintained in force as to any land covered hereby and not included in such pooled unit or units in any manner provided in this Lease.

6. Obligations to Offset Producing Wells.

In the event a well or wells capable of producing oil or gas in commercial quantities shall be completed on lands within three hundred thirty feet (330') of the Leased Premises, Lessee agrees within one hundred twenty (120) days after the completion of any such well to commence drilling operations on an offset well located on the Leased Premises, as a reasonable and prudent operator would drill under the same or similar circumstances. Without limiting the foregoing, it shall be presumed that any oil or gas well producing within these defined distances shall be draining the Leased Premises; provided, however, that this presumption may be rebutted by Lessee with the burden of such proof being that of the Lessee. If Lessee shall fail to timely commence or drill such offset well, Lessee shall either:

- (a) Pay Lessor as compensatory damages, the royalties provided for herein on the equivalent production from the well or wells which create the offset obligation(s) on the Leased Premises, or
- (b) File a release of record covering that portion of Said Land located within the appropriate drilling unit or units which otherwise would be designated for such offset well or wells limited to the productive zones of such offset.

Any offset well drilled by Lessee hereunder shall be drilled into the same zone or zones as the producing zone or zones of the well to be offset and shall thereafter be operated by Lessee as a reasonably prudent operator to provide proper protection from drainage to the Leased Premises. If oil or gas is discovered on the land covered by this Lease, Lessee agrees to further develop the land covered by this Lease as a reasonable and prudent operator would under the same or similar circumstances.

7. THIS SECTION INTENTIONALLY DELETED.

8. Operations.

Lessee shall conduct all operations hereunder at its sole cost, risk and expense and shall be and remain fully responsible for all such operations. Lessee assumes all risks and liability of any kind and nature incident to, occasioned by or resulting in any manner, directly or indirectly, from Lessee's operations hereunder, and Lessee agrees to keep the Leased Premises duly and fully free from and protected against liens of every character arising in connection with and resulting from such operations.

9. Lessee's Indemnification.

Lessee agrees to protect, indemnify and hold harmless Lessor, its officers, directors, agents and employees from every kind and character of liens, damages, losses, expenses, demands, claims and causes of action claimed by or arising in favor of any person, firm or corporation whatsoever, including without limitation Lessee, its officers, directors, agents, employees and its contractors or subcontractors, or their officers, directors, agents and employees on account of personal injuries, death claims or damages to property or any persons arising from any causes whatsoever (including, but not limited to, pollution of air, water, land, minerals, animal and botanical life and any other natural resources and the violation or claimed violation of any and all federal, state and local pollution control or other environmental laws now in effect or which may hereafter become effective) caused by the operations conducted by Lessee or its contractors or subcontractors or to the entrance of Lessee or its officers, directors, agents or employees on the Leased Premises under color of this Lease. Lessee, at its own expense, shall defend any suit or action brought against Lessor based on any such alleged injury, death or damage and shall pay all damages, costs and expenses, including attorneys' fees, in connection therewith, or in any manner resulting therefrom, but Lessor shall have the right to participate in said suit or action if it so elects, at Lessor's expense.

10. Lessor's Reservation.

This Lease does not include and there is hereby excepted and reserved to Lessor all of the sulphur (except as may be recovered pursuant to the provisions of Paragraph 3(d) hereof), coal, lignite, uranium and other fissionable materials, geothermal energy (including entrained methane, hydrostatic pressure and thermal energy), base and precious metals and any other mineral substances (excepting only oil, liquid hydrocarbons, gas and respective constituent products expressly covered under this Lease) owned by Lessor in, under or upon the Leased Premises for purposes of exploration of the minerals reserved herein by Lessor and its mineral lessees. Lessor and Lessee shall each conduct their respective operations on the Leased Premises as not to unreasonably interfere with the operations or activities of the other.

11. Alienation of Interest.

The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns of the parties hereto; provided, however, that any such assignment by Lessee without the prior written consent of Lessor, which consent shall not be unreasonably withheld, shall result in Lessee remaining liable hereunder for the performance of its assignee's obligations under this Lease however such consent shall not be necessary for the conveyance to officers of Lessee. If any assignment is made of this Lease, or any portion thereof, the assignee(s) shall within thirty (30) days after the date of such assignment notify Lessor in writing of the name

and current address of the assignee(s), which notice shall also identify the lease and property involved and the interest assigned. 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, nor shall any such change or division be binding upon Lessee for any purpose until the party acquiring any interest has furnished Lessee with the instrument or instruments, or recorded copies thereof, constituting its chain of title from Lessor. If Lessee or any assignee of a segregated 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 comply with all other provisions hereof.

12. Assumption of Liabilities and Responsibilities.

Notwithstanding the foregoing, if Lessee elects to assign any part or all of Lessee's rights and interests hereunder, Lessee shall then require assignee to assume all liabilities and responsibilities to Lessor for all surface and subsurface damages which may be caused to the Leased Premises, after the effective date of any such assignment. Lessee, its successors and assigns, shall comply with all valid laws, rules and regulations affecting the Leased Premises and all operations thereon, and Lessee does hereby indemnify and agree to hold Lessor harmless from all claims, causes of action, costs and expenses relating to such operations of Lessee.

13. Force Majeure.

Lessee shall not be liable for delays or defaults in its performance of any agreement or covenant hereunder (other than any agreement or covenant which relates to the payment of money) and this Lease shall not terminate because of delays in drilling operations due to force majeure and upon Lessee giving notice and full particulars of such force majeure in writing or by fax to Lessor as soon as possible after the occurrence of the cause relied on, the obligations of Lessee and the running of any period described in Paragraphs 4(a), (b) or (e), so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused by such force majeure and for no longer period, and such cause shall, as far as possible, be remedied with all reasonable dispatch. The term "force majeure" as employed herein shall mean any act of God, including but not limited to storms, floods, washouts, landslides and lightning, inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, war, sabotage, riot, strike or labor disputes, failure of purchasers or transporters to take or transport production, or any other cause not reasonably within Lessee's control. This Lease is expressly made subject to, and Lessee in its operations hereunder shall comply with applicable requirements of all federal and state laws, and rules and regulations of any governmental authority, state or federal, having jurisdiction in the premises, and nothing herein contained shall be construed as requiring Lessee to violate any such laws, rules or regulations or to penalize Lessee for complying therewith. If any period of suspension exists or occurs during the Primary Term, the time thereof shall be added to such term; provided, however, that in no event shall the term hereof be extended for a cumulative period of more than six (6) months solely by reason of this Paragraph 13.

14. Notice of Operations and Drilling Report.

Lessee agrees to fax or email to Lessor and its authorized representatives, on a daily basis, a drilling report on each well drilled on Said Land or land pooled therewith, such daily drilling report to include a description of activities during the preceding twenty-four (24) hour period, together with other data pertinent to the operations being conducted with respect to each such well, Lessee agrees to furnish to Lessor, as directed by Lessor, copies of all forms filed with the Arkansas Oil and Gas Commission and related correspondence to and from said agency.

15. Well Information.

Lessor shall have the right, personally or by representative, at Lessor's risk, to have access to the derrick floor on all wells drilled on the Leased Premises to observe all operations, inspect and take samples of all cores and cuttings, and witness the taking of all cores, electrical logs and drill stem tests and Lessee agrees to give Lessor advance notice not less than forty-eight (48) hours prior to any coring, logging or testing operations so that Lessor may have a representative present to witness same. Upon request by Lessor, Lessee shall furnish Lessor with copies (field and final) of all electrical logs taken, promptly after taking same, and copies of each well log promptly after completion of each well drilled on the Leased Premises. Lessee agrees to promptly divulge to Lessor true and correct information as requested by Lessor as to each well, the production therefrom and such technical information as Lessee may acquire with respect to the lithology and formations encountered in such wells. Lessor or Lessor's designated agents shall have the right to be present when wells and/or tanks are gauged and measured, and shall have the right to examine all run tickets and gas measurement charts and to have full information as to production and runs, including, but not limited to, being furnished with a complete copy of any gas sales contract entered into covering any gas produced from the lands subject to this Lease, together with any modifications thereof and associated data used in determining sales price or volume. Lessor and its representatives shall also have the right, upon fifteen (15) days written notice to Lessee, at Lessee's offices during regular business hours, to inspect, examine and make copies of and extracts from Lessee's books, records, accounts, contracts, commitments and agreements as such relate to the Leased Premises, operations thereon or production therefrom (including, without limitation, the information referred to above), but in no event shall Lessor have any access to any interpretive data, materials, reports, maps or records. Lessor understands that the information to be furnished as recited above is confidential and Lessor agrees to maintain such information as confidential for so long as Lessee maintains such information as confidential, unless Lessor is required to report such

information to its stockholders under applicable law. Lessor may use such information in its ordinary course of business.

Further, all information required pursuant to this Section 15 shall be furnished to Lessor by Lessee in accordance with the "Data Requirement Form," attached hereto as Exhibit "B."

16. **Special Warranty of Title.**

This Lease is made and accepted by Lessee with warranty of title as to matters arising by, through or under Lessor. Except as provided in the preceding sentence, this Lease is made and accepted without any covenant of title or warranty of any kind, either express or implied, and without recourse against Lessor. If Lessor's interest in the minerals covered by this Lease in, on and under the Said Land is less than the undivided fee simple estate to the entirety thereof, then Lessor agrees that the royalties provided in this Lease shall be paid to Lessor in the proportion which Lessor's interest bears to the entire and undivided fee simple estate therein. Lessee agrees to deliver to Lessor copies of all title opinions and related curative documents covering the lands subject to this Lease within thirty (30) days of receipt of such opinions or documents by Lessee and Lessor shall rely upon same at its sole risk and shall keep same confidential for so long as Lessee maintains such information as confidential, unless Lessor, in its sole opinion, be required to report such information to its stockholders.

17. **Lease Amendments.**

It is agreed that neither this Lease nor any terms or provisions hereof shall be altered, amended, extended or ratified by any division order or transfer order executed by Lessor, its officers, directors, agents, employees, successors, or assigns, but that any division orders or transfer orders shall be solely for the purposes of confirming the extent of Lessor's interest in oil, liquid hydrocarbons, gas or respective constituent products produced from the Leased Premises, or any land or lands pooled therewith. Any amendment, alteration, extension or ratification of this Lease or of any term or provision of this Lease shall be made by an instrument in writing clearly denominated as to its purpose and effect, describing the specific terms or provisions of the lease affected and the proposed change or modification thereof, and executed by the party against whom any such amendment, alteration, extension or ratification is sought to be so enforced, and any purported amendment, alteration, extension or ratification not so drafted and executed shall be of no force and effect.

18. **Notice.**

Any notice or other communication permitted or required under the terms hereof shall be in writing and, unless otherwise specified, be deemed properly given on the date personally delivered and/or received by the addressee. Notices mailed shall be sent by postage prepaid United States certified mail, return receipt requested, addressed to Lessor or Lessee at the address set forth, as follows, or to such other address as may hereafter be designated by either party to the other by written notice. Notice given in any other manner shall be effective only if and when received.

1. **Lessor:** **Dorchester Minerals, L.P.**
3838 Oak Lawn Avenue, Suite 300
Dallas, Texas 75219
2. **Lessee:** **Chesapeake Exploration Limited Partnership**
6100 N. Western Ave.
Oklahoma City, Oklahoma 73118

19. **Release.**

Upon expiration or termination of this Lease for any reason as to all or any portion of the Leased Premises, Lessee shall be obligated at its expense promptly to prepare, execute and file in the public records in the county in which Said Land or a portion thereof is located, an appropriate release instrument covering all or such portion of Said Land, and to forward a copy of same as so recorded to Lessor within thirty (30) days after such expiration or termination date. If, after a written request by Lessor, Lessee shall fail to timely file an appropriate release instrument within thirty (30) days, then Lessor may execute and file of record such a Release or Partial Release, which shall be binding upon Lessee, and this Lease shall be deemed terminated as to the land and/or depth covered by such Release. The provisions of this paragraph shall apply each time that a termination occurs.

20. **Retention of Rights to Facilities.**

Notwithstanding the termination of this Lease under the provisions contained herein, as to part or parts of the Leased Premises, it is agreed that Lessee shall have and retain the right to maintain and use (after such termination) all roads, pipelines and other installations of Lessee (and Ingress and egress to and from same) which may be located on such part or parts of the Leased Premises as to which this Lease may have terminated, so long as such roads, pipelines and installations are useful in Lessee's operations under this Lease, but not otherwise.

21. Attorney's Fees for Enforcement of Lessor's Rights.

If Lessor elects to employ an attorney to enforce any of Lessor's rights hereunder and the dispute is resolved in favor of Lessor, Lessee shall pay Lessor for all such reasonable attorney's fees and all court costs and expenses incurred by Lessor with respect to any such proceeding.

22. Recording of Memorandum.

In lieu of filing this Lease of record in the County Clerk's office of the county in which the Leased Premises are located, Lessor and Lessee agree that a Memorandum of Oil and Gas Lease shall be filed of record in said county.

23. During the Term of this Lease, Lessee shall at its expense, maintain in force and effect minimum insurance in accordance with the provisions of Exhibit "C" attached hereto.

24. This Lease is made specifically subject to the terms and provisions of that certain unrecorded letter agreement dated March 30, 2006 by and between Lessor and Lessee.

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

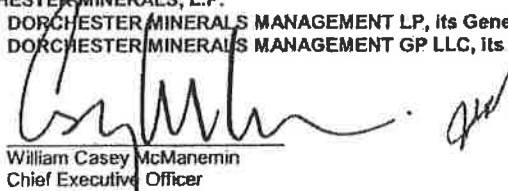
LESSOR

DORCHESTER MINERALS, L.P.

By: DORCHESTER MINERALS MANAGEMENT LP, its General Partner

By: DORCHESTER MINERALS MANAGEMENT GP LLC, its General Partner

By:



William Casey McManemin
Chief Executive Officer

LESSEE

CHESAPEAKE EXPLORATION
LIMITED PARTNERSHIP

By:

Henry J. Hood

Its: Senior Vice President - Land and Legal,
Chesapeake Operating, Inc., general partner
of Chesapeake Exploration Limited Partnership

ACKNOWLEDGEMENTS

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

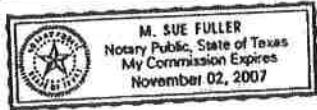
Before me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared William Casey McManemin, known to me to be the person and office whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said DORCHESTER MINERALS MANAGEMENT GP LLC, a Delaware limited liability company, the General Partner of DORCHESTER MINERALS MANAGEMENT LP, a Delaware limited partnership, the General Partner of DORCHESTER MINERALS, L.P., a Delaware limited partnership, and that he executed the same as the act of said partnership for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal this the 27th day of June 2006.

My Commission Expires:

11-2-07

M. Sue Fuller
Notary Public, State of Texas



STATE OF OKLAHOMA §
 §
COUNTY OF OKLAHOMA §

This instrument was acknowledged before me this _____ day of _____ 2006, by Henry J. Hood, Senior Vice President - Land and Legal, Chesapeake Operating, Inc., general partner of Chesapeake Exploration Limited Partnership.

Notary Public for the State of Oklahoma

My Commission Expires:

[SEAL]

Exhibit "A"

Attached hereto and made a part of that certain Oil and Gas Lease dated June 27, 2006, by and between Dorchester Minerals, L.P., Lessor, and Chesapeake Exploration Limited Partnership, Lessee, covering lands in White County, Arkansas

Section 18, Township 8 North, Range 6 West
SW/4 NW/4, containing 40 acres, more or less.

Section 13, Township 8 North, Range 7 West
SE/4 NE/4, containing 40 acres, more or less.

Section 22, Township 9 North, Range 6 West
NE/4, containing 160 acres, more or less.

Section 23, Township 9 North, Range 6 West
SW/4 NW/4, containing 40 acres, more or less.
S/2 SE/4 and SE/4 SW/4, containing 120 acres, more or less.

Section 27, Township 9 North, Range 6 West
SE/4 SE/4, containing 40 acres, more or less.

Section 35, Township 9 North, Range 6 West
SE/4 NW/4 and N/2 NW/4, containing 120 acres, more or less.

Exhibit "B"

Attached hereto and made a part of that certain Oil and Gas Lease dated June 27, 2006, by and between Dorchester Minerals, L.P., Lessor, and Chesapeake Exploration Limited Partnership, Lessee, covering lands in White County, Arkansas

"Data Requirement Form"

1. Approved drilling permit including location plan or survey.
2. Daily drilling and completion reports including notification of spud and first sales transmitted by email.
3. Composite/cumulative daily drilling and completion reports from spud to first sales transmitted by email or mail.
4. Hard copy of final prints of all wellbore surveys, including but not limited to mud logs, directional surveys, electric, porosity, sonic, cement bond, and interpretive logs (MRI, NMR etc). Any of these surveys, or portions thereof, available on a daily basis via email should be transmitted as well.
5. Hard copy of well tests, shut-in and flowing bottom-hole or surface pressure tests, fluid analyses, drill-stem tests, pressure transient data and interpretations thereof.
6. Complete copies of drillsite and division order title opinions covering subject lands and lands pooled therewith.

Contact Info:

Email Address: drillingreports@dmlp.net
Facsimile Number: 214.559.0933
Mailing Address: 3838 Oak Lawn Avenue
Suite 300
Dallas, Texas 75219-4541

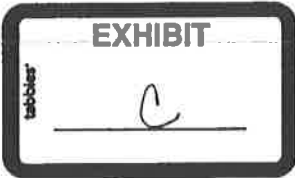
EXHIBIT "C"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND GAS LEASE
DATED JUNE 27, 2006 BY AND BETWEEN DORCHESTER MINERALS, L.P., AS LESSOR
AND CHESAPEAKE EXPLORATION LIMITED PARTNERSHIP, AS LESSEE

Lessee shall procure and maintain, at all times while conducting operations under this Agreement, the following insurance coverages with limits not less than those specified below:

- | | | |
|----|---|--------------------------------------|
| A. | Worker's Compensation | Statutory |
| | Employer's Liability | \$100,000 each accident |
| B. | Comprehensive General Liability including: | |
| | (a) property damage and bodily injury liability including, but not limited to, losses resulting from explosion, collapse, underground damage; and | |
| | (b) contractual liability assumed under this Agreement. | \$1,000,000 Combined single limit |
| C. | Comprehensive Automobile Liability covering owned, non-owned and hired vehicles. | \$1,000,000 Combined single limit |

Upon request, Lessee shall provide Lessor with a certificate of insurance providing evidence of the coverages required above which will include a 30 day notice of cancellation.



OIL AND GAS LEASE

STATE OF ARKANSAS §
 §
COUNTY OF CLEBURNE §

THIS Oil, Gas and Liquid Hydrocarbon Lease is entered into and effective as of June 27, 2006 (the "Effective Date"), by and between DORCHESTER MINERALS, L.P., a Delaware limited partnership, hereinafter referred to as "Lessor," whose address is 3838 Oak Lawn Avenue, Suite 300, Dallas, Texas 75219, and CHESAPEAKE EXPLORATION LIMITED PARTNERSHIP, 6100 N. Western Avenue, Oklahoma City, Oklahoma 73118, hereinafter referred to as "Lessee."

WITNESSETH:

1. Lessor, in consideration of Ten and No/100 Dollars (\$10.00) in hand paid, of the royalties herein provided and of the agreements of Lessee hereinafter contained, hereby grants, leases and lets exclusively unto Lessee for the sole purpose of exploring by geophysical or other means, prospecting, drilling, operating for and producing oil, liquid hydrocarbons, gas and respective constituent products, laying pipelines, building tanks, power stations, telephone lines and roads and constructing, maintaining and removing other structures, improvements, equipment and facilities thereon to produce, save, care for, treat, process, store, and transport said products from the lands leased hereunder in Cleburne County, Arkansas, which are more fully described as follows:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

comprising 220.0 gross acres, more or less, which lands are sometimes referred to as "Said Land".

2. **Term.**

Subject to the other provisions herein contained, this Lease shall be for a term of Five (5) Years from the date hereof (herein called "Primary Term") and as long thereafter as oil, liquid hydrocarbons, gas or respective constituent products, or any of them, is produced in commercial quantities from Said Land, or from lands with which Said Land may be pooled or unitized, or drilling or reworking operations are conducted thereon, as provided herein.

3. **Royalties.**

(a) **Royalty On Oil.** On all oil (including any other liquid hydrocarbons) the sum of Twenty-Five Percent (25.0%) of the value of the gross production, said value to be the proceeds received by Lessee. Lessee may, from time to time, purchase any royalty oil (including any other liquid hydrocarbons) paying therefore, on the date it is run to the pipeline or storage tanks, at the same proceeds received by Lessee for the sale thereof.

(b) **Royalty on Gas.** On gas, including casinghead gas or other gaseous substances, produced and saved from the premises [other than for processing at a plant as described in Paragraph 3(d) hereof], Twenty-Five Percent (25.0%) of the proceeds received from any sale of such gas at the point of sale or delivery of the gas produced and saved. Any deduction for the expenses of production, gathering, dehydration, compression, transportation, (except non-affiliated transportation charges incurred on interstate pipelines regulated by the Federal Energy Regulatory Commission and/or pipelines whose transportation rates are regulated by the State of Arkansas. Said transportation charges will be limited to direct for amounts of Lessor's gas transported and Lessee will not be able to deduct charges for unutilized pipeline capacity.), manufacturing, processing, treating or marketing of such gas shall be added to the price received by Lessee for such gas so that Lessor's royalty shall not be charged directly or indirectly with any such expenses. Provided, however the proceeds from any such well shall always be equal to or greater than the proceeds received from sales in the field or prevailing area whichever is the greater, but not less than received by Lessee or any of its affiliates, exclusive of the above enumerated expenses except for those transportation charges incurred in a regulated pipeline system as set forth above.

(c) **Royalty on Gas Liquids by Lease Operations.** If the gas from any gas well situated on the lands covered hereby should be sufficiently impregnated with gasoline, condensate or other hydrocarbons in suspension that paying quantities of such gasoline, condensate or other hydrocarbons can be separated from said gas and liquefied as a practical lease operation by the installation of traps, separators or other devices ordinarily used in the industry for such purpose, then Lessee agrees to install upon the lands covered hereby such device or devices to the end that so much of said gasoline, condensate or other hydrocarbons as can be separated and liquefied through the use of such devices, before marketing, be recovered and Lessor shall receive its royalty as specified in Paragraph 3(a) hereof on such gasoline, condensate or other hydrocarbons recovered in such manner, together with royalty on residue gas in the amount and determined as provided in Paragraph 3(b) of this Lease.

(d) **Royalty on Gas Processed by Plant Operations.** If gas or casinghead gas (or separated gas resulting from field separation) produced from the lands covered hereby is processed by or for the

account of Lessee (or any company or any other entity with which Lessee is affiliated by stock ownership or otherwise) for the recovery of liquid hydrocarbons therefrom in a gas processing, absorption, stripping or similar plant, then in lieu of royalties provided in Paragraph 3(b) hereof, Lessor shall receive a royalty of Twenty-Five Percent (25.0%) of the market value at the plant of all liquid hydrocarbons and mineral by-products including sulphur, if any, recovered and saved in such plant and attributable to gas produced from Said Land, without any deductions for any indirect or direct costs (amortization and depreciation on pipeline and plant investment and indirect overhead associated therewith) of processing such gas in the plant for the recovery of such liquid hydrocarbons plus a royalty on residue gas resulting from such plant operations attributable to gas production from said Land of Twenty-Five Percent (25.0%) of the proceeds received from any sale of such residue gas at the tailgate of the plant, subject however to the provisions of the last sentence of Paragraph 3(b) hereof. It is expressly provided, however, that the total royalties payable to Lessor under this Paragraph 3(d) shall never be less than the royalties that would have been paid to Lessor under Paragraph 3(b) if the gas were marketed pursuant to such Paragraph 3(b).

(e) **Right to Use Production.** Lessee shall have free use of oil, liquid hydrocarbons, gas and respective constituent products from said Land for operations hereunder. Royalties shall be computed after deducting any production so used.

(f) **Royalties Free of All Costs.** The royalties provided in this Paragraph 3 shall be determined and delivered to Lessor free of any development, production, gathering, separating, storing, dehydration, treating, compression, processing, marketing, manufacturing, transportation, delivery or like costs except as provided for in 3 (b) above, and except however, taxes applicable to Lessor's share of production which are actually paid by Lessee or deducted by the purchaser of production, and are not reimbursed or refunded to Lessee.

(g) **Shut-In Royalty.** If at any time during the Primary Term, subject to the provisions of Paragraph 4(d) hereof, Lessee shall have completed a well or wells on the lands covered hereby, or lands pooled or unitized therewith which are capable of producing gas in commercial quantities but are shut-in with the result that gas is not produced and sold or used, Lessee may pay as shut-in royalty to Lessor for each shut-in well on or before the expiration of ninety (90) days after (i) the date of completion of such gas well, or (ii) the date such gas ceased to be sold or used from such well, as the case may be, and at yearly intervals thereafter, an amount equal to Five Hundred Dollars (\$500) for each such well, and upon making said payment, it will be considered that each well is producing gas in commercial quantities within the meaning of this Lease during the year for which each such payment is so made. In like manner and upon like payments being made yearly on or before the expiration of the last day of the year following the preceding year for which such payment or tender has been made, it will be considered that said well or wells are producing in commercial quantities for successive periods of one (1) year each. In the event a well capable of producing gas in commercial quantities is shut-in at or subsequent to the expiration of the Primary Term, this Lease may be continued in force by payment of shut-in royalty as provided herein, but only as to the lands covered by this Lease included within the drilling unit for such well for a period not to exceed two consecutive years from the date the well is shut-in. As used in this Lease, the term "drilling unit" has the meaning given such term by Section 15-72-302 of the Arkansas Code. Following the expiration of the two (2) year shut-in period referenced in the preceding sentence, the shut-in royalty payment shall increase to Seven Hundred and Fifty Dollars (\$750.00) per year for each such shut-in well. Provided however, at or subsequent to the expiration of the Primary Term of this Lease, the payment of shut-in royalty as provided herein shall not maintain this Lease as to the lands within a drilling unit for a well for a period, or cumulative shut-in periods, to exceed of three (3) consecutive years from the date the well is first shut-in. The shut-in payments due Lessor shall not be subject to proportionate reduction.

(h) **Payment of Royalty.** Accounting and payment to Lessor of royalties from the first production oil, liquid hydrocarbons, gas or respective constituent products as herein provided shall commence thirty (30) days following the receipt by Lessee of proceeds of any sale, or the use of such production, but no later than one hundred eighty (180) days after the date of first production, whichever is the earliest. Thereafter, unless otherwise specifically provided herein, all accountings and payments of royalties shall be made on or before the last day of the second calendar month following the calendar month in which such production occurred. Unless otherwise expressly provided, if royalties are not paid to Lessor within the time period specified, Lessee shall pay to Lessor interest at ten percent (10%) per annum for each day overdue to a maximum of one hundred, twenty (120) days. The obligation of Lessee to pay Lessor's royalty to Lessor, either in kind or as proceeds from production, shall be absolute and unconditional, and shall not be subject to any defense (other than payment) or any right of setoff, recoupment, counterclaim, abatement or otherwise. Acceptance by Lessor, its successors, agents or assigns, of royalties which are past due shall not act as a waiver or estoppel of its right to receive or recover any royalties due under the provisions hereof, unless the written acceptance or acknowledgment by Lessor to Lessee expressly so provides. Any tender or payment to Lessor of a sum less than the total amount due to Lessor hereunder which is made or intended to be made as an offer of settlement or accord by or on behalf of Lessee, its agents, successors or assigns, must be accompanied by a Notice of Settlement Offer, so denominated, addressed to Lessor's address set out on page 1 of this Lease (or such other address as shall be specified by written notice to Lessee). Any such offer of settlement submitted solely by the tender of a check containing language of settlement or accord printed or otherwise inserted thereon shall not be deemed an offer of settlement or accord, unless preceded or accompanied by such a Notice of Settlement Offer, nor shall the negotiation of such check constitute an acceptance of the terms of settlement or accord contained thereon.

(i) **Marketing of Royalty.** Notwithstanding the provisions of this Paragraph 3 to the contrary, Lessor shall have the right and option, but not the obligation, to take in kind Lessor's royalty share of all oil and/or liquid hydrocarbons, gas and respective constituent products produced under the terms of this Lease

and to separately market same for Lessor's own account. Lessor's option may be exercised at any time, and from time to time, by Lessor giving Lessee not less than sixty (60) days advance written notice. In the event Lessor elects to take in kind and separately market Lessor's royalty gas, Lessee agrees to deliver such gas to Lessor, at Lessor's option, at the wellhead after separation and dehydration has been completed. All other costs and expenses attributable to Lessor's election to separately market Lessor's royalty share of production shall be borne by Lessor. Should Lessor elect not to take in kind its royalty share of any such production hereunder after having done so, Lessor shall notify Lessee by giving Lessee not less than sixty (60) days advance written notice of Lessor's desire to no longer take said royalty in kind and it shall be Lessee's obligation to market said production for Lessor and to pay Lessor's royalty according to the other terms of this Lease. An election by Lessor to take in kind or have Lessee market Lessor's royalty share of such production shall be effective for a period of not less than twelve (12) months.

4. Maintenance of Lease by Operations.

Subject to the other provisions of this Lease, during and following the expiration of the Primary Term, the following provisions as applicable shall govern:

(a) **Drilling Operations to Continue Lease at Expiration of the Primary Term.** If at the expiration of the Primary Term hereof, no oil, liquid hydrocarbons, gas or respective constituent products (collectively referred to in this Paragraph 4 as "oil and gas") is being produced from Said Land, or Lands pooled therewith but Lessee is then engaged in drilling operations thereon or Lands pooled therewith, then this Lease will continue in effect during said drilling operations if prosecuted in a good and workmanlike manner as a prudent operator, to completion as a producer in commercial quantities or as a dry hole. If the drilling operations result in a dry hole, Lessee has the right to further maintain the Lease in effect upon the commencement of drilling operations within the sixty (60) day period and manner as provided in Paragraph 4(b) below. If the said drilling operations result in a well producing in commercial quantities, the Lease will continue in effect in the manner and for the time specified in Paragraph 4.

(b) **Operations Upon Drilling a Dry Hole or Cessation of Production.** If after the expiration of the Primary Term of the Lease, Lessee (i) drills a dry hole on lands covered hereby and no oil and gas is being produced therefrom, or (ii) in the event production of oil and gas from the lands covered hereby should at any time cease for any cause [and shut-in royalty shall not be payable as provided in Paragraph 3(g) and the Lease is not otherwise held in effect by another provision hereof], this Lease shall continue in effect as to the lands covered hereby for a period of sixty (60) days from the completion of such dry hole or cessation of production and may be continued thereafter if Lessee restores production or commences drilling operations on the land covered hereby within said sixty (60) day period and so long as drilling operations are prosecuted with reasonable diligence in a good faith manner, with no cessation of more than thirty (30) consecutive days and thereafter as long as oil or gas is produced in commercial quantities from the land covered hereby, subject to the provisions of Paragraph 4.

(c) **Definitions.** The term "drilling operations" whenever used in this Lease shall mean and include operations for drilling a well, reworking operations and reconditioning, deepening, plugging back, cleaning out, repairing or testing of a well being conducted with equipment customarily used in the industry for such operations, in a prudent manner with reasonable diligence in a bona fide good faith effort to obtain or restore the production of oil or gas in commercial quantities. For all purposes of this Lease, drilling operations shall be deemed to be prosecuted with reasonable diligence when prosecuted in good faith without the cessation of more than sixty (60) consecutive days. For purposes of this Lease:

- (i) The day of commencement of drilling operations on a well shall be that date upon which the surface of the earth is penetrated by the drilling bit, using a drilling rig capable of drilling the well to its permitted depth;
- (ii) The completion date of such well which results in commercial production shall be thirty (30) days after that day upon which final open hole electrical surveys are made of the hole;
- (iii) The completion date of a well which results in a dry hole and is abandoned shall be the day upon which the last plug is set (excluding any cement plug or plate welded on abandoned casing at or just below ground surface); and
- (iv) As to all other operations on a well, the date of commencement of the applicable operation shall be the date on which the equipment required to conduct such operations in the manner specified herein has been installed on the well and the actual operation thereof has commenced; and the completion or cessation of any such operations shall be deemed to have occurred on the earlier of the date such operations are discontinued or the date such equipment is removed from the well.

Lessee shall notify Lessor in writing as to the date (1) drilling operations are commenced on each well, (2) each well is completed and (3) each well is shut-in, same to be furnished to Lessor with reasonable dispatch; such notice to be accompanied by a copy of any appropriate form required by the Arkansas Oil and Gas Commission.

(d) **Lands Held Upon Expiration of Primary Term.** Upon expiration of the Primary Term and completion of continuous drilling operations, this Lease shall remain effective only as to those lands covered

by this Lease which are (i) included within a drilling unit upon which a well is situated that is producing oil or gas or capable of producing gas in commercial quantities with shut-in royalties having been properly paid, and/or (ii) included within a drilling unit upon which Lessee is engaged in drilling operations conducted pursuant to Paragraph 4(a) or 4(b), and if such operations result in commercial production of oil or gas, this Lease shall remain effective as to such drilling unit so long thereafter as oil or gas is produced in commercial quantities from such drilling unit, or if operations are conducted thereon as provided for herein.

(e) **Continuous Drilling Operations.** After expiration of the Primary Term and upon completion of operations under Paragraph 4(c)(ii) or 4(c)(iii) above, this Lease shall remain in force for as long as Lessee is conducting continuous drilling operations on the Leased Premises, or lands pooled therewith. Drilling operations shall be deemed continuous if no more than one hundred twenty (120) days elapse between the completion date on one well and commencement of drilling operations on the next well.

(f) **Lands Held as to Depth Limitations Upon Expiration of Primary Term.** Upon expiration of the Primary Term and completion of continuous drilling operations under Paragraph 4(e) above, this Lease shall terminate as to all depths which are one hundred (100) feet below the base of the deepest formation to which production casing is set in each drilling unit, provided however, in the event no productive perforated interval exists in any well upon expiration of the Primary Term and completion of continuous drilling operations under Paragraph 4(e) above, but thereafter a well is completed on a drilling unit as provided herein, then, in such an event, this Lease shall thereupon terminate as to all depths which are one hundred (100) feet below the base of the deepest formation to which production casing is set in the respective drilling unit for each such well completed after the expiration of the Primary Term and after completion of continuous drilling operations.

(g) **Units Prescribed by Governmental Authority.** In the event any federal or state law, or any order, rule or regulation of the statewide conservation agency or commission having jurisdiction prescribes or permits a spacing pattern for the development of the field that is larger than the drilling unit described in Section 15-72-302 of the Arkansas Code, or prescribes or permits a producing allowable in whole or in part based on surface acreage per well, then any drilling unit retained hereunder may include as much additional surface acreage as may be so prescribed or permitted as may be used in such allocation or allowable. Lessee, to the extent a reasonable prudent Operator would do so, shall form each drilling unit so as to best utilize all available acreage covered by this Lease and so as not to leave acreage outside of a drilling unit which cannot be utilized or included in subsequently created drilling units.

(h) **Lease Maintained Only as to Each Pooled Unit.** On the partial termination of this Lease as to all or parts of Said Land pursuant to this Paragraph 4, the leasehold rights in each drilling unit must be separately maintained hereunder and production from or operations on one drilling unit shall not maintain this Lease as to any of Said Land included in another drilling unit, and thereafter this Lease shall continue in effect as to each drilling unit so long and only so long as the well located on the applicable drilling unit continues to produce hereunder and so long thereafter as Lessee may be conducting operations on said well and drilling unit in the strata or stratum then covered hereby as to the applicable drilling unit with a view of developing and/or restoring production therefrom, and with no cessation of such operations on a well or wells thereon for more than sixty (60) days until production from such drilling unit and strata or stratum is restored or developed. It is the intention of the parties hereto that upon the cessation of continuous drilling operations by Lessee upon Said Land pursuant to this Paragraph 4, each drilling unit established for a well producing or capable of producing oil or gas in commercial quantities (subject to the above depth limitation), shall be treated as constituting a separate lease and neither production from nor operations on any one such drilling unit shall maintain this Lease in force as to any other lands covered hereby, and this Lease shall terminate as to all of Said Land not a part of any such drilling unit.

5. **Pooling.**

Lessee is hereby granted the right to pool or consolidate the land covered by this Lease, or any part or parts thereof as to all strata or any stratum, with any other land, lease or leases, or any part or parts thereof as to all strata or any stratum, adjoining or in the immediate vicinity thereof for the production of gas or oil, when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate the Leased Premises or to promote the conservation of gas or oil in and under and that may be produced therefrom; provided, however, the lands covered hereby may be pooled for purposes of oil production only in the event there is insufficient contiguous lands covered by this Lease to form a drilling unit for oil within a section. Pooling in one or more instances shall not exhaust the rights of Lessee hereunder to pool the Leased Premises or portions thereof into other or different drilling units. Drilling units pooled or consolidated for gas hereunder shall not exceed the number of acres specified for a gas well drilling unit and shall otherwise conform with the drilling units as set forth in Paragraph 4(g) of this Lease. Drilling or reworking operations or production on any part of the pooled acreage shall be treated for all purposes hereof as if such drilling or reworking operations are upon, or such production is from the lands described in this Lease included within such pooled unit, whether the well or wells be located on land covered by this Lease or not. The entire acreage included in a drilling unit shall be treated for all purposes, except for the payment of royalties on production from the drilling unit, as if it were included in this Lease. In the event of such pooling, Lessor shall receive on production from a drilling unit so pooled only such portion of the royalty stipulated herein as the amount of Lessor's acreage placed in the drilling unit or royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular drilling unit involved, subject to the provisions of Paragraph 4 hereof. Anything in this Lease to the contrary notwithstanding, in the event only a part or parts of the land covered by this Lease is pooled or consolidated with other land or lands, operations on or production from such pooled unit or units will maintain this Lease in force only as to the land covered hereby which is included in such unit or units and, following expiration of the Primary Term of this Lease, only as provided by Paragraph

4. This Lease may be maintained in force as to any land covered hereby and not included in such pooled unit or units in any manner provided in this Lease.

6. Obligations to Offset Producing Wells.

In the event a well or wells capable of producing oil or gas in commercial quantities shall be completed on lands within three hundred thirty feet (330') of the Leased Premises, Lessee agrees within one hundred twenty (120) days after the completion of any such well to commence drilling operations on an offset well located on the Leased Premises, as a reasonable and prudent operator would drill under the same or similar circumstances. Without limiting the foregoing, it shall be presumed that any oil or gas well producing within these defined distances shall be draining the Leased Premises; provided, however, that this presumption may be rebutted by Lessee with the burden of such proof being that of the Lessee. If Lessee shall fail to timely commence or drill such offset well, Lessee shall either:

- (a) Pay Lessor as compensatory damages, the royalties provided for herein on the equivalent production from the well or wells which create the offset obligation(s) on the Leased Premises, or
- (b) File a release of record covering that portion of Said Land located within the appropriate drilling unit or units which otherwise would be designated for such offset well or wells limited to the productive zones of such offset.

Any offset well drilled by Lessee hereunder shall be drilled into the same zone or zones as the producing zone or zones of the well to be offset and shall thereafter be operated by Lessee as a reasonably prudent operator to provide proper protection from drainage to the Leased Premises. If oil or gas is discovered on the land covered by this Lease, Lessee agrees to further develop the land covered by this Lease as a reasonable and prudent operator would under the same or similar circumstances.

7. THIS SECTION INTENTIONALLY DELETED.

8. Operations.

Lessee shall conduct all operations hereunder at its sole cost, risk and expense and shall be and remain fully responsible for all such operations. Lessee assumes all risks and liability of any kind and nature incident to, occasioned by or resulting in any manner, directly or indirectly, from Lessee's operations hereunder, and Lessee agrees to keep the Leased Premises duly and fully free from and protected against liens of every character arising in connection with and resulting from such operations.

9. Lessee's Indemnification.

Lessee agrees to protect, indemnify and hold harmless Lessor, its officers, directors, agents and employees from every kind and character of liens, damages, losses, expenses, demands, claims and causes of action claimed by or arising in favor of any person, firm or corporation whatsoever, including without limitation Lessee, its officers, directors, agents, employees and its contractors or subcontractors, or their officers, directors, agents and employees on account of personal injuries, death claims or damages to property or any persons arising from any causes whatsoever (including, but not limited to, pollution of air, water, land, minerals, animal and botanical life and any other natural resources and the violation or claimed violation of any and all federal, state and local pollution control or other environmental laws now in effect or which may hereafter become effective) caused by the operations conducted by Lessee or its contractors or subcontractors or to the entrance of Lessee or its officers, directors, agents or employees on the Leased Premises under color of this Lease. Lessee, at its own expense, shall defend any suit or action brought against Lessor based on any such alleged injury, death or damage and shall pay all damages, costs and expenses, including attorneys' fees, in connection therewith, or in any manner resulting therefrom, but Lessor shall have the right to participate in said suit or action if it so elects, at Lessor's expense.

10. Lessor's Reservation.

This Lease does not include and there is hereby excepted and reserved to Lessor all of the sulphur [except as may be recovered pursuant to the provisions of Paragraph 3(d) hereof], coal, lignite, uranium and other fissionable materials, geothermal energy (including entrained methane, hydrostatic pressure and thermal energy), base and precious metals and any other mineral substances (excepting only oil, liquid hydrocarbons, gas and respective constituent products expressly covered under this Lease) owned by Lessor in, under or upon the Leased Premises for purposes of exploration of the minerals reserved herein by Lessor and its mineral lessees. Lessor and Lessee shall each conduct their respective operations on the Leased Premises as not to unreasonably interfere with the operations or activities of the other.

11. Alienation of Interest.

The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns of the parties hereto; provided, however, that any such assignment by Lessee without the prior written consent of Lessor, which consent shall not be unreasonably withheld, shall result in Lessee remaining liable hereunder for the performance of its assignee's obligations under this Lease however such consent shall not be necessary for the conveyance to officers of Lessee. If any assignment is made of this Lease, or any portion thereof, the assignee(s) shall within thirty (30) days after the date of such assignment notify Lessor in writing of the name

and current address of the assignee(s), which notice shall also identify the lease and property involved and the interest assigned. 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, nor shall any such change or division be binding upon Lessee for any purpose until the party acquiring any interest has furnished Lessee with the instrument or instruments, or recorded copies thereof, constituting its chain of title from Lessor. If Lessee or any assignee of a segregated 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 comply with all other provisions hereof.

12. Assumption of Liabilities and Responsibilities.

Notwithstanding the foregoing, if Lessee elects to assign any part or all of Lessee's rights and interests hereunder, Lessee shall then require assignee to assume all liabilities and responsibilities to Lessor for all surface and subsurface damages which may be caused to the Leased Premises, after the effective date of any such assignment. Lessee, its successors and assigns, shall comply with all valid laws, rules and regulations affecting the Leased Premises and all operations thereon, and Lessee does hereby indemnify and agree to hold Lessor harmless from all claims, causes of action, costs and expenses relating to such operations of Lessee.

13. Force Majeure.

Lessee shall not be liable for delays or defaults in its performance of any agreement or covenant hereunder (other than any agreement or covenant which relates to the payment of money) and this Lease shall not terminate because of delays in drilling operations due to force majeure and upon Lessee giving notice and full particulars of such force majeure in writing or by fax to Lessor as soon as possible after the occurrence of the cause relied on, the obligations of Lessee and the running of any period described in Paragraphs 4(a), (b) or (e), so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused by such force majeure and for no longer period, and such cause shall, as far as possible, be remedied with all reasonable dispatch. The term "force majeure" as employed herein shall mean any act of God, including but not limited to storms, floods, washouts, landslides and lightning, inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, war, sabotage, riot, strike or labor disputes, failure of purchasers or transporters to take or transport production, or any other cause not reasonably within Lessee's control. This Lease is expressly made subject to, and Lessee in its operations hereunder shall comply with applicable requirements of all federal and state laws, and rules and regulations of any governmental authority, state or federal, having jurisdiction in the premises, and nothing herein contained shall be construed as requiring Lessee to violate any such laws, rules or regulations or to penalize Lessee for complying therewith. If any period of suspension exists or occurs during the Primary Term, the time thereof shall be added to such term; provided, however, that in no event shall the term hereof be extended for a cumulative period of more than six (6) months solely by reason of this Paragraph 13.

14. Notice of Operations and Drilling Report.

Lessee agrees to fax or email to Lessor and its authorized representatives, on a daily basis, a drilling report on each well drilled on Said Land or land pooled therewith, such daily drilling report to include a description of activities during the preceding twenty-four (24) hour period, together with other data pertinent to the operations being conducted with respect to each such well, Lessee agrees to furnish to Lessor, as directed by Lessor, copies of all forms filed with the Arkansas Oil and Gas Commission and related correspondence to and from said agency.

15. Well Information.

Lessor shall have the right, personally or by representative, at Lessor's risk, to have access to the derrick floor on all wells drilled on the Leased Premises to observe all operations, inspect and take samples of all cores and cuttings, and witness the taking of all cores, electrical logs and drill stem tests and Lessee agrees to give Lessor advance notice not less than forty-eight (48) hours prior to any coring, logging or testing operations so that Lessor may have a representative present to witness same. Upon request by Lessor, Lessee shall furnish Lessor with copies (field and final) of all electrical logs taken, promptly after taking same, and copies of each well log promptly after completion of each well drilled on the Leased Premises. Lessee agrees to promptly divulge to Lessor true and correct information as requested by Lessor as to each well, the production therefrom and such technical information as Lessee may acquire with respect to the lithology and formations encountered in such wells. Lessor or Lessor's designated agents shall have the right to be present when wells and/or tanks are gauged and measured, and shall have the right to examine all run tickets and gas measurement charts and to have full information as to production and runs, including, but not limited to, being furnished with a complete copy of any gas sales contract entered into covering any gas produced from the lands subject to this Lease, together with any modifications thereof and associated data used in determining sales price or volume. Lessor and its representatives shall also have the right, upon fifteen (15) days written notice to Lessee, at Lessee's offices during regular business hours, to inspect, examine and make copies of and extracts from Lessee's books, records, accounts, contracts, commitments and agreements as such relate to the Leased Premises, operations thereon or production therefrom (including, without limitation, the information referred to above), but in no event shall Lessor have any access to any interpretive data, materials, reports, maps or records. Lessor understands that the information to be furnished as recited above is confidential and Lessor agrees to maintain such information as confidential for so long as Lessee maintains such information as confidential, unless Lessor is required to report such

information to its stockholders under applicable law. Lessor may use such information in its ordinary course of business.

Further, all information required pursuant to this Section 15 shall be furnished to Lessor by Lessee in accordance with the "Data Requirement Form," attached hereto as Exhibit "B."

16. Special Warranty of Title.

This Lease is made and accepted by Lessee with warranty of title as to matters arising by, through or under Lessor. Except as provided in the preceding sentence, this Lease is made and accepted without any covenant of title or warranty of any kind, either express or implied, and without recourse against Lessor. If Lessor's interest in the minerals covered by this Lease in, on and under the Said Land is less than the undivided fee simple estate to the entirety thereof, then Lessor agrees that the royalties provided in this Lease shall be paid to Lessor in the proportion which Lessor's interest bears to the entire and undivided fee simple estate therein. Lessee agrees to deliver to Lessor copies of all title opinions and related curative documents covering the lands subject to this Lease within thirty (30) days of receipt of such opinions or documents by Lessee and Lessor shall rely upon same at its sole risk and shall keep same confidential for so long as Lessee maintains such information as confidential, unless Lessor, in its sole opinion, be required to report such information to its stockholders.

17. Lease Amendments.

It is agreed that neither this Lease nor any terms or provisions hereof shall be altered, amended, extended or ratified by any division order or transfer order executed by Lessor, its officers, directors, agents, employees, successors, or assigns, but that any division orders or transfer orders shall be solely for the purposes of confirming the extent of Lessor's interest in oil, liquid hydrocarbons, gas or respective constituent products produced from the Leased Premises, or any land or lands pooled therewith. Any amendment, alteration, extension or ratification of this Lease or of any term or provision of this Lease shall be made by an instrument in writing clearly denominated as to its purpose and effect, describing the specific terms or provisions of the lease affected and the proposed change or modification thereof, and executed by the party against whom any such amendment, alteration, extension or ratification is sought to be so enforced, and any purported amendment, alteration, extension or ratification not so drafted and executed shall be of no force and effect.

18. Notice.

Any notice or other communication permitted or required under the terms hereof shall be in writing and, unless otherwise specified, be deemed properly given on the date personally delivered and/or received by the addressee. Notices mailed shall be sent by postage prepaid United States certified mail, return receipt requested, addressed to Lessor or Lessee at the address set forth, as follows, or to such other address as may hereafter be designated by either party to the other by written notice. Notice given in any other manner shall be effective only if and when received.

1. **Lessor:** **Dorchester Minerals, L.P.**
 3838 Oak Lawn Avenue, Suite 300
 Dallas, Texas 75219
2. **Lessee:** **Chesapeake Exploration Limited Partnership**
 6100 N. Western Ave.
 Oklahoma City, Oklahoma 73118

19. Release.

Upon expiration or termination of this Lease for any reason as to all or any portion of the Leased Premises, Lessee shall be obligated at its expense promptly to prepare, execute and file in the public records in the county in which Said Land or a portion thereof is located, an appropriate release instrument covering all or such portion of Said Land, and to forward a copy of same as so recorded to Lessor within thirty (30) days after such expiration or termination date. If, after a written request by Lessor, Lessee shall fail to timely file an appropriate release instrument within thirty (30) days, then Lessor may execute and file of record such a Release or Partial Release, which shall be binding upon Lessee, and this Lease shall be deemed terminated as to the land and/or depth covered by such Release. The provisions of this paragraph shall apply each time that a termination occurs.

20. Retention of Rights to Facilities.

Notwithstanding the termination of this Lease under the provisions contained herein, as to part or parts of the Leased Premises, it is agreed that Lessee shall have and retain the right to maintain and use (after such termination) all roads, pipelines and other installations of Lessee (and ingress and egress to and from same) which may be located on such part or parts of the Leased Premises as to which this Lease may have terminated, so long as such roads, pipelines and installations are useful in Lessee's operations under this Lease, but not otherwise.

21. **Attorney's Fees for Enforcement of Lessor's Rights.**

If Lessor elects to employ an attorney to enforce any of Lessor's rights hereunder and the dispute is resolved in favor of Lessor, Lessee shall pay Lessor for all such reasonable attorney's fees and all court costs and expenses incurred by Lessor with respect to any such proceeding.

22. **Recording of Memorandum.**

In lieu of filing this Lease of record in the County Clerk's office of the county in which the Leased Premises are located, Lessor and Lessee agree that a Memorandum of Oil and Gas Lease shall be filed of record in said county.

23. During the Term of this Lease, Lessee shall at its expense, maintain in force and effect minimum insurance in accordance with the provisions of Exhibit "C" attached hereto.

24. This Lease is made specifically subject to the terms and provisions of that certain unrecorded letter agreement dated March 30, 2006 by and between Lessor and Lessee.

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

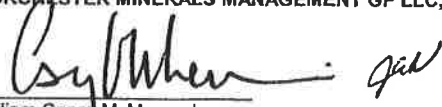
LESSOR

DORCHESTER MINERALS, L.P.

By: **DORCHESTER MINERALS MANAGEMENT LP, its General Partner**

By: **DORCHESTER MINERALS MANAGEMENT GP LLC, its General Partner**

By: _____


William Casey McManemin
Chief Executive Officer

LESSEE

**CHESAPEAKE EXPLORATION
LIMITED PARTNERSHIP**

By: _____

Henry J. Hood
Its: Senior Vice President - Land and Legal,
Chesapeake Operating, Inc., general partner
of Chesapeake Exploration Limited Partnership

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If Lessor elects to employ an attorney to enforce any of Lessor's rights hereunder and the dispute is resolved in favor of Lessor, Lessee shall pay Lessor for all such reasonable attorney's fees and all court costs and expenses incurred by Lessor with respect to any such proceeding.

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

LESSOR

DORCHESTER MINERALS, L.P.

By: DORCHESTER MINERALS MANAGEMENT LP, its General Partner

By: DORCHESTER MINERALS MANAGEMENT GP LLC, its General Partner


By:


William Casey McManamin
Chief Executive Officer

LESSEE

CHESAPEAKE EXPLORATION
LIMITED PARTNERSHIP

By:


Henry J. Hood
Its: Senior Vice President - Land and Legal,
Chesapeake Operating, Inc., general partner
of Chesapeake Exploration Limited Partnership

6-27-06
containing 280 gross
AR 3139296-001 abreo

ACKNOWLEDGEMENTS

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

Before me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared William Casey McManemin, known to me to be the person and office whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said DORCHESTER MINERALS MANAGEMENT GP LLC, a Delaware limited liability company, the General Partner of DORCHESTER MINERALS MANAGEMENT LP, a Delaware limited partnership, the General Partner of DORCHESTER MINERALS, L.P., a Delaware limited partnership, and that he executed the same as the act of said partnership for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal this the 25th day of May 2006.

My Commission Expires:
10/02/2008



STATE OF OKLAHOMA §
 §
COUNTY OF OKLAHOMA §

This instrument was acknowledged before me this 2 day of June 2006, by Henry J. Hood, Senior Vice President - Land and Legal, Chesapeake Operating, Inc., general partner of Chesapeake Exploration Limited Partnership.

My Commission Expires:
3-13-09
[SEAL]



Kendra Monroe
Notary Public for the State of Oklahoma

5-25-06
containing 100 gross acres
30-8N-15W
AR3139270-001

ACKNOWLEDGEMENTS

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

Before me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared William Casey McManemin, known to me to be the person and office whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said DORCHESTER MINERALS MANAGEMENT GP LLC, a Delaware limited liability company, the General Partner of DORCHESTER MINERALS MANAGEMENT LP, a Delaware limited partnership, the General Partner of DORCHESTER MINERALS, L.P., a Delaware limited partnership, and that he executed the same as the act of said partnership for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal this the 27th day of June, 2006.

My Commission Expires:

11-2-07

M. Sue Fuller
Notary Public, State of Texas

STATE OF OKLAHOMA §
 §
COUNTY OF OKLAHOMA §

This instrument was acknowledged before me this _____ day of _____ 2006, by Henry J. Hood, Senior Vice President - Land and Legal, Chesapeake Operating, Inc., general partner of Chesapeake Exploration Limited Partnership.

Notary Public for the State of Oklahoma

My Commission Expires:

[SEAL]

Exhibit "A"

Attached hereto and made a part of that certain Oil and Gas Lease dated June 27, 2006, by and between Dorchester Minerals, L.P., Lessor, and Chesapeake Exploration Limited Partnership, Lessee, covering lands in Cleburne County, Arkansas

Section 26, Township 9 North, Range 12 West
W/2 SE/4 SW/4, containing 20 acres, more or less.

Section 35, Township 9 North, Range 12 West
E/2 NW/4, containing 80 acres, more or less.
NE/4 SW/4, containing 40 acres, more or less.

Section 2, Township 11 North, Range 12 West
NW/4 NW/4, containing 40 acres, more or less.

Section 12, Township 11 North, Range 12 West
SW/4 SE/4, containing 40 acres, more or less.

Exhibit "B"

Attached hereto and made a part of that certain Oil and Gas Lease dated June 27, 2006, by and between Dorchester Minerals, L.P., Lessor, and Chesapeake Exploration Limited Partnership, Lessee, covering lands in Cleburne County, Arkansas

"Data Requirement Form"

1. Approved drilling permit including location plan or survey.
2. Daily drilling and completion reports including notification of spud and first sales transmitted by email.
3. Composite/cumulative daily drilling and completion reports from spud to first sales transmitted by email or mail.
4. Hard copy of final prints of all wellbore surveys, including but not limited to mud logs, directional surveys, electric, porosity, sonic, cement bond, and interpretive logs (MRI, NMR etc). Any of these surveys, or portions thereof, available on a daily basis via email should be transmitted as well.
5. Hard copy of well tests, shut-in and flowing bottom-hole or surface pressure tests, fluid analyses, drill-stem tests, pressure transient data and interpretations thereof.
6. Complete copies of drillsite and division order title opinions covering subject lands and lands pooled therewith.

Contact Info:

| | |
|-------------------|---|
| Email Address: | drillingreports@dmlp.net |
| Facsimile Number: | 214.559.0933 |
| Mailing Address: | 3838 Oak Lawn Avenue Suite 300 Dallas, Texas 75219-4541 |

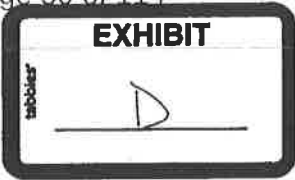
EXHIBIT "C"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND GAS LEASE
DATED JUNE 27, 2006 BY AND BETWEEN DORCHESTER MINERALS, L.P., AS LESSOR
AND CHESAPEAKE EXPLORATION LIMITED PARTNERSHIP, AS LESSEE

Lessee shall procure and maintain, at all times while conducting operations under this Agreement, the following insurance coverages with limits not less than those specified below:

- | | | |
|----|---|--------------------------------------|
| A. | Worker's Compensation | Statutory |
| | Employer's Liability | \$100,000 each accident |
| B. | Comprehensive General Liability including: | |
| | (a) property damage and bodily injury liability including, but not limited to, losses resulting from explosion, collapse, underground damage; and | |
| | (b) contractual liability assumed under this Agreement. | \$1,000,000 Combined single limit |
| C. | Comprehensive Automobile Liability covering owned, non-owned and hired vehicles. | \$1,000,000 Combined single limit |

Upon request, Lessee shall provide Lessor with a certificate of insurance providing evidence of the coverages required above which will include a 30 day notice of cancellation.



OIL AND GAS LEASE

STATE OF ARKANSAS §
 §
COUNTY OF FAULKNER §

THIS Oil, Gas and Liquid Hydrocarbon Lease is entered into and effective as of June 27, 2006 (the "Effective Date"), by and between DORCHESTER MINERALS, L.P., a Delaware limited partnership, hereinafter referred to as "Lessor," whose address is 3838 Oak Lawn Avenue, Suite 300, Dallas, Texas 75219, and CHESAPEAKE EXPLORATION LIMITED PARTNERSHIP, 6100 N. Western Avenue, Oklahoma City, Oklahoma 73118, hereinafter referred to as "Lessee."

WITNESSETH:

1. Lessor, in consideration of Ten and No/100 Dollars (\$10.00) in hand paid, of the royalties herein provided and of the agreements of Lessee hereinafter contained, hereby grants, leases and lets exclusively unto Lessee for the sole purpose of exploring by geophysical or other means, prospecting, drilling, operating for and producing oil, liquid hydrocarbons, gas and respective constituent products, laying pipelines, building tanks, power stations, telephone lines and roads and constructing, maintaining and removing other structures, improvements, equipment and facilities thereon to produce, save, care for, treat, process, store, and transport said products from the lands leased hereunder in Faulkner County, Arkansas, which are more fully described as follows:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

comprising 3,929.45 gross acres, more or less, which lands are sometimes referred to as "Said Land".

2. Term.

Subject to the other provisions herein contained, this Lease shall be for a term of Five (5) Years from the date hereof (herein called "Primary Term") and as long thereafter as oil, liquid hydrocarbons, gas or respective constituent products, or any of them, is produced in commercial quantities from Said Land, or from lands with which Said Land may be pooled or unitized, or drilling or reworking operations are conducted thereon, as provided herein.

3. Royalties.

(a) Royalty On Oil. On all oil (including any other liquid hydrocarbons) the sum of Twenty-Five Percent (25.0%) of the value of the gross production, said value to be the proceeds received by Lessee. Lessee may, from time to time, purchase any royalty oil (including any other liquid hydrocarbons) paying therefor, on the date it is run to the pipeline or storage tanks, at the same proceeds received by Lessee for the sale thereof.

(b) Royalty on Gas. On gas, including casinghead gas or other gaseous substances, produced and saved from the premises [other than for processing at a plant as described in Paragraph 3(d) hereof], Twenty-Five Percent (25.0%) of the proceeds received from any sale of such gas at the point of sale or delivery of the gas produced and saved. Any deduction for the expenses of production, gathering, dehydration, compression, transportation, (except non-affiliated transportation charges incurred on interstate pipelines regulated by the Federal Energy Regulatory Commission and/or pipelines whose transportation rates are regulated by the State of Arkansas. Said transportation charges will be limited to direct for amounts of Lessor's gas transported and Lessee will not be able to deduct charges for unutilized pipeline capacity.), manufacturing, processing, treating or marketing of such gas shall be added to the price received by Lessee for such gas so that Lessor's royalty shall not be charged directly or indirectly with any such expenses. Provided, however the proceeds from any such well shall always be equal to or greater than the proceeds received from sales in the field or prevailing area whichever is the greater, but not less than received by Lessee or any of its affiliates, exclusive of the above enumerated expenses except for those transportation charges incurred in a regulated pipeline system as set forth above.

(c) Royalty on Gas Liquids by Lease Operations. If the gas from any gas well situated on the lands covered hereby should be sufficiently impregnated with gasoline, condensate or other hydrocarbons in suspension that paying quantities of such gasoline, condensate or other hydrocarbons can be separated from said gas and liquefied as a practical lease operation by the installation of traps, separators or other devices ordinarily used in the industry for such purpose, then Lessee agrees to install upon the lands covered hereby such device or devices to the end that so much of said gasoline, condensate or other hydrocarbons as can be separated and liquefied through the use of such devices, before marketing, be recovered and Lessor shall receive its royalty as specified in Paragraph 3(a) hereof on such gasoline, condensate or other hydrocarbons recovered in such manner, together with royalty on residue gas in the amount and determined as provided in Paragraph 3(b) of this Lease.

(d) Royalty on Gas Processed by Plant Operations. If gas or casinghead gas (or separated gas resulting from field separation) produced from the lands covered hereby is processed by or for the account of Lessee (or any company or any other entity with which Lessee is affiliated by stock ownership or otherwise) for the recovery of liquid hydrocarbons therefrom in a gas processing, absorption, stripping or

similar plant, then in lieu of royalties provided in Paragraph 3(b) hereof, Lessor shall receive a royalty of Twenty-Five Percent (25.0%) of the market value at the plant of all liquid hydrocarbons and mineral by-products including sulphur, if any, recovered and saved in such plant and attributable to gas produced from Said Land, without any deductions for any indirect or direct costs (amortization and depreciation on pipeline and plant investment and indirect overhead associated therewith) of processing such gas in the plant for the recovery of such liquid hydrocarbons plus a royalty on residue gas resulting from such plant operations attributable to gas production from said Land of Twenty-Five Percent (25.0%) of the proceeds received from any sale of such residue gas at the tailgate of the plant, subject however to the provisions of the last sentence of Paragraph 3(b) hereof. It is expressly provided, however, that the total royalties payable to Lessor under this Paragraph 3(d) shall never be less than the royalties that would have been paid to Lessor under Paragraph 3(b) if the gas were marketed pursuant to such Paragraph 3(b).

(e) **Right to Use Production.** Lessee shall have free use of oil, liquid hydrocarbons, gas and respective constituent products from said Land for operations hereunder. Royalties shall be computed after deducting any production so used.

(f) **Royalties Free of All Costs.** The royalties provided in this Paragraph 3 shall be determined and delivered to Lessor free of any development, production, gathering, separating, storing, dehydration, treating, compression, processing, marketing, manufacturing, transportation, delivery or like costs except as provided for in 3 (b) above, and except however, taxes applicable to Lessor's share of production which are actually paid by Lessee or deducted by the purchaser of production, and are not reimbursed or refunded to Lessee.

(g) **Shut-In Royalty.** If at any time during the Primary Term, subject to the provisions of Paragraph 4(d) hereof, Lessee shall have completed a well or wells on the lands covered hereby, or lands pooled or unitized therewith which are capable of producing gas in commercial quantities but are shut-in with the result that gas is not produced and sold or used, Lessee may pay as shut-in royalty to Lessor for each shut-in well on or before the expiration of ninety (90) days after (i) the date of completion of such gas well, or (ii) the date such gas ceased to be sold or used from such well, as the case may be, and at yearly intervals thereafter, an amount equal to Five Hundred Dollars (\$500) for each such well, and upon making said payment, it will be considered that each well is producing gas in commercial quantities within the meaning of this Lease during the year for which each such payment is so made. In like manner and upon like payments being made yearly on or before the expiration of the last day of the year following the preceding year for which such payment or tender has been made, it will be considered that said well or wells are producing in commercial quantities for successive periods of one (1) year each. In the event a well capable of producing gas in commercial quantities is shut-in at or subsequent to the expiration of the Primary Term, this Lease may be continued in force by payment of shut-in royalty as provided herein, but only as to the lands covered by this Lease included within the drilling unit for such well for a period not to exceed two consecutive years from the date the well is shut-in. As used in this Lease, the term "drilling unit" has the meaning given such term by Section 15-72-302 of the Arkansas Code. Following the expiration of the two (2) year shut-in period referenced in the preceding sentence, the shut-in royalty payment shall increase to Seven Hundred and Fifty Dollars (\$750.00) per year for each such shut-in well. Provided however, at or subsequent to the expiration of the Primary Term of this Lease, the payment of shut-in royalty as provided herein shall not maintain this Lease as to the lands within a drilling unit for a well for a period, or cumulative shut-in periods, to exceed of three (3) consecutive years from the date the well is first shut-in. The shut-in payments due Lessor shall not be subject to proportionate reduction.

(h) **Payment of Royalty.** Accounting and payment to Lessor of royalties from the first production oil, liquid hydrocarbons, gas or respective constituent products as herein provided shall commence thirty (30) days following the receipt by Lessee of proceeds of any sale, or the use of such production, but no later than one hundred eighty (180) days after the date of first production, whichever is the earlier. Thereafter, unless otherwise specifically provided herein, all accountings and payments of royalties shall be made on or before the last day of the second calendar month following the calendar month in which such production occurred. Unless otherwise expressly provided, if royalties are not paid to Lessor within the time period specified, Lessee shall pay to Lessor interest at ten percent (10%) per annum for each day overdue to a maximum of one hundred, twenty (120) days. The obligation of Lessee to pay Lessor's royalty to Lessor, either in kind or as proceeds from production, shall be absolute and unconditional, and shall not be subject to any defense (other than payment) or any right of setoff, recoupment, counterclaim, abatement or otherwise. Acceptance by Lessor, its successors, agents or assigns, of royalties which are past due shall not act as a waiver or estoppel of its right to receive or recover any royalties due under the provisions hereof, unless the written acceptance or acknowledgment by Lessor to Lessee expressly so provides. Any tender or payment to Lessor of a sum less than the total amount due to Lessor hereunder which is made or intended to be made as an offer of settlement or accord by or on behalf of Lessee, its agents, successors or assigns, must be accompanied by a Notice of Settlement Offer, so denominated, addressed to Lessor's address set out on page 1 of this Lease (or such other address as shall be specified by written notice to Lessee). Any such offer of settlement submitted solely by the tender of a check containing language of settlement or accord printed or otherwise inserted thereon shall not be deemed an offer of settlement or accord, unless preceded or accompanied by such a Notice of Settlement Offer, nor shall the negotiation of such check constitute an acceptance of the terms of settlement or accord contained thereon.

(i) **Marketing of Royalty.** Notwithstanding the provisions of this Paragraph 3 to the contrary, Lessor shall have the right and option, but not the obligation, to take in kind Lessor's royalty share of all oil and/or liquid hydrocarbons, gas and respective constituent products produced under the terms of this Lease and to separately market same for Lessor's own account. Lessor's option may be exercised at any time, and from time to time, by Lessor giving Lessee not less than sixty (60) days advance written notice. In the event Lessor elects to take in kind and separately market Lessor's royalty gas, Lessee agrees to deliver such gas to Lessor, at Lessor's option, at the wellhead after separation and dehydration has been completed. All other

costs and expenses attributable to Lessor's election to separately market Lessor's royalty share of production shall be borne by Lessor. Should Lessor elect not to take in kind its royalty share of any such production hereunder after having done so, Lessor shall notify Lessee by giving Lessee not less than sixty (60) days advance written notice of Lessor's desire to no longer take said royalty in kind and it shall be Lessee's obligation to market said production for Lessor and to pay Lessor's royalty according to the other terms of this Lease. An election by Lessor to take in kind or have Lessee market Lessor's royalty share of such production shall be effective for a period of not less than twelve (12) months.

4. **Maintenance of Lease by Operations.**

Subject to the other provisions of this Lease, during and following the expiration of the Primary Term, the following provisions as applicable shall govern:

(a) **Drilling Operations to Continue Lease at Expiration of the Primary Term.** If at the expiration of the Primary Term hereof, no oil, liquid hydrocarbons, gas or respective constituent products (collectively referred to in this Paragraph 4 as "oil and gas") is being produced from Said Land, or Lands pooled therewith but Lessee is then engaged in drilling operations thereon or Lands pooled therewith, then this Lease will continue in effect during said drilling operations if prosecuted in a good and workmanlike manner as a prudent operator, to completion as a producer in commercial quantities or as a dry hole. If the drilling operations result in a dry hole, Lessee has the right to further maintain the Lease in effect upon the commencement of drilling operations within the sixty (60) day period and manner as provided in Paragraph 4(b) below. If the said drilling operations result in a well producing in commercial quantities, the Lease will continue in effect in the manner and for the time specified in Paragraph 4.

(b) **Operations Upon Drilling a Dry Hole or Cessation of Production.** If after the expiration of the Primary Term of the Lease, Lessee (i) drills a dry hole on lands covered hereby and no oil and gas is being produced therefrom, or (ii) in the event production of oil and gas from the lands covered hereby should at any time cease for any cause [and shut-in royalty shall not be payable as provided in Paragraph 3(g) and the Lease is not otherwise held in effect by another provision hereof], this Lease shall continue in effect as to the lands covered hereby for a period of sixty (60) days from the completion of such dry hole or cessation of production and may be continued thereafter if Lessee restores production or commences drilling operations on the land covered hereby within said sixty (60) day period and so long as drilling operations are prosecuted with reasonable diligence in a good faith manner, with no cessation of more than thirty (30) consecutive days and thereafter as long as oil or gas is produced in commercial quantities from the land covered hereby, subject to the provisions of Paragraph 4.

(c) **Definitions.** The term "drilling operations" whenever used in this Lease shall mean and include operations for drilling a well, reworking operations and reconditioning, deepening, plugging back, cleaning out, repairing or testing of a well being conducted with equipment customarily used in the industry for such operations, in a prudent manner with reasonable diligence in a bona fide good faith effort to obtain or restore the production of oil or gas in commercial quantities. For all purposes of this Lease, drilling operations shall be deemed to be prosecuted with reasonable diligence when prosecuted in good faith without the cessation of more than sixty (60) consecutive days. For purposes of this Lease:

- (i) The day of commencement of drilling operations on a well shall be that date upon which the surface of the earth is penetrated by the drilling bit, using a drilling rig capable of drilling the well to its permitted depth;
- (ii) The completion date of such well which results in commercial production shall be thirty (30) days after that day upon which final open hole electrical surveys are made of the hole;
- (iii) The completion date of a well which results in a dry hole and is abandoned shall be the day upon which the last plug is set (excluding any cement plug or plate welded on abandoned casing at or just below ground surface); and
- (iv) As to all other operations on a well, the date of commencement of the applicable operation shall be the date on which the equipment required to conduct such operations in the manner specified herein has been installed on the well and the actual operation thereof has commenced; and the completion or cessation of any such operations shall be deemed to have occurred on the earlier of the date such operations are discontinued or the date such equipment is removed from the well.

Lessee shall notify Lessor in writing as to the date (1) drilling operations are commenced on each well, (2) each well is completed and (3) each well is shut-in, same to be furnished to Lessor with reasonable dispatch; such notice to be accompanied by a copy of any appropriate form required by the Arkansas Oil and Gas Commission.

(d) **Lands Held Upon Expiration of Primary Term.** Upon expiration of the Primary Term and completion of continuous drilling operations, this Lease shall remain effective only as to those lands covered by this Lease which are (i) included within a drilling unit upon which a well is situated that is producing oil or gas or capable of producing gas in commercial quantities with shut-in royalties having been properly paid, and/or (ii) included within a drilling unit upon which Lessee is engaged in drilling operations conducted pursuant to Paragraph 4(a) or 4(b), and if such operations result in commercial production of oil or gas, this Lease shall remain effective as to such drilling unit so long thereafter as oil or gas is produced in commercial quantities from such drilling unit, or if operations are conducted thereon as provided for herein.

(e) **Continuous Drilling Operations.** After expiration of the Primary Term and upon completion of operations under Paragraph 4(c)(ii) or 4(c)(iii) above, this Lease shall remain in force for as long as Lessee is conducting continuous drilling operations on the Leased Premises, or lands pooled therewith. Drilling operations shall be deemed continuous if no more than one hundred twenty (120) days elapse between the completion date on one well and commencement of drilling operations on the next well.

(f) **Lands Held as to Depth Limitations Upon Expiration of Primary Term.** Upon expiration of the Primary Term and completion of continuous drilling operations under Paragraph 4(e) above, this Lease shall terminate as to all depths which are one hundred (100) feet below the base of the deepest formation to which production casing is set in each drilling unit, provided however, in the event no productive perforated interval exists in any well upon expiration of the Primary Term and completion of continuous drilling operations under Paragraph 4(e) above, but thereafter a well is completed on a drilling unit as provided herein, then, in such an event, this Lease shall thereupon terminate as to all depths which are one hundred (100) feet below the base of the deepest formation to which production casing is set in the respective drilling unit for each such well completed after the expiration of the Primary Term and after completion of continuous drilling operations.

(g) **Units Prescribed by Governmental Authority.** In the event any federal or state law, or any order, rule or regulation of the statewide conservation agency or commission having jurisdiction prescribes or permits a spacing pattern for the development of the field that is larger than the drilling unit described in Section 15-72-302 of the Arkansas Code, or prescribes or permits a producing allowable in whole or in part based on surface acreage per well, then any drilling unit retained hereunder may include as much additional surface acreage as may be so prescribed or permitted as may be used in such allocation or allowable. Lessee, to the extent a reasonable prudent Operator would do so, shall form each drilling unit so as to best utilize all available acreage covered by this Lease and so as not to leave acreage outside of a drilling unit which cannot be utilized or included in subsequently created drilling units.

(h) **Lease Maintained Only as to Each Pooled Unit.** On the partial termination of this Lease as to all or parts of Said Land pursuant to this Paragraph 4, the leasehold rights in each drilling unit must be separately maintained hereunder and production from or operations on one drilling unit shall not maintain this Lease as to any of Said Land included in another drilling unit, and thereafter this Lease shall continue in effect as to each drilling unit so long and only so long as the well located on the applicable drilling unit continues to produce hereunder and so long thereafter as Lessee may be conducting operations on said well and drilling unit in the strata or stratum then covered hereby as to the applicable drilling unit with a view of developing and/or restoring production therefrom, and with no cessation of such operations on a well or wells thereon for more than sixty (60) days until production from such drilling unit and strata or stratum is restored or developed. It is the intention of the parties hereto that upon the cessation of continuous drilling operations by Lessee upon Said Land pursuant to this Paragraph 4, each drilling unit established for a well producing or capable of producing oil or gas in commercial quantities (subject to the above depth limitation), shall be treated as constituting a separate lease and neither production from nor operations on any one such drilling unit shall maintain this Lease in force as to any other lands covered hereby, and this Lease shall terminate as to all of Said Land not a part of any such drilling unit.

5. Pooling.

Lessee is hereby granted the right to pool or consolidate the land covered by this Lease, or any part or parts thereof as to all strata or any stratum, with any other land, lease or leases, or any part or parts thereof as to all strata or any stratum, adjoining or in the immediate vicinity thereof for the production of gas or oil, when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate the Leased Premises or to promote the conservation of gas or oil in and under and that may be produced therefrom; provided, however, the lands covered hereby may be pooled for purposes of oil production only in the event there is insufficient contiguous lands covered by this Lease to form a drilling unit for oil within a section. Pooling in one or more instances shall not exhaust the rights of Lessee hereunder to pool the Leased Premises or portions thereof into other or different drilling units. Drilling units pooled or consolidated for gas hereunder shall not exceed the number of acres specified for a gas well drilling unit and shall otherwise conform with the drilling units as set forth in Paragraph 4(g) of this Lease. Drilling or reworking operations or production on any part of the pooled acreage shall be treated for all purposes hereof as if such drilling or reworking operations are upon, or such production is from the lands described in this Lease included within such pooled unit, whether the well or wells be located on land covered by this Lease or not. The entire acreage included in a drilling unit shall be treated for all purposes, except for the payment of royalties on production from the drilling unit, as if it were included in this Lease. In the event of such pooling, Lessor shall receive on production from a drilling unit so pooled only such portion of the royalty stipulated herein as the amount of Lessor's acreage placed in the drilling unit or royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular drilling unit involved, subject to the provisions of Paragraph 4 hereof. Anything in this Lease to the contrary notwithstanding, in the event only a part or parts of the land covered by this Lease is pooled or consolidated with other land or lands, operations on or production from such pooled unit or units will maintain this Lease in force only as to the land covered hereby which is included in such unit or units and, following expiration of the Primary Term of this Lease, only as provided by Paragraph 4. This Lease may be maintained in force as to any land covered hereby and not included in such pooled unit or units in any manner provided in this Lease.

6. Obligations to Offset Producing Wells.

In the event a well or wells capable of producing oil or gas in commercial quantities shall be completed on lands within three hundred thirty feet (330') of the Leased Premises, Lessee agrees within one hundred twenty (120) days after the completion of any such well to commence drilling operations on an offset well located on the Leased Premises, as a reasonable and prudent operator would drill under the same or

similar circumstances. Without limiting the foregoing, it shall be presumed that any oil or gas well producing within these defined distances shall be draining the Leased Premises; provided, however, that this presumption may be rebutted by Lessee with the burden of such proof being that of the Lessee. If Lessee shall fail to timely commence or drill such offset well, Lessee shall either:

- (a) Pay Lessor as compensatory damages, the royalties provided for herein on the equivalent production from the well or wells which create the offset obligation(s) on the Leased Premises, or
- (b) File a release of record covering that portion of Said Land located within the appropriate drilling unit or units which otherwise would be designated for such offset well or wells limited to the productive zones of such offset.

Any offset well drilled by Lessee hereunder shall be drilled into the same zone or zones as the producing zone or zones of the well to be offset and shall thereafter be operated by Lessee as a reasonably prudent operator to provide proper protection from drainage to the Leased Premises. If oil or gas is discovered on the land covered by this Lease, Lessee agrees to further develop the land covered by this Lease as a reasonable and prudent operator would under the same or similar circumstances.

7. **THIS SECTION INTENTIONALLY DELETED.**

8. **Operations.**

Lessee shall conduct all operations hereunder at its sole cost, risk and expense and shall be and remain fully responsible for all such operations. Lessee assumes all risks and liability of any kind and nature incident to, occasioned by or resulting in any manner, directly or indirectly, from Lessee's operations hereunder, and Lessee agrees to keep the Leased Premises duly and fully free from and protected against liens of every character arising in connection with and resulting from such operations.

9. **Lessee's Indemnification.**

Lessee agrees to protect, indemnify and hold harmless Lessor, its officers, directors, agents and employees from every kind and character of liens, damages, losses, expenses, demands, claims and causes of action claimed by or arising in favor of any person, firm or corporation whatsoever, including without limitation Lessee, its officers, directors, agents, employees and its contractors or subcontractors, or their officers, directors, agents and employees on account of personal injuries, death claims or damages to property or any persons arising from any causes whatsoever (including, but not limited to, pollution of air, water, land, minerals, animal and botanical life and any other natural resources and the violation or claimed violation of any and all federal, state and local pollution control or other environmental laws now in effect or which may hereafter become effective) caused by the operations conducted by Lessee or its contractors or subcontractors or to the entrance of Lessee or its officers, directors, agents or employees on the Leased Premises under color of this Lease. Lessee, at its own expense, shall defend any suit or action brought against Lessor based on any such alleged injury, death or damage and shall pay all damages, costs and expenses, including attorneys' fees, in connection therewith, or in any manner resulting therefrom, but Lessor shall have the right to participate in said suit or action if it so elects, at Lessor's expense.

10. **Lessor's Reservation.**

This Lease does not include and there is hereby excepted and reserved to Lessor all of the sulphur [except as may be recovered pursuant to the provisions of Paragraph 3(d) hereof], coal, lignite, uranium and other fissionable materials, geothermal energy (including entrained methane, hydrostatic pressure and thermal energy), base and precious metals and any other mineral substances (excepting only oil, liquid hydrocarbons, gas and respective constituent products expressly covered under this Lease) owned by Lessor in, under or upon the Leased Premises for purposes of exploration of the minerals reserved herein by Lessor and its mineral lessees. Lessor and Lessee shall each conduct their respective operations on the Leased Premises as not to unreasonably interfere with the operations or activities of the other.

11. **Alienation of Interest.**

The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns of the parties hereto; provided, however, that any such assignment by Lessee without the prior written consent of Lessor, which consent shall not be unreasonably withheld, shall result in Lessee remaining liable hereunder for the performance of its assignee's obligations under this Lease however such consent shall not be necessary for the conveyance to officers of Lessee. If any assignment is made of this Lease, or any portion thereof, the assignee(s) shall within thirty (30) days after the date of such assignment notify Lessor in writing of the name and current address of the assignee(s), which notice shall also identify the lease and property involved and the interest assigned. 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, nor shall any such change or division be binding upon Lessee for any purpose until the party acquiring any interest has furnished Lessee with the instrument or instruments, or recorded copies thereof, constituting its chain of title from Lessor. If Lessee or any assignee of a segregated 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 and upon which Lessee or any assignee thereof shall comply with all other provisions hereof.

12. **Assumption of Liabilities and Responsibilities.**

Notwithstanding the foregoing, if Lessee elects to assign any part or all of Lessee's rights and interests hereunder, Lessee shall then require assignee to assume all liabilities and responsibilities to Lessor for all surface and subsurface damages which may be caused to the Leased Premises, after the effective date of any such assignment. Lessee, its successors and assigns, shall comply with all valid laws, rules and regulations affecting the Leased Premises and all operations thereon, and Lessee does hereby indemnify and agree to hold Lessor harmless from all claims, causes of action, costs and expenses relating to such operations of Lessee.

13. Force Majeure.

Lessee shall not be liable for delays or defaults in its performance of any agreement or covenant hereunder (other than any agreement or covenant which relates to the payment of money) and this Lease shall not terminate because of delays in drilling operations due to force majeure and upon Lessee giving notice and full particulars of such force majeure in writing or by fax to Lessor as soon as possible after the occurrence of the cause relied on, the obligations of Lessee and the running of any period described in Paragraphs 4(a), (b) or (e), so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused by such force majeure and for no longer period, and such cause shall, as far as possible, be remedied with all reasonable dispatch. The term "force majeure" as employed herein shall mean any act of God, including but not limited to storms, floods, washouts, landslides and lightning, inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, war, sabotage, riot, strike or labor disputes, failure of purchasers or transporters to take or transport production, or any other cause not reasonably within Lessee's control. This Lease is expressly made subject to, and Lessee in its operations hereunder shall comply with applicable requirements of all federal and state laws, and rules and regulations of any governmental authority, state or federal, having jurisdiction in the premises, and nothing herein contained shall be construed as requiring Lessee to violate any such laws, rules or regulations or to penalize Lessee for complying therewith. If any period of suspension exists or occurs during the Primary Term, the time thereof shall be added to such term; provided, however, that in no event shall the term hereof be extended for a cumulative period of more than six (6) months solely by reason of this Paragraph 13.

14. Notice of Operations and Drilling Report.

Lessee agrees to fax or email to Lessor and its authorized representatives, on a daily basis, a drilling report on each well drilled on Said Land or land pooled therewith, such daily drilling report to include a description of activities during the preceding twenty-four (24) hour period, together with other data pertinent to the operations being conducted with respect to each such well, Lessee agrees to furnish to Lessor, as directed by Lessor, copies of all forms filed with the Arkansas Oil and Gas Commission and related correspondence to and from said agency.

15. Well Information.

Lessor shall have the right, personally or by representative, at Lessor's risk, to have access to the derrick floor on all wells drilled on the Leased Premises to observe all operations, inspect and take samples of all cores and cuttings, and witness the taking of all cores, electrical logs and drill stem tests and Lessee agrees to give Lessor advance notice not less than forty-eight (48) hours prior to any coring, logging or testing operations so that Lessor may have a representative present to witness same. Upon request by Lessor, Lessee shall furnish Lessor with copies (field and final) of all electrical logs taken, promptly after taking same, and copies of each well log promptly after completion of each well drilled on the Leased Premises. Lessee agrees to promptly divulge to Lessor true and correct information as requested by Lessor as to each well, the production therefrom and such technical information as Lessee may acquire with respect to the lithology and formations encountered in such wells. Lessor or Lessor's designated agents shall have the right to be present when wells and/or tanks are gauged and measured, and shall have the right to examine all run tickets and gas measurement charts and to have full information as to production and runs, including, but not limited to, being furnished with a complete copy of any gas sales contract entered into covering any gas produced from the lands subject to this Lease, together with any modifications thereof and associated data used in determining sales price or volume. Lessor and its representatives shall also have the right, upon fifteen (15) days written notice to Lessee, at Lessee's offices during regular business hours, to inspect, examine and make copies of and extracts from Lessee's books, records, accounts, contracts, commitments and agreements as such relate to the Leased Premises, operations thereon or production therefrom (including, without limitation, the information referred to above), but in no event shall Lessor have any access to any interpretive data, materials, reports, maps or records. Lessor understands that the information to be furnished as recited above is confidential and Lessor agrees to maintain such information as confidential for so long as Lessee maintains such information as confidential, unless Lessor is required to report such information to its stockholders under applicable law. Lessor may use such information in its ordinary course of business.

Further, all information required pursuant to this Section 15 shall be furnished to Lessor by Lessee in accordance with the "Data Requirement Form," attached hereto as Exhibit "B."

16. Special Warranty of Title.

This Lease is made and accepted by Lessee with warranty of title as to matters arising by, through or under Lessor. Except as provided in the preceding sentence, this Lease is made and accepted without any covenant of title or warranty of any kind, either express or implied, and without recourse against Lessor. If Lessor's interest in the minerals covered by this Lease in, on and under the Said Land is less than the undivided fee simple estate to the entirety thereof, then Lessor agrees that the royalties provided in this Lease shall be paid to Lessor in the proportion which Lessor's interest bears to the entire and undivided fee

simple estate therein. Lessee agrees to deliver to Lessor copies of all title opinions and related curative documents covering the lands subject to this Lease within thirty (30) days of receipt of such opinions or documents by Lessee and Lessor shall rely upon same at its sole risk and shall keep same confidential for so long as Lessee maintains such information as confidential, unless Lessor, in its sole opinion, be required to report such information to its stockholders.

17. Lease Amendments.

It is agreed that neither this Lease nor any terms or provisions hereof shall be altered, amended, extended or ratified by any division order or transfer order executed by Lessor, its officers, directors, agents, employees, successors, or assigns, but that any division orders or transfer orders shall be solely for the purposes of confirming the extent of Lessor's interest in oil, liquid hydrocarbons, gas or respective constituent products produced from the Leased Premises, or any land or lands pooled therewith. Any amendment, alteration, extension or ratification of this Lease or of any term or provision of this Lease shall be made by an instrument in writing clearly denominated as to its purpose and effect, describing the specific terms or provisions of the lease affected and the proposed change or modification thereof, and executed by the party against whom any such amendment, alteration, extension or ratification is sought to be so enforced, and any purported amendment, alteration, extension or ratification not so drafted and executed shall be of no force and effect.

18. Notice.

Any notice or other communication permitted or required under the terms hereof shall be in writing and, unless otherwise specified, be deemed properly given on the date personally delivered and/or received by the addressee. Notices mailed shall be sent by postage prepaid United States certified mail, return receipt requested, addressed to Lessor or Lessee at the address set forth, as follows, or to such other address as may hereafter be designated by either party to the other by written notice. Notice given in any other manner shall be effective only if and when received.

1. **Lessor:** **Dorchester Minerals, L.P.**
 3838 Oak Lawn Avenue, Suite 300
 Dallas, Texas 75219
2. **Lessee:** **Chesapeake Exploration Limited Partnership**
 6100 N. Western Ave.
 Oklahoma City, Oklahoma 73118

19. Release.

Upon expiration or termination of this Lease for any reason as to all or any portion of the Leased Premises, Lessee shall be obligated at its expense promptly to prepare, execute and file in the public records in the county in which Said Land or a portion thereof is located, an appropriate release instrument covering all or such portion of Said Land, and to forward a copy of same as so recorded to Lessor within thirty (30) days after such expiration or termination date. If, after a written request by Lessor, Lessee shall fail to timely file an appropriate release instrument within thirty (30) days, then Lessor may execute and file of record such a Release or Partial Release, which shall be binding upon Lessee, and this Lease shall be deemed terminated as to the land and/or depth covered by such Release. The provisions of this paragraph shall apply each time that a termination occurs.

20. Retention of Rights to Facilities.

Notwithstanding the termination of this Lease under the provisions contained herein, as to part or parts of the Leased Premises, it is agreed that Lessee shall have and retain the right to maintain and use (after such termination) all roads, pipelines and other installations of Lessee (and ingress and egress to and from same) which may be located on such part or parts of the Leased Premises as to which this Lease may have terminated, so long as such roads, pipelines and installations are useful in Lessee's operations under this Lease, but not otherwise.

21. Attorney's Fees for Enforcement of Lessor's Rights.

If Lessor elects to employ an attorney to enforce any of Lessor's rights hereunder and the dispute is resolved in favor of Lessor, Lessee shall pay Lessor for all such reasonable attorney's fees and all court costs and expenses incurred by Lessor with respect to any such proceeding.

22. Recording of Memorandum.

In lieu of filing this Lease of record in the County Clerk's office of the county in which the Leased Premises are located, Lessor and Lessee agree that a Memorandum of Oil and Gas Lease shall be filed of record in said county.

23. During the Term of this Lease, Lessee shall at its expense, maintain in force and effect minimum insurance in accordance with the provisions of Exhibit "C" attached hereto.

24. This Lease is made specifically subject to the terms and provisions of that certain unrecorded letter agreement dated March 30, 2006 by and between Lessor and Lessee.

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


LESSOR

DORCHESTER MINERALS, L.P.

By: DORCHESTER MINERALS MANAGEMENT LP, its General Partner

By: DORCHESTER MINERALS MANAGEMENT GP LLC, its General Partner

By:


William Casey McManemin
Chief Executive Officer

LESSEE

CHESAPEAKE EXPLORATION
LIMITED PARTNERSHIP

By:

Henry J. Hood
Its: Senior Vice President - Land and Legal,
Chesapeake Operating, Inc., general partner
of Chesapeake Exploration Limited Partnership

ACKNOWLEDGEMENTS

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

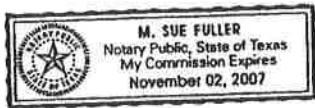
Before me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared William Casey McManemin, known to me to be the person and office whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said **DORCHESTER MINERALS MANAGEMENT GP LLC**, a Delaware limited liability company, the General Partner of **DORCHESTER MINERALS MANAGEMENT LP**, a Delaware limited partnership, the General Partner of **DORCHESTER MINERALS, L.P.**, a Delaware limited partnership, and that he executed the same as the act of said partnership for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal this the 27th day of June 2006.

My Commission Expires:

11-2-07

M. Sue Fuller
Notary Public, State of Texas



STATE OF OKLAHOMA §
 §
COUNTY OF OKLAHOMA §

This Instrument was acknowledged before me this _____ day of _____ 2006, by Henry J. Hood, Senior Vice President - Land and Legal, Chesapeake Operating, Inc., general partner of Chesapeake Exploration Limited Partnership.

Notary Public for the State of Oklahoma

My Commission Expires:

[SEAL]

Exhibit "A"

Attached hereto and made a part of that certain Oil and Gas Lease dated June 27, 2006, by and between Dorchester Minerals, L.P., Lessor, and Chesapeake Exploration Limited Partnership, Lessee, covering lands in Faulkner County, Arkansas

Section 15, Township 7 North, Range 11 West
SW/4 NW/4, containing 40 acres, more or less.

Section 16, Township 7 North, Range 11 West
All of the NW/4 SE/4 (except 1.50 acres in West part heretofore conveyed) and W/2 NE/4 SE/4, containing 58.50 acres, mol
SW/4 NE/4, containing 40.00 acres, mol
SE/4 NE/4, SE/4 NW/4, and E/2 NE/4 SE/4, containing 100.00 acres, mol

Section 19, Township 7 North, Range 11 West
SE/4 SW/4 and SW/4 SE/4, containing 79.00 acres, mol

Section 30, Township 7 North, Range 11 West
SW/4 NW/4 and North 3/8 of NW/4 SW/4, containing 55.00 acres, mol

Section 22, Township 7 North, Range 12 West
South 30 acres of the SW/4 NW/4 and NW/4 SW/4, containing 70.00 acres, mol

Section 25, Township 7 North, Range 12 West
SE/4 NE/4, containing 40.00 acres, mol

Section 26, Township 7 North, Range 12 West
SW/4 NW/4; W/2 SW/4; 8 acres situated in NW/4 described as beginning at NW/C of said section, thence East 250 yards, thence South 150 yards, thence West 100 yards to a point near the top or edge of bluff, thence in a Southwesterly direction parallel to said top or edge of bluff to West line, thence North to point of beginning, containing 128.00 acres, mol

Section 27, Township 7 North, Range 12 West
NW/4 SW/4, containing 40.00 acres, mol
SW/4 SW/4, containing 40.00 acres, mol
18 acres in NE/4 described as beginning at the NE/C of said section, running South 1/4 mile, thence West 293 1/3 yards, thence North to South bank of Cadron Creek, thence Northwesterly along said Creek to North line of said section, thence East along said North line to point of beginning.

Section 28, Township 7 North, Range 12 West
SW/4 and 25 acres in the W/2 SE/4 lying East of Cadron Creek, containing 185.00 acres, mol

Section 29, Township 7 North, Range 12 West
SW/4 SE/4 SW/4, containing 10.00 acres, mol
N/2 NE/4 SW/4; NW/4 SW/4; NW/4 SE/4 except 2 acres in a square in the SW/C; SW/4 NE/4; and SE/4 NE/4, containing 178.00 acres, mol
Part of the SE/4 SW/4 (containing 4 acres) described as beginning at a stone at the NE/C SE/4 SW/4 of said section running West 34 rods, thence South 11°, thence East 33 rods, thence East 12 rods, thence North 6 rods and 16 links, thence East 6 rods and 16 links, thence North 27 rods to place of beginning SE/4 SE/4, containing 40.00 acres, mol

Section 32, Township 7 North, Range 12 West
E/2 NW/4 SE/4; and SW/4 SE/4, containing 60.00 acres, mol
E/2 NE/4, containing 80.00 acres, mol
W/2 SW/4 NE/4 and W/2 NW/4 SE/4, containing 40.00 acres, mol

Section 33, Township 7 North, Range 12 West
All that part of S/2 NW/4 NE/4 lying East of Cadron Creek, and SE/4 NE/4, containing 58.75 acres, mol
157 acres in the NW/4 lying North and West of Cadron Creek; and 2.50 acres in NW/C NW/4 NE/4; and NE/4 NE/4, containing 199.50 acres, mol

Section 34, Township 7 North, Range 12 West

S/2 NW/4, except 14 acres described as beginning at the SE/C S/2 NW/4, running North 200 feet, thence West 760 feet, thence North 310 feet, thence West 913 feet, thence South 494 feet, thence East 1673 feet to place of beginning, containing 66.00 acres, mol

Section 5, Township 7 North, Range 13 West

W/2 SW/4, containing 80.00 acres, mol

Section 9, Township 7 North, Range 13 West

E/2 NW/4 and NE/4 SW/4, containing 120.00 acres, mol

Section 11, Township 7 North, Range 13 West

SW/4 NW/4; W/2 W/2 SW/4; and SE/4 NW/4 (except 4 acres in a square in NE/C), containing 116.00 acres, mol

Section 36, Township 7 North, Range 13 West

W/2 NW/4 and NW/4 SW/4, containing 120.00 acres, mol
NE/4 SE/4 (except 7 acres in SW/C); and South 25 acres of SE/4 NE/4, containing 58.00 acres, mol
SE/4 NW/4; and all that part of NE/4 SW/4 except 2 acres in SE/C; containing 78.00 acres, mol

Section 3, Township 7 North, Range 14 West

SE/4 SE/4, containing 40.00 acres, mol
SW/4 SE/4, containing 40.00 acres, mol
SE/4 SW/4, containing 40.00 acres, mol

Section 4, Township 7 North, Range 14 West

Beginning at a point on the quarter section line 994 feet North of the quarter corner between sections 4 and 9, thence East 461 feet, thence North 586 feet, thence Northwest 950 feet to Cadron Creek, thence Southwestward with said creek to place of beginning, containing 13.20 acres, mol

Section 9, Township 7 North, Range 14 West

W/2 NE/4, containing 80.00 acres, mol
All that part of NW/4 lying South and East of Cadron Creek and East of branch designated as Lots 7-8-9-10, platt of same as recorded in Book of Platt No. 1 at page 30 of the records of Faulkner County, containing 85.00 acres, mol

Section 12, Township 7 North, Range 14 West

E/2 NW/4; SW/4 NE/4; NE/4 SW/4; NW/4 SE/4; N/2 SW/4 SE/4, containing 220.00 acres, mol

Section 20, Township 8 North, Range 11 West

SW/4, containing 160.00 acres, mol

Section 5, Township 8 North, Range 12 West

N/2 NW/4 SW/4; W/2 SE/4 NW/4; and SW/4 NW/4, containing 80.00 acres, mol

Section 8, Township 8 North, Range 12 West

NE/4; E/2 NW/4; North 7/8 of W/2 NW/4; NE/4 SE/4; NW/4 SE/4, containing 390.00 acres, mol

Section 9, Township 8 North, Range 12 West

West 3/4 of W/2 NW/4, (less the North 10 acres), containing 50.00 acres, mol

Section 17, Township 8 North, Range 12 West

SW/4 SE/4 (except 1 1/2 acres lying near the SW/C beginning at Quitman and Greenbrier road running East 70 yards, thence South 105 yards, thence West 70 yards, thence North 105 yards to place of beginning, containing 38.50 acres, mol

Section 20, Township 8 North, Range 12 West

SW/4 SE/4 and SE/4 SE/4, containing 80.00 acres, mol
NW/4 NE/4; North part of SW/4 NE/4 making North prong of Mill Creek the South line, containing 46.00 acres, mol

Section 29, Township 8 North, Range 12 West

S/2 NE/4, containing 80.00 acres, mol
N/2 NE/4, containing 80.00 acres, mol

Section 25, Township 8 North, Range 13 West

NW/4 NE/4, containing 40.00 acres, mol
SW/4 SE/4; NE/4 SE/4; East 10 acres of NW/4 SE/4; SE/4 SE/4 (except 5 acres in SE/C), containing 125.00 acres, mol

Section 35, Township 8 North, Range 14 West

SW/4 SW/4, containing 40.00 acres, mol

Exhibit "B"

Attached hereto and made a part of that certain Oil and Gas Lease dated June 27, 2006, by and between Dorchester Minerals, L.P., Lessor, and Chesapeake Exploration Limited Partnership, Lessee, covering lands in Faulkner County, Arkansas

"Data Requirement Form"

1. Approved drilling permit including location plan or survey.
2. Daily drilling and completion reports including notification of spud and first sales transmitted by email.
3. Composite/cumulative daily drilling and completion reports from spud to first sales transmitted by email or mail.
4. Hard copy of final prints of all wellbore surveys, including but not limited to mud logs, directional surveys, electric, porosity, sonic, cement bond, and interpretive logs (MRI, NMR etc). Any of these surveys, or portions thereof, available on a daily basis via email should be transmitted as well.
5. Hard copy of well tests, shut-in and flowing bottom-hole or surface pressure tests, fluid analyses, drill-stem tests, pressure transient data and interpretations thereof.
6. Complete copies of drillsite and division order title opinions covering subject lands and lands pooled therewith.

Contact Info:

| | |
|-------------------|---|
| Email Address: | drillingreports@dmlp.net |
| Facsimile Number: | 214.559.0933 |
| Mailing Address: | 3838 Oak Lawn Avenue Suite 300 Dallas, Texas 75219-4541 |

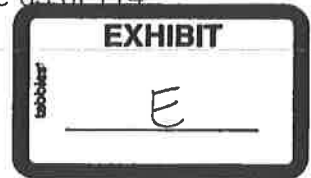
EXHIBIT "C"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND GAS LEASE
DATED JUNE 27, 2006 BY AND BETWEEN DORCHESTER MINERALS, L.P., AS LESSOR
AND CHESAPEAKE EXPLORATION LIMITED PARTNERSHIP, AS LESSEE

Lessee shall procure and maintain, at all times while conducting operations under this Agreement, the following insurance coverages with limits not less than those specified below:

- | | | |
|----|---|--------------------------------------|
| A. | Worker's Compensation | Statutory |
| | Employer's Liability | \$100,000 each accident |
| B. | Comprehensive General Liability including: | |
| | (a) property damage and bodily injury liability including, but not limited to, losses resulting from explosion, collapse, underground damage; and | |
| | (b) contractual liability assumed under this Agreement. | \$1,000,000 Combined single limit |
| C. | Comprehensive Automobile Liability covering owned, non-owned and hired vehicles. | \$1,000,000 Combined single limit |

Upon request, Lessee shall provide Lessor with a certificate of insurance providing evidence of the coverages required above which will include a 30 day notice of cancellation.



OIL AND GAS LEASE

STATE OF ARKANSAS §
 §
COUNTY OF POPE §

THIS Oil, Gas and Liquid Hydrocarbon Lease is entered into and effective as of June 27, 2006 (the "Effective Date"), by and between DORCHESTER MINERALS, L.P., a Delaware limited partnership, hereinafter referred to as "Lessor," whose address is 3838 Oak Lawn Avenue, Suite 300, Dallas, Texas 75219, and CHESAPEAKE EXPLORATION LIMITED PARTNERSHIP, 6100 N. Western Avenue, Oklahoma City, Oklahoma 73118, hereinafter referred to as "Lessee."

WITNESSETH:

1. Lessor, in consideration of Ten and No/100 Dollars (\$10.00) in hand paid, of the royalties herein provided and of the agreements of Lessee hereinafter contained, hereby grants, leases and lets exclusively unto Lessee for the sole purpose of exploring by geophysical or other means, prospecting, drilling, operating for and producing oil, liquid hydrocarbons, gas and respective constituent products, laying pipelines, building tanks, power stations, telephone lines and roads and constructing, maintaining and removing other structures, improvements, equipment and facilities thereon to produce, save, care for, treat, process, store, and transport said products from the lands leased hereunder in Pope County, Arkansas, which are more fully described as follows:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

comprising 4,291.00 gross acres, more or less, which lands are sometimes referred to as "Said Land".

2. Term.

Subject to the other provisions herein contained, this Lease shall be for a term of Five (5) Years from the date hereof (herein called "Primary Term") and as long thereafter as oil, liquid hydrocarbons, gas or respective constituent products, or any of them, is produced in commercial quantities from Said Land, or from lands with which Said Land may be pooled or unitized, or drilling or reworking operations are conducted thereon, as provided herein.

3. Royalties.

(a) **Royalty On Oil.** On all oil (including any other liquid hydrocarbons) the sum of Twenty-Five Percent (25.0%) of the value of the gross production, said value to be the proceeds received by Lessee. Lessee may, from time to time, purchase any royalty oil (including any other liquid hydrocarbons) paying therefore, on the date it is run to the pipeline or storage tanks, at the same proceeds received by Lessee for the sale thereof.

(b) **Royalty on Gas.** On gas, including casinghead gas or other gaseous substances, produced and saved from the premises [other than for processing at a plant as described in Paragraph 3(d) hereof], Twenty-Five Percent (25.0%) of the proceeds received from any sale of such gas at the point of sale or delivery of the gas produced and saved. Any deduction for the expenses of production, gathering, dehydration, compression, transportation, (except non-affiliated transportation charges incurred on interstate pipelines regulated by the Federal Energy Regulatory Commission and/or pipelines whose transportation rates are regulated by the State of Arkansas. Said transportation charges will be limited to direct for amounts of Lessor's gas transported and Lessee will not be able to deduct charges for unutilized pipeline capacity.), manufacturing, processing, treating or marketing of such gas shall be added to the price received by Lessee for such gas so that Lessor's royalty shall not be charged directly or indirectly with any such expenses. Provided, however the proceeds from any such well shall always be equal to or greater than the proceeds received from sales in the field or prevailing area whichever is the greater, but not less than received by Lessee or any of its affiliates, exclusive of the above enumerated expenses except for those transportation charges incurred in a regulated pipeline system as set forth above.

(c) **Royalty on Gas Liquids by Lease Operations.** If the gas from any gas well situated on the lands covered hereby should be sufficiently impregnated with gasoline, condensate or other hydrocarbons in suspension that paying quantities of such gasoline, condensate or other hydrocarbons can be separated from said gas and liquefied as a practical lease operation by the installation of traps, separators or other devices ordinarily used in the industry for such purpose, then Lessee agrees to install upon the lands covered hereby such device or devices to the end that so much of said gasoline, condensate or other hydrocarbons as can be separated and liquefied through the use of such devices, before marketing, be recovered and Lessor shall receive its royalty as specified in Paragraph 3(a) hereof on such gasoline, condensate or other hydrocarbons recovered in such manner, together with royalty on residue gas in the amount and determined as provided in Paragraph 3(b) of this Lease.

(d) **Royalty on Gas Processed by Plant Operations.** If gas or casinghead gas (or separated gas resulting from field separation) produced from the lands covered hereby is processed by or for the

account of Lessee (or any company or any other entity with which Lessee is affiliated by stock ownership or otherwise) for the recovery of liquid hydrocarbons therefrom in a gas processing, absorption, stripping or similar plant, then in lieu of royalties provided in Paragraph 3(b) hereof, Lessor shall receive a royalty of Twenty-Five Percent (25.0%) of the market value at the plant of all liquid hydrocarbons and mineral by-products including sulphur, if any, recovered and saved in such plant and attributable to gas produced from Said Land, without any deductions for any indirect or direct costs (amortization and depreciation on pipeline and plant investment and indirect overhead associated therewith) of processing such gas in the plant for the recovery of such liquid hydrocarbons plus a royalty on residue gas resulting from such plant operations attributable to gas production from said Land of Twenty-Five Percent (25.0%) of the proceeds received from any sale of such residue gas at the tailgate of the plant, subject however to the provisions of the last sentence of Paragraph 3(b) hereof. It is expressly provided, however, that the total royalties payable to Lessor under this Paragraph 3(d) shall never be less than the royalties that would have been paid to Lessor under Paragraph 3(b) if the gas were marketed pursuant to such Paragraph 3(b).

(e) **Right to Use Production.** Lessee shall have free use of oil, liquid hydrocarbons, gas and respective constituent products from said Land for operations hereunder. Royalties shall be computed after deducting any production so used.

(f) **Royalties Free of All Costs.** The royalties provided in this Paragraph 3 shall be determined and delivered to Lessor free of any development, production, gathering, separating, storing, dehydration, treating, compression, processing, marketing, manufacturing, transportation, delivery or like costs except as provided for in 3 (b) above, and except however, taxes applicable to Lessor's share of production which are actually paid by Lessee or deducted by the purchaser of production, and are not reimbursed or refunded to Lessee.

(g) **Shut-In Royalty.** If at any time during the Primary Term, subject to the provisions of Paragraph 4(d) hereof, Lessee shall have completed a well or wells on the lands covered hereby, or lands pooled or unitized therewith which are capable of producing gas in commercial quantities but are shut-in with the result that gas is not produced and sold or used, Lessee may pay as shut-in royalty to Lessor for each shut-in well on or before the expiration of ninety (90) days after (i) the date of completion of such gas well, or (ii) the date such gas ceased to be sold or used from such well, as the case may be, and at yearly intervals thereafter, an amount equal to Five Hundred Dollars (\$500) for each such well, and upon making said payment, it will be considered that each well is producing gas in commercial quantities within the meaning of this Lease during the year for which each such payment is so made. In like manner and upon like payments being made yearly on or before the expiration of the last day of the year following the preceding year for which such payment or tender has been made, it will be considered that said well or wells are producing in commercial quantities for successive periods of one (1) year each. In the event a well capable of producing gas in commercial quantities is shut-in at or subsequent to the expiration of the Primary Term, this Lease may be continued in force by payment of shut-in royalty as provided herein, but only as to the lands covered by this Lease included within the drilling unit for such well for a period not to exceed two consecutive years from the date the well is shut-in. As used in this Lease, the term "drilling unit" has the meaning given such term by Section 15-72-302 of the Arkansas Code. Following the expiration of the two (2) year shut-in period referenced in the preceding sentence, the shut-in royalty payment shall increase to Seven Hundred and Fifty Dollars (\$750.00) per year for each such shut-in well. Provided however, at or subsequent to the expiration of the Primary Term of this Lease, the payment of shut-in royalty as provided herein shall not maintain this Lease as to the lands within a drilling unit for a well for a period, or cumulative shut-in periods, to exceed of three (3) consecutive years from the date the well is first shut-in. The shut-in payments due Lessor shall not be subject to proportionate reduction.

(h) **Payment of Royalty.** Accounting and payment to Lessor of royalties from the first production oil, liquid hydrocarbons, gas or respective constituent products as herein provided shall commence thirty (30) days following the receipt by Lessee of proceeds of any sale, or the use of such production, but no later than one hundred eighty (180) days after the date of first production, whichever is the earliest. Thereafter, unless otherwise specifically provided herein, all accountings and payments of royalties shall be made on or before the last day of the second calendar month following the calendar month in which such production occurred. Unless otherwise expressly provided, if royalties are not paid to Lessor within the time period specified, Lessee shall pay to Lessor interest at ten percent (10%) per annum for each day overdue to a maximum of one hundred, twenty (120) days. The obligation of Lessee to pay Lessor's royalty to Lessor, either in kind or as proceeds from production, shall be absolute and unconditional, and shall not be subject to any defense (other than payment) or any right of setoff, recoupment, counterclaim, abatement or otherwise. Acceptance by Lessor, its successors, agents or assigns, of royalties which are past due shall not act as a waiver or estoppel of its right to receive or recover any royalties due under the provisions hereof, unless the written acceptance or acknowledgment by Lessor to Lessee expressly so provides. Any tender or payment to Lessor of a sum less than the total amount due to Lessor hereunder which is made or intended to be made as an offer of settlement or accord by or on behalf of Lessee, its agents, successors or assigns, must be accompanied by a Notice of Settlement Offer, so denominated, addressed to Lessor's address set out on page 1 of this Lease (or such other address as shall be specified by written notice to Lessee). Any such offer of settlement submitted solely by the tender of a check containing language of settlement or accord printed or otherwise inserted thereon shall not be deemed an offer of settlement or accord, unless preceded or accompanied by such a Notice of Settlement Offer, nor shall the negotiation of such check constitute an acceptance of the terms of settlement or accord contained thereon.

(i) **Marketing of Royalty.** Notwithstanding the provisions of this Paragraph 3 to the contrary, Lessor shall have the right and option, but not the obligation, to take in kind Lessor's royalty share of all oil and/or liquid hydrocarbons, gas and respective constituent products produced under the terms of this Lease

and to separately market same for Lessor's own account. Lessor's option may be exercised at any time, and from time to time, by Lessor giving Lessee not less than sixty (60) days advance written notice. In the event Lessor elects to take in kind and separately market Lessor's royalty gas, Lessee agrees to deliver such gas to Lessor, at Lessor's option, at the wellhead after separation and dehydration has been completed. All other costs and expenses attributable to Lessor's election to separately market Lessor's royalty share of production shall be borne by Lessor. Should Lessor elect not to take in kind its royalty share of any such production hereunder after having done so, Lessor shall notify Lessee by giving Lessee not less than sixty (60) days advance written notice of Lessor's desire to no longer take said royalty in kind and it shall be Lessee's obligation to market said production for Lessor and to pay Lessor's royalty according to the other terms of this Lease. An election by Lessor to take in kind or have Lessee market Lessor's royalty share of such production shall be effective for a period of not less than twelve (12) months.

4. Maintenance of Lease by Operations.

Subject to the other provisions of this Lease, during and following the expiration of the Primary Term, the following provisions as applicable shall govern:

(a) **Drilling Operations to Continue Lease at Expiration of the Primary Term.** If at the expiration of the Primary Term hereof, no oil, liquid hydrocarbons, gas or respective constituent products (collectively referred to in this Paragraph 4 as "oil and gas") is being produced from Said Land, or Lands pooled therewith but Lessee is then engaged in drilling operations thereon or Lands pooled therewith, then this Lease will continue in effect during said drilling operations if prosecuted in a good and workmanlike manner as a prudent operator, to completion as a producer in commercial quantities or as a dry hole. If the drilling operations result in a dry hole, Lessee has the right to further maintain the Lease in effect upon the commencement of drilling operations within the sixty (60) day period and manner as provided in Paragraph 4(b) below. If the said drilling operations result in a well producing in commercial quantities, the Lease will continue in effect in the manner and for the time specified in Paragraph 4.

(b) **Operations Upon Drilling a Dry Hole or Cessation of Production.** If after the expiration of the Primary Term of the Lease, Lessee (i) drills a dry hole on lands covered hereby and no oil and gas is being produced therefrom, or (ii) in the event production of oil and gas from the lands covered hereby should at any time cease for any cause [and shut-in royalty shall not be payable as provided in Paragraph 3(g) and the Lease is not otherwise held in effect by another provision hereof], this Lease shall continue in effect as to the lands covered hereby for a period of sixty (60) days from the completion of such dry hole or cessation of production and may be continued thereafter if Lessee restores production or commences drilling operations on the land covered hereby within said sixty (60) day period and so long as drilling operations are prosecuted with reasonable diligence in a good faith manner, with no cessation of more than thirty (30) consecutive days and thereafter as long as oil or gas is produced in commercial quantities from the land covered hereby, subject to the provisions of Paragraph 4.

(c) **Definitions.** The term "drilling operations" whenever used in this Lease shall mean and include operations for drilling a well, reworking operations and reconditioning, deepening, plugging back, cleaning out, repairing or testing of a well being conducted with equipment customarily used in the industry for such operations, in a prudent manner with reasonable diligence in a bona fide good faith effort to obtain or restore the production of oil or gas in commercial quantities. For all purposes of this Lease, drilling operations shall be deemed to be prosecuted with reasonable diligence when prosecuted in good faith without the cessation of more than sixty (60) consecutive days. For purposes of this Lease:

- (i) The day of commencement of drilling operations on a well shall be that date upon which the surface of the earth is penetrated by the drilling bit, using a drilling rig capable of drilling the well to its permitted depth;
- (ii) The completion date of such well which results in commercial production shall be thirty (30) days after that day upon which final open hole electrical surveys are made of the hole;
- (iii) The completion date of a well which results in a dry hole and is abandoned shall be the day upon which the last plug is set (excluding any cement plug or plate welded on abandoned casing at or just below ground surface); and
- (iv) As to all other operations on a well, the date of commencement of the applicable operation shall be the date on which the equipment required to conduct such operations in the manner specified herein has been installed on the well and the actual operation thereof has commenced; and the completion or cessation of any such operations shall be deemed to have occurred on the earlier of the date such operations are discontinued or the date such equipment is removed from the well.

Lessee shall notify Lessor in writing as to the date (1) drilling operations are commenced on each well, (2) each well is completed and (3) each well is shut-in, same to be furnished to Lessor with reasonable dispatch; such notice to be accompanied by a copy of any appropriate form required by the Arkansas Oil and Gas Commission.

(d) **Lands Held Upon Expiration of Primary Term.** Upon expiration of the Primary Term and completion of continuous drilling operations, this Lease shall remain effective only as to those lands covered

by this Lease which are (i) included within a drilling unit upon which a well is situated that is producing oil or gas or capable of producing gas in commercial quantities with shut-in royalties having been properly paid, and/or (ii) included within a drilling unit upon which Lessee is engaged in drilling operations conducted pursuant to Paragraph 4(a) or 4(b), and if such operations result in commercial production of oil or gas, this Lease shall remain effective as to such drilling unit so long thereafter as oil or gas is produced in commercial quantities from such drilling unit, or if operations are conducted thereon as provided for herein.

(e) **Continuous Drilling Operations.** After expiration of the Primary Term and upon completion of operations under Paragraph 4(c)(ii) or 4(c)(iii) above, this Lease shall remain in force for as long as Lessee is conducting continuous drilling operations on the Leased Premises, or lands pooled therewith. Drilling operations shall be deemed continuous if no more than one hundred twenty (120) days elapse between the completion date on one well and commencement of drilling operations on the next well.

(f) **Lands Held as to Depth Limitations Upon Expiration of Primary Term.** Upon expiration of the Primary Term and completion of continuous drilling operations under Paragraph 4(e) above, this Lease shall terminate as to all depths which are one hundred (100) feet below the base of the deepest formation to which production casing is set in each drilling unit, provided however, in the event no productive perforated interval exists in any well upon expiration of the Primary Term and completion of continuous drilling operations under Paragraph 4(e) above, but thereafter a well is completed on a drilling unit as provided herein, then, in such an event, this Lease shall thereupon terminate as to all depths which are one hundred (100) feet below the base of the deepest formation to which production casing is set in the respective drilling unit for each such well completed after the expiration of the Primary Term and after completion of continuous drilling operations.

(g) **Units Prescribed by Governmental Authority.** In the event any federal or state law, or any order, rule or regulation of the statewide conservation agency or commission having jurisdiction prescribes or permits a spacing pattern for the development of the field that is larger than the drilling unit described in Section 15-72-302 of the Arkansas Code, or prescribes or permits a producing allowable in whole or in part based on surface acreage per well, then any drilling unit retained hereunder may include as much additional surface acreage as may be so prescribed or permitted as may be used in such allocation or allowable. Lessee, to the extent a reasonable prudent Operator would do so, shall form each drilling unit so as to best utilize all available acreage covered by this Lease and so as not to leave acreage outside of a drilling unit which cannot be utilized or included in subsequently created drilling units.

(h) **Lease Maintained Only as to Each Pooled Unit.** On the partial termination of this Lease as to all or parts of Said Land pursuant to this Paragraph 4, the leasehold rights in each drilling unit must be separately maintained hereunder and production from or operations on one drilling unit shall not maintain this Lease as to any of Said Land included in another drilling unit, and thereafter this Lease shall continue in effect as to each drilling unit so long and only so long as the well located on the applicable drilling unit continues to produce hereunder and so long thereafter as Lessee may be conducting operations on said well and drilling unit in the strata or stratum then covered hereby as to the applicable drilling unit with a view of developing and/or restoring production therefrom, and with no cessation of such operations on a well or wells thereon for more than sixty (60) days until production from such drilling unit and strata or stratum is restored or developed. It is the intention of the parties hereto that upon the cessation of continuous drilling operations by Lessee upon Said Land pursuant to this Paragraph 4, each drilling unit established for a well producing or capable of producing oil or gas in commercial quantities (subject to the above depth limitation), shall be treated as constituting a separate lease and neither production from nor operations on any one such drilling unit shall maintain this Lease in force as to any other lands covered hereby, and this Lease shall terminate as to all of Said Land not a part of any such drilling unit.

5. **Pooling.**

Lessee is hereby granted the right to pool or consolidate the land covered by this Lease, or any part or parts thereof as to all strata or any stratum, with any other land, lease or leases, or any part or parts thereof as to all strata or any stratum, adjoining or in the immediate vicinity thereof for the production of gas or oil, when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate the Leased Premises or to promote the conservation of gas or oil in and under and that may be produced therefrom; provided, however, the lands covered hereby may be pooled for purposes of oil production only in the event there is insufficient contiguous lands covered by this Lease to form a drilling unit for oil within a section. Pooling in one or more instances shall not exhaust the rights of Lessee hereunder to pool the Leased Premises or portions thereof into other or different drilling units. Drilling units pooled or consolidated for gas hereunder shall not exceed the number of acres specified for a gas well drilling unit and shall otherwise conform with the drilling units as set forth in Paragraph 4(g) of this Lease. Drilling or reworking operations or production on any part of the pooled acreage shall be treated for all purposes hereof as if such drilling or reworking operations are upon, or such production is from the lands described in this Lease included within such pooled unit, whether the well or wells be located on land covered by this Lease or not. The entire acreage included in a drilling unit shall be treated for all purposes, except for the payment of royalties on production from the drilling unit, as if it were included in this Lease. In the event of such pooling, Lessor shall receive on production from a drilling unit so pooled only such portion of the royalty stipulated herein as the amount of Lessor's acreage placed in the drilling unit or royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular drilling unit involved, subject to the provisions of Paragraph 4 hereof. Anything in this Lease to the contrary notwithstanding, in the event only a part or parts of the land covered by this Lease is pooled or consolidated with other land or lands, operations on or production from such pooled unit or units will maintain this Lease in force only as to the land covered hereby which is included in such unit or units and, following expiration of the Primary Term of this Lease, only as provided by Paragraph

4. This Lease may be maintained in force as to any land covered hereby and not included in such pooled unit or units in any manner provided in this Lease.

6. Obligations to Offset Producing Wells.

In the event a well or wells capable of producing oil or gas in commercial quantities shall be completed on lands within three hundred thirty feet (330') of the Leased Premises, Lessee agrees within one hundred twenty (120) days after the completion of any such well to commence drilling operations on an offset well located on the Leased Premises, as a reasonable and prudent operator would drill under the same or similar circumstances. Without limiting the foregoing, it shall be presumed that any oil or gas well producing within these defined distances shall be draining the Leased Premises; provided, however, that this presumption may be rebutted by Lessee with the burden of such proof being that of the Lessee. If Lessee shall fail to timely commence or drill such offset well, Lessee shall either:

- (a) Pay Lessor as compensatory damages, the royalties provided for herein on the equivalent production from the well or wells which create the offset obligation(s) on the Leased Premises, or
- (b) File a release of record covering that portion of Said Land located within the appropriate drilling unit or units which otherwise would be designated for such offset well or wells limited to the productive zones of such offset.

Any offset well drilled by Lessee hereunder shall be drilled into the same zone or zones as the producing zone or zones of the well to be offset and shall thereafter be operated by Lessee as a reasonably prudent operator to provide proper protection from drainage to the Leased Premises. If oil or gas is discovered on the land covered by this Lease, Lessee agrees to further develop the land covered by this Lease as a reasonable and prudent operator would under the same or similar circumstances.

7. THIS SECTION INTENTIONALLY DELETED.

8. Operations.

Lessee shall conduct all operations hereunder at its sole cost, risk and expense and shall be and remain fully responsible for all such operations. Lessee assumes all risks and liability of any kind and nature incident to, occasioned by or resulting in any manner, directly or indirectly, from Lessee's operations hereunder, and Lessee agrees to keep the Leased Premises duly and fully free from and protected against liens of every character arising in connection with and resulting from such operations.

9. Lessee's Indemnification.

Lessee agrees to protect, indemnify and hold harmless Lessor, its officers, directors, agents and employees from every kind and character of liens, damages, losses, expenses, demands, claims and causes of action claimed by or arising in favor of any person, firm or corporation whatsoever, including without limitation Lessee, its officers, directors, agents, employees and its contractors or subcontractors, or their officers, directors, agents and employees on account of personal injuries, death claims or damages to property or any persons arising from any causes whatsoever (including, but not limited to, pollution of air, water, land, minerals, animal and botanical life and any other natural resources and the violation or claimed violation of any and all federal, state and local pollution control or other environmental laws now in effect or which may hereafter become effective) caused by the operations conducted by Lessee or its contractors or subcontractors or to the entrance of Lessee or its officers, directors, agents or employees on the Leased Premises under color of this Lease. Lessee, at its own expense, shall defend any suit or action brought against Lessor based on any such alleged injury, death or damage and shall pay all damages, costs and expenses, including attorneys' fees, in connection therewith, or in any manner resulting therefrom, but Lessor shall have the right to participate in said suit or action if it so elects, at Lessor's expense.

10. Lessor's Reservation.

This Lease does not include and there is hereby excepted and reserved to Lessor all of the sulphur [except as may be recovered pursuant to the provisions of Paragraph 3(d) hereof], coal, lignite, uranium and other fissionable materials, geothermal energy (including entrained methane, hydrostatic pressure and thermal energy), base and precious metals and any other mineral substances (excepting only oil, liquid hydrocarbons, gas and respective constituent products expressly covered under this Lease) owned by Lessor in, under or upon the Leased Premises for purposes of exploration of the minerals reserved herein by Lessor and its mineral lessees. Lessor and Lessee shall each conduct their respective operations on the Leased Premises as not to unreasonably interfere with the operations or activities of the other.

11. Alienation of Interest.

The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns of the parties hereto; provided, however, that any such assignment by Lessee without the prior written consent of Lessor, which consent shall not be unreasonably withheld, shall result in Lessee remaining liable hereunder for the performance of its assignee's obligations under this Lease however such consent shall not be necessary for the conveyance to officers of Lessee. If any assignment is made of this Lease, or any portion thereof, the assignee(s) shall within thirty (30) days after the date of such assignment notify Lessor in writing of the name

and current address of the assignee(s), which notice shall also identify the lease and property involved and the interest assigned. 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, nor shall any such change or division be binding upon Lessee for any purpose until the party acquiring any interest has furnished Lessee with the instrument or instruments, or recorded copies thereof, constituting its chain of title from Lessor. If Lessee or any assignee of a segregated 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 comply with all other provisions hereof.

12. Assumption of Liabilities and Responsibilities.

Notwithstanding the foregoing, if Lessee elects to assign any part or all of Lessee's rights and interests hereunder, Lessee shall then require assignee to assume all liabilities and responsibilities to Lessor for all surface and subsurface damages which may be caused to the Leased Premises, after the effective date of any such assignment. Lessee, its successors and assigns, shall comply with all valid laws, rules and regulations affecting the Leased Premises and all operations thereon, and Lessee does hereby indemnify and agree to hold Lessor harmless from all claims, causes of action, costs and expenses relating to such operations of Lessee.

13. Force Majeure.

Lessee shall not be liable for delays or defaults in its performance of any agreement or covenant hereunder (other than any agreement or covenant which relates to the payment of money) and this Lease shall not terminate because of delays in drilling operations due to force majeure and upon Lessee giving notice and full particulars of such force majeure in writing or by fax to Lessor as soon as possible after the occurrence of the cause relied on, the obligations of Lessee and the running of any period described in Paragraphs 4(a), (b) or (e), so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused by such force majeure and for no longer period, and such cause shall, as far as possible, be remedied with all reasonable dispatch. The term "force majeure" as employed herein shall mean any act of God, including but not limited to storms, floods, washouts, landslides and lightning, inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, war, sabotage, riot, strike or labor disputes, failure of purchasers or transporters to take or transport production, or any other cause not reasonably within Lessee's control. This Lease is expressly made subject to, and Lessee in its operations hereunder shall comply with applicable requirements of all federal and state laws, and rules and regulations of any governmental authority, state or federal, having jurisdiction in the premises, and nothing herein contained shall be construed as requiring Lessee to violate any such laws, rules or regulations or to penalize Lessee for complying therewith. If any period of suspension exists or occurs during the Primary Term, the time thereof shall be added to such term; provided, however, that in no event shall the term hereof be extended for a cumulative period of more than six (6) months solely by reason of this Paragraph 13.

14. Notice of Operations and Drilling Report.

Lessee agrees to fax or email to Lessor and its authorized representatives, on a daily basis, a drilling report on each well drilled on Said Land or land pooled therewith, such daily drilling report to include a description of activities during the preceding twenty-four (24) hour period, together with other data pertinent to the operations being conducted with respect to each such well, Lessee agrees to furnish to Lessor, as directed by Lessor, copies of all forms filed with the Arkansas Oil and Gas Commission and related correspondence to and from said agency.

15. Well Information.

Lessor shall have the right, personally or by representative, at Lessor's risk, to have access to the derrick floor on all wells drilled on the Leased Premises to observe all operations, inspect and take samples of all cores and cuttings, and witness the taking of all cores, electrical logs and drill stem tests and Lessee agrees to give Lessor advance notice not less than forty-eight (48) hours prior to any coring, logging or testing operations so that Lessor may have a representative present to witness same. Upon request by Lessor, Lessee shall furnish Lessor with copies (field and final) of all electrical logs taken, promptly after taking same, and copies of each well log promptly after completion of each well drilled on the Leased Premises. Lessee agrees to promptly divulge to Lessor true and correct information as requested by Lessor as to each well, the production therefrom and such technical information as Lessee may acquire with respect to the lithology and formations encountered in such wells. Lessor or Lessor's designated agents shall have the right to be present when wells and/or tanks are gauged and measured, and shall have the right to examine all run tickets and gas measurement charts and to have full information as to production and runs, including, but not limited to, being furnished with a complete copy of any gas sales contract entered into covering any gas produced from the lands subject to this Lease, together with any modifications thereof and associated data used in determining sales price or volume. Lessor and its representatives shall also have the right, upon fifteen (15) days written notice to Lessee, at Lessee's offices during regular business hours, to inspect, examine and make copies of and extracts from Lessee's books, records, accounts, contracts, commitments and agreements as such relate to the Leased Premises, operations thereon or production therefrom (including, without limitation, the information referred to above), but in no event shall Lessor have any access to any interpretive data, materials, reports, maps or records. Lessor understands that the information to be furnished as recited above is confidential and Lessor agrees to maintain such information as confidential for so long as Lessee maintains such information as confidential, unless Lessor is required to report such

information to its stockholders under applicable law. Lessor may use such information in its ordinary course of business.

Further, all information required pursuant to this Section 15 shall be furnished to Lessor by Lessee in accordance with the "Data Requirement Form," attached hereto as Exhibit "B."

16. Special Warranty of Title.

This Lease is made and accepted by Lessee with warranty of title as to matters arising by, through or under Lessor. Except as provided in the preceding sentence, this Lease is made and accepted without any covenant of title or warranty of any kind, either express or implied, and without recourse against Lessor. If Lessor's interest in the minerals covered by this Lease in, on and under the Said Land is less than the undivided fee simple estate to the entirety thereof, then Lessor agrees that the royalties provided in this Lease shall be paid to Lessor in the proportion which Lessor's interest bears to the entire and undivided fee simple estate therein. Lessee agrees to deliver to Lessor copies of all title opinions and related curative documents covering the lands subject to this Lease within thirty (30) days of receipt of such opinions or documents by Lessee and Lessor shall rely upon same at its sole risk and shall keep same confidential for so long as Lessee maintains such information as confidential, unless Lessor, in its sole opinion, be required to report such information to its stockholders.

17. Lease Amendments.

It is agreed that neither this Lease nor any terms or provisions hereof shall be altered, amended, extended or ratified by any division order or transfer order executed by Lessor, its officers, directors, agents, employees, successors, or assigns, but that any division orders or transfer orders shall be solely for the purposes of confirming the extent of Lessor's interest in oil, liquid hydrocarbons, gas or respective constituent products produced from the Leased Premises, or any land or lands pooled therewith. Any amendment, alteration, extension or ratification of this Lease or of any term or provision of this Lease shall be made by an instrument in writing clearly denominated as to its purpose and effect, describing the specific terms or provisions of the lease affected and the proposed change or modification thereof, and executed by the party against whom any such amendment, alteration, extension or ratification is sought to be so enforced, and any purported amendment, alteration, extension or ratification not so drafted and executed shall be of no force and effect.

18. Notice.

Any notice or other communication permitted or required under the terms hereof shall be in writing and, unless otherwise specified, be deemed properly given on the date personally delivered and/or received by the addressee. Notices mailed shall be sent by postage prepaid United States certified mail, return receipt requested, addressed to Lessor or Lessee at the address set forth, as follows, or to such other address as may hereafter be designated by either party to the other by written notice. Notice given in any other manner shall be effective only if and when received.

1. **Lessor:** Dorchester Minerals, L.P.
3838 Oak Lawn Avenue, Suite 300
Dallas, Texas 75219
2. **Lessee:** Chesapeake Exploration Limited Partnership
6100 N. Western Ave.
Oklahoma City, Oklahoma 73118

19. Release.

Upon expiration or termination of this Lease for any reason as to all or any portion of the Leased Premises, Lessee shall be obligated at its expense promptly to prepare, execute and file in the public records in the county in which Said Land or a portion thereof is located, an appropriate release instrument covering all or such portion of Said Land, and to forward a copy of same as so recorded to Lessor within thirty (30) days after such expiration or termination date. If, after a written request by Lessor, Lessee shall fail to timely file an appropriate release instrument within thirty (30) days, then Lessor may execute and file of record such a Release or Partial Release, which shall be binding upon Lessee, and this Lease shall be deemed terminated as to the land and/or depth covered by such Release. The provisions of this paragraph shall apply each time that a termination occurs.

20. Retention of Rights to Facilities.

Notwithstanding the termination of this Lease under the provisions contained herein, as to part or parts of the Leased Premises, it is agreed that Lessee shall have and retain the right to maintain and use (after such termination) all roads, pipelines and other installations of Lessee (and ingress and egress to and from same) which may be located on such part or parts of the Leased Premises as to which this Lease may have terminated, so long as such roads, pipelines and installations are useful in Lessee's operations under this Lease, but not otherwise.

21. Attorney's Fees for Enforcement of Lessor's Rights.

If Lessor elects to employ an attorney to enforce any of Lessor's rights hereunder and the dispute is resolved in favor of Lessor, Lessee shall pay Lessor for all such reasonable attorney's fees and all court costs and expenses incurred by Lessor with respect to any such proceeding.

22. Recording of Memorandum.

In lieu of filing this Lease of record in the County Clerk's office of the county in which the Leased Premises are located, Lessor and Lessee agree that a Memorandum of Oil and Gas Lease shall be filed of record in said county.

23. During the Term of this Lease, Lessee shall at its expense, maintain in force and effect minimum insurance in accordance with the provisions of Exhibit "C" attached hereto.

24. This Lease is made specifically subject to the terms and provisions of that certain unrecorded letter agreement dated March 30, 2006 by and between Lessor and Lessee.

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

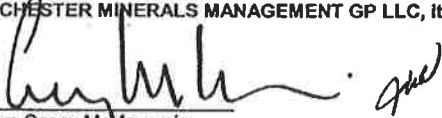
LESSOR

DORCHESTER MINERALS, L.P.

By: DORCHESTER MINERALS MANAGEMENT LP, Its General Partner

By: DORCHESTER MINERALS MANAGEMENT GP LLC, its General Partner

By:



William Casey McManemin
Chief Executive Officer

LESSEE

CHESAPEAKE EXPLORATION
LIMITED PARTNERSHIP

By:

Henry J. Hood

Its: Senior Vice President - Land and Legal,
Chesapeake Operating, Inc., general partner
of Chesapeake Exploration Limited Partnership

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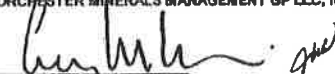
IN WITNESS WHEREOF, this instrument is executed effective as of the date first above written.

LESSOR

DORCHESTER MINERALS, L.P.

By: DORCHESTER MINERALS MANAGEMENT LP, its General Partner

By: DORCHESTER MINERALS MANAGEMENT GP LLC, its General Partner

By: 
William Casey McManemin
Chief Executive Officer

LESSEE

CHEESAPEAKE EXPLORATION
LIMITED PARTNERSHIP

By: 
Henry J. Hood
Its: Senior Vice President - Land and Legal,
Chesapeake Operating, Inc., general partner
of Chesapeake Exploration Limited Partnership

6-27-06

containing 14,291 gross
acres

AR 3139299-001

ACKNOWLEDGEMENTS

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

Before me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared William Casey McManemin, known to me to be the person and office whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said DORCHESTER MINERALS MANAGEMENT GP LLC, a Delaware limited liability company, the General Partner of DORCHESTER MINERALS MANAGEMENT LP, a Delaware limited partnership, the General Partner of DORCHESTER MINERALS, L.P., a Delaware limited partnership, and that he executed the same as the act of said partnership for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal this the 25th day of May 2006.


My Commission Expires:
10/02/2008

Terril L. Farmer
Notary Public, State of Texas


STATE OF OKLAHOMA §
 §
COUNTY OF OKLAHOMA §

This instrument was acknowledged before me this 2 day of June 2006, by Henry J. Hood, Senior Vice President - Land and Legal, Chesapeake Operating, Inc., general partner of Chesapeake Exploration Limited Partnership.

My Commission Expires:
3-13-09
[SEAL]

Kendra Monroe
Notary Public for the State of Oklahoma


5-25-06

containing 100 gross acres
30-80N-15W
AR3139270-001

ACKNOWLEDGEMENTS

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

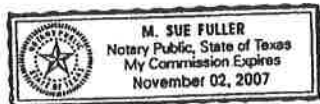
Before me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared William Casey McManemin, known to me to be the person and office whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said DORCHESTER MINERALS MANAGEMENT GP LLC, a Delaware limited liability company, the General Partner of DORCHESTER MINERALS MANAGEMENT LP, a Delaware limited partnership, the General Partner of DORCHESTER MINERALS, L.P., a Delaware limited partnership, and that he executed the same as the act of said partnership for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal this the 27th day of June 2006.

My Commission Expires:

11-2-07

M. Sue Fuller
Notary Public, State of Texas



STATE OF OKLAHOMA §
 §
COUNTY OF OKLAHOMA §

This instrument was acknowledged before me this _____ day of _____ 2006, by Henry J. Hood, Senior Vice President - Land and Legal, Chesapeake Operating, Inc., general partner of Chesapeake Exploration Limited Partnership.

Notary Public for the State of Oklahoma

My Commission Expires:

[SEAL]

Exhibit "A"

Attached hereto and made a part of that certain Oil and Gas Lease dated June 27, 2006, by and between Dorchester Minerals, L.P., Lessor, and Chesapeake Exploration Limited Partnership, Lessee, covering lands in Pope County, Arkansas

Section 6-6N-19W

Fractional NW/4, containing 185.48 acres, and the W/2 NE/4, except 9 acres described as beginning at the NE/C of NW/4 NE/4 and running thence West 47 1/17 rods, thence South 36 rods, thence Northeast to a point 11 rods South of the North line and 14 rods West of East line, thence South 33 rods to a point 14 rods West of East line, thence East 14 rods, thence North 44 rods to point of beginning, containing 71.00 acres

Section 1-6N-20W

SW/4 SW/4, containing 40.00 acres, and E/2 NE/4, except beginning at the SW/C of said E/2 NE/4 and running thence North 172 feet, thence East 156 feet, thence South 172 feet, thence West 156 feet to the point of beginning, containing 79.39 acres

Section 12-6N-20W

NW/4 NW/4, containing 40.00 acres

Section 30-7N-18W

N/2 NE/4, containing 80.00 acres

Section 1-7N-20W

NW/4 NW/4, containing 40.00 acres, mol; And part of the SW/4 NW/4 and part of the W/2 SW/4 described as beginning at the SW/C of NW/4 NW/4 and run thence South 170 rods, thence East 40.50 rods to a branch, thence North 170 rods, thence West to point of beginning, containing 43.00 acres

Section 5-8N-18W

NW/4 NW/4, containing 40.00 acres

Section 13-8N-18W

W/2 SE/4, E/2 SW/4, and SW/4 SW/4, containing 200.00 acres

Section 24-8N-18W

N/2 NW/4 and NW/4 NE/4, containing 120.00 acres

Section 28-8N-19W

SW/4 SE/4, containing 40.00 acres

Section 33-8N-19W

NW/4 NE/4, containing 40.00 acres

Section 34-8N-19W

SE/4 NW/4, E/2 SW/4, and NW/4 SE/4, containing 160.00 acres

Section 9-8N-20W

NW/4 NE/4; SE/4 NW/4; and the S/2 NE/4, LESS AND EXCEPT: Part of the SE/4 NE/4 described as beginning at the NW/C of said tract and run South 558 feet to the center of Linker Mountain Road, thence East along the center of said road 467 feet to a point 675 feet South of the North line of said tract in the center of Arkansas Highway No. 7 and No. 27, thence North 675 feet to the North line of said tract, thence West 566 feet along said North line to the point of beginning, containing 6.00 acres, mol, AND part of SE/4 NE/4 described as beginning at the NE/C of SE/4 NE/4, thence West 767 feet to the center line of State Highway No. 7, thence Southerly with the center line of said highway 627 feet, thence East 963 feet to a point on the East line of SE/4 NE/4 which is 627 feet South of the NE/C thereof, thence North 627 feet to the point of beginning, containing 10.00 acres, mol, and containing after said exceptions 144.00 acres

Section 29-9N-18W

SE/4 SW/4, containing 40.00 acres

Section 30-9N-18W

SW/4 SE/4 and SE/4 SW/4, containing 80.00 acres
NW/4 SE/4, containing 40.00 acres

Section 31-9N-18W

N/2 NW/4, containing 80.00 acres
NE/4 NE/4, containing 40.00 acres

Section 32-9N-18W

NW/4 SW/4, SW/4 SW/4, and S/4 NE/4 SW/4, containing 90.00 acres
NW/4; SW/4 NE/4; and the North $\frac{1}{4}$ of NE/4 SW/4, containing 230.00 acres

Section 5-9N-19W

N/2 NE/4, containing 80.00 acres
NW/4 SW/4, containing 40.00 acres

Section 6-9N-19W

Part of NE/4 NE/4 described as beginning at NE/C of NE/4 NE/4 and running South 75.76 rods, thence West 25.50 rods, thence North 89.29 rods, thence NE to a point 24 rods North of point of beginning, thence South 24 rods to the point of beginning, containing 16.00 acres

Section 1-9N-20W

Part of SW/4 SW/4 described as beginning at NW/C of SW/4 SW/4 and running South 80 rods, thence East 80 rods, thence North 51 rods, thence in a Westerly direction to point of beginning, containing 32.75 acres

Section 2-9N-20W

SE/4 SE/4; And part of SW/4 SE/4 described as beginning at NE/C of said 40 and running West 36 rods, thence South 80 rods, thence East 36 rods, thence North 80 rods to point of beginning, containing 58.00 acres
N/2 SW/4 and SW/4 SW/4, except 1 acre in the shape of a square in SE/C of SW/4 SW/4, containing 119.00 acres

Section 3-9N-20W

Fractional NW/4 NE/4, containing 39.63 acres; E/2 NW/4; SW/4 NW/4; S/2 NW/4 NW/4; part of NW/4 SW/4 described as beginning at NW/C of NW/4 NW/4 SW/4 and running South 48 rods, thence East 10 rods, thence North 48 rods, thence West 10 rods to point of beginning, containing 3.00 acres; and N/2 NW/4 NW/4, all containing 202.63 acres
SW/4 NE/4, containing 40.00 acres

Section 4-9N-20W

Part of NE/4 SE/4 described as beginning at NE/C and running West 80 rods to NW/C of said tract, thence South 40 rods, thence SE to a point 64 rods South of NE/C of said tract, thence North 64 rods to the point of beginning, containing 26.00 acres
SE/4 SW/4; SW/4 SE/4; 14 acres in S/2 NW/4 SE/4 described as beginning at the SW/C and running North 40 rods, thence east 56 rods, thence South 40 rods, thence West 56 rods to point of beginning; 15 acres in the S/2 NE/4 SW/4 described as beginning at the SE/C and running North 30 rods, thence West 80 rods, thence South 30 rods, thence East 80 rods to point of beginning; 18.50 acres in the East part of W/2 SW/4 described as beginning at the SE/C and running North 140 rods, thence West 22 $\frac{6}{7}$ rods, thence South 140 rods, thence East 22 $\frac{6}{7}$ rods to point of beginning; SW/4 NE/4; and SE/4 NE/4, containing 207.50 acres

Section 2-9N-21W

Part of SE/4 described as beginning 39 rods West of the SE/C of said section to a point where the branch strikes the section line, thence in a Westerly and Northerly direction with the meanderings of the branch to the bend or elbow in the branch, thence West 38 rods across said bend and on with the meanderings of the branch where the same turns South, thence following the said branch to the section line, thence East with the Section line to place of beginning, containing 6.00 acres

Section 29-10N-19W

Part of S/2 NE/4 and part of SE/4 described as beginning at the NE/C of SE/4 NE/4 and running thence West 128 rods, thence South to Illinois Bayou, thence in a Northeast direction with Illinois Bayou to the East line between sections 28 & 29, thence North to point of beginning, containing 178.00 acres

Section 32-10N-19W

Part of NW/4 SW/4 and part of W/2 NE/4 described as beginning at a point 30 rods South of NW/C of NW/4 SW/4, thence South 50 rods, thence East 116 rods, thence North 50 rods, thence West 116 rods to place of beginning, containing 36.25 acres
SW/4 NE/4, except 4 acres off the South side of said SW/4 NE/4, containing 36.00 acres

Section 33-10N-19W

E/2 NE/4, containing 80.00 acres

Section 25-10N-20W

S/2 SW/4, containing 80.00 acres

Section 26-10N-20W

SE/4 NE/4; NW/4 NE/4; and NE/4 NW/4, containing 120.00 acres

Section 35-10N-20W

SE/4 SE/4, containing 40.00 acres
SW/4; W/2 SE/4; E/2 NW/4; NW/4 NW/4; and SW/4 NE/4, containing 400.00 acres

Section 5-11N-17W

E/2 NW/4, containing 80.00 acres

Section 18-11N-17W

N/2 NW/4; NW/4 NE/4, except 10 acres in the NW corner, being the NW/4 NW/4 NE/4, containing 110.00 acres

Section 27-11N-19W

SW/4 NW/4, containing 40.00 acres

Section 28-11N-19W

NE/4 and NW/4 SE/4, containing 200.00 acres

Section 34-12N-18W

SE/4 NE/4 and S/2 NE/4 NE/4, containing 60.00 acres
S/2 SW/4, containing 80.00 acres

Exhibit "B"

Attached hereto and made a part of that certain Oil and Gas Lease dated June 27, 2006, by and between Dorchester Minerals, L.P., Lessor, and Chesapeake Exploration Limited Partnership, Lessee, covering lands in Pope County, Arkansas

"Data Requirement Form"

1. Approved drilling permit including location plan or survey.
2. Daily drilling and completion reports including notification of spud and first sales transmitted by email.
3. Composite/cumulative daily drilling and completion reports from spud to first sales transmitted by email or mail.
4. Hard copy of final prints of all wellbore surveys, including but not limited to mud logs, directional surveys, electric, porosity, sonic, cement bond, and interpretive logs (MRI, NMR etc). Any of these surveys, or portions thereof, available on a daily basis via email should be transmitted as well.
5. Hard copy of well tests, shut-in and flowing bottom-hole or surface pressure tests, fluid analyses, drill-stem tests, pressure transient data and interpretations thereof.
6. Complete copies of drillsite and division order title opinions covering subject lands and lands pooled therewith.

Contact Info:

| | |
|-------------------|---|
| Email Address: | drillingreports@dmlp.net |
| Facsimile Number: | 214.559.0933 |
| Mailing Address: | 3838 Oak Lawn Avenue Suite 300 Dallas, Texas 75219-4541 |

EXHIBIT "C"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND GAS LEASE
DATED JUNE 27, 2006 BY AND BETWEEN DORCHESTER MINERALS, L.P., AS LESSOR
AND CHESAPEAKE EXPLORATION LIMITED PARTNERSHIP, AS LESSEE

Lessee shall procure and maintain, at all times while conducting operations under this Agreement, the following insurance coverages with limits not less than those specified below:

- | | | |
|----|---|--------------------------------------|
| A. | Worker's Compensation | Statutory |
| | Employer's Liability | \$100,000 each accident |
| B. | Comprehensive General Liability including: | |
| | (a) property damage and bodily injury liability including, but not limited to, losses resulting from explosion, collapse, underground damage; and | |
| | (b) contractual liability assumed under this Agreement. | \$1,000,000 Combined single limit |
| C. | Comprehensive Automobile Liability covering owned, non-owned and hired vehicles. | \$1,000,000 Combined single limit |

Upon request, Lessee shall provide Lessor with a certificate of insurance providing evidence of the coverages required above which will include a 30 day notice of cancellation.



OIL AND GAS LEASE

STATE OF ARKANSAS §
 §
COUNTY OF CONWAY §

THIS Oil, Gas and Liquid Hydrocarbon Lease is entered into and effective as of May 25, 2006 (the "Effective Date"), by and between DORCHESTER MINERALS, L.P., a Delaware limited partnership, hereinafter referred to as "Lessor," whose address is 3838 Oak Lawn Avenue, Suite 300, Dallas, Texas 75219, and CHESAPEAKE EXPLORATION LIMITED PARTNERSHIP, 6100 N. Western Avenue Oklahoma City, Oklahoma 73118, hereinafter referred to as "Lessee."

WITNESSETH:

1. Lessor, in consideration of Ten and No/100 Dollars (\$10.00) in hand paid, of the royalties herein provided and of the agreements of Lessee hereinafter contained, hereby grants, leases and lets exclusively unto Lessee for the sole purpose of exploring by geophysical or other means, prospecting, drilling, operating for and producing oil, liquid hydrocarbons, gas and respective constituent products, laying pipelines, building tanks, power stations, telephone lines and roads and constructing, maintaining and removing other structures, improvements, equipment and facilities thereon to produce, save, care for, treat, process, store, and transport said products from the lands leased hereunder in Conway County, Arkansas, which are more fully described as follows:

Township 8 North, Range 15 West

Section 30: NE/4 NE/4, S/2 NW/4, NW/4 SE/4

comprising 160.00 gross acres, more or less, which lands are sometimes referred to as "Said Land". It is the intent of Dorchester Minerals, L.P. to lease a total of 48 net mineral acres.

2. Term.

Subject to the other provisions herein contained, this Lease shall be for a term of Five (5) Years from the date hereof (herein called "Primary Term") and as long thereafter as oil, liquid hydrocarbons, gas or respective constituent products, or any of them, is produced in commercial quantities from Said Land, or from lands with which Said Land may be pooled or unitized, or drilling or reworking operations are conducted thereon, as provided herein.

3. Royalties.

(a) Royalty On Oil. On all oil (including any other liquid hydrocarbons) the sum of Twenty-Five Percent (25.0%) of the value of the gross production, said value to be the proceeds received by Lessee. Lessee may, from time to time, purchase any royalty oil (including any other liquid hydrocarbons) paying therefore, on the date it is run to the pipeline or storage tanks, at the same proceeds received by Lessee for the sale thereof.

(b) Royalty on Gas. On gas, including casinghead gas or other gaseous substances, produced and saved from the premises (other than for processing at a plant as described in Paragraph 3(d) hereof), Twenty-Five Percent (25.0%) of the proceeds received from any sale of such gas at the point of sale or delivery of the gas produced and saved. Any deduction for the expenses of production, gathering, dehydration, compression, transportation, (except non-affiliated transportation charges incurred on interstate pipelines regulated by the Federal Energy Regulatory Commission and/or pipelines whose transportation rates are regulated by the State of Arkansas. Said transportation charges will be limited to direct for amounts of Lessor's gas transported and Lessee will not be able to deduct charges for unutilized pipeline capacity.), manufacturing, processing, treating or marketing of such gas shall be added to the price received by Lessee for such gas so that Lessor's royalty shall not be charged directly or indirectly with any such expenses. Provided, however the proceeds from any such well shall always be equal to or greater than the proceeds received from sales in the field or prevailing area whichever is the greater, but not less than received by Lessee or any of its affiliates, exclusive of the above enumerated expenses except for those transportation charges incurred in a regulated pipeline system as set forth above.

(c) Royalty on Gas Liquids by Lease Operations. If the gas from any gas well situated on the lands covered hereby should be sufficiently impregnated with gasoline, condensate or other hydrocarbons in suspension that paying quantities of such gasoline, condensate or other hydrocarbons can be separated from said gas and liquefied as a practical lease operation by the installation of traps, separators or other devices ordinarily used in the industry for such purpose, then Lessee agrees to install upon the lands covered hereby such device or devices to the end that so much of said gasoline, condensate or other hydrocarbons as can be separated and liquefied through the use of such devices, before marketing, be recovered and Lessor shall receive its royalty as specified in Paragraph 3(a) hereof on such gasoline, condensate or other hydrocarbons recovered in such manner, together with royalty on residue gas in the amount and determined as provided in Paragraph 3(b) of this Lease.

(d) **Royalty on Gas Processed by Plant Operations.** If gas or casinghead gas (or separated gas resulting from field separation) produced from the lands covered hereby is processed by or for the account of Lessee (or any company or any other entity with which Lessee is affiliated by stock ownership or otherwise) for the recovery of liquid hydrocarbons therefrom in a gas processing, absorption, stripping or similar plant, then in lieu of royalties provided in Paragraph 3(b) hereof, Lessor shall receive a royalty of Twenty-Five Percent (25.0%) of the market value at the plant of all liquid hydrocarbons and mineral by-products including sulphur, if any, recovered and saved in such plant and attributable to gas produced from Said Land, without any deductions for any indirect or direct costs (amortization and depreciation on pipeline and plant investment and indirect overhead associated therewith) of processing such gas in the plant for the recovery of such liquid hydrocarbons plus a royalty on residue gas resulting from such plant operations attributable to gas production from said Land of Twenty-Five Percent (25.0%) of the proceeds received from any sale of such residue gas at the tailgate of the plant, subject however to the provisions of the last sentence of Paragraph 3(b) hereof. It is expressly provided, however, that the total royalties payable to Lessor under this Paragraph 3(d) shall never be less than the royalties that would have been paid to Lessor under Paragraph 3(b) if the gas were marketed pursuant to such Paragraph 3(b).

(e) **Right to Use Production.** Lessee shall have free use of oil, liquid hydrocarbons, gas and respective constituent products from said Land for operations hereunder. Royalties shall be computed after deducting any production so used.

(f) **Royalties Free of All Costs.** The royalties provided in this Paragraph 3 shall be determined and delivered to Lessor free of any development, production, gathering, separating, storing, dehydration, treating, compression, processing, marketing, manufacturing, transportation, delivery or like costs except as provided for in 3 (b) above, and except however, taxes applicable to Lessor's share of production which are actually paid by Lessee or deducted by the purchaser of production, and are not reimbursed or refunded to Lessee.

(g) **Shut-In Royalty.** If at any time during the Primary Term, subject to the provisions of Paragraph 4(d) hereof, Lessee shall have completed a well or wells on the lands covered hereby, or lands pooled or unitized therewith which are capable of producing gas in commercial quantities but are shut-in with the result that gas is not produced and sold or used, Lessee may pay as shut-in royalty to Lessor for each shut-in well on or before the expiration of ninety (90) days after (i) the date of completion of such gas well, or (ii) the date such gas ceased to be sold or used from such well, as the case may be, and at yearly intervals thereafter, an amount equal to Five Hundred Dollars (\$500) for each such well, and upon making said payment, it will be considered that each well is producing gas in commercial quantities within the meaning of this Lease during the year for which each such payment is so made. In like manner and upon like payments being made yearly on or before the expiration of the last day of the year following the preceding year for which such payment or tender has been made, it will be considered that said well or wells are producing in commercial quantities for successive periods of one (1) year each. In the event a well capable of producing gas in commercial quantities is shut-in at or subsequent to the expiration of the Primary Term, this Lease may be continued in force by payment of shut-in royalty as provided herein, but only as to the lands covered by this Lease included within the drilling unit for such well for a period not to exceed two consecutive years from the date the well is shut-in. As used in this Lease, the term "drilling unit" has the meaning given such term by Section 15-72-302 of the Arkansas Code. Following the expiration of the two (2) year shut-in period referenced in the preceding sentence, the shut-in royalty payment shall increase to Seven Hundred and Fifty Dollars (\$750.00) per year for each such shut-in well. Provided however, at or subsequent to the expiration of the Primary Term of this Lease, the payment of shut-in royalty as provided herein shall not maintain this Lease as to the lands within a drilling unit for a well for a period, or cumulative shut-in periods, to exceed of three (3) consecutive years from the date the well is first shut-in. The shut-in payments due Lessor shall not be subject to proportionate reduction.

(h) **Payment of Royalty.** Accounting and payment to Lessor of royalties from the first production oil, liquid hydrocarbons, gas or respective constituent products as herein provided shall commence thirty (30) days following the receipt by Lessee of proceeds of any sale, or the use of such production, but no later than one hundred eighty (180) days after the date of first production, whichever is the earliest. Thereafter, unless otherwise specifically provided herein, all accountings and payments of royalties shall be made on or before the last day of the second calendar month following the calendar month in which such production occurred. Unless otherwise expressly provided, if royalties are not paid to Lessor within the time period specified, Lessee shall pay to Lessor interest at ten percent (10%) per annum for each day overdue to a maximum of one hundred, twenty (120) days. The obligation of Lessee to pay Lessor's royalty to Lessor, either in kind or as proceeds from production, shall be absolute and unconditional, and shall not be subject to any defense (other than payment) or any right of setoff, recoupment, counterclaim, abatement or otherwise. Acceptance by Lessor, its successors, agents or assigns, of royalties which are past due shall not act as a waiver or estoppel of its right to receive or recover any royalties due under the provisions hereof, unless the written acceptance or acknowledgment by Lessor to Lessee expressly so provides. Any tender or payment to Lessor of a sum less than the total amount due to Lessor hereunder which is made or intended to be made as an offer of settlement or accord by or on behalf of Lessee, its agents, successors or assigns, must be accompanied by a Notice of Settlement Offer, so denominated, addressed to Lessor's address set out on page 1 of this Lease (or such other address as shall be specified by written notice to Lessee). Any such offer of settlement submitted solely by the tender of a check containing language of settlement or accord printed or otherwise inserted thereon shall not be deemed an offer of settlement or accord, unless preceded or accompanied by such a Notice of Settlement Offer, nor shall the negotiation of such check constitute an acceptance of the terms of settlement or accord contained thereon.

(f) **Marketing of Royalty.** Notwithstanding the provisions of this Paragraph 3 to the contrary, Lessor shall have the right and option, but not the obligation, to take in kind Lessor's royalty share of all oil and/or liquid hydrocarbons, gas and respective constituent products produced under the terms of this Lease and to separately market same for Lessor's own account. Lessor's option may be exercised at any time, and from time to time, by Lessor giving Lessee not less than sixty (60) days advance written notice. In the event Lessor elects to take in kind and separately market Lessor's royalty gas, Lessee agrees to deliver such gas to Lessor, at Lessor's option, at the wellhead after separation and dehydration has been completed. All other costs and expenses attributable to Lessor's election to separately market Lessor's royalty share of production shall be borne by Lessor. Should Lessor elect not to take in kind its royalty share of any such production hereunder after having done so, Lessor shall notify Lessee by giving Lessee not less than sixty (60) days advance written notice of Lessor's desire to no longer take said royalty in kind and it shall be Lessee's obligation to market said production for Lessor and to pay Lessor's royalty according to the other terms of this Lease. An election by Lessor to take in kind or have Lessee market Lessor's royalty share of such production shall be effective for a period of not less than twelve (12) months.

4. **Maintenance of Lease by Operations.**

Subject to the other provisions of this Lease, during and following the expiration of the Primary Term, the following provisions as applicable shall govern:

(a) **Drilling Operations to Continue Lease at Expiration of the Primary Term.** If at the expiration of the Primary Term hereof, no oil, liquid hydrocarbons, gas or respective constituent products (collectively referred to in this Paragraph 4 as "oil and gas") is being produced from Said Land, or Lands pooled therewith but Lessee is then engaged in drilling operations thereon or Lands pooled therewith, then this Lease will continue in effect during said drilling operations if prosecuted in a good and workmanlike manner as a prudent operator, to completion as a producer in commercial quantities or as a dry hole. If the drilling operations result in a dry hole, Lessee has the right to further maintain the Lease in effect upon the commencement of drilling operations within the sixty (60) day period and manner as provided in Paragraph 4(b) below. If the said drilling operations result in a well producing in commercial quantities, the Lease will continue in effect in the manner and for the time specified in Paragraph 4.

(b) **Operations Upon Drilling a Dry Hole or Cessation of Production.** If after the expiration of the Primary Term of the Lease, Lessee (i) drills a dry hole on lands covered hereby and no oil and gas is being produced therefrom, or (ii) in the event production of oil and gas from the lands covered hereby should at any time cease for any cause [and shut-in royalty shall not be payable as provided in Paragraph 3(g) and the Lease is not otherwise held in effect by another provision hereof], this Lease shall continue in effect as to the lands covered hereby for a period of sixty (60) days from the completion of such dry hole or cessation of production and may be continued thereafter if Lessee restores production or commences drilling operations on the land covered hereby within said sixty (60) day period and so long as drilling operations are prosecuted with reasonable diligence in a good faith manner, with no cessation of more than thirty (30) consecutive days and thereafter as long as oil or gas is produced in commercial quantities from the land covered hereby, subject to the provisions of Paragraph 4.

(c) **Definitions.** The term "drilling operations" whenever used in this Lease shall mean and include operations for drilling a well, reworking operations and reconditioning, deepening, plugging back, cleaning out, repairing or testing of a well being conducted with equipment customarily used in the industry for such operations, in a prudent manner with reasonable diligence in a bona fide good faith effort to obtain or restore the production of oil or gas in commercial quantities. For all purposes of this Lease, drilling operations shall be deemed to be prosecuted with reasonable diligence when prosecuted in good faith without the cessation of more than sixty (60) consecutive days. For purposes of this Lease:

- (i) The day of commencement of drilling operations on a well shall be that date upon which the surface of the earth is penetrated by the drilling bit, using a drilling rig capable of drilling the well to its permitted depth;
- (ii) The completion date of such well which results in commercial production shall be thirty (30) days after that day upon which final open hole electrical surveys are made of the hole;
- (iii) The completion date of a well which results in a dry hole and is abandoned shall be the day upon which the last plug is set (excluding any cement plug or plate welded on abandoned casing at or just below ground surface); and
- (iv) As to all other operations on a well, the date of commencement of the applicable operation shall be the date on which the equipment required to conduct such operations in the manner specified herein has been installed on the well and the actual operation thereof has commenced; and the completion or cessation of any such operations shall be deemed to have occurred on the earlier of the date such operations are discontinued or the date such equipment is removed from the well.

Lessee shall notify Lessor in writing as to the date (1) drilling operations are commenced on each well, (2) each well is completed and (3) each well is shut-in, same to be furnished to Lessor with reasonable dispatch; such notice to be accompanied by a copy of any appropriate form required by the Arkansas Oil and Gas Commission.

(d) **Lands Held Upon Expiration of Primary Term.** Upon expiration of the Primary Term and completion of continuous drilling operations, this Lease shall remain effective only as to those lands covered by this Lease which are (i) included within a drilling unit upon which a well is situated that is producing oil or gas or capable of producing gas in commercial quantities with shut-in royalties having been properly paid, and/or (ii) included within a drilling unit upon which Lessee is engaged in drilling operations conducted pursuant to Paragraph 4(a) or 4(b), and if such operations result in commercial production of oil or gas, this Lease shall remain effective as to such drilling unit so long thereafter as oil or gas is produced in commercial quantities from such drilling unit, or if operations are conducted thereon as provided for herein.

(e) **Continuous Drilling Operations.** After expiration of the Primary Term and upon completion of operations under Paragraph 4(c)(ii) or 4(c)(iii) above, this Lease shall remain in force for as long as Lessee is conducting continuous drilling operations on the Leased Premises, or lands pooled therewith. Drilling operations shall be deemed continuous if no more than one hundred twenty (120) days elapse between the completion date on one well and commencement of drilling operations on the next well.

(f) **Lands Held as to Depth Limitations Upon Expiration of Primary Term.** Upon expiration of the Primary Term and completion of continuous drilling operations under Paragraph 4(e) above, this Lease shall terminate as to all depths which are one hundred (100) feet below the base of the deepest formation to which production casing is set in each drilling unit, provided however, in the event no productive perforated interval exists in any well upon expiration of the Primary Term and completion of continuous drilling operations under Paragraph 4(e) above, but thereafter a well is completed on a drilling unit as provided herein, then, in such an event, this Lease shall thereupon terminate as to all depths which are one hundred (100) feet below the base of the deepest formation to which production casing is set in the respective drilling unit for each such well completed after the expiration of the Primary Term and after completion of continuous drilling operations.

(g) **Units Prescribed by Governmental Authority.** In the event any federal or state law, or any order, rule or regulation of the statewide conservation agency or commission having jurisdiction prescribes or permits a spacing pattern for the development of the field that is larger than the drilling unit described in Section 15-72-302 of the Arkansas Code, or prescribes or permits a producing allowable in whole or in part based on surface acreage per well, then any drilling unit retained hereunder may include as much additional surface acreage as may be so prescribed or permitted as may be used in such allocation or allowable. Lessee, to the extent a reasonable prudent Operator would do so, shall form each drilling unit so as to best utilize all available acreage covered by this Lease and so as not to leave acreage outside of a drilling unit which cannot be utilized or included in subsequently created drilling units.

(h) **Lease Maintained Only as to Each Pooled Unit.** On the partial termination of this Lease as to all or parts of Said Land pursuant to this Paragraph 4, the leasehold rights in each drilling unit must be separately maintained hereunder and production from or operations on one drilling unit shall not maintain this Lease as to any of Said Land included in another drilling unit, and thereafter this Lease shall continue in effect as to each drilling unit so long and only so long as the well located on the applicable drilling unit continues to produce hereunder and so long thereafter as Lessee may be conducting operations on said well and drilling unit in the strata or stratum then covered hereby as to the applicable drilling unit with a view of developing and/or restoring production therefrom, and with no cessation of such operations on a well or wells thereon for more than sixty (60) days until production from such drilling unit and strata or stratum is restored or developed. It is the intention of the parties hereto that upon the cessation of continuous drilling operations by Lessee upon Said Land pursuant to this Paragraph 4, each drilling unit established for a well producing or capable of producing oil or gas in commercial quantities (subject to the above depth limitation), shall be treated as constituting a separate lease and neither production from nor operations on any one such drilling unit shall maintain this Lease in force as to any other lands covered hereby, and this Lease shall terminate as to all of Said Land not a part of any such drilling unit.

5. **Pooling.**

Lessee is hereby granted the right to pool or consolidate the land covered by this Lease, or any part or parts thereof as to all strata or any stratum, with any other land, lease or leases, or any part or parts thereof as to all strata or any stratum, adjoining or in the immediate vicinity thereof for the production of gas or oil, when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate the Leased Premises or to promote the conservation of gas or oil in and under and that may be produced therefrom; provided, however, the lands covered hereby may be pooled for purposes of oil production only in the event there is insufficient contiguous lands covered by this Lease to form a drilling unit for oil within a section. Pooling in one or more instances shall not exhaust the rights of Lessee hereunder to pool the Leased Premises or portions thereof into other or different drilling units. Drilling units pooled or consolidated for gas hereunder shall not exceed the number of acres specified for a gas well drilling unit and shall otherwise conform with the drilling units as set forth in Paragraph 4(g) of this Lease. Drilling or reworking operations or production on any part of the pooled acreage shall be treated for all purposes hereof as if such drilling or reworking operations are upon, or such production is from the lands described in this Lease included within such pooled unit, whether the well or wells be located on land covered by this Lease or not. The entire acreage included in a drilling unit shall be treated for all purposes, except for the payment of royalties on production from the drilling unit, as if it were included in this Lease. In the event of such pooling, Lessor shall receive on production from a drilling unit so pooled only such portion of the royalty stipulated herein as the amount of Lessor's acreage placed in the drilling unit or royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular drilling unit involved, subject to the provisions of Paragraph 4 hereof. Anything in this Lease to the contrary notwithstanding, in the event only a part or parts of the land covered by this Lease is pooled or consolidated with other land or lands, operations on or production from

such pooled unit or units will maintain this Lease in force only as to the land covered hereby which is included in such unit or units and, following expiration of the Primary Term of this Lease, only as provided by Paragraph 4. This Lease may be maintained in force as to any land covered hereby and not included in such pooled unit or units in any manner provided in this Lease.

6. Obligations to Offset Producing Wells.

In the event a well or wells capable of producing oil or gas in commercial quantities shall be completed on lands within three hundred thirty feet (330') of the Leased Premises, Lessee agrees within one hundred twenty (120) days after the completion of any such well to commence drilling operations on an offset well located on the Leased Premises, as a reasonable and prudent operator would drill under the same or similar circumstances. Without limiting the foregoing, it shall be presumed that any oil or gas well producing within these defined distances shall be draining the Leased Premises; provided, however, that this presumption may be rebutted by Lessee with the burden of such proof being that of the Lessee. If Lessee shall fail to timely commence or drill such offset well, Lessee shall either:

- (a) Pay Lessor as compensatory damages, the royalties provided for herein on the equivalent production from the well or wells which create the offset obligation(s) on the Leased Premises, or
- (b) File a release of record covering that portion of Said Land located within the appropriate drilling unit or units which otherwise would be designated for such offset well or wells limited to the productive zones of such offset.

Any offset well drilled by Lessee hereunder shall be drilled into the same zone or zones as the producing zone or zones of the well to be offset and shall thereafter be operated by Lessee as a reasonably prudent operator to provide proper protection from drainage to the Leased Premises. If oil or gas is discovered on the land covered by this Lease, Lessee agrees to further develop the land covered by this Lease as a reasonable and prudent operator would under the same or similar circumstances.

7. THIS SECTION INTENTIONALLY DELETED.

8. Operations.

Lessee shall conduct all operations hereunder at its sole cost, risk and expense and shall be and remain fully responsible for all such operations. Lessee assumes all risks and liability of any kind and nature incident to, occasioned by or resulting in any manner, directly or indirectly, from Lessee's operations hereunder, and Lessee agrees to keep the Leased Premises duly and fully free from and protected against liens of every character arising in connection with and resulting from such operations.

9. Lessee's Indemnification.

Lessee agrees to protect, indemnify and hold harmless Lessor, its officers, directors, agents and employees from every kind and character of liens, damages, losses, expenses, demands, claims and causes of action claimed by or arising in favor of any person, firm or corporation whatsoever, including without limitation Lessee, its officers, directors, agents, employees and its contractors or subcontractors, or their officers, directors, agents and employees on account of personal injuries, death claims or damages to property or any persons arising from any causes whatsoever (including, but not limited to, pollution of air, water, land, minerals, animal and botanical life and any other natural resources and the violation or claimed violation of any and all federal, state and local pollution control or other environmental laws now in effect or which may hereafter become effective) caused by the operations conducted by Lessee or its contractors or subcontractors or to the entrance of Lessee or its officers, directors, agents or employees on the Leased Premises under color of this Lease. Lessee, at its own expense, shall defend any suit or action brought against Lessor based on any such alleged injury, death or damage and shall pay all damages, costs and expenses, including attorneys' fees, in connection therewith, or in any manner resulting therefrom, but Lessor shall have the right to participate in said suit or action if it so elects, at Lessor's expense.

10. Lessor's Reservation.

This Lease does not include and there is hereby excepted and reserved to Lessor all of the sulphur [except as may be recovered pursuant to the provisions of Paragraph 3(d) hereof], coal, lignite, uranium and other fissionable materials, geothermal energy (including entrained methane, hydrostatic pressure and thermal energy), base and precious metals and any other mineral substances (excepting only oil, liquid hydrocarbons, gas and respective constituent products expressly covered under this Lease) owned by Lessor in, under or upon the Leased Premises for purposes of exploration of the minerals reserved herein by Lessor and its mineral lessees. Lessor and Lessee shall each conduct their respective operations on the Leased Premises as not to unreasonably interfere with the operations or activities of the other.

11. Alienation of Interest.

The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns of the parties hereto; provided, however, that any such assignment by Lessee without the prior written consent of Lessor, which consent shall not be unreasonably withheld, shall result in Lessee remaining liable hereunder for the performance of its assignee's obligations under this Lease however such consent shall not be necessary for

the conveyance to officers of Lessee. If any assignment is made of this Lease, or any portion thereof, the assignee(s) shall within thirty (30) days after the date of such assignment notify Lessor in writing of the name and current address of the assignee(s), which notice shall also identify the lease and property involved and the interest assigned. 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, nor shall any such change or division be binding upon Lessee for any purpose until the party acquiring any interest has furnished Lessee with the instrument or instruments, or recorded copies thereof, constituting its chain of title from Lessor. If Lessee or any assignee of a segregated 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 comply with all other provisions hereof.

12. Assumption of Liabilities and Responsibilities.

Notwithstanding the foregoing, if Lessee elects to assign any part or all of Lessee's rights and interests hereunder, Lessee shall then require assignee to assume all liabilities and responsibilities to Lessor for all surface and subsurface damages which may be caused to the Leased Premises, after the effective date of any such assignment. Lessee, its successors and assigns, shall comply with all valid laws, rules and regulations affecting the Leased Premises and all operations thereon, and Lessee does hereby indemnify and agree to hold Lessor harmless from all claims, causes of action, costs and expenses relating to such operations of Lessee.

13. Force Majeure.

Lessee shall not be liable for delays or defaults in its performance of any agreement or covenant hereunder (other than any agreement or covenant which relates to the payment of money) and this Lease shall not terminate because of delays in drilling operations due to force majeure and upon Lessee giving notice and full particulars of such force majeure in writing or by fax to Lessor as soon as possible after the occurrence of the cause relied on, the obligations of Lessee and the running of any period described in Paragraphs 4(a), (b) or (e), so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused by such force majeure and for no longer period, and such cause shall, as far as possible, be remedied with all reasonable dispatch. The term "force majeure" as employed herein shall mean any act of God, including but not limited to storms, floods, washouts, landslides and lightning, inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, war, sabotage, riot, strike or labor disputes, failure of purchasers or transporters to take or transport production, or any other cause not reasonably within Lessee's control. This Lease is expressly made subject to, and Lessee in its operations hereunder shall comply with applicable requirements of all federal and state laws, and rules and regulations of any governmental authority, state or federal, having jurisdiction in the premises, and nothing herein contained shall be construed as requiring Lessee to violate any such laws, rules or regulations or to penalize Lessee for complying therewith. If any period of suspension exists or occurs during the Primary Term, the time thereof shall be added to such term; provided, however, that in no event shall the term hereof be extended for a cumulative period of more than six (6) months solely by reason of this Paragraph 13.

14. Notice of Operations and Drilling Report.

Lessee agrees to fax or email to Lessor and its authorized representatives, on a daily basis, a drilling report on each well drilled on Said Land or land pooled therewith, such daily drilling report to include a description of activities during the preceding twenty-four (24) hour period, together with other data pertinent to the operations being conducted with respect to each such well, Lessee agrees to furnish to Lessor, as directed by Lessor, copies of all forms filed with the Arkansas Oil and Gas Commission and related correspondence to and from said agency.

15. Well Information.

Lessor shall have the right, personally or by representative, at Lessor's risk, to have access to the derrick floor on all wells drilled on the Leased Premises to observe all operations, inspect and take samples of all cores and cuttings, and witness the taking of all cores, electrical logs and drill stem tests and Lessee agrees to give Lessor advance notice not less than forty-eight (48) hours prior to any coring, logging or testing operations so that Lessor may have a representative present to witness same. Upon request by Lessor, Lessee shall furnish Lessor with copies (field and final) of all electrical logs taken, promptly after taking same, and copies of each well log promptly after completion of each well drilled on the Leased Premises. Lessee agrees to promptly divulge to Lessor true and correct information as requested by Lessor as to each well, the production therefrom and such technical information as Lessee may acquire with respect to the lithology and formations encountered in such wells. Lessor or Lessor's designated agents shall have the right to be present when wells and/or tanks are gauged and measured, and shall have the right to examine all run tickets and gas measurement charts and to have full information as to production and runs, including, but not limited to, being furnished with a complete copy of any gas sales contract entered into covering any gas produced from the lands subject to this Lease, together with any modifications thereof and associated data used in determining sales price or volume. Lessor and its representatives shall also have the right, upon fifteen (15) days written notice to Lessee, at Lessee's offices during regular business hours, to inspect, examine and make copies of and extracts from Lessee's books, records, accounts, contracts, commitments and agreements as such relate to the Leased Premises, operations thereon or production therefrom (including, without limitation, the information referred to above), but in no event shall Lessor have any access to any interpretive data, materials, reports, maps or records. Lessor understands that the information to be furnished as recited above is confidential and Lessor agrees to maintain such information as confidential for

so long as Lessee maintains such information as confidential, unless Lessor is required to report such information to its stockholders under applicable law. Lessor may use such information in its ordinary course of business.

Further, all information required pursuant to this Section 15 shall be furnished to Lessor by Lessee in accordance with the "Data Requirement Form," attached hereto as Exhibit "A."

16. Special Warranty of Title.

This Lease is made and accepted by Lessee with warranty of title as to matters arising by, through or under Lessor. Except as provided in the preceding sentence, this Lease is made and accepted without any covenant of title or warranty of any kind, either express or implied, and without recourse against Lessor. If Lessor's interest in the minerals covered by this Lease in, on and under the Said Land is less than the undivided fee simple estate to the entirety thereof, then Lessor agrees that the royalties provided in this Lease shall be paid to Lessor in the proportion which Lessor's interest bears to the entire and undivided fee simple estate therein. Lessee agrees to deliver to Lessor copies of all title opinions and related curative documents covering the lands subject to this Lease within thirty (30) days of receipt of such opinions or documents by Lessee and Lessor shall rely upon same at its sole risk and shall keep same confidential for so long as Lessee maintains such information as confidential, unless Lessor, in its sole opinion, be required to report such information to its stockholders.

17. Lease Amendments.

It is agreed that neither this Lease nor any terms or provisions hereof shall be altered, amended, extended or ratified by any division order or transfer order executed by Lessor, its officers, directors, agents, employees, successors, or assigns, but that any division orders or transfer orders shall be solely for the purposes of confirming the extent of Lessor's interest in oil, liquid hydrocarbons, gas or respective constituent products produced from the Leased Premises, or any land or lands pooled therewith. Any amendment, alteration, extension or ratification of this Lease or of any term or provision of this Lease shall be made by an instrument in writing clearly denominated as to its purpose and effect, describing the specific terms or provisions of the lease affected and the proposed change or modification thereof, and executed by the party against whom any such amendment, alteration, extension or ratification is sought to be so enforced, and any purported amendment, alteration, extension or ratification not so drafted and executed shall be of no force and effect.

18. Notice.

Any notice or other communication permitted or required under the terms hereof shall be in writing and, unless otherwise specified, be deemed properly given on the date personally delivered and/or received by the addressee. Notices mailed shall be sent by postage prepaid United States certified mail, return receipt requested, addressed to Lessor or Lessee at the address set forth, as follows, or to such other address as may hereafter be designated by either party to the other by written notice. Notice given in any other manner shall be effective only if and when received.

- | | | |
|----|-----------------------|--|
| 1. | <u>Lessor:</u> | Dorchester Minerals, L.P. 3838 Oak Lawn Avenue, Suite 300 Dallas, Texas 75219 |
| 2. | <u>Lessee:</u> | Chesapeake Exploration Limited Partnership 6100 N. Western Ave. Oklahoma City, Oklahoma 73118 |

19. Release.

Upon expiration or termination of this Lease for any reason as to all or any portion of the Leased Premises, Lessee shall be obligated at its expense promptly to prepare, execute and file in the public records in the county in which Said Land or a portion thereof is located, an appropriate release instrument covering all or such portion of Said Land, and to forward a copy of same as so recorded to Lessor within thirty (30) days after such expiration or termination date. If, after a written request by Lessor, Lessee shall fail to timely file an appropriate release instrument within thirty (30) days, then Lessor may execute and file of record such a Release or Partial Release, which shall be binding upon Lessee, and this Lease shall be deemed terminated as to the land and/or depth covered by such Release. The provisions of this paragraph shall apply each time that a termination occurs.

20. Retention of Rights to Facilities.

Notwithstanding the termination of this Lease under the provisions contained herein, as to part or parts of the Leased Premises, it is agreed that Lessee shall have and retain the right to maintain and use (after such termination) all roads, pipelines and other installations of Lessee (and ingress and egress to and from same) which may be located on such part or parts of the Leased Premises as to which this Lease may have terminated, so long as such roads, pipelines and installations are useful in Lessee's operations under this Lease, but not otherwise.

21. Attorney's Fees for Enforcement of Lessor's Rights.

If Lessor elects to employ an attorney to enforce any of Lessor's rights hereunder and the dispute is resolved in favor of Lessor, Lessee shall pay Lessor for all such reasonable attorney's fees and all court costs and expenses incurred by Lessor with respect to any such proceeding.

22. Recording of Memorandum.

In lieu of filing this Lease of record in the County Clerk's office of the county in which the Leased Premises are located, Lessor and Lessee agree that a Memorandum of Oil and Gas Lease shall be filed of record in said county.

23. During the Term of this Lease, Lessee shall at its expense, maintain in force and effect minimum insurance in accordance with the provisions of Exhibit "C" attached hereto.

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

LESSOR

DORCHESTER MINERAL, L.P.

By: DORCHESTER MINERALS MANAGEMENT LP, its General Partner

By: DORCHESTER MINERALS MANAGEMENT GP LLC, its General Partner

By:



William Casey McManemin
Chief Executive Officer



LESSEE

CHESAPEAKE EXPLORATION
LIMITED PARTNERSHIP, LESSEE

By:

Henry J. Hood

Its: Senior Vice President - Land and Legal,
Chesapeake Operating, Inc., general partner
of Chesapeake Exploration Limited Partnership

ACKNOWLEDGEMENTS

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

Before me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared William Casey McManemin, known to me to be the person and office whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said DORCHESTER MINERALS MANAGEMENT GP LLC, a Delaware limited liability company, the General Partner of DORCHESTER MINERALS MANAGEMENT LP, a Delaware limited partnership, the General Partner of DORCHESTER MINERALS, L.P., a Delaware limited partnership, and that he executed the same as the act of said partnership for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal this the 25th day of May 2006.

My Commission Expires:
10/02/2008

TERRI L. FARMER
Notary Public, State of Texas



STATE OF OKLAHOMA §
 §
COUNTY OF OKLAHOMA §

This instrument was acknowledged before me this ___ day of _____ 2006, by Henry J. Hood, Senior Vice President - Land and Legal, Chesapeake Operating, Inc., general partner of Chesapeake Exploration Limited Partnership.

Notary Public for the State of Oklahoma

My Commission Expires:

[SEAL]

Exhibit "A"

To Oil and Gas Lease dated May 25, 2006

"Data Requirement Form"

1. Approved drilling permit including location plan or survey.
2. Daily drilling and completion reports including notification of spud and first sales transmitted by email.
3. Composite/cumulative daily drilling and completion reports from spud to first sales transmitted by email or mail.
4. Hard copy of final prints of all wellbore surveys, including but not limited to mud logs, directional surveys, electric, porosity, sonic, cement bond, and interpretive logs (MRI, NMR etc). Any of these surveys, or portions thereof, available on a daily basis via email should be transmitted as well.
5. Hard copy of well tests, shut-in and flowing bottom-hole or surface pressure tests, fluid analyses, drill-stem tests, pressure transient data and interpretations thereof.
6. Complete copies of drillsite and division order title opinions covering subject lands and lands pooled therewith.

Contact Info:

| | |
|-------------------|---|
| Email Address: | drillingreports@dmlp.net |
| Facsimile Number: | 214.559.0933 |
| Mailing Address: | 3838 Oak Lawn Avenue Suite 300 Dallas, Texas 75219-4541 |

EXHIBIT

tabber

G



George P. Denny
Manager - Business Development

March 30, 2006

VIA FACSIMILE (214) 559-0301
AND U.S. MAIL

Mr. Casey McManemin
Dorchester Minerals, L.P.
3838 Oak Lawn Avenue, Suite 300
Dallas, TX 75219

Re: Oil and Gas Lease
Various Counties, Arkansas

Dear Casey:

When executed in the manner set forth below, this letter will set forth the agreement between Chesapeake Exploration Limited Partnership ("Chesapeake") and Dorchester Minerals, L.P. ("Dorchester"), whereby Dorchester shall, for a cash consideration of \$625.00 per acre, execute oil and gas leases and memoranda covering all of its mineral interest (and those interests in which it has a right to lease) in those lands described on the attached Exhibit "A", being approximately 9,857.0 net acres ("Contract Lands"). Said oil and gas leases shall provide for a primary term of five (5) years and a 25.0% royalty interest, on the form of oil and gas lease attached hereto as Exhibit "B". The total consideration shall be \$6,160,625.00, 10.0% of which shall be due upon the execution of this letter agreement. The balance is due within 90 days from the execution date of this agreement.

The foregoing is subject to the following terms and conditions:

- 1) Contemporaneously with the execution of this letter by Chesapeake and Dorchester, Dorchester shall deliver to Chesapeake the fully executed original leases, and any and all contracts or documents pertinent to the Contract Lands now in Dorchester's possession and specifically requested by Chesapeake. Upon receipt, Chesapeake shall overnight Dorchester a check in the amount of \$616,062.50 being the agreed upon non-refundable down payment of the bonus consideration. Dorchester shall thereafter allow Chesapeake access to its files during regular business hours. Chesapeake shall have until June 29, 2006 to perform due diligence and to confirm Dorchester's acreage ownership as set

Chesapeake Energy Corporation
6100 N. Western Ave. • Oklahoma City, OK 73118 • P.O. Box 18496 • Oklahoma City, OK 73154-0496
405.879.9326 • fax 405.879.9528 • gdenny@chkenergy.com

Mr. Casey McManemin
March 30, 2006
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forth under the column labeled "Net Acres" in Exhibit "A". In the event the acreage ownership is confirmed, the balance of the consideration in the amount of \$5,544,562.50 shall be due and payable to Dorchester by wire transfer on June 29, 2006. If Chesapeake contends Dorchester owns more or less than the Net Acres, Chesapeake shall present title evidence that will illustrate ownership to the contrary of the Dorchester representation. Chesapeake will have the option of accepting title, allowing Dorchester to cure any title deficiencies, or omitting such tracts from this transaction and paying on the acreage remaining. Nonetheless, Chesapeake shall pay the remaining amount due to Dorchester for Net Acres to which title is confirmed and, if necessary, an adjustment of the final payment by Chesapeake will be made for the amount of net acres actually owned by Dorchester and leased to Chesapeake pursuant hereto. Chesapeake agrees to hold the executed leases and memoranda in escrow prior to payment of the total bonus consideration due to Dorchester in accordance with this paragraph.

- 2) During the term of the leases, or any extensions thereof, Chesapeake shall commence or cause to be commenced the drilling of wells on the Contract Lands. The first well drilled in each section on the Contract Lands shall be deemed the ("Initial Unit Well").
- 3) In addition to the information requirements set forth in the applicable oil and gas leases, Chesapeake agrees to provide well information, including logs and daily drilling and mud log reports, to Dorchester within 24 hours (excluding holidays and weekends) of Chesapeake's receipt, from wells participated in or drilled by Chesapeake on the Contract Lands. Dorchester agrees to hold all such information confidential and agrees not to disseminate same to third parties for two years or until such information becomes publicly available. However, Dorchester may use such information in its ordinary course of business.
- 4) Dorchester shall have the option but not the obligation to participate as a working interest owner in any Initial Unit Well drilled on the Contract Lands identified in Exhibit "A" with an asterisk (*) under the column labeled Participation Tracts or lands pooled or integrated therewith. In the event Chesapeake is named operator of an Initial Unit Well, Chesapeake shall propose such well to Dorchester in writing including an AFE and copies of all applicable permits. In the event Chesapeake is not named operator of the Initial Unit Well and Chesapeake receives a proposal from the named operator, Chesapeake shall notify Dorchester of Chesapeake's election within 10 days thereof and shall propose such well to Dorchester in writing, including copies of all information and correspondence from and to said operator. Dorchester will have 10 days from the receipt of said proposals (excluding holidays and weekends) to elect in writing to exercise its option. Dorchester will have the option to participate up to a maximum working interest percentage in the Initial Unit Well equal to the

Mr. Casey McManemin
March 30, 2008
Page 3

amount reflected under the column labeled WI% in Exhibit "A". The actual working interest with which Dorchester elects to participate, whether equal to or less than the WI% shall be referred to as the "Participating Interest". In the event Dorchester elects to participate, Dorchester shall pay all costs and expenses reflected in Chesapeake's monthly joint interest billings in accordance with that certain letter agreement dated November 17, 2005, between Chesapeake and Dorchester. Upon payment of all actual, allocable and reasonable costs, Chesapeake shall assign to Dorchester an interest in the Dorchester lease equivalent to Dorchester's Participating Interest free and clear of all burdens or encumbrances created by, through or under Chesapeake. Chesapeake agrees to place Dorchester's working interest share of production in pay status regardless of the status of such assignment. The Participating Interest is in addition to the 25.0% royalty interest Dorchester will retain on the leased interest subject to the oil and gas lease. As soon as practicable, Dorchester will pay to Chesapeake an amount equal to \$625 times the number of acres equivalent to the Participating Interest. In the event Dorchester fails to make an election or to pay its share of well costs in a timely manner, Dorchester shall be deemed to have elected to not participate in the Initial Unit Well (or subsequent wells in said section), and Chesapeake shall retain such interest subject to the terms and conditions of the applicable Oil and Gas Lease. In the event Dorchester makes a timely election, Chesapeake and Dorchester agree to negotiate a mutually acceptable form of Operating Agreement. Dorchester may assign the Participating Interest or any other interest created pursuant hereto to Dorchester Minerals Operating, L.P., and Chesapeake hereby acknowledges and consents to any such assignment.

- 5) In the event formation conditions or mechanical difficulties render the drilling and/or completion of the Initial Unit Well impossible or impractical, Chesapeake will have the right to drill or participate in a substitute or replacement well so long as same is commenced within the primary term of the oil and gas lease, or any extension thereof. Dorchester shall be entitled to participate in any substitute or replacement well under the same terms and conditions as set forth in Paragraph 4 above.
- 6) In the event an Initial Unit Well is completed as a well capable of commercial production, Dorchester shall receive notice of gas marketing elections available to Chesapeake and Dorchester shall have the opportunity to make the same election as Chesapeake. Chesapeake shall make such election available to Dorchester as soon as practicable and such election shall be deemed to be effective as of the date of first production. Notwithstanding the foregoing, Dorchester's working interest share of production shall at all times be marketed on terms and conditions no less favorable than those set forth in the applicable oil and gas leases.

Mr. Casey McManemin
March 30, 2006
Page 4

- 7) In the event Chesapeake proposes to drill additional wells within a unit where an Initial Unit Well has been drilled, Dorchester's election and payment requirements will be governed by the applicable Operating Agreement. In the event subsequent wells are proposed to be drilled on the Contract Lands by a third party, Dorchester shall have the right, but not the obligation, to participate for its sole benefit in such wells (on a well-by-well basis) for all or part of its Participating Interest. Dorchester's election and payment requirements will be governed in a manner similar to that set forth in Paragraph 4 hereof and applicable Arkansas Oil and Gas Commission regulations.
- 8) There will be no penalty for Chesapeake's failure to commence or cause to be commenced the drilling of an Initial Unit Well other than the expiration of the oil and gas leases under their own terms.
- 9) If, within the primary term of the oil and gas leases, it is discovered by either Dorchester or Chesapeake that the net acres represented herein are incorrect, an appropriate adjustment in the price paid will be made between the parties.
- 10) The terms and provisions hereof shall extend to and be binding upon Dorchester, Chesapeake, and their respective heirs, successors and assigns.
- 11) The leases and amendments executed contemporaneously herewith constitute the entire agreement of the parties and supersede any prior agreements or negotiations, whether oral or written, covering the Contract Lands. In the event any provisions of this letter may conflict with provisions in the leases, the leases will control.

This letter is contingent upon Dorchester's acceptance by 5:00 CST on Friday, March 31, 2006. Should the terms and conditions of this letter accurately reflect our agreement, please sign in the space provided below and return a copy to the undersigned via facsimile at (405) 879-9528.

Best regards,

Chesapeake Exploration Limited Partnership


George P. Denny

Attachment

Agreed to and accepted this 30th day of MARCH, 2006.

Mr. Casey McManemin
March 30, 2006
Page 5

Dorchester Minerals, L.P.

By: Dorchester Minerals Management LP, its General Partner

By: Dorchester Minerals Management GP LLC, its General Partner



William Casey McManemin
Chief Executive Officer



Exhibit "A"
To March 30, 2006
Letter Agreement

| Tract # | County | Section | Township | Range | Gross Acres | Net Acres | Participation Tracts | Wt% |
|---------|-----------|---------|----------|-------|-------------|-----------|----------------------|-------|
| 1 | Van Buren | 36 | 10N | 17W | 480.00 | 240.00 | * | 5.00% |
| 2 | Pope | 35 | 10N | 20W | 440.00 | 220.00 | * | 5.00% |
| 3 | Faulkner | 9 | 8N | 12W | 390.00 | 195.00 | * | 5.00% |
| 4 | Van Buren | 29 | 9N | 12W | 335.00 | 167.50 | * | 5.00% |
| 5 | Pope | 32 | 9N | 18W | 320.00 | 160.00 | * | 5.00% |
| 6 | Conway | 1 | 8N | 16W | 320.00 | 160.00 | * | 5.00% |
| 7 | Conway | 5 | 7N | 14W | 360.50 | 157.75 | * | 5.00% |
| 8 | Conway | 30 | 9N | 15W | 302.00 | 151.00 | * | 5.00% |
| 9 | Conway | 36 | 8N | 16W | 300.00 | 150.00 | * | 5.00% |
| 10 | Faulkner | 29 | 7N | 12W | 284.00 | 142.00 | * | 5.00% |
| 11 | Van Buren | 1 | 12N | 13W | 277.00 | 135.00 | * | 5.00% |
| 12 | Faulkner | 33 | 7N | 12W | 258.25 | 129.13 | * | 5.00% |
| 13 | Pope | 6 | 6N | 19W | 256.48 | 128.24 | * | 5.00% |
| 14 | Faulkner | 36 | 7N | 13W | 256.00 | 128.00 | * | 5.00% |
| 15 | Conway | 33 | 8N | 14W | 253.00 | 126.50 | * | 5.00% |
| 16 | Pope | 3 | 9N | 20W | 242.63 | 121.32 | * | 5.00% |
| 17 | Van Buren | 22 | 9N | 12W | 240.00 | 120.00 | * | 5.00% |
| 18 | Van Buren | 8 | 11N | 16W | 240.00 | 120.00 | * | 5.00% |
| 19 | Pope | 4 | 9N | 20W | 233.50 | 116.75 | * | 5.00% |
| 20 | Conway | 5 | 7N | 15W | 148.75 | 111.56 | * | 5.00% |
| 21 | Van Buren | 17 | 10N | 12W | 221.00 | 110.50 | * | 5.00% |
| 22 | Faulkner | 12 | 7N | 14W | 220.00 | 110.00 | * | 5.00% |
| 23 | Pope | 30 | 9N | 18W | 120.00 | 100.00 | * | 5.00% |
| 24 | Pope | 13 | 8N | 18W | 200.00 | 100.00 | * | 5.00% |
| 25 | Pope | 28 | 11N | 19W | 200.00 | 100.00 | * | 5.00% |
| 26 | Faulkner | 16 | 7N | 11W | 198.50 | 99.25 | * | 5.00% |
| 27 | Faulkner | 28 | 7N | 12W | 185.00 | 92.50 | * | 5.00% |
| 28 | Cleburne | 35 | 9N | 12W | 120.00 | 90.00 | * | 5.00% |
| 29 | Pope | 29 | 10N | 19W | 178.00 | 89.00 | * | 5.00% |
| 30 | Pope | 2 | 9N | 20W | 177.00 | 88.50 | * | 5.00% |
| 31 | Faulkner | 25 | 8N | 13W | 165.00 | 82.50 | * | 5.00% |
| 32 | Faulkner | 9 | 7N | 14W | 165.00 | 82.50 | * | 5.00% |
| 33 | Conway | 3 | 9N | 15W | 160.00 | 80.00 | * | 5.00% |
| 34 | White | 22 | 9N | 8W | 160.00 | 80.00 | * | 5.00% |
| 35 | White | 23 | 9N | 6W | 160.00 | 80.00 | * | 5.00% |
| 36 | Faulkner | 20 | 8N | 11W | 160.00 | 80.00 | * | 5.00% |
| 37 | Faulkner | 29 | 8N | 12W | 160.00 | 80.00 | * | 5.00% |
| 38 | Conway | 30 | 8N | 15W | 160.00 | 80.00 | * | 5.00% |
| 39 | Conway | 8 | 7N | 15W | 160.00 | 80.00 | * | 5.00% |
| 40 | Conway | 11 | 7N | 15W | 160.00 | 80.00 | * | 5.00% |
| 41 | Van Buren | 23 | 12N | 16W | 160.00 | 80.00 | * | 5.00% |
| 42 | Van Buren | 34 | 12N | 16W | 160.00 | 80.00 | * | 5.00% |
| 43 | Van Buren | 28 | 11N | 13W | 160.00 | 80.00 | * | 5.00% |
| 44 | Van Buren | 36 | 11N | 16W | 160.00 | 80.00 | * | 5.00% |
| 45 | Van Buren | 16 | 11N | 17W | 160.00 | 80.00 | * | 5.00% |
| 46 | Van Buren | 16 | 10N | 12W | 160.00 | 80.00 | * | 5.00% |
| 47 | Conway | 36 | 8N | 15W | 150.00 | 75.00 | * | 5.00% |
| 48 | Faulkner | 32 | 7N | 12W | 250.00 | 75.00 | * | 5.00% |
| 49 | Pope | 9 | 8N | 20W | 144.00 | 72.00 | * | 5.00% |
| 50 | Pope | 34 | 12N | 18W | 140.00 | 70.00 | * | 5.00% |
| 51 | Van Buren | 18 | 10N | 12W | 136.00 | 68.00 | * | 5.00% |
| 52 | Conway | 10 | 7N | 16W | 130.00 | 65.00 | * | 5.00% |
| 53 | Faulkner | 26 | 7N | 12W | 146.00 | 64.00 | * | 5.00% |
| 54 | Faulkner | 20 | 8N | 12W | 126.00 | 63.00 | * | 4.84% |
| 55 | Van Buren | 1 | 10N | 16W | 123.00 | 61.50 | * | 4.61% |
| 56 | Van Buren | 21 | 9N | 12W | 120.00 | 60.00 | * | 4.38% |
| 57 | Pope | 5 | 9N | 19W | 120.00 | 60.00 | * | 4.38% |
| 58 | White | 35 | 9N | 6W | 120.00 | 60.00 | * | 4.38% |
| 59 | Pope | 24 | 8N | 18W | 120.00 | 60.00 | * | 4.38% |
| 60 | Pope | 34 | 8N | 19W | 160.00 | 60.00 | * | 4.38% |
| 61 | Faulkner | 9 | 7N | 13W | 120.00 | 60.00 | * | 4.38% |
| 62 | Faulkner | 3 | 7N | 14W | 120.00 | 60.00 | * | 4.38% |
| 63 | Conway | 1 | 7N | 16W | 120.00 | 60.00 | * | 4.38% |
| 64 | Van Buren | 8 | 12N | 14W | 120.00 | 60.00 | * | 4.38% |
| 65 | Van Buren | 10 | 12N | 14W | 120.00 | 60.00 | * | 4.38% |

Exhibit "A"
To March 30, 2006
Letter Agreement

| Tract # | County | Section | Township | Range | Gross Acres | Net Acres | Participation Tracts | WI% |
|---------|-----------|---------|----------|-------|-------------|-----------|----------------------|-------|
| 66 | Van Buren | 9 | 10N | 12W | 120.00 | 60.00 | * | 4.38% |
| 67 | Van Buren | 20 | 10N | 12W | 120.00 | 60.00 | * | 4.38% |
| 68 | Van Buren | 15 | 10N | 17W | 120.00 | 60.00 | * | 4.38% |
| 69 | Pope | 26 | 10N | 20W | 120.00 | 60.00 | * | 4.38% |
| 70 | Pope | 1 | 6N | 20W | 119.39 | 59.70 | * | 4.33% |
| 71 | Conway | 6 | 7N | 15W | 116.00 | 58.00 | * | 4.06% |
| 72 | Van Buren | 19 | 11N | 14W | 115.00 | 57.50 | * | 3.88% |
| 73 | Conway | 31 | 9N | 15W | 113.00 | 56.50 | * | 3.83% |
| 74 | Pope | 18 | 11N | 17W | 110.00 | 55.00 | * | 3.59% |
| 75 | Van Buren | 27 | 11N | 15W | 104.00 | 52.00 | * | 3.13% |
| 76 | Van Buren | 15 | 9N | 12W | 100.00 | 50.00 | * | 2.81% |
| 77 | Van Buren | 24 | 8N | 13W | 100.00 | 50.00 | * | 2.81% |
| 78 | Pope | 31 | 9N | 18W | 120.00 | 50.00 | * | 2.81% |
| 79 | Conway | 31 | 8N | 15W | 100.00 | 50.00 | * | 2.81% |
| 80 | Pope | 1 | 7N | 20W | 83.00 | 41.50 | * | 1.48% |
| 81 | Van Buren | 28 | 9N | 12W | 80.00 | 40.00 | * | 1.25% |
| 82 | Van Buren | 31 | 9N | 12W | 80.00 | 40.00 | * | 1.25% |
| 83 | Van Buren | 35 | 9N | 13W | 80.00 | 40.00 | * | 1.25% |
| 84 | Van Buren | 36 | 9N | 13W | 80.00 | 40.00 | * | 1.25% |
| 85 | Conway | 25 | 9N | 16W | 80.00 | 40.00 | * | 1.25% |
| 86 | Faulkner | 5 | 8N | 12W | 80.00 | 40.00 | * | 1.25% |
| 87 | Conway | 6 | 8N | 15W | 80.00 | 40.00 | * | 1.25% |
| 88 | Conway | 7 | 8N | 15W | 80.00 | 40.00 | * | 1.25% |
| 89 | Johnson | 10 | 8N | 22W | 40.00 | 40.00 | * | 1.25% |
| 90 | Faulkner | 27 | 7N | 12W | 80.00 | 40.00 | * | 1.25% |
| 91 | Faulkner | 5 | 7N | 13W | 80.00 | 40.00 | * | 1.25% |
| 92 | Conway | 7 | 7N | 14W | 80.00 | 40.00 | * | 1.25% |
| 93 | Conway | 14 | 7N | 15W | 80.00 | 40.00 | * | 1.25% |
| 94 | Conway | 15 | 7N | 15W | 80.00 | 40.00 | * | 1.25% |
| 95 | Pope | 30 | 7N | 18W | 80.00 | 40.00 | * | 1.25% |
| 96 | Van Buren | 31 | 13N | 14W | 80.00 | 40.00 | * | 1.25% |
| 97 | Van Buren | 29 | 12N | 13W | 80.00 | 40.00 | * | 1.25% |
| 98 | Van Buren | 32 | 12N | 13W | 80.00 | 40.00 | * | 1.25% |
| 99 | Van Buren | 17 | 12N | 14W | 80.00 | 40.00 | * | 1.25% |
| 100 | Van Buren | 32 | 12N | 16W | 80.00 | 40.00 | * | 1.25% |
| 101 | Cleburne | 2 | 11N | 12W | 40.00 | 40.00 | * | 1.25% |
| 102 | Cleburne | 12 | 11N | 12W | 40.00 | 40.00 | * | 1.25% |
| 103 | Van Buren | 9 | 11N | 13W | 40.00 | 40.00 | * | 1.25% |
| 104 | Van Buren | 18 | 11N | 13W | 40.00 | 40.00 | * | 1.25% |
| 105 | Van Buren | 6 | 11N | 15W | 80.00 | 40.00 | * | 1.25% |
| 106 | Van Buren | 1 | 11N | 16W | 80.00 | 40.00 | * | 1.25% |
| 107 | Pope | 5 | 11N | 17W | 80.00 | 40.00 | * | 1.25% |
| 108 | Van Buren | 19 | 10N | 13W | 80.00 | 40.00 | * | 1.25% |
| 109 | Van Buren | 25 | 10N | 15W | 80.00 | 40.00 | * | 1.25% |
| 110 | Pope | 33 | 10N | 19W | 80.00 | 40.00 | * | 1.25% |
| 111 | Pope | 25 | 10N | 20W | 80.00 | 40.00 | * | 1.25% |
| 112 | Faulkner | 19 | 7N | 11W | 79.00 | 38.50 | * | |
| 113 | Conway | 5 | 9N | 17W | 78.95 | 39.38 | * | |
| 114 | Pope | 32 | 10N | 19W | 72.25 | 36.13 | * | |
| 115 | Conway | 15 | 7N | 16W | 72.00 | 36.00 | * | |
| 116 | Faulkner | 22 | 7N | 12W | 70.00 | 35.00 | * | |
| 117 | Van Buren | 32 | 13N | 14W | 70.00 | 35.00 | * | |
| 118 | Faulkner | 34 | 7N | 12W | 66.00 | 33.00 | * | |
| 119 | Conway | 29 | 8N | 14W | 60.00 | 30.00 | * | |
| 120 | Conway | 32 | 8N | 14W | 80.00 | 30.00 | * | |
| 121 | Faulkner | 30 | 7N | 11W | 55.00 | 27.50 | * | |
| 122 | Conway | 10 | 7N | 15W | 54.75 | 27.38 | * | |
| 123 | Van Buren | 32 | 10N | 17W | 54.00 | 27.00 | * | |
| 124 | Faulkner | 8 | 8N | 12W | 50.00 | 25.00 | * | |
| 125 | Faulkner | 11 | 7N | 13W | 116.00 | 23.20 | * | |
| 126 | Johnson | 1 | 9N | 25W | 22.52 | 22.52 | * | |
| 127 | Conway | 19 | 9N | 15W | 43.00 | 21.50 | * | |
| 128 | Van Buren | 30 | 9N | 12W | 40.00 | 20.00 | * | |
| 129 | Van Buren | 33 | 9N | 12W | 40.00 | 20.00 | * | |
| 130 | Van Buren | 25 | 9N | 13W | 40.00 | 20.00 | * | |
| 131 | Van Buren | 26 | 9N | 13W | 40.00 | 20.00 | * | |

Exhibit "A"
To March 30, 2006
Letter Agreement

| Tract # | County | Section | Township | Range | Gross Acres | Net Acres | Participation Tracts | WI% |
|---------------|-----------|---------|----------|-------|---------------|--------------|----------------------|-----|
| 132 | Conway | 2 | 9N | 15W | 40.00 | 20.00 | | |
| 133 | Conway | 7 | 9N | 17W | 40.00 | 20.00 | | |
| 134 | White | 27 | 9N | 6W | 40.00 | 20.00 | | |
| 135 | Conway | 31 | 8N | 14W | 40.00 | 20.00 | | |
| 136 | Faulkner | 35 | 8N | 14W | 40.00 | 20.00 | | |
| 137 | Conway | 12 | 8N | 16W | 40.00 | 20.00 | | |
| 138 | Conway | 35 | 8N | 16W | 40.00 | 20.00 | | |
| 139 | Pope | 5 | 8N | 18W | 250.00 | 20.00 | | |
| 140 | White | 18 | 8N | 6W | 40.00 | 20.00 | | |
| 141 | White | 13 | 8N | 7W | 40.00 | 20.00 | | |
| 142 | Faulkner | 15 | 7N | 11W | 40.00 | 20.00 | | |
| 143 | Faulkner | 25 | 7N | 12W | 40.00 | 20.00 | | |
| 144 | Conway | 6 | 7N | 14W | 40.00 | 20.00 | | |
| 145 | Conway | 17 | 7N | 15W | 40.00 | 20.00 | | |
| 146 | Conway | 18 | 7N | 15W | 40.00 | 20.00 | | |
| 147 | Conway | 2 | 7N | 16W | 40.00 | 20.00 | | |
| 148 | Pope | 12 | 6N | 20W | 40.00 | 20.00 | | |
| 149 | Van Buren | 9 | 12N | 13W | 40.00 | 20.00 | | |
| 150 | Van Buren | 12 | 12N | 13W | 40.00 | 20.00 | | |
| 151 | Van Buren | 19 | 12N | 14W | 40.00 | 20.00 | | |
| 152 | Van Buren | 29 | 11N | 13W | 40.00 | 20.00 | | |
| 153 | Van Buren | 32 | 11N | 14W | 40.00 | 20.00 | | |
| 154 | Pope | 27 | 11N | 19W | 40.00 | 20.00 | | |
| 155 | Van Buren | 11 | 10N | 16W | 40.00 | 20.00 | | |
| 156 | Van Buren | 14 | 10N | 17W | 40.00 | 20.00 | | |
| 157 | Van Buren | 31 | 10N | 17W | 40.00 | 20.00 | | |
| 158 | Faulkner | 17 | 8N | 12W | 38.50 | 19.25 | | |
| 159 | Conway | 20 | 9N | 15W | 37.00 | 18.50 | | |
| 160 | Van Buren | 20 | 11N | 14W | 36.00 | 18.00 | | |
| 161 | Van Buren | 30 | 11N | 13W | 35.00 | 17.50 | | |
| 162 | Van Buren | 5 | 10N | 15W | 35.00 | 17.50 | | |
| 163 | Pope | 1 | 9N | 20W | 32.74 | 16.37 | | |
| 164 | Cleburne | 25 | 9N | 12W | 20.00 | 15.00 | | |
| 165 | Pope | 28 | 8N | 19W | 40.00 | 15.00 | | |
| 166 | Pope | 33 | 8N | 19W | 40.00 | 15.00 | | |
| 167 | Franklin | 3 | 10N | 28W | 22.00 | 11.00 | | |
| 168 | Conway | 30 | 9N | 14W | 80.00 | 10.00 | | |
| 169 | Pope | 29 | 9N | 18W | 40.00 | 10.00 | | |
| 170 | Conway | 30 | 8N | 14W | 40.00 | 10.00 | | |
| 171 | Conway | 9 | 7N | 14W | 29.65 | 9.83 | | |
| 172 | Conway | 24 | 9N | 15W | 78.00 | 9.75 | | |
| 173 | Pope | 6 | 9N | 19W | 16.00 | 8.00 | | |
| 174 | Conway | 4 | 7N | 14W | 15.00 | 7.50 | | |
| 175 | Faulkner | 4 | 7N | 14W | 13.20 | 6.60 | | |
| 176 | Conway | 34 | 8N | 16W | 10.00 | 5.00 | | |
| 177 | Conway | 32 | 9N | 15W | 8.00 | 4.00 | | |
| 178 | Pope | 2 | 9N | 21W | 6.00 | 3.00 | | |
| 179 | Conway | 19 | 9N | 14W | 20.00 | 2.50 | | |
| 180 | Van Buren | 30 | 11N | 14W | 2.00 | 1.00 | | |
| Totals | | | | | 20,000 | 9,857 | | |

Note:

Information is believed reliable but is not guaranteed for accuracy.

Sections 4, 5 and 35-10N-20W are limited to 100 feet above the top of the stratigraphic equivalent of the Fayetteville Shale.

Exhibit "B"
To March 30, 2006 Letter Agreement

OIL AND GAS LEASE

STATE OF ARKANSAS §
 §
COUNTY OF CONWAY §

THIS Oil, Gas and Liquid Hydrocarbon Lease is entered into and effective as of August 31, 2004 (the "Effective Date"), by and between **DORCHESTER MINERALS, L.P.**, a Delaware limited partnership, hereinafter referred to as "Lessor," whose address is 3836 Oak Lawn Avenue, Suite 300, Dallas, Texas 75219, and **CHESAKEAKE EXPLORATION LIMITED PARTNERSHIP**, 6100 N. Western Avenue Oklahoma City, Oklahoma 73118, hereinafter referred to as "Lessee."

WITNESSETH:

1. Lessor, in consideration of Ten and No/100 Dollars (\$10.00) in hand paid, of the royalties herein provided and of the agreements of Lessee hereinafter contained, hereby grants, leases and lets exclusively unto Lessee for the sole purpose of exploring by geophysical or other means, prospecting, drilling, operating for and producing oil, liquid hydrocarbons, gas and respective constituent products, laying pipelines, building tanks, power stations, telephone lines and roads and constructing, maintaining and removing other structures, improvements, equipment and facilities thereon to produce, save, care for, treat, process, store, and transport said products from the lands leased hereunder in Conway County, Arkansas, which are more fully described as follows:

SEE EXHIBIT "A," ATTACHED HERETO AND MADE A PART HEREOF.

comprising _____ gross acres, more or less, which lands are sometimes referred to as "Said Land".

2. **Term.**

Subject to the other provisions herein contained, this Lease shall be for a term of Five (5) Years from the date hereof (herein called "Primary Term") and as long thereafter as oil, liquid hydrocarbons, gas or respective constituent products, or any of them, is produced in commercial quantities from Said Land, or from lands with which Said Land may be pooled or unitized, or drilling or reworking operations are conducted thereon, as provided herein.

3. **Royalties.**

(a) **Royalty On Oil.** On all oil (including any other liquid hydrocarbons) the sum of Twenty-Five Hundredths Percent (25.0%) of the value of the gross production, said value to be the proceeds received by Lessee. Lessee may, from time to time, purchase any royalty oil (including any other liquid hydrocarbons) paying therefore, on the date it is run to the pipeline or storage tanks, at the same proceeds received by Lessee for the sale thereof.

(b) **Royalty on Gas.** On gas, including casinghead gas or other gaseous substances, produced and saved from the premises [other than for processing at a plant as described in Paragraph 3(d) hereof], Twenty-Five Hundredths Percent (25.0%) of the proceeds received from any sale of such gas at the point of sale or delivery of the gas produced and saved. Any deduction for the expenses of production, gathering, dehydration, compression, transportation, (except non-affiliated transportation charges incurred on interstate pipelines regulated by the Federal Energy Regulatory Commission and/or pipelines whose transportation rates are regulated by the State of Arkansas. Said

transportation charges will be limited to direct for amounts of Lessor's gas transported and Lessee will not be able to deduct charges for unutilized pipeline capacity.), manufacturing, processing, treating or marketing of such gas shall be added to the price received by Lessee for such gas so that Lessor's royalty shall not be charged directly or indirectly with any such expenses. Provided, however the proceeds from any such well shall always be equal to or greater than the proceeds received from sales in the field or prevailing area whichever is the greater, but not less than received by Lessee or any of its affiliates, exclusive of the above enumerated expenses except for those transportation charges incurred in a regulated pipeline system as set forth above.

(c) **Royalty on Gas Liquids by Lease Operations.** If the gas from any gas well situated on the lands covered hereby should be sufficiently impregnated with gasoline, condensate or other hydrocarbons in suspension that paying quantities of such gasoline, condensate or other hydrocarbons can be separated from said gas and liquefied as a practical lease operation by the installation of traps, separators or other devices ordinarily used in the industry for such purpose, then Lessee agrees to install upon the lands covered hereby such device or devices to the end that so much of said gasoline, condensate or other hydrocarbons as can be separated and liquefied through the use of such devices, before marketing, be recovered and Lessor shall receive its royalty as specified in Paragraph 3(a) hereof on such gasoline, condensate or other hydrocarbons recovered in such manner, together with royalty on residue gas in the amount and determined as provided in Paragraph 3(b) of this Lease.

(d) **Royalty on Gas Processed by Plant Operations.** If gas or casinghead gas (or separated gas resulting from field separation) produced from the lands covered hereby is processed by or for the account of Lessee (or any company or any other entity with which Lessee is affiliated by stock ownership or otherwise) for the recovery of liquid hydrocarbons therefrom in a gas processing, absorption, stripping or similar plant, then in lieu of royalties provided in Paragraph 3(b) hereof, Lessor shall receive a royalty of Twenty-Five Hundredths Percent (25.0%) of the market value at the plant of all liquid hydrocarbons and mineral by-products including sulphur, if any, recovered and saved in such plant and attributable to gas produced from Said Land, without any deductions for any indirect or direct costs (amortization and depreciation on pipeline and plant investment and Indirect overhead associated therewith) of processing such gas in the plant for the recovery of such liquid hydrocarbons plus a royalty on residue gas resulting from such plant operations attributable to gas production from said Land of Twenty-Five Hundredths Percent (25.0%) of the proceeds received from any sale of such residue gas at the tailgate of the plant, subject however to the provisions of the last sentence of Paragraph 3(b) hereof. It is expressly provided, however, that the total royalties payable to Lessor under this Paragraph 3(d) shall never be less than the royalties that would have been paid to Lessor under Paragraph 3(b) if the gas were marketed pursuant to such Paragraph 3(b).

(e) **Right to Use Production.** Lessee shall have free use of oil, liquid hydrocarbons, gas and respective constituent products from said Land for operations hereunder. Royalties shall be computed after deducting any production so used.

(f) **Royalties Free of All Costs.** The royalties provided in this Paragraph 3 shall be determined and delivered to Lessor free of any development, production, gathering, separating, storing, dehydration, treating, compression, processing, marketing, manufacturing, transportation, delivery or like costs except as provided for in 3 (b) above, and except however, taxes applicable to Lessor's share of production which are actually paid by Lessee or deducted by the purchaser of production, and are not reimbursed or refunded to Lessee.

(g) **Shut-In Royalty.** If at any time during the Primary Term, subject to the provisions of Paragraph 4(d) hereof, Lessee shall have completed a well or wells on the lands covered hereby, or lands pooled or unitized therewith which are capable of producing gas in commercial quantities but are shut-in with the result that gas is not produced and sold or used, Lessee may pay as shut-in royalty to Lessor for each shut-in well on or before the expiration of ninety (90) days after (i) the date of completion of such gas well, or (ii) the date such gas ceased to be sold or used from such well, as the case may be, and at yearly intervals thereafter, an amount equal to Five Hundred Dollars (\$500) for each such well,

and upon making said payment, it will be considered that each well is producing gas in commercial quantities within the meaning of this Lease during the year for which each such payment is so made. In like manner and upon like payments being made yearly on or before the expiration of the last day of the year following the preceding year for which such payment or tender has been made, it will be considered that said well or wells are producing in commercial quantities for successive periods of one (1) year each. In the event a well capable of producing gas in commercial quantities is shut-in at or subsequent to the expiration of the Primary Term, this Lease may be continued in force by payment of shut-in royalty as provided herein, but only as to the lands covered by this Lease included within the drilling unit for such well for a period not to exceed two consecutive years from the date the well is shut-in. As used in this Lease, the term "drilling unit" has the meaning given such term by Section 15-72-302 of the Arkansas Code. Following the expiration of the two (2) year shut-in period referenced in the preceding sentence, the shut-in royalty payment shall increase to Seven Hundred and Fifty Dollars (\$750.00) per year for each such shut-in well. Provided however, at or subsequent to the expiration of the Primary Term of this Lease, the payment of shut-in royalty as provided herein shall not maintain this Lease as to the lands within a drilling unit for a well for a period, or cumulative shut-in periods, to exceed of three (3) consecutive years from the date the well is first shut-in. The shut-in payments due Lessor shall not be subject to proportionate reduction.

(h) **Payment of Royalty.** Accounting and payment to Lessor of royalties from the first production oil, liquid hydrocarbons, gas or respective constituent products as herein provided shall commence thirty (30) days following the receipt by Lessee of proceeds of any sale, or the use of such production, but no later than one hundred eighty (180) days after the date of first production, whichever is the earliest. Thereafter, unless otherwise specifically provided herein, all accountings and payments of royalties shall be made on or before the last day of the second calendar month following the calendar month in which such production occurred. Unless otherwise expressly provided, if royalties are not paid to Lessor within the time period specified, Lessee shall pay to Lessor interest at ten percent (10%) per annum for each day overdue to a maximum of one hundred, twenty (120) days. The obligation of Lessee to pay Lessor's royalty to Lessor, either in kind or as proceeds from production, shall be absolute and unconditional, and shall not be subject to any defense (other than payment) or any right of setoff, recoupment, counterclaim, abatement or otherwise. Acceptance by Lessor, its successors, agents or assigns, of royalties which are past due shall not act as a waiver or estoppel of its right to receive or recover any royalties due under the provisions hereof, unless the written acceptance or acknowledgment by Lessor to Lessee expressly so provides. Any tender or payment to Lessor of a sum less than the total amount due to Lessor hereunder which is made or intended to be made as an offer of settlement or accord by or on behalf of Lessee, its agents, successors or assigns, must be accompanied by a Notice of Settlement Offer, so denominated, addressed to Lessor's address set out on page 1 of this Lease (or such other address as shall be specified by written notice to Lessee). Any such offer of settlement submitted solely by the tender of a check containing language of settlement or accord printed or otherwise inserted thereon shall not be deemed an offer of settlement or accord, unless preceded or accompanied by such a Notice of Settlement Offer, nor shall the negotiation of such check constitute an acceptance of the terms of settlement or accord contained thereon.

(i) **Marketing of Royalty.** Notwithstanding the provisions of this Paragraph 3 to the contrary, Lessor shall have the right and option, but not the obligation, to take in kind Lessor's royalty share of all oil and/or liquid hydrocarbons, gas and respective constituent products produced under the terms of this Lease and to separately market same for Lessor's own account. Lessor's option may be exercised at any time, and from time to time, by Lessor giving Lessee not less than sixty (60) days advance written notice. In the event Lessor elects to take in kind and separately market Lessor's royalty gas, Lessee agrees to deliver such gas to Lessor, at Lessor's option, at the wellhead after separation and dehydration has been completed. All other costs and expenses attributable to Lessors election to separately market Lessor's royalty share of production shall be borne by Lessor. Should Lessor elect not to take in kind its royalty share of any such production hereunder after having done so, Lessor shall notify Lessee by giving Lessee not less than sixty (60) days advance written notice of Lessor's desire to no longer take said royalty in kind and it shall be Lessee's obligation to market said production for Lessor and to pay Lessor's

royalty according to the other terms of this Lease. An election by Lessor to take in kind or have Lessee market Lessor's royalty share of such production shall be effective for a period of not less than twelve (12) months.

4. Maintenance of Lease by Operations.

Subject to the other provisions of this Lease, during and following the expiration of the Primary Term, the following provisions as applicable shall govern:

(a) Drilling Operations to Continue Lease at Expiration of the Primary Term.

If at the expiration of the Primary Term hereof, no oil, liquid hydrocarbons, gas or respective constituent products (collectively referred to in this Paragraph 4 as "oil and gas") is being produced from Said Land, or Lands pooled therewith but Lessee is then engaged in drilling operations thereon or Lands pooled therewith, then this Lease will continue in effect during said drilling operations if prosecuted in a good and workmanlike manner as a prudent operator, to completion as a producer in commercial quantities or as a dry hole. If the drilling operations result in a dry hole, Lessee has the right to further maintain the Lease in effect upon the commencement of drilling operations within the sixty (60) day period and manner as provided in Paragraph 4(b) below. If the said drilling operations result in a well producing in commercial quantities, the Lease will continue in effect in the manner and for the time specified in Paragraph 4.

(b) Operations Upon Drilling a Dry Hole or Cessation of Production.

If after the expiration of the Primary Term of the Lease, Lessee (i) drills a dry hole on lands covered hereby and no oil and gas is being produced therefrom, or (ii) in the event production of oil and gas from the lands covered hereby should at any time cease for any cause [and shut-in royalty shall not be payable as provided in Paragraph 3(g) and the Lease is not otherwise held in effect by another provision hereof], this Lease shall continue in effect as to the lands covered hereby for a period of sixty (60) days from the completion of such dry hole or cessation of production and may be continued thereafter if Lessee restores production or commences drilling operations on the land covered hereby within said sixty (60) day period and so long as drilling operations are prosecuted with reasonable diligence in a good faith manner, with no cessation of more than thirty (30) consecutive days and thereafter as long as oil or gas is produced in commercial quantities from the land covered hereby, subject to the provisions of Paragraph 4.

(c) Definitions. The term "drilling operations" whenever used in this Lease shall mean and include operations for drilling a well, reworking operations and reconditioning, deepening, plugging back, cleaning out, repairing or testing of a well being conducted with equipment customarily used in the industry for such operations, in a prudent manner with reasonable diligence in a bona fide good faith effort to obtain or restore the production of oil or gas in commercial quantities. For all purposes of this Lease, drilling operations shall be deemed to be prosecuted with reasonable diligence when prosecuted in good faith without the cessation of more than sixty (60) consecutive days. For purposes of this Lease:

- (i) The day of commencement of drilling operations on a well shall be that date upon which the surface of the earth is penetrated by the drilling bit, using a drilling rig capable of drilling the well to its permitted depth;
- (ii) The completion date of such well which results in commercial production shall be thirty (30) days after that day upon which final open hole electrical surveys are made of the hole;
- (iii) The completion date of a well which results in a dry hole and is abandoned shall be the day upon which the last plug is set (excluding any cement plug or plate welded on abandoned casing at or just below ground surface); and
- (iv) As to all other operations on a well, the date of commencement of the applicable operation shall be the date

on which the equipment required to conduct such operations in the manner specified herein has been installed on the well and the actual operation thereof has commenced; and the completion or cessation of any such operations shall be deemed to have occurred on the earlier of the date such operations are discontinued or the date such equipment is removed from the well.

Lessee shall notify Lessor in writing as to the date (1) drilling operations are commenced on each well, (2) each well is completed and (3) each well is shut-in, same to be furnished to Lessor with reasonable dispatch; such notice to be accompanied by a copy of any appropriate form required by the Arkansas Oil and Gas Commission.

(d) Lands Held Upon Expiration of Primary Term. Upon expiration of the Primary Term and completion of continuous drilling operations, this Lease shall remain effective only as to those lands covered by this Lease which are (i) included within a drilling unit upon which a well is situated that is producing oil or gas or capable of producing gas in commercial quantities with shut-in royalties having been properly paid, and/or (ii) included within a drilling unit upon which Lessee is engaged in drilling operations conducted pursuant to Paragraph 4(a) or 4(b), and if such operations result in commercial production of oil or gas, this Lease shall remain effective as to such drilling unit so long thereafter as oil or gas is produced in commercial quantities from such drilling unit, or if operations are conducted thereon as provided for herein.

(e) Continuous Drilling Operations. After expiration of the Primary Term and upon completion of operations under Paragraph 4(c)(ii) or 4(c)(iii) above, this Lease shall remain in force for as long as Lessee is conducting continuous drilling operations on the Leased Premises, or lands pooled therewith. Drilling operations shall be deemed continuous if no more than one hundred twenty (120) days elapse between the completion date on one well and commencement of drilling operations on the next well.

(f) Lands Held as to Depth Limitations Upon Expiration of Primary Term. Upon expiration of the Primary Term and completion of continuous drilling operations under Paragraph 4(e) above, this Lease shall terminate as to all depths which are one hundred (100) feet below the base of the deepest formation to which production casing is set in each drilling unit, provided however, in the event no productive perforated interval exists in any well upon expiration of the Primary Term and completion of continuous drilling operations under Paragraph 4(e) above, but thereafter a well is completed on a drilling unit as provided herein, then, in such an event, this Lease shall thereupon terminate as to all depths which are one hundred (100) feet below the base of the deepest formation to which production casing is set in the respective drilling unit for each such well completed after the expiration of the Primary Term and after completion of continuous drilling operations.

(g) Units Prescribed by Governmental Authority. In the event any federal or state law, or any order, rule or regulation of the statewide conservation agency or commission having jurisdiction prescribes or permits a spacing pattern for the development of the field that is larger than the drilling unit described in Section 15-72-302 of the Arkansas Code, or prescribes or permits a producing allowable in whole or in part based on surface acreage per well, then any drilling unit retained hereunder may include as much additional surface acreage as may be so prescribed or permitted as may be used in such allocation or allowable. Lessee, to the extent a reasonable prudent Operator would do so, shall form each drilling unit so as to best utilize all available acreage covered by this Lease and so as not to leave acreage outside of a drilling unit which cannot be utilized or included in subsequently created drilling units.

(h) Lease Maintained Only as to Each Pooled Unit. On the partial termination of this Lease as to all or parts of Said Land pursuant to this Paragraph 4, the leasehold rights in each drilling unit must be separately maintained hereunder and production from or operations on one drilling unit shall not maintain this Lease as to any of Said Land included in another drilling unit, and thereafter this Lease shall continue in effect as to each drilling unit so long and only so long as the well located on the applicable drilling unit continues to produce hereunder and so long thereafter as Lessee may be conducting

operations on said well and drilling unit in the strata or stratum then covered hereby as to the applicable drilling unit with a view of developing and/or restoring production therefrom, and with no cessation of such operations on a well or wells thereon for more than sixty (60) days until production from such drilling unit and strata or stratum is restored or developed. It is the intention of the parties hereto that upon the cessation of continuous drilling operations by Lessee upon Said Land pursuant to this Paragraph 4, each drilling unit established for a well producing or capable of producing oil or gas in commercial quantities (subject to the above depth limitation), shall be treated as constituting a separate lease and neither production from nor operations on any one such drilling unit shall maintain this Lease in force as to any other lands covered hereby, and this Lease shall terminate as to all of Said Land not a part of any such drilling unit.

5. Pooling.

Lessee is hereby granted the right to pool or consolidate the land covered by this Lease, or any part or parts thereof as to all strata or any stratum, with any other land, lease or leases, or any part or parts thereof as to all strata or any stratum, adjoining or in the immediate vicinity thereof for the production of gas or oil, when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate the Leased Premises or to promote the conservation of gas or oil in and under and that may be produced therefrom; provided, however, the lands covered hereby may be pooled for purposes of oil production only in the event there is insufficient contiguous lands covered by this Lease to form a drilling unit for oil within a section. Pooling in one or more instances shall not exhaust the rights of Lessee hereunder to pool the Leased Premises or portions thereof into other or different drilling units. Drilling units pooled or consolidated for gas hereunder shall not exceed the number of acres specified for a gas well drilling unit and shall otherwise conform with the drilling units as set forth in Paragraph 4(g) of this Lease. Drilling or reworking operations or production on any part of the pooled acreage shall be treated for all purposes hereof as if such drilling or reworking operations are upon, or such production is from the lands described in this Lease included within such pooled unit, whether the well or wells be located on land covered by this Lease or not. The entire acreage included in a drilling unit shall be treated for all purposes, except for the payment of royalties on production from the drilling unit, as if it were included in this Lease. In the event of such pooling, Lessor shall receive on production from a drilling unit so pooled only such portion of the royalty stipulated herein as the amount of Lessor's acreage placed in the drilling unit or royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular drilling unit involved, subject to the provisions of Paragraph 4 hereof. Anything in this Lease to the contrary notwithstanding, in the event only a part or parts of the land covered by this Lease is pooled or consolidated with other land or lands, operations on or production from such pooled unit or units will maintain this Lease in force only as to the land covered hereby which is included in such unit or units and, following expiration of the Primary Term of this Lease, only as provided by Paragraph 4. This Lease may be maintained in force as to any land covered hereby and not included in such pooled unit or units in any manner provided in this Lease.

6. Obligations to Offset Producing Wells.

In the event a well or wells capable of producing oil or gas in commercial quantities shall be completed on lands within three hundred thirty feet (330') of the Leased Premises, Lessee agrees within one hundred twenty (120) days after the completion of any such well to commence drilling operations on an offset well located on the Leased Premises, as a reasonable and prudent operator would drill under the same or similar circumstances. Without limiting the foregoing, it shall be presumed that any oil or gas well producing within these defined distances shall be draining the Leased Premises; provided, however, that this presumption may be rebutted by Lessee with the burden of such proof being that of the Lessee. If Lessee shall fail to timely commence or drill such offset well, Lessee shall either:

- (a) Pay Lessor as compensatory damages, the royalties provided for herein on the equivalent production from the well or wells which create the offset obligation(s) on the Leased Premises, or

- (b) File a release of record covering that portion of Sald Land located within the appropriate drilling unit or units which otherwise would be designated for such offset well or wells limited to the productive zones of such offset.

Any offset well drilled by Lessee hereunder shall be drilled into the same zone or zones as the producing zone or zones of the well to be offset and shall thereafter be operated by Lessee as a reasonably prudent operator to provide proper protection from drainage to the Leased Premises. If oil or gas is discovered on the land covered by this Lease, Lessee agrees to further develop the land covered by this Lease as a reasonable and prudent operator would under the same or similar circumstances.

7. THIS SECTION INTENTIONALLY DELETED.

8. Operations.

Lessee shall conduct all operations hereunder at its sole cost, risk and expense and shall be and remain fully responsible for all such operations. Lessee assumes all risks and liability of any kind and nature incident to, occasioned by or resulting in any manner, directly or indirectly, from Lessee's operations hereunder, and Lessee agrees to keep the Leased Premises duly and fully free from and protected against liens of every character arising in connection with and resulting from such operations.

9. Lessee's Indemnification.

Lessee agrees to protect, indemnify and hold harmless Lessor, its officers, directors, agents and employees from every kind and character of liens, damages, losses, expenses, demands, claims and causes of action claimed by or arising in favor of any person, firm or corporation whatsoever, including without limitation Lessee, its officers, directors, agents, employees and its contractors or subcontractors, or their officers, directors, agents and employees on account of personal injuries, death claims or damages to property or any persons arising from any causes whatsoever (including, but not limited to, pollution of air, water, land, minerals, animal and botanical life and any other natural resources and the violation or claimed violation of any and all federal, state and local pollution control or other environmental laws now in effect or which may hereafter become effective) caused by the operations conducted by Lessee or its contractors or subcontractors or to the entrance of Lessee or its officers, directors, agents or employees on the Leased Premises under color of this Lease. Lessee, at its own expense, shall defend any suit or action brought against Lessor based on any such alleged injury, death or damage and shall pay all damages, costs and expenses, including attorneys' fees, in connection therewith, or in any manner resulting therefrom, but Lessor shall have the right to participate in said suit or action if it so elects, at Lessor's expense.

10. Lessor's Reservation.

This Lease does not include and there is hereby excepted and reserved to Lessor all of the sulphur [except as may be recovered pursuant to the provisions of Paragraph 3(d) hereof], coal, lignite, uranium and other fissionable materials, geothermal energy (including entrained methane, hydrostatic pressure and thermal energy), base and precious metals and any other mineral substances (excepting only oil, liquid hydrocarbons, gas and respective constituent products expressly covered under this Lease) owned by Lessor in, under or upon the Leased Premises for purposes of exploration of the minerals reserved herein by Lessor and its mineral lessees. Lessor and Lessee shall each conduct their respective operations on the Leased Premises as not to unreasonably interfere with the operations or activities of the other.

11. Alienation of Interest.

The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns of the parties hereto; provided, however, that any such assignment by Lessee without the prior written consent of Lessor, which consent shall not be unreasonably

withheld, shall result in Lessee remaining liable hereunder for the performance of its assignee's obligations under this Lease however such consent shall not be necessary for the conveyance to officers of Lessee. If any assignment is made of this Lease, or any portion thereof, the assignee(s) shall within thirty (30) days after the date of such assignment notify Lessor in writing of the name and current address of the assignee(s), which notice shall also identify the lease and property involved and the interest assigned. 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, nor shall any such change or division be binding upon Lessee for any purpose until the party acquiring any interest has furnished Lessee with the instrument or instruments, or recorded copies thereof, constituting its chain of title from Lessor. If Lessee or any assignee of a segregated 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 comply with all other provisions hereof.

12. Assumption of Liabilities and Responsibilities.

Notwithstanding the foregoing, if Lessee elects to assign any part or all of Lessee's rights and interests hereunder, Lessee shall then require assignee to assume all liabilities and responsibilities to Lessor for all surface and subsurface damages which may be caused to the Leased Premises, after the effective date of any such assignment. Lessee, its successors and assigns, shall comply with all valid laws, rules and regulations affecting the Leased Premises and all operations thereon, and Lessee does hereby indemnify and agree to hold Lessor harmless from all claims, causes of action, costs and expenses relating to such operations of Lessee.

13. Force Majeure.

Lessee shall not be liable for delays or defaults in its performance of any agreement or covenant hereunder (other than any agreement or covenant which relates to the payment of money) and this Lease shall not terminate because of delays in drilling operations due to force majeure and upon Lessee giving notice and full particulars of such force majeure in writing or by fax to Lessor as soon as possible after the occurrence of the cause relied on, the obligations of Lessee and the running of any period described in Paragraphs 4(a), (b) or (e), so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused by such force majeure and for no longer period, and such cause shall, as far as possible, be remedied with all reasonable dispatch. The term "force majeure" as employed herein shall mean any act of God, including but not limited to storms, floods, washouts, landslides and lightning, inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, war, sabotage, riot, strike or labor disputes, failure of purchasers or transporters to take or transport production, or any other cause not reasonably within Lessee's control. This Lease is expressly made subject to, and Lessee in its operations hereunder shall comply with applicable requirements of all federal and state laws, and rules and regulations of any governmental authority, state or federal, having jurisdiction in the premises, and nothing herein contained shall be construed as requiring Lessee to violate any such laws, rules or regulations or to penalize Lessee for complying therewith. If any period of suspension exists or occurs during the Primary Term, the time thereof shall be added to such term; provided, however, that in no event shall the term hereof be extended for a cumulative period of more than six (6) months solely by reason of this Paragraph 13.

14. Notice of Operations and Drilling Report.

Lessee agrees to fax or email to Lessor and its authorized representatives, on a daily basis, a drilling report on each well drilled on Said Land or land pooled therewith, such daily drilling report to include a description of activities during the preceding twenty-four (24) hour period, together with other data pertinent to the operations being conducted. With respect to each such well, Lessee agrees to furnish to Lessor, as directed by Lessor, copies of all forms filed with the Arkansas Oil and Gas Commission and related correspondence to and from said agency.

15. Well Information.

Lessor shall have the right, personally or by representative, at Lessor's risk, to have access to the derrick floor on all wells drilled on the Leased Premises to observe all operations, inspect and take samples of all cores and cuttings, and witness the taking of all cores, electrical logs and drill stem tests and Lessee agrees to give Lessor advance notice not less than forty-eight (48) hours prior to any coring, logging or testing operations so that Lessor may have a representative present to witness same. Upon request by Lessor, Lessee shall furnish Lessor with copies (field and final) of all electrical logs taken, promptly after taking same, and copies of each well log promptly after completion of each well drilled on the Leased Premises. Lessee agrees to promptly divulge to Lessor true and correct information as requested by Lessor as to each well, the production therefrom and such technical information as Lessee may acquire with respect to the lithology and formations encountered in such wells. Lessor or Lessor's designated agents shall have the right to be present when wells and/or tanks are gauged and measured, and shall have the right to examine all run tickets and gas measurement charts and to have full information as to production and runs, including, but not limited to, being furnished with a complete copy of any gas sales contract entered into covering any gas produced from the lands subject to this Lease, together with any modifications thereof and associated data used in determining sales price or volume. Lessor and its representatives shall also have the right, upon fifteen (15) days written notice to Lessee, at Lessee's offices during regular business hours, to inspect, examine and make copies of and extracts from Lessee's books, records, accounts, contracts, commitments and agreements as such relate to the Leased Premises, operations thereon or production therefrom (including, without limitation, the information referred to above), but in no event shall Lessor have any access to any interpretive data, materials, reports, maps or records. Lessor understands that the information to be furnished as recited above is confidential and Lessor agrees to maintain such information as confidential for so long as Lessee maintains such information as confidential, unless Lessor is required to report such information to its stockholders under applicable law. Lessor may use such information in its ordinary course of business.

Further, all information required pursuant to this Section 15 shall be furnished to Lessor by Lessee in accordance with the "Data Requirement Form," attached hereto as Exhibit "B."

16. Special Warranty of Title.

This Lease is made and accepted by Lessee with warranty of title as to matters arising by, through or under Lessor. Except as provided in the preceding sentence, this Lease is made and accepted without any covenant of title or warranty of any kind, either express or implied, and without recourse against Lessor. If Lessor's interest in the minerals covered by this Lease in, on and under the Said Land is less than the undivided fee simple estate to the entirety thereof, then Lessor agrees that the royalties provided in this Lease shall be paid to Lessor in the proportion which Lessor's interest bears to the entire and undivided fee simple estate therein. Lessee agrees to deliver to Lessor copies of all title opinions and related curative documents covering the lands subject to this Lease within thirty (30) days of receipt of such opinions or documents by Lessee and Lessor shall rely upon same at its sole risk and shall keep same confidential for so long as Lessee maintains such information as confidential, unless Lessor, in its sole opinion, be required to report such information to its stockholders.

17. Lease Amendments.

It is agreed that neither this Lease nor any terms or provisions hereof shall be altered, amended, extended or ratified by any division order or transfer order executed by Lessor, its officers, directors, agents, employees, successors, or assigns, but that any division orders or transfer orders shall be solely for the purposes of confirming the extent of Lessor's interest in oil, liquid hydrocarbons, gas or respective constituent products produced from the Leased Premises, or any land or lands pooled therewith. Any amendment, alteration, extension or ratification of this Lease or of any term or provision of this Lease shall be made by an instrument in writing clearly denominated as to its purpose and effect, describing the specific terms or provisions of the lease affected and the proposed change or modification thereof, and executed by the party against whom any such amendment, alteration, extension or ratification is sought to be so enforced, and any purported amendment, alteration, extension or ratification not so drafted and executed shall be of no force and effect.

18. Notice.

Any notice or other communication permitted or required under the terms hereof shall be in writing and, unless otherwise specified, be deemed properly given on the date personally delivered and/or received by the addressee. Notices mailed shall be sent by postage prepaid United States certified mail, return receipt requested, addressed to Lessor or Lessee at the address set forth, as follows, or to such other address as may hereafter be designated by either party to the other by written notice. Notice given in any other manner shall be effective only if and when received.

1. **Lessor:** **Dorchester Minerals, L.P.**
3838 Oak Lawn Avenue, Suite 300
Dallas, Texas 75219
2. **Lessee:** **Chesapeake Exploration Limited Partnership**
6100 N. Western Ave.
Oklahoma City, Oklahoma 73118
19. **Release.**

Upon expiration or termination of this Lease for any reason as to all or any portion of the Leased Premises, Lessee shall be obligated at its expense promptly to prepare, execute and file in the public records in the county in which Said Land or a portion thereof is located, an appropriate release instrument covering all or such portion of Said Land, and to forward a copy of same as so recorded to Lessor within thirty (30) days after such expiration or termination date. If, after a written request by Lessor, Lessee shall fail to timely file an appropriate release instrument within thirty (30) days, then Lessor may execute and file of record such a Release or Partial Release, which shall be binding upon Lessee, and this Lease shall be deemed terminated as to the land and/or depth covered by such Release. The provisions of this paragraph shall apply each time that a termination occurs.

20. Retention of Rights to Facilities.

Notwithstanding the termination of this Lease under the provisions contained herein, as to part or parts of the Leased Premises, it is agreed that Lessee shall have and retain the right to maintain and use (after such termination) all roads, pipelines and other installations of Lessee (and ingress and egress to and from same) which may be located on such part or parts of the Leased Premises as to which this Lease may have terminated, so long as such roads, pipelines and installations are useful in Lessee's operations under this Lease, but not otherwise.

21. Attorney's Fees for Enforcement of Lessor's Rights.

If Lessor elects to employ an attorney to enforce any of Lessor's rights hereunder and the dispute is resolved in favor of Lessor, Lessee shall pay Lessor for all such reasonable attorney's fees and all court costs and expenses incurred by Lessor with respect to any such proceeding.

22. Recording of Memorandum.

In lieu of filing this Lease of record in the County Clerk's office of the county in which the Leased Premises are located, Lessor and Lessee agree that a Memorandum of Oil and Gas Lease shall be filed of record in said county.

23. During the Term of this Lease, Lessee shall at its expense, maintain in force and effect minimum insurance in accordance with the provisions of Exhibit "C" attached hereto.

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

LESSOR

DORCHESTER MINERAL, L.P.

By: DORCHESTER MINERALS MANAGEMENT LP, its General Partner

By: DORCHESTER MINERALS MANAGEMENT GP LLC, its General Partner

By: _____

William Casey McManemIn
Chief Executive Officer

LESSEE

**CHESAPEAKE EXPLORATION
LIMITED PARTNERSHIP, LESSEE**

By: _____

Henry J. Hood
Its: Senior Vice President - Land and Legal,
Chesapeake Operating, Inc., general partner
of Chesapeake Exploration Limited Partnership

ACKNOWLEDGEMENTS

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

Before me, the undersigned, a Notary Public in and for said County and State, on this day personally appeared William Casey McManemin, known to me to be the person and office whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said **DORCHESTER MINERALS MANAGEMENT GP LLC, its General Partner of DORCHESTER MINERALS MANAGEMENT LP, its General Partner of DORCHESTER MINERALS LP**, a Delaware limited partnership, and that he executed the same as the act of said partnership for the purposes and consideration therein expressed and in the capacity therein stated.

Given under my hand and seal this the ____ day of _____, 2006.

My Commission Expires:

Notary Public, State of Texas

STATE OF OKLAHOMA §
 §
COUNTY OF OKLAHOMA §

This instrument was acknowledged before me this ____ day of _____ 2006, by Henry J. Hood, Senior Vice President - Land and Legal, Chesapeake Operating, Inc., general partner of Chesapeake Exploration Limited Partnership.

Notary Public for the State of Oklahoma

My Commission Expires:

[SEAL]

Exhibit "B"

To Oil and Gas Lease dated _____

"Data Requirement Form"

1. Approved drilling permit including location plat or survey.
2. Daily drilling and completion reports including notification of spud and first sales transmitted by email.
3. Composite/cumulative daily drilling and completion reports from spud to first sales transmitted by email or mail.
4. Hard copy of final prints of all wellbore surveys, including but not limited to mud logs, directional surveys, electric, porosity, sonic, cement bond, and interpretive logs (MRI, NMR etc). Any of these surveys, or portions thereof, available on a daily basis via email should be transmitted as well.
5. Hard copy of well tests, shut-in and flowing bottom-hole or surface pressure tests, fluid analyses, drill-stem tests, pressure transient data and interpretations thereof.
6. Complete copies of drillsite and division order title opinions covering subject lands and lands pooled therewith.

Contact Info:

Email Address: drillingreports@dmlp.net
Facsimile Number: 214.559.0933
Mailing Address: 3838 Oak Lawn Avenue
Suite 300
Dallas, Texas 75219-4541

Dorchester Minerals, L.P.

3838 Oak Lawn Avenue
Suite 300
Dallas, Texas 75219-4541
214.559.0300
214.559.0301 facsimile

COPY

October 30, 2006

Chesapeake Exploration Limited Partnership
6100 N. Western Avenue
Oklahoma City, OK 73118

Attention: George P. Denny

re: March 30, 2006 Letter Agreement
Various lands located in Arkansas

Gentlemen:


Reference is made to that certain Letter Agreement dated March 30, 2006 ("Agreement") by and between Dorchester Minerals, L.P. ("Dorchester") and Chesapeake Exploration Limited Partnership ("Chesapeake") and those certain Oil and Gas Leases dated June 27, 2006 ("Leases") by and between Dorchester as Lessor and Chesapeake as Lessee concerning lands governed by said Agreement.

Subsequent to the execution of the Agreement and the Leases, Dorchester and Chesapeake have reviewed title curative material which review identified errors and omissions in Exhibit "A" to the Agreement. The attached Exhibit "A" – Revised reflects corrections of these errors and omissions and replaces the original Exhibit in its entirety.

Please contact Terri Farmer at 214.559.0300 or tfarmer@dmllp.net should you have any questions or require any additional information concerning this correspondence. Thank you for your valuable assistance in this matter.

Very truly yours,

DORCHESTER MINERALS, L.P.


William Casey McManemin
Chief Executive Officer

WCM/jg

Exhibit "A" - REVISED
To Mar 30, 2006
Letter Agreement

| Tract # | County | Section | Township | Range | Gross Acres | Net Acres | Participation Tracts | WI% |
|---------|-----------|---------|----------|-------|-------------|-----------|----------------------|-------|
| 1 | Van Buren | 36 | 10N | 17W | 480.00 | 240.00 | * | 5.00% |
| 2 | Pope | 35 | 10N | 20W | 440.00 | 220.00 | * | 5.00% |
| 3 | Faulkner | 9 | 8N | 12W | 390.00 | 195.00 | * | 5.00% |
| 4 | Van Buren | 29 | 9N | 12W | 335.00 | 167.50 | * | 5.00% |
| 5 | Conway | 1 | 8N | 16W | 320.00 | 160.00 | * | 5.00% |
| 6 | Pope | 32 | 9N | 18W | 320.00 | 160.00 | * | 5.00% |
| 7 | Conway | 5 | 7N | 14W | 360.50 | 157.25 | * | 5.00% |
| 8 | Conway | 30 | 9N | 15W | 302.00 | 151.00 | * | 5.00% |
| 9 | Conway | 36 | 8N | 16W | 300.00 | 150.00 | * | 5.00% |
| 10 | Van Buren | 17 | 10N | 12W | 299.00 | 149.50 | * | 5.00% |
| 11 | Van Buren | 1 | 12N | 13W | 277.00 | 138.50 | * | 5.00% |
| 12 | Faulkner | 33 | 7N | 12W | 258.25 | 129.13 | * | 5.00% |
| 13 | Pope | 6 | 6N | 19W | 256.48 | 128.24 | * | 5.00% |
| 14 | Faulkner | 36 | 7N | 13W | 256.00 | 128.00 | * | 5.00% |
| 15 | Conway | 33 | 8N | 14W | 253.00 | 126.50 | * | 5.00% |
| 16 | Pope | 3 | 9N | 20W | 242.63 | 121.32 | * | 5.00% |
| 17 | Van Buren | 8 | 11N | 16W | 240.00 | 120.00 | * | 5.00% |
| 18 | Van Buren | 22 | 9N | 12W | 240.00 | 120.00 | * | 5.00% |
| 19 | Pope | 4 | 9N | 20W | 233.50 | 116.75 | * | 5.00% |
| 20 | Faulkner | 29 | 7N | 12W | 232.00 | 116.00 | * | 5.00% |
| 21 | Conway | 5 | 7N | 15W | 148.75 | 111.56 | * | 5.00% |
| 22 | Faulkner | 12 | 7N | 14W | 220.00 | 110.00 | * | 5.00% |
| 23 | Pope | 28 | 11N | 19W | 200.00 | 100.00 | * | 5.00% |
| 24 | Pope | 13 | 8N | 18W | 200.00 | 100.00 | * | 5.00% |
| 25 | Pope | 30 | 9N | 18W | 120.00 | 100.00 | * | 5.00% |
| 26 | Faulkner | 16 | 7N | 11W | 198.50 | 99.25 | * | 5.00% |
| 27 | Faulkner | 28 | 7N | 12W | 185.00 | 92.50 | * | 5.00% |
| 28 | Faulkner | 32 | 7N | 12W | 180.00 | 90.00 | * | 5.00% |
| 29 | Cleburne | 35 | 9N | 12W | 120.00 | 90.00 | * | 5.00% |
| 30 | Pope | 31 | 9N | 18W | 200.00 | 90.00 | * | 5.00% |
| 31 | Pope | 29 | 10N | 19W | 178.00 | 89.00 | * | 5.00% |
| 32 | Pope | 2 | 9N | 20W | 177.00 | 88.50 | * | 5.00% |
| 33 | Van Buren | 36 | 11N | 16W | 172.50 | 86.25 | * | 5.00% |
| 34 | Faulkner | 9 | 7N | 14W | 165.00 | 82.50 | * | 5.00% |
| 35 | Faulkner | 25 | 8N | 13W | 165.00 | 82.50 | * | 5.00% |
| 36 | Van Buren | 16 | 10N | 12W | 160.00 | 80.00 | * | 5.00% |
| 37 | Van Buren | 28 | 11N | 13W | 160.00 | 80.00 | * | 5.00% |
| 38 | Van Buren | 16 | 11N | 17W | 160.00 | 80.00 | * | 5.00% |
| 39 | Van Buren | 23 | 12N | 16W | 160.00 | 80.00 | * | 5.00% |
| 40 | Van Buren | 34 | 12N | 16W | 160.00 | 80.00 | * | 5.00% |
| 41 | Conway | 8 | 7N | 15W | 160.00 | 80.00 | * | 5.00% |
| 42 | Conway | 11 | 7N | 15W | 160.00 | 80.00 | * | 5.00% |
| 43 | Faulkner | 20 | 8N | 11W | 160.00 | 80.00 | * | 5.00% |
| 44 | Faulkner | 29 | 8N | 12W | 160.00 | 80.00 | * | 5.00% |
| 45 | Conway | 30 | 8N | 15W | 160.00 | 80.00 | * | 5.00% |
| 46 | Conway | 3 | 9N | 15W | 160.00 | 80.00 | * | 5.00% |
| 47 | White | 22 | 9N | 6W | 160.00 | 80.00 | * | 5.00% |
| 48 | White | 23 | 9N | 6W | 160.00 | 80.00 | * | 5.00% |
| 49 | Conway | 36 | 8N | 15W | 150.00 | 75.00 | * | 5.00% |
| 50 | Pope | 9 | 8N | 20W | 144.00 | 72.00 | * | 5.00% |
| 51 | Pope | 34 | 12N | 18W | 140.00 | 70.00 | * | 5.00% |
| 52 | Van Buren | 18 | 10N | 12W | 136.00 | 68.00 | * | 5.00% |
| 53 | Conway | 10 | 7N | 16W | 130.00 | 65.00 | * | 5.00% |
| 54 | Faulkner | 26 | 7N | 12W | 128.00 | 64.00 | * | 5.00% |
| 55 | Faulkner | 20 | 8N | 12W | 126.00 | 63.00 | * | 4.84% |
| 56 | Van Buren | 9 | 10N | 12W | 120.00 | 60.00 | * | 4.38% |
| 57 | Van Buren | 20 | 10N | 12W | 120.00 | 60.00 | * | 4.38% |
| 58 | Van Buren | 15 | 10N | 17W | 120.00 | 60.00 | * | 4.38% |
| 59 | Pope | 26 | 10N | 20W | 120.00 | 60.00 | * | 4.38% |
| 60 | Van Buren | 8 | 12N | 14W | 120.00 | 60.00 | * | 4.38% |
| 61 | Van Buren | 10 | 12N | 14W | 120.00 | 60.00 | * | 4.38% |
| 62 | Faulkner | 9 | 7N | 13W | 120.00 | 60.00 | * | 4.38% |
| 63 | Faulkner | 3 | 7N | 14W | 120.00 | 60.00 | * | 4.38% |
| 64 | Conway | 1 | 7N | 16W | 120.00 | 60.00 | * | 4.38% |
| 65 | Pope | 24 | 8N | 18W | 120.00 | 60.00 | * | 4.38% |

Exhibit "A" - REVISED
To Mar. 30, 2006
Letter Agreement

| Tract # | County | Section | Township | Range | Gross Acres | Net Acres | Participation Tracts | WI% |
|---------|-----------|---------|----------|-------|-------------|-----------|----------------------|-------|
| 66 | Pope | 34 | 8N | 19W | 160.00 | 60.00 | * | 4.38% |
| 67 | Van Buren | 21 | 9N | 12W | 120.00 | 60.00 | * | 4.38% |
| 68 | Pope | 5 | 9N | 19W | 120.00 | 60.00 | * | 4.38% |
| 69 | White | 35 | 9N | 6W | 120.00 | 60.00 | * | 4.38% |
| 70 | Pope | 1 | 6N | 20W | 119.39 | 59.70 | * | 4.33% |
| 71 | Conway | 6 | 7N | 15W | 116.00 | 58.00 | * | 4.06% |
| 72 | Van Buren | 19 | 11N | 14W | 115.00 | 57.50 | * | 3.98% |
| 73 | Conway | 31 | 9N | 15W | 113.00 | 56.50 | * | 3.83% |
| 74 | Pope | 18 | 11N | 17W | 110.00 | 55.00 | * | 3.59% |
| 75 | Van Buren | 27 | 11N | 15W | 104.00 | 52.00 | * | 3.13% |
| 76 | Van Buren | 1 | 10N | 16W | 101.42 | 50.71 | * | 2.92% |
| 77 | Conway | 31 | 8N | 15W | 100.00 | 50.00 | * | 2.81% |
| 78 | Van Buren | 15 | 9N | 12W | 100.00 | 50.00 | * | 2.81% |
| 79 | Van Buren | 24 | 9N | 13W | 100.00 | 50.00 | * | 2.81% |
| 80 | Faulkner | 27 | 7N | 12W | 98.00 | 49.00 | * | 2.66% |
| 81 | Pope | 1 | 7N | 20W | 83.00 | 41.50 | * | 1.48% |
| 82 | Van Buren | 19 | 10N | 13W | 80.00 | 40.00 | * | 1.25% |
| 83 | Van Buren | 25 | 10N | 15W | 80.00 | 40.00 | * | 1.25% |
| 84 | Pope | 33 | 10N | 19W | 80.00 | 40.00 | * | 1.25% |
| 85 | Pope | 25 | 10N | 20W | 80.00 | 40.00 | * | 1.25% |
| 86 | Cleburne | 2 | 11N | 12W | 40.00 | 40.00 | * | 1.25% |
| 87 | Cleburne | 12 | 11N | 12W | 40.00 | 40.00 | * | 1.25% |
| 88 | Van Buren | 9 | 11N | 13W | 40.00 | 40.00 | * | 1.25% |
| 89 | Van Buren | 18 | 11N | 13W | 40.00 | 40.00 | * | 1.25% |
| 90 | Van Buren | 6 | 11N | 15W | 80.00 | 40.00 | * | 1.25% |
| 91 | Van Buren | 1 | 11N | 16W | 80.00 | 40.00 | * | 1.25% |
| 92 | Pope | 5 | 11N | 17W | 80.00 | 40.00 | * | 1.25% |
| 93 | Van Buren | 29 | 12N | 13W | 80.00 | 40.00 | * | 1.25% |
| 94 | Van Buren | 32 | 12N | 13W | 80.00 | 40.00 | * | 1.25% |
| 95 | Van Buren | 17 | 12N | 14W | 80.00 | 40.00 | * | 1.25% |
| 96 | Van Buren | 32 | 12N | 16W | 80.00 | 40.00 | * | 1.25% |
| 97 | Van Buren | 31 | 13N | 14W | 80.00 | 40.00 | * | 1.25% |
| 98 | Faulkner | 5 | 7N | 13W | 80.00 | 40.00 | * | 1.25% |
| 99 | Conway | 7 | 7N | 14W | 80.00 | 40.00 | * | 1.25% |
| 100 | Conway | 14 | 7N | 15W | 80.00 | 40.00 | * | 1.25% |
| 101 | Conway | 15 | 7N | 15W | 80.00 | 40.00 | * | 1.25% |
| 102 | Pope | 30 | 7N | 18W | 80.00 | 40.00 | * | 1.25% |
| 103 | Faulkner | 5 | 8N | 12W | 80.00 | 40.00 | * | 1.25% |
| 104 | Conway | 29 | 8N | 14W | 80.00 | 40.00 | * | 1.25% |
| 105 | Conway | 7 | 8N | 15W | 80.00 | 40.00 | * | 1.25% |
| 106 | Johnson | 10 | 8N | 22W | 40.00 | 40.00 | * | 1.25% |
| 107 | Van Buren | 28 | 9N | 12W | 80.00 | 40.00 | * | 1.25% |
| 108 | Van Buren | 31 | 9N | 12W | 80.00 | 40.00 | * | 1.25% |
| 109 | Van Buren | 35 | 9N | 13W | 80.00 | 40.00 | * | 1.25% |
| 110 | Van Buren | 36 | 9N | 13W | 80.00 | 40.00 | * | 1.25% |
| 111 | Conway | 25 | 9N | 16W | 80.00 | 40.00 | * | 1.25% |
| 112 | Faulkner | 19 | 7N | 11W | 79.00 | 39.50 | * | |
| 113 | Conway | 5 | 9N | 17W | 78.95 | 39.38 | * | |
| 114 | Conway | 20 | 9N | 15W | 77.00 | 38.50 | * | |
| 115 | Pope | 32 | 10N | 19W | 72.25 | 36.13 | * | |
| 116 | Conway | 15 | 7N | 16W | 72.00 | 36.00 | * | |
| 117 | Van Buren | 32 | 13N | 14W | 70.00 | 35.00 | * | |
| 118 | Faulkner | 22 | 7N | 12W | 70.00 | 35.00 | * | |
| 119 | Faulkner | 34 | 7N | 12W | 66.00 | 33.00 | * | |
| 120 | Conway | 32 | 8N | 14W | 80.00 | 30.00 | * | |
| 121 | Faulkner | 30 | 7N | 11W | 55.00 | 27.50 | * | |
| 122 | Conway | 10 | 7N | 15W | 54.75 | 27.38 | * | |
| 123 | Van Buren | 32 | 10N | 17W | 54.00 | 27.00 | * | |
| 124 | Faulkner | 8 | 8N | 12W | 50.00 | 25.00 | * | |
| 125 | Faulkner | 11 | 7N | 13W | 116.00 | 23.20 | * | |
| 126 | Johnson | 1 | 9N | 25W | 22.52 | 22.52 | * | |
| 127 | Van Buren | 11 | 10N | 16W | 40.00 | 20.00 | * | |
| 128 | Van Buren | 14 | 10N | 17W | 40.00 | 20.00 | * | |
| 129 | Van Buren | 31 | 10N | 17W | 40.00 | 20.00 | * | |
| 130 | Van Buren | 29 | 11N | 13W | 40.00 | 20.00 | * | |

**Exhibit "A" - REVISED
To Mar. 30, 2006
Letter Agreement**

| Tract # | County | Section | Township | Range | Gross Acres | Net Acres | Participation Tracts | WI% |
|---------------|-----------|---------|----------|-------|---------------|-----------------|----------------------|-----|
| 131 | Van Buren | 32 | 11N | 14W | 40.00 | 20.00 | | |
| 132 | Pope | 27 | 11N | 19W | 40.00 | 20.00 | | |
| 133 | Van Buren | 9 | 12N | 13W | 40.00 | 20.00 | | |
| 134 | Van Buren | 12 | 12N | 13W | 40.00 | 20.00 | | |
| 135 | Van Buren | 19 | 12N | 14W | 40.00 | 20.00 | | |
| 136 | Pope | 12 | 6N | 20W | 40.00 | 20.00 | | |
| 137 | Faulkner | 15 | 7N | 11W | 40.00 | 20.00 | | |
| 138 | Faulkner | 25 | 7N | 12W | 40.00 | 20.00 | | |
| 139 | Conway | 6 | 7N | 14W | 40.00 | 20.00 | | |
| 140 | Conway | 17 | 7N | 15W | 40.00 | 20.00 | | |
| 141 | Conway | 18 | 7N | 15W | 40.00 | 20.00 | | |
| 142 | Conway | 2 | 7N | 16W | 40.00 | 20.00 | | |
| 143 | Conway | 31 | 8N | 14W | 40.00 | 20.00 | | |
| 144 | Faulkner | 35 | 8N | 14W | 40.00 | 20.00 | | |
| 145 | Conway | 6 | 8N | 15W | 40.00 | 20.00 | | |
| 146 | Conway | 12 | 8N | 16W | 40.00 | 20.00 | | |
| 147 | Conway | 35 | 8N | 16W | 40.00 | 20.00 | | |
| 148 | Pope | 5 | 8N | 18W | 40.00 | 20.00 | | |
| 149 | White | 18 | 8N | 6W | 40.00 | 20.00 | | |
| 150 | White | 13 | 8N | 7W | 40.00 | 20.00 | | |
| 151 | Van Buren | 30 | 9N | 12W | 40.00 | 20.00 | | |
| 152 | Van Buren | 33 | 9N | 12W | 40.00 | 20.00 | | |
| 153 | Van Buren | 25 | 9N | 13W | 40.00 | 20.00 | | |
| 154 | Van Buren | 26 | 9N | 13W | 40.00 | 20.00 | | |
| 155 | Conway | 2 | 9N | 15W | 40.00 | 20.00 | | |
| 156 | Conway | 7 | 9N | 17W | 40.00 | 20.00 | | |
| 157 | White | 27 | 9N | 6W | 40.00 | 20.00 | | |
| 158 | Faulkner | 17 | 8N | 12W | 38.50 | 19.25 | | |
| 159 | Van Buren | 20 | 11N | 14W | 36.00 | 18.00 | | |
| 160 | Van Buren | 5 | 10N | 15W | 35.00 | 17.50 | | |
| 161 | Van Buren | 30 | 11N | 13W | 35.00 | 17.50 | | |
| 162 | Pope | 1 | 9N | 20W | 32.75 | 16.37 | | |
| 163 | Pope | 28 | 8N | 19W | 40.00 | 15.00 | | |
| 164 | Pope | 33 | 8N | 19W | 40.00 | 15.00 | | |
| 165 | Cleburne | 26 | 9N | 12W | 20.00 | 15.00 | | |
| 166 | Conway | 9 | 7N | 14W | 29.65 | 14.83 | | |
| 167 | Franklin | 3 | 10N | 28W | 22.00 | 11.00 | | |
| 168 | Conway | 30 | 8N | 14W | 40.00 | 10.00 | | |
| 169 | Conway | 30 | 9N | 14W | 80.00 | 10.00 | | |
| 170 | Pope | 29 | 9N | 18W | 40.00 | 10.00 | | |
| 171 | Conway | 24 | 9N | 15W | 78.00 | 9.75 | | |
| 172 | Pope | 6 | 9N | 19W | 16.00 | 8.00 | | |
| 173 | Conway | 4 | 7N | 14W | 15.00 | 7.50 | | |
| 174 | Faulkner | 4 | 7N | 14W | 13.20 | 6.60 | | |
| 175 | Conway | 34 | 8N | 16W | 10.00 | 5.00 | | |
| 176 | Pope | 2 | 9N | 21W | 6.00 | 3.00 | | |
| 177 | Conway | 19 | 9N | 14W | 20.00 | 2.50 | | |
| 178 | Conway | 19 | 9N | 15W | 3.00 | 1.50 | | |
| 179 | Van Buren | 30 | 11N | 14W | 2.00 | 1.00 | | |
| 180 | Conway | 32 | 9N | 15W | 0.00 | 0.00 | | |
| Totals | | | | | 19,788 | 9,923.04 | | |

Note

Information is believed reliable but is not guaranteed for accuracy.

Highlighted rows reflect revisions to original Exhibit.

Sections 4, 5 and 35-10N-20W are limited to 100 feet above the top of the stratigraphic equivalent of the Fayetteville Shale.

Includes 80 nma in 30-8N-15W Conway County, 48 nma of which were leased to CHK and 32 nma assigned to Dorchester Minerals Operating LP prior to closing master lease transaction.

Dorchester Minerals, L.P.
3838 Oak Lawn Avenue
Suite 300
Dallas, Texas 75219-4541
214.559.0300
214.559.0301 facsimile

COPY

October 30, 2006

Chesapeake Exploration Limited Partnership
6100 N. Western Avenue
Oklahoma City, OK 73118

Attention: George P. Denny

re: March 30, 2006 Letter Agreement
Various lands located in Arkansas

Gentlemen:

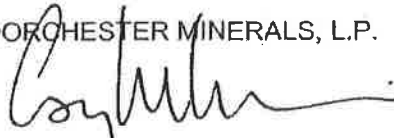
Reference is made to that certain Letter Agreement dated March 30, 2006 ("Agreement") by and between Dorchester Minerals, L.P. ("Dorchester") and Chesapeake Exploration Limited Partnership ("Chesapeake") and those certain Oil and Gas Leases dated June 27, 2006 by and between Dorchester as Lessor and Chesapeake as Lessee concerning lands governed by said Agreement.

In accordance with Paragraph 4 of the Agreement, please be advised that Dorchester has assigned its option to participate as a working interest owner in the Participation Tracts to Dorchester Minerals Operating, L.P. ("DMOLP"). Please send all notices, correspondence, and billings including invoices for reimbursement of leasehold costs to Dorchester Minerals Operating at the letterhead address.

Please contact Terri Farmer at 214.559.0300 or tfarmer@dmlp.net should you have any questions or require any additional information concerning this correspondence. Thank you for your valuable assistance in this matter.

Very truly yours,

DORCHESTER MINERALS, L.P.



William Casey McManemin
Chief Executive Officer

WCM/fg