**Big Spring Independent School District**
**708 E. 11th Place**
**Big Spring, TX 79720**

# INVITATION TO BIDDERS

**BID INSTRUCTIONS**

For lease of:

**Big Spring ISD Mineral Interests**
**In ± 10.00 acres of land,**
**located in the East Half (E/2) of Section 2, Block 33,**
**Township 1 South, T&P Ry Co Survey, A-1021,**
**Howard County, Texas**

**2026 Oil and Gas Lease Bid**

**Bids due July 30, 2026 at 3:00 p.m.**

# Invitation for Bids
# And Bid Instructions

June 27, 2026

**Property:**
**Lease of Big Spring ISD mineral interests in approximately 10.00 acres of land, more or less, located in the East Half (E/2) of Section 2, Block 33, Township 1 South, T&P Ry Co Survey, A-1021, Howard County, Texas ("the Property"), which are more fully described in Exhibit A attached hereto.**[1]

**Bid Opening: July 30, 2026 @ 3:00 p.m.**

## SCOPE AND INTENT OF BID

It is the intention of Big Spring Independent School District to accept sealed Bids for the lease of the Property described in Exhibit A for mineral development.[2]

Interested parties may contact Susan Bryan, Chief Financial Officer, at the Big Spring ISD Administration Office located at 708 E. 11th Place, Big Spring, TX 79720, phone number (432) 264-3620 for additional information.

The deadline to submit sealed Bids is 3:00 p.m. on July 30, 2026, at the Business Office located at 708 E. 11th Place, Big Spring, TX 79720 (the "Bid Deadline"). All Bids received at or prior to such time will be opened and read aloud immediately following the Bid Deadline. Bids received after such time will not be opened or considered. This is a sealed Bid process; **BIDS RECEIVED BY FAX MACHINE, EMAIL OR OTHER ELECTRONIC FORM SHALL NOT BE CONSIDERED.** The highest acceptable Bid or Bids will be presented to the Board of Trustees for review and possible approval at a meeting currently scheduled for **August 10, 2026 at 5:15 p.m**.

Bids received shall be deemed offers to lease the Property according to the terms as set out in the DISTRICT's Oil and Gas Lease and Addendum ("Oil and Gas Lease"), attached hereto as Exhibit B, and must be accompanied by an earnest money payment in the amount of not less than ten (10%) percent of the lease bonus specified in the Bid. The earnest money shall be applied to the lease bonus of the successful BIDDER, and shall be returned to all unsuccessful BIDDERs. Any Bid which specifies terms materially different than those specified in the Oil and Gas Lease will be deemed non-responsive and shall not be considered by the DISTRICT. Big Spring ISD reserves the right to reject any and all Bids at its discretion and to waive any irregularities. The District shall accept the Bid as the Board determines is in the District's best interest, which may not be the highest amount bid.

**WAIVER OF CLAIMS: BY TENDERING A BID TO THIS INVITATION, THE BIDDER ACKNOWLEDGES THAT IT HAS READ AND FULLY UNDERSTANDS THE**

[1] Notwithstanding anything hereinabove or hereinbelow contained to the contrary, without the implied rights of ingress and egress and of reasonable use of the Property (including surface materials) for mining, drilling, exploring, operating, developing, or removing the oil, gas, and other minerals.

[2] The mineral interests to be leased are for the development of oil and gas only and do not include production of coal or lignite.

**REQUIREMENTS FOR SUBMITTING A BID AND THE PROCESS USED BY THE DISTRICT FOR SELECTING A BEST BIDDER. FURTHER, BY SUBMITTING A BID AND HAVING ITS BID CONSIDERED, THE BIDDER FULLY, VOLUNTARILY AND UNDERSTANDINGLY WAIVES AND RELEASES ANY AND ALL CLAIMS AGAINST THE DISTRICT AND ANY OF ITS TRUSTEES, OFFICERS, AGENTS AND/OR EMPLOYEES THAT COULD ARISE OUT OF THE ADMINISTRATION, REJECTION, EVALUATION, RECOMMENDATION OR SELECTION OF ANY BID SUBMITTED IN RESPONSE TO THIS INVITATION TO BID.**

**This Invitation for Bids and Bid Instructions includes the following:**

1. **General Instructions to BIDDERs**
2. **Oil and Gas Well Drilling and Production Lease Special Instructions**
3. **BIDDER's Information Sheet**
4. **Bid Form Sheet**
5. **Felony Conviction Notification**
6. **Property Description (Exhibit A)**
7. **Sample Oil and Gas Lease with Addendum (Exhibit B)**

**The BIDDER should complete and return the following items:**

1. **BIDDER's Information Sheet**
2. **Bid Form Sheet**
3. **Felony Conviction Notification**
4. **Completed Form 1295, Certificate of Interested Parties (to be completed on Texas Ethics Commission website)**
5. **Cashier's Check (or equivalent certified funds) in an amount not less than ten (10%) percent of the lease bonus specified in the Bid, made payable to "Big Spring Independent School District"; cash is not acceptable**

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**ANY EXCEPTION OR DEVIATION TO THE BID INSTRUCTIONS OR THE SAMPLE OIL AND GAS LEASE ATTACHED AS EXHIBIT B MUST BE IN WRITING AND MUST BE ATTACHED TO THE BID FORM. NO OTHER EXCEPTION OR DEVIATION OF THE BID DOCUMENTS MAY BE CONSIDERED. THE DISTRICT, IN ITS SOLE DISCRETION, RESERVES THE RIGHT TO REJECT ANY BID THAT INCLUDES A LEASE THAT DOES NOT CONFORM TO THE CONTRACT OF SALE ATTACHED TO THIS INVITATION TO BID.**

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# GENERAL INSTRUCTIONS TO BIDDERS

**Big Spring ISD 2026 Oil and Gas Lease Bid**
**Bid Opening: July 30, 2026 @ 3:00 p.m.**

1. INVITATION TO BID:
   A. The Big Spring Independent School District invites all interested and qualified BIDDERs to Bid on all Property listed herein. All Bids shall be considered offers to lease the Property for mineral development only. No surface rights or interest shall be conveyed, and the Oil and Gas Lease attached hereto as Exhibit B expressly excludes the implied rights of ingress and egress and of reasonable use of the Property for mining, drilling, exploring, operating, developing, or removing the oil, gas, and other minerals.

   B. For the purpose and clarity of this document only, the word "DISTRICT" will herein mean the Big Spring Independent School District and/or the Board of Trustees of the Big Spring Independent School District, of Big Spring, Howard County, Texas. Also, for the purpose and clarity of this document, the word "BIDDER" will herein mean any reliable and interested individual, vendor, corporation, partnership, entity and/or organization, which offers to lease the advertised Property.

   C. The DISTRICT will receive sealed Bids until the Bid Deadline. Immediately following the Deadline for receiving the sealed Bids, they will be opened and read aloud at the District's Business Office. All interested BIDDERs are invited to the opening in the Business Office. These Bids will be presented to the Board of Trustees of the Big Spring Independent School District for its consideration at a meeting in which a public hearing shall be held. The meeting is currently schedule to occur in the High School Board Room located at 707 E. 11th Place, Big Spring, TX 79720, at 5:15 p.m. on:

   **August 10, 2026**

   D. After the Board of Trustees of the Big Spring Independent School District has held a public hearing to consider and evaluate the Bids, the DISTRICT will select a Bid and provide notice to the apparent highest acceptable BIDDER, as determined by the Board in its sole discretion, and finalize execution of the Oil and Gas Lease.

2. BID SUBMISSION:
   A. BIDDERs must submit their Bids on the "**Bid Form,**" "**BIDDER's Information,**" and "**Felony Conviction Notification"** forms enclosed, without any additions or modifications. The DISTRICT also requires that each BIDDER submit written objections and deviations to the District's proposed Oil and Gas Lease, with a Cashier's Check (or equivalent) in an amount not less than ten (10%) percent of the lease bonus specified in the Bid, made payable to Big Spring ISD, as earnest money to secure execution of the Oil and Gas Lease if BIDDER is selected. BIDDERs should make a copy of the returned "**Bid Form,**" "**BIDDER's Information,**" "**Felony Conviction Notification,**" and the "**Oil and Gas Lease**" forms for their own records.

   B. Sealed Bids must be received no later than the Bid Deadline. Late Bids will **NOT** be considered and will be returned unopened.

C. Mail or deliver Bids to: Susan Bryan, Chief Financial Officer
Big Spring ISD
708 E. 11th Place
Big Spring, TX 79720
(432) 264-3620

******Note***** *for express carrier or hand deliveries, District offices are closed on Fridays during the summer. No faxed bids, or bids submitted by email are permitted. All late bids will be rejected and will be returned to sender unopened.*

D. Bid envelopes must be plainly marked on the outside with the following:

**2026 Oil and Gas Lease Bid**
**Bid Opening**: **July 30, 2026 @ 3:00 p.m.**

E. Only Sealed Bids will be accepted. Faxed or emailed Bids will be rejected by the DISTRICT.

3. SIGNATURE ON BID: To be valid, the Bid must be manually signed in ink by an authorized person in the spaces provided. By such signature, the BIDDER agrees to strictly abide by the terms, conditions, specifications, and other documents referenced and embodied in this Invitation for Bids.

4. BID CONDITIONS:

A. All Bids will be based on the amounts and types of payments as stated in this Invitation to BIDDERs and in the Oil and Gas Lease. **BIDDERS WILL BE RESPONSIBLE FOR ASCERTAINING THE EXACT NET MINERAL ACRES. THE DISTRICT MAKES NO REPRESENTATION AND EXPRESSLY DISCLAIMS ALL WARRANTIES AS TO THE AMOUNT OF NET MINERAL ACRES TO BE LEASED.** Bids that specify other payment terms will be deemed non-responsive and will not be considered. Bids which specify or modify any terms, conditions or requirements as set out in this Invitation for Bids and Bid Instructions may be deemed non-responsive and may not be considered.

B. The BIDDER will assume all risks, liabilities, and cost arising out of all hazardous materials currently found on the Property and ALL future hazardous materials found on this Property, if any. **THE BIDDER WILL INDEMNIFY THE BIG SPRING INDEPENDENT SCHOOL DISTRICT FROM ALL LIABILITIES RESULTING FROM HAZARDOUS MATERIALS CURRENTLY FOUND IN THE PROPERTY AND ALL FUTURE HAZARDOUS MATERIALS FOUND IN THE PROPERTY, IF ANY, AND ALL HAZARDOUS MATERIALS INTRODUCED ONTO OR INTO THE PROPERTY BY BIDDER.**

C. The District believes the information included in this Invitation to Bid is materially accurate; however, the District does not warrant this information to be complete or free from errors or omissions. Bidders are encouraged to inspect the Property and interests to be leased prior to placing a bid.

5. BID WITHDRAWAL: Any Bid may be withdrawn prior to the scheduled Bid Deadline without forfeiting BIDDER's earnest money, but not later.

6. ANNULMENTS & RESERVATIONS:

A. The DISTRICT reserves the right to reject Bids for failure to fulfill any/or all of the requirements herein, and/or to waive technical defects, if in the DISTRICT's judgment, it is in its best interest.

B. The DISTRICT reserves the right to annul the Oil and Gas Lease at any time, if in its opinion there shall be a failure of the BIDDER to perform faithfully any of its stipulations, or in the case of any attempt to impose upon the DISTRICT additional requirements. Any action taken pursuant to this latter stipulation shall not affect or impair any rights or claims of the DISTRICT to damages for the breach of any covenant of the Oil and Gas Lease by the BIDDER.

C. No part of the Oil and Gas Lease may be assigned or subcontracted without the prior written approval of the DISTRICT.

7. BID ERRORS: BIDDERs, or their authorized representatives, are expected to determine the exact net mineral acres to be leased and to fully acquaint themselves with the conditions, limitations, reservations, requirements, and specifications of the Oil and Gas Lease before submitting Bids. **FAILURE TO DO SO WILL BE AT THE BIDDER'S OWN RISK AND SUCH BIDDER CANNOT SECURE RELIEF ON A PLEA OF ERROR.**

8. COMPLIANCE AND RIGHT OF SELECTION:

A. The BIDDER shall abide by and comply with the true intent of the Bid Instructions to BIDDERs and specifications and not take advantage of any unintentional error or omission.

B. **THE BIG SPRING INDEPENDENT SCHOOL DISTRICT RESERVES THE RIGHT TO REJECT ANY OR ALL BIDS WHICH COMPLY WITH THESE SPECIFICATIONS, OR TO ACCEPT A LOWER BID WHICH COMPLIES WITH THESE BID INSTRUCTIONS, PROVIDED THAT IN THE JUDGMENT OF THE BIG SPRING INDEPENDENT SCHOOL DISTRICT, THE OFFER UNDER THE LOWER BID HAS ADDITIONAL VALUE, FUNCTION, BENEFIT OR SERVICE WHICH JUSTIFIES THE DIFFERENCE IN PRICE.**

C. Evaluation of all Bids shall take into account, without limitation, the following considerations, as applicable: price, acceptance of the Oil and Gas Lease in the form attached, reputation of the BIDDER, the BIDDER's safety record, the BIDDER's past contract performance and service with the DISTRICT or other community organizations, etc., and other considerations deemed by the Board to be material in determining whether the Bid is in the best interest of the Big Spring Independent School District.

9. OFFER/ACCEPTANCE: **THE SUBMITTED BID AND RELATED FORMS FROM THE BIDDER WILL BE CONSIDERED THE OFFER, AND THE OIL AND GAS LEASE WILL BE AWARDED BY THE DISTRICT TO THE BIDDER IT DETERMINES SUBMITTED THE BEST BID. THE DISTRICT MAY CONSIDER PROPOSED MINOR**

**CHANGES TO THE FORM OIL AND GAS LEASE THAT ARE SUBMITTED IN WRITING WITH THE BID. HOWEVER, THE DISTRICT RESERVES THE RIGHT TO REJECT ANY PROPOSED REVISIONS THAT MATERIALLY CHANGES THE TERMS WHICH THE DISTRICT DETERMINES ARE NOT IN ITS BEST INTEREST.**

10. CERTIFICATE OF INTERESTED PARTIES: Effective January 1, 2016, Texas governmental entities must comply with the "Disclosure of Interested Parties" mandated by Texas HB 1295, as implemented by the Texas Ethics Commission. Briefly stated, all contracts requiring an action or vote by the governing body of the entity or agency before the contract may be signed (regardless of the dollar amount) or has a value of at least $1 million will require the on-line completion of Form 1295 "Certificate of Interested Parties," per Texas Government Code § 2252.908. Form 1295 is also required for any and all contract amendments, extensions or renewals. Therefore, the successful BIDDER will be required to create, electronically file, and present such Form 1295 to the District using the Texas Ethics Commission's online filing application at final execution of an Oil and Gas Lease with the DISTRICT.

# OIL AND GAS LEASE
# SPECIAL INSTRUCTIONS

**Big Spring ISD 2026 Oil and Gas Lease Bid**

**Bid Opening: July 30, 2026 @ 3:00 p.m.**

**Description of Property**: See Exhibit A.

**IT SHALL BE THE RESPONSIBILITY OF THE BIDDER TO DETERMINE THE EXACT NET MINERAL ACRES TO BE LEASED AND TO FULLY ACQUAINT THEMSELVES WITH THE RESERVATIONS AND EXCEPTIONS OF THE PROPERTY, AND CONDITIONS, LIMITATIONS, REQUIREMENTS, AND SPECIFICATIONS OF THE OIL AND GAS LEASE BEFORE SUBMITTING BIDS.**

It shall be the responsibility of the BIDDER to determine the extent of the Property owned by the DISTRICT that is offered for lease. Any error in this determination resulting in a financial loss to the BIDDER shall be at BIDDER's sole risk and expense.

It is the intention of the DISTRICT to award the Oil and Gas Lease to the highest and best BIDDER submitting a sealed Bid in accordance with these instructions; provided that, if in the judgment of the DISTRICT, the Bids submitted do not represent the fair value of such lease, the Board will reject all Bids. No Bids will be considered unless submitted prior to the specified public Bid opening. The DISTRICT reserves the right to reject any and all Bids for such lease at its discretion. However, should any Bid be accepted, such lease shall be executed upon a form acceptable to the DISTRICT and as presented herein. The DISTRICT shall determine the highest and best BIDDER according to the terms submitted for the mineral lease, the reputation and quality of the BIDDER's services including but not limited to the BIDDER's financial ability to develop and produce oil and gas, safety record, compliance history and any other relevant information that the BIDDER submits to the DISTRICT for consideration.

## Minimum Standards of Bid

Bids submitted shall provide for, at a minimum:

1. A primary term of three (3) years from date of execution, but not more than ten (10) years;
2. A royalty paid to the District of not less than one-fourth (1/4) of all oil and gas produced from said land in accordance with the terms of the Oil and Gas Lease;
3. A minimum shut-in payment of $100 per acre;
4. Bonus money as specified by the BIDDER in the Bid; and
5. The following provisions are proposed in the Oil and Gas Lease (these are summaries only, subject to language in the attached Oil and Gas Lease):
    A. Lessee agrees and obligates itself to restore the surface of all land that might be damaged by its operation hereunder as nearly as possible to its original conditions as soon as practicable after such damages occur. Lessee must further agree to indemnify the DISTRICT against any and all claims upon the part of third persons for damages or injuries of any kind or character that might arise from the Lessee's operations hereunder.

B. Lessee must conform to all laws and ordinances regulating oil and gas drilling and applicable ordinances of the City in which the property is located.

C. **LESSEE MUST SATISFY THEMSELVES AS TO TITLE AND ACQUIRE ALL NECESSARY ABSTRACTS AND OTHER TITLE INFORMATION SOLELY AT THEIR OWN EXPENSE; THE LEASE SHALL CONTAIN NO WARRANTY OF TITLE BY THE DISTRICT.**

D. A map showing location of drill sites or land under lease that have drill site rights that could be used for the leased premises and proposed pooled units that are not located on the leased premises must be submitted with this Bid. The map should also show the location of access roads to the drill site, pipelines, electric lines and all surface facilities and equipment, none of which may be located on the leased premises, unless such rights are otherwise lawfully obtained by the lessee.

E. The DISTRICT reserves the right to award this Bid based on both price and the most advantageous location of the drilling locations and sites for pooling purposes.

F. The Oil and Gas Lease will be finalized within approximately sixty (60) days after the successful BIDDER is selected. The final terms of the Oil and Gas Lease must be approved by the School Board.

G. The DISTRICT will allow the successful BIDDER to pool the lease, the land or minerals included in the lease, or any part of these with any other land, leases, mineral estates or parts of any of these to form a drilling or spacing unit for the exploration, development, and production of oil and gas to be approved at the sole discretion of the DISTRICT.

H. By submitting a Bid, the BIDDER specifically waives any right to recover or be paid attorney's fees from Big Spring ISD, or any of the DISTRICT's employees and representatives under any of the provisions of the Texas Uniform Declaratory Judgments Act (Texas Civil Practice and Remedies Code, Section 37.001, *et. seq*., as amended). By submitting a Bid, each BIDDER agrees to waive and does hereby waive any claim the BIDDER has or may have against the DISTRICT, and the DISTRICT's respective employees and representatives, arising out of or in any way connected with the following:

1. The administration, evaluation or recommendation of any Bid;
2. Waiver or deletion of any of the requirements under the Instructions to BIDDERs or the Oil and Gas Lease;
3. Acceptance or rejection of any Bid; and
4. Award of the Bid or Lease.

J. The BIDDER agrees that this is the intentional relinquishment of the above listed presently existing rights.

K. By execution and submission of this Bid, the BIDDER hereby represents and warrants to Big Spring ISD that the BIDDER has read and understands the Instructions to BIDDERs and the Oil and Gas Lease and other documents contained herein, and the Bid is made in accordance with the Instructions to BIDDERs. BIDDER acknowledges that it understands all terms within the Instructions to BIDDERs, which include the waiver provisions, and that it had the right to consult with legal counsel regarding all of the above documents. By submitting a Bid, the BIDDER acknowledges and agrees that there was and is no disparity of bargaining power between the BIDDER and Big Spring ISD.

L. By submitting a Bid, the BIDDER acknowledges that the BIDDER understands all terms of the Bidding documents and consents to the Bidding process and the possibility of a negative assessment.

M. The DISTRICT reserves the right to waive, delete or amend any of the requirements connected with this Bid.

N. Bids addressed to Big Spring ISD Business Office, will be received at the Business Office until 3:00 PM on July 30, 2026, and then publicly opened and read aloud at the Business Office located 708 E. 11th Place, Big Spring, TX 79720. Any Bids received after 3:00 PM will be rejected.

O. Bids shall be submitted on Big Spring ISD Bid Form attached hereto. The BIDDER may attach as many additional pages as he/she deems necessary. The District intends and expects to use the Oil and Gas Lease attached hereto as Exhibit B in substantially the form provided. Therefore, BIDDER must tender written objections and deviations to the Oil and Gas Lease with its Bid Form if it desires the District to consider different terms.

P. BIDDERs may contact Susan Bryan, Chief Financial Officer, via email at sbryan@bsisd.esc18.net, for clarifications and questions.

# BIDDER'S INFORMATION

## Big Spring ISD 2026 Oil and Gas Lease Bid

## Bid Opening: July 30, 2026 @ 3:00 p.m.

ALL INFORMATION REQUESTED BELOW MUST BE PROVIDED, AND THIS PAGE MUST BE SIGNED AND RETURNED WITH THE BID. IF THIS BID IS NOT SIGNED, IT WILL BE DISQUALIFIED FOLLOWING THE OPENING.

**BY SIGNING THIS FORM, THE AUTHORIZED UNDERSIGNED AGREES TO THE FOLLOWING STATEMENTS. ANY EXCEPTIONS MUST BE IN WRITING AND ACCOMPANY THIS BID.**

I (We) propose to lease the advertised Property for the development of minerals (coal and lignite excepted) from the Big Spring Independent School District, on the terms indicated and to remain in compliance with the terms, conditions, Bid Instructions, and the provisions contained in the Oil and Gas Lease and Instructions to BIDDERs.

I) (We) certify that this BIDDER is aware that Property to be leased is without the implied rights of ingress and egress and of reasonable use of the Property (including surface materials) for mining, drilling, exploring, operating, developing, or removing the oil, gas, and other minerals.

(I) (We) certify that this Bid is made without any previous understanding, agreement, or connection with any person, firm, or corporation Bidding on such Property, and shall be in all respects fair and without collusion or fraud, and shall in no way limit competition.

(I) (We) certify that neither this BIDDER nor any agent, employee of this BIDDER, if any, has given, offered to give, or intends to give at **any time** any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor or service to any employee, trustee, officer or agent of Big Spring Independent School District in connection with this submitted Bid.

(I) (We) certify that this BIDDER adheres to or follows non-discriminatory practices with respect to the employment or promotion of personnel without regard to race, color, religion, sex, national origin, age, handicap, or political application or belief.

COMPANY or ORGANIZATION NAME: _____

TITLE: _____

ADDRESS: _____
( Address)

CITY, STATE, ZIP CODE: _____

TELEPHONE #/FAX #: _____

EMAIL ADDRESS: _____

DATE: _____

AUTHORIZED SIGNATURE: _____

AUTHORIZED PRINTED NAME: _____

# BID FORM

**Big Spring ISD 2026 Oil and Gas Lease Bid**
**Bid Opening: July 30, 2026 @ 3:00 p.m.**

**Description of Property:** The property is described in Exhibit A.

**IT SHALL BE THE RESPONSIBILITY OF THE BIDDER TO DETERMINE THE EXACT NET MINERAL ACRES TO BE LEASED AND ALL APPLICABLE RESERVATIONS AND EXCEPTIONS.**

It shall be the responsibility of the BIDDER to determine the extent of the Property owned by the District that is offered for lease. Any error in this determination resulting in a financial loss to the BIDDER shall be at BIDDER's sole risk and expense.

**Minimum Standards of the Bid:**

- A primary term of _____ years [three (3) years minimum from date of execution, but not longer than 10 years].
- A royalty paid to the Big Spring ISD of _____ [not less than one-fourth (1/4)] of all oil and gas produced from said land.
- Shut-in gas well payment of $_____ per acre (If greater than $100/acre, please specify).
- Lease Bonus as specified by BIDDER.

  * 10.0 acres x $_____ (representing the total acreage)
    = total bonus $_____.

- A map showing location of drill sites or land under lease that have drill site rights that could be used for the leased premises and proposed pooled units that are not located on the leased premises must be submitted with this Bid. The map should also show the location of access roads to the drill site, pipelines, electric lines and all surface facilities and equipment, none of which may be located on the leased premises, unless such rights are otherwise lawfully obtained by the lessee.
- The DISTRICT reserves the right to award this Bid based on both price and the most advantageous location of the drilling locations and sites for pooling purposes.
- BIDDERs shall submit information concerning the BIDDER's experience in drilling and production by well per county and quality of the BIDDER's oil and gas services. This submittal shall include, but not be limited to, the BIDDER's financial ability to develop and produce the oil and gas, safety record, drill site clean-up compliance history and any other relevant information that the BIDDER wishes to submit to Big Spring ISD for the determination of best value.
- The successful BIDDER shall be responsible for complying with all requirements of all state laws and any municipality's oil/gas drilling and/or production ordinances applicable to the properties.
- The Oil and Gas Lease will be finalized within sixty (60) days after the successful BIDDER is selected based upon the form of Oil and Gas Lease made available to you.

- The DISTRICT will allow the successful BIDDER to pool the lease, the land or minerals included in the lease, or any part of these with any other land, leases, mineral estates or parts of any of these to form a drilling or spacing unit for the exploration, development, and production of oil and gas with approval at the sole discretion of the DISTRICT, and in accordance with the terms of the proposed Oil and Gas Lease attached hereto as Exhibit B.
- By execution and submission of this Bid, the BIDDER hereby represents and warrants to the DISTRICT that the BIDDER has read and understands the Instructions to BIDDERs and the Oil and Gas Lease and this Bid is made in accordance with all of them. BIDDER acknowledges and understands all terms within the Instructions to BIDDERs, which include waiver provisions, and that it had the right to consult with legal counsel regarding all of the above documents.
- By submitting a Bid, the BIDDER specifically waives any right to recover or be paid attorney's fees from the Big Spring ISD or any of the DISTRICT's employees and representatives under any of the provisions of the Texas Uniform Declaratory Judgments Act (Texas Civil Practice and Remedies Code, Section 37.001, *et. seq*., as amended). By submitting a Bid, each BIDDER agrees to waive and does hereby waive any claim the BIDDER has or may have against the Big Spring ISD and the DISTRICT's respective employees and representatives, including the award of attorney fees, arising out of or in any way connected with the following:
    1. The administration, evaluation, or recommendation of any Bid;
    2. Waiver or deletion of any of the requirements under the Instructions to BIDDERs;
    3. Acceptance or rejection of any Bids; and
    4. Award of the Bid or Lease.
- By submitting a Bid, the BIDDER acknowledges that the BIDDER understands all terms of the Bidding documents and consents to the Bidding process and the possibility of a negative assessment. By submitting a Bid, the BIDDER acknowledges and agrees that there was and is no disparity of bargaining power between the BIDDER and the Big Spring ISD.
- The BIDDER agrees that this is the intentional relinquishment of the above listed presently existing rights.
- The DISTRICT reserves the right to waive, delete or amend any of the requirements connected with this Bid and to reject any and all Bids.

COMPANY or ORGANIZATION NAME: _____

AUTHORIZED SIGNATURE: _____

AUTHORIZED PRINTED NAME: _____

TITLE: _____

# FELONY CONVICTION NOTIFICATION

## Big Spring ISD 2026 Oil and Gas Lease Bid

## Bid Opening: July 30, 2026 @ 3:00 p.m.

State of Texas Education Code, Section 44.034, Notification of Criminal History, Subsection (a), states, "a person or business entity that enters into a contract with a school district must give advance notice to the district if the person or an owner or operator of the business entity has been convicted of a felony. The notice must include a general description of the conduct resulting in the conviction of a felony."

Subsection (b) states "a school district may terminate a contract with a person or business entity if the district determines that the person or business entity failed to give notice as required by Subsection (a) or misrepresented the conduct resulting in this conviction. The district must compensate the person or business entity for services performed before the termination of the contract."

**THIS NOTICE IS NOT REQUIRED OF A PUBLICLY-HELD CORPORATION**

Big Spring ISD Board Policy CH (LEGAL) also states the following with regard to criminal history information:

"The District may obtain criminal history record information that relates to an employee of, or applicant for employment by, a person that contracts with the District to provide services if:

1. The employee or application has or will have continuing duties related to the contracted services; and,

2. The duties are or will be performed on school property or at another location where students are regularly present."

In accordance with the above-described statutory provisions, I, the undersigned agent for the firm named below, certify that the information concerning notification of felony convictions has been reviewed by me and the following information furnished is true to the best of my knowledge:

VENDOR'S NAME: _____

AUTHORIZD COMPANY OFFICIAL: _____
*(Please print name of authorized official)*

My firm is a publicly-held corporation, therefore, this reporting requirement is not applicable.

Signature of Company Official: _____

My firm is not owned nor operated by anyone who has been convicted of a felony:

Signature of Company Official: _____

My firm is owned or operated by the following individual(s) who has/have been convicted of a felony:

Name of Felon(s):

_____

Details of Conviction(s):

_____

_____

Signature of Company Official: _____

# Exhibit A

(*The Property*)

The District's Property is legally described as follows:

BEGINNING at a 3/4" I.P. in the East right of way line of the access road to the Big Spring Army Air Base from which an iron pin in concrete, the S.W. Corner of the East part of the Ellis Homes tract out of the NE ¼ of Section No. 2, Block 33, Township 1-North, T. & P. Railway Company Surveys, Howard County, Texas, bears N. 11 deg. 49' E. 52.5 ft. Said 3/4" I.P. being the N.W. Corner of this tract;

THENCE, N. 75 deg. 23' E. parallel with and 50 ft. Southward from a South line of said Ellis Homes tract 597.7 ft. to a 3/4" I.P. for an interior corner of property now owned by the Big Spring Rodeo Association and the N.E. Corner of this tract;

THENCE S 14 deg. 28' E., along the West line of property now owned by the Big Spring Rodeo Association, 571.l ft. to a 3/4" I.P. for an interior corner of same, and the S.E. corner of this tract;

THENCE, S. 75 deg. 23' W. along the North line of property now owned by the Big Spring Rodeo Association 958.l ft. to a 3/4" I.P. in the East right of way line of the access road to the Big Spring Army Air Base, for the S.W. Corner of this tract;

THENCE, N. 19 deg. 28' E. along the East right of way line of said access road 477.4 ft. to a 3/4" I.P. and concrete monument at the beginning point of a 9 deg. 11' curve to the left, for a corner of this tract;

THENCE, with the arc a 9 deg. 11' curve to the left, the radius of which is 624.1 ft. 196.l ft. to the place of beginning, containing 10.0 acres of land; without, however, the implied rights of ingress and egress and of reasonable use of the Property (including surface materials) for mining, drilling, exploring, operating, developing, or removing the oil, gas, and other minerals.

Notwithstanding anything contained herein to the contrary, the term "mineral interest" does not include hard minerals such as, but not limited to, coal or lignite, that require surface mining.

# Exhibit B

(*Sample Oil and Gas Lease with Addendum*)

See attached.

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

# OIL AND GAS LEASE

THIS AGREEMENT is entered into to be effective as of May 1, 2026, by and between **Big Spring Independent School District** whose address is 708 E. 11th Place, Big Spring, Texas 79720 as "Lessor," and _____, whose address is _____, as "Lessee."

1. Lessor, for good and valuable consideration in hand paid, the receipt and sufficiency of which is hereby acknowledged and confessed, and the royalties herein provided and the agreements of Lessee herein contained, hereby grants, leases and lets unto Lessee, and its successors and assigns, for the purpose of investigating, exploring, developing, drilling and operating for and producing oil, gas and related hydrocarbons, conducting exploration, geologic and geophysical surveys by seismograph, core test, gravity and magnetic methods, injecting gas, water and other fluids into subsurface strata, laying pipe lines, storing oil, building roads, tanks, telephone lines and other structures thereon, to produce, save, take care of, treat, process, transport and own said products, the following described land in Howard County, Texas, to-wit:

**10.00 acres of land, more or less, located in the East Half (E/2) of Section 2, Block 33, Township 1 South, T&P Ry Co Survey, A-1021, Howard County, Texas, and being further described by metes and bounds in that certain Warranty Deed, dated June 26, 1951, by and between Big Spring Cowboy Reunion and Big Spring Independent School District, and recorded in Volume 170, Page 179, in the Office of the County Clerk, Howard County, Texas; without, however, notwithstanding anything hereinabove or hereinbelow contained to the contrary, the implied rights of ingress and egress and of reasonable use of the Property (including surface materials) for mining, drilling, exploring, operating, developing, or removing the oil, gas, and other minerals.**

hereinafter the "leased premises" or "said land."

2. This is a PAID-UP LEASE, and subject to the other provisions herein contained, this lease shall be for a term of three **(3) years** from this date (called "primary term") and as long thereafter as oil, gas or related hydrocarbons are produced in paying quantities from said land or land with which said land or any part thereof is pooled hereunder, or this lease is otherwise maintained by the other provisions hereof.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipelines to which lessee may connect its wells, the equal one-fourth (1/4) part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessor, to pay lessor the gross proceeds from the sale of such one-fourth (1/4) part of such oil as of the day it is run to the pipe line or storage tanks; (b) to pay lessor for gas and casinghead gas produced from said land (1) when sold by lessee, one-fourth (1/4) of the gross proceeds realized by lessee, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, one-fourth (1/4) of the gross proceeds from the sale of gasoline or other products extracted therefrom and one-fourth (1/4) of the amount realized from the sale of residue gas; (c) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-fourth of the gross proceeds from the sale thereof. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas in paying quantities, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land sufficient to hold this lease, then at or before the expiration of said ninety-day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to fifty dollars ($50.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety-day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be paid directly to the Lessor or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment on or before the last date for payment.

4. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof as to oil and gas, or either of them, with any other land covered by this lease, and/or with any other land, lease or leases in the immediate vicinity thereof to the extent hereinafter stipulated, when in Lessee's reasonable judgment it is necessary or advisable to do so in order properly to explore, or to develop and operate said leased premises in compliance with the spacing rules of the Railroad Commission of Texas, or other lawful authority, or when to do so would, in the reasonable judgment of Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not substantially exceed 80 acres each in area, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each plus a tolerance of ten percent (10%) thereof, provided that should governmental authority having jurisdiction prescribe the creation of units larger than those specified, for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well to be drilled, drilling or already drilled, units thereafter created may conform substantially in size with those prescribed or permitted by governmental regulations. Lessee under the provisions hereof may pool or combine acreage covered by this lease or any portion thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall file for record in the appropriate records of the county in which

Sample

the leased premises are situated an instrument describing and designating the pooled acreage as a pooled unit; and upon such recordation the unit shall be effective as to all parties hereto, their heirs, successors, and assigns, irrespective of whether or not the unit is likewise effective as to all other owners of surface, mineral, royalty, or other rights in land included in such unit. In the event of operations for drilling on or production of oil or gas from any part of a pooled unit which includes all or a portion of the land covered by this lease, such operations shall be considered as operations for drilling on or production of oil or gas from land covered by this lease whether or not the well or wells are located on the premises covered by this lease. For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them shall be entitled on production of oil and gas, or either of them, from the pooled unit, there shall be allocated to the land covered by this lease and included in said unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) a pro rata portion of the oil and gas, or either of them, produced from the pooled unit. Such allocation shall be on an acreage basis - that is to say, there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land. The production from an oil well will be considered as production from the lease or oil pooled unit from which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit. The formation of any unit hereunder shall not have the effect of changing the ownership of any shut-in production royalty which may become payable under this lease. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool as provided above with consequent allocation of production as above provided. As used in this paragraph 4, the words “separate tract” mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. If at the expiration of the primary term, oil, gas, or related hydrocarbons are not being produced on said land, or from the land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within ninety (90) days prior to the end of the primary term, the lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than ninety (90) consecutive days, and if they result in the production of oil, gas or related hydrocarbons, so long thereafter as oil, gas, or related hydrocarbons are produced from said land, or from land pooled therewith. If, after the expiration of the primary term of this lease and after oil, gas, or related hydrocarbons are produced from said land, or from land pooled therewith, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within 90 days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than ninety (90) consecutive days, and if they result in the production of oil, gas, or related hydrocarbons, so long thereafter as oil, gas, or related hydrocarbons are produced from said land, or from land pooled therewith. Any pooled unit designated by Lessee in accordance with the terms hereof, may be dissolved by Lessee by instrument filed for record in the appropriate records of the county in which the leased premises are situated at any time after the completion of a dry hole or the cessation of production on said unit. Lessee may at any time execute and deliver to Lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions.

6. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When requested in writing by Lessor, Lessee will bury all pipe lines below ordinary plow depth. No well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's consent.

7. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns; but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished with a certified copy of recorded instrument or instruments evidencing same.

8. Should oil, gas or related hydrocarbons in paying quantities be discovered on the leased premises, then after the expiration of the primary term, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator, and in compliance with all other implied duties under the law. If after the expiration of the primary term, Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have thirty (30) days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument.

9. Lessor hereby warrants and agrees to defend the title to said land by through and under Lessor, but not otherwise, and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with right to enforce same and apply royalties accruing hereunder toward satisfying same. It is agreed that if this lease covers a less interest in the oil, gas or related hydrocarbons in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties, and other monies accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein.

10. Notwithstanding any other provisions hereof, Lessee shall have the option to extend this lease for an additional two (2) years by tendering to Lessor a sum equal to One-Hundred Percent (100%) of the original bonus amount paid to Lessor in exchange for the execution of this lease. Said sum for the two (2) year extension must be tendered to Lessor on or before the end of the primary term of this lease.

**SEE ADDENDUM ATTACHED HERETO FOR ADDITIONAL TERMS**

Sample

IN WITNESS WHEREOF this instrument is executed on the dates set out below, but is effective for all purposes as of _____, 2026.

| **LESSOR**: | **LESSEE**: |
|---|---|
| **BIG SPRING INDEPENDENT SCHOOL DISTRICT** | ***[LESSEE NAME]*** |
| BY:_____ | BY:_____ |
| NAME: FABIAN SERRANO | NAME:_____ |
| TITLE: BOARD PRESIDENT | TITLE:_____ |
| DATE: _____ | DATE: _____ |

*[Acknowledgements Appear on the Following Page]*

Sample

**ACKNOWLEDGEMENTS**

STATE OF TEXAS §
§
COUNTY OF HOWARD §

BEFORE ME, the undersigned authority, on this day personally appeared FABIAN SERRANO, BOARD PRESIDENT, of the Big Spring Independent School District, and acknowledged to me that he or she executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of the said entity.

Given under my hand and seal of office this the _____ day of _____, 2026.

_____

Notary Public in and for _____

*[Addendum Appears on the Following Page]*

Sample

**ADDENDUM**

THIS ADDENDUM ("Addendum") is attached to and made a part of that certain Oil and Gas Lease (the "Lease") dated _____, 2026, by and between **Big Spring Independent School District**, as lessor ("Lessor"), whose address is 708 E. 11th Plaice, Big Spring, Texas 79720 and _____, as lessee ("Lessee"), whose mailing address is _____, lands located in Section 2, Block 33, Township 1 South, T&P Ry. Co. Survey, A-1021, Howard County, Texas, containing 10.00 acres, more or less (the "Leased Premises").

The provisions of this Addendum are in addition to the provisions contained in the Lease and are intended to be covenants running with the Lease and the Leased Premises and shall be binding upon and inure to the benefit of the successors and assigns of Lessor and Lessee. This Addendum is incorporated into the Lease to which it is attached and is a part of the Lease for all purposes.

**In the event of conflict between the provisions of this Addendum and the provisions of the Lease, the terms and provisions of this Addendum shall prevail and be controlling.**

1. *Royalty*. Notwithstanding any term or provision of the Lease to the contrary, the royalties payable to Lessor pursuant to the Lease shall be the greater of (a) _____ percent (___)% [not less than 25%] of the market value of the oil, gas and other hydrocarbons produced and saved from the Leased Premises or lands pooled therewith without the deduction of any post-production costs or expenses, and (b) _____ percent (___)% [not less than 25%] of the gross proceeds derived from the first arms-length sale of such oil, gas and other hydrocarbons to an unaffiliated purchaser, without the deduction of any post-production costs or expenses. Additionally, Lessor shall be entitled to receive as royalty _____ percent (___)% [no less than 25%] of all sums or other benefits payable to Lessee by virtue of products recovered or sold as a result of the Lease, including within the term "products," but not limited to, gasoline, butane, propane, other liquid hydrocarbons extracted, manufactured or recovered by Lessee or for which Lessee is paid; the same payment formula set forth in (a) and (b) above shall apply to these products. Notwithstanding anything herein or in the Lease to the contrary, the royalties to be paid to Lessor under the Lease shall not bear the burden, directly or indirectly, of any costs, expenses or deductions associated with development, production, dehydration, compression, processing, treating, gathering, transportation, delivery, marketing, or any part of the costs of construction, operation, or depreciation of any plant or other facilities or equipment used in the handling of oil, gas, or related hydrocarbons, or any other post-production costs of any nature (whether such services are provided by Lessee, an affiliate of Lessee or a third-party), including any costs or expenses incurred in making such oil, gas or other hydrocarbons ready for sale or use, excepting however, taxes of any character applicable to Lessor's share of production that are paid by Lessee; all of the foregoing costs and expenses shall be added back to determine the "market value" of oil, gas and other hydrocarbons, or the gross proceeds received by Lessee, for the purpose of paying royalty hereunder. The parties agree that this paragraph is a material part of the Lease and is to be fully effective and enforceable and shall not be construed as "surplusage" under the principles set forth in *Heritage Resources v. NationsBank*, 939 S.W.2d 118 (Tex. 1997).

2. *Limited to Hydrocarbons*. The Lease covers only oil, gas and other hydrocarbon substances (including sulfur produced in conjunction therewith) in and under the Leased Premises. All other associated substances and minerals are excepted from the terms and provisions of the Lease and are hereby reserved to Lessor, along with all associated rights of ingress, egress and use of the Leased Premises for the exploration and development of such oil, gas and other hydrocarbon substances and the excluded substances and minerals.

3. *Continuous Development*.

(a) At the later to occur of the expiration of the primary term or at the end of the extended period provided in subpart (c) below, the Lease shall terminate as to all of the Leased Premises SAVE and EXCEPT the following "Retained Tracts": (i) no more than forty (40) acres for producing wells other than Horizontal Wells; (ii) no more than forty (40) acres plus the minimum acreage permitted by the "Additional Acreage Assignment" based upon "Horizontal Drainhole Displacement" for producing Horizontal Wells as provided in current Texas Railroad Commission Statewide Rule 86, calculated under the table for fields with a density rule less than forty (40) acres; and (iii) all lands included in any pooled unit for a producing well created under the authority granted herein. In the event the Railroad Commission of Texas (or other governmental authority having jurisdiction) requires, as opposed to permits, larger Retained Tracts in order to obtain the maximum production allowable, then the foregoing unit limitations may be enlarged only to the extent to obtain such full allocation. For purposes of this lease, a "Horizontal Well" shall be defined as an oil or gas well in which the horizontal displacement of the gross completion interval exceeds the minimum distance described by Texas Railroad Commission Statewide Rule 86. Further, at the expiration of the primary term or the extended period provided in subpart (c) below, Lessee shall release all rights under each such Retained Tract(s) more than one hundred feet (100') below the stratigraphic equivalent of the then deepest producing depth.

(b) Lessee shall, within thirty (30) days after the partial expiration of this Lease for any reason as provided herein, file of record in the Office of the County Clerk where the Leased Premises are located, an instrument releasing this Lease insofar as the Lease has terminated, specifically describing the Retained Tracts surrounding each producing well and the depth retained by Lessee, in a form of release instrument approved in writing by Lessor. Lessee shall, prior to recording such release, deliver to Lessor a plat depicting the location of each Retained

Sample

Tract along with the log of each well within a Retained Tract and proof of the depth to be retained within each tract. Each such Retained Tract shall be as nearly in the form of a square (for vertical wells) and a rectangle (for horizontal wells) as is possible, with the well located thereon being sufficient distance from the boundary lines of such Retained Tract as to comply with the rules and regulations of the Railroad Commission of Texas and will be created so as to avoid any orphaned acreage on the Leased Premises not included in a Retained Tract.

(c) If at the end of the Primary Term, Lessee is then engaged in the actual drilling of a well with a drilling rig and machinery capable of drilling to a depth sufficient to test the prospective oil or gas horizon for such well in search of oil or gas on the Leased Premises, or on acreage pooled therewith, then this Lease shall be maintained as to all of the Leased Premises until such time that: (i) the Lessee has allowed a period of ninety (90) consecutive days between the completion date on a well and the commencement of drilling operations on a subsequent well on the Leased Premises or on acreage pooled herewith, and Lessee fails to commence the subsequent well within such ninety (90) day period; or (ii) once commenced, such drilling operations do not continue without cessation of more than sixty (60) days. The phrase "commencement of drilling" shall mean the date upon which a drilling rig and machinery capable of drilling to a depth sufficient to test the prospective oil or gas horizon for such well have been erected on the well location and the well has been spudded. The phrase "completion date" shall mean the date upon which the well is physically completed and capable of production, including the completion of the potential test and all other tests required by the Railroad Commission of Texas or its successor regulatory agency, provided however, the "completion date" shall never be more than thirty (30) days following release of the drilling rig. For a dry hole the "completion date" shall be thirty (30) days following the release of the drilling rig.

(d) At such times as a partial termination of this Lease occurs, each Retained Tract shall be considered as a separately leased tract, in the same manner as if Lessor has executed separate leases covering each such Retained Tract.

(e) If at any time production in paying quantities should cease from a Retained Tract hereunder, this Lease shall not terminate as to the portion of the Leased Premises then included within such Retained Tract if drilling or reworking operations are commenced on such Retained Tract within sixty (60) days after such cessation of production; and if such drilling or reworking operations are so commenced, this Lease will remain in effect as to the lands then included within such Retained Tract for as long as such drilling or reworking operations continue with no cessation of more than sixty (60) consecutive days, and if production of oil or gas is restored on such Retained Tract, for as long as production continues in paying quantities.

(f) Lessee shall retain from such portions of the Leased Premises that are released under this paragraph 7, all surface easements and rights-of-way (express and implied) for the duration of this Lease, that are granted hereunder that are necessary to provide access to and from each Retained Tract and to transport and market oil and/or gas from each Retained Tract.

(g) The size of Retained Tracts that may be retained hereunder shall not be construed as an agreement or stipulation on the part of Lessor that such drilling constitutes reasonable development of the Leased Premises. Lessee agrees to drill such additional well or wells on each Retained Tract (or such portion or portions thereof as may be in force and effect from time to time) as may be necessary to reasonably develop the same for the production of oil and/or gas.

4. *Allocation and Sharing Wells*. With the exception of wells the productive horizontal wellbores of which are located entirely within a pooled unit properly created under the terms of this Lease, Lessee shall have no right to, and hereby agrees not to, drill or produce from any horizontal well with a productive wellbore that traverses the Leased Premises and other lands outside of the Leased Premises without the prior written consent of Lessor.

5. *Royalty Due*. Accounting and payment to Lessor of royalties from the production of oil, gas and other hydrocarbons shall commence no later than one hundred twenty (120) days after the date of first production as pursuant to Section 91.402; Subchapter J. "Payment for Proceeds of Sale" of Texas Natural Resources Code. First production for a gas well shall be defined as the date of first sale of gas and for an oil well the date oil is first produced, other than for testing purposes. Thereafter, unless otherwise specifically provided herein, all accountings and payments of royalties shall be made on or before the tenth (10th) day of the second calendar month following the calendar month in which the production occurred. Unless otherwise herein expressly provided, any royalties or other payments provided for in the Lease which are suspended or not paid to Lessor within the time period specified therefore shall accrue interest at the highest rate allowed by law from due date until paid. 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 and all interest due thereon 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 shall not be construed as an offer of settlement or accord by or on behalf of Lessee, its agents, successors or assigns, must be accompanied by a conspicuous notice stating the terms of such settlement.

6. *Shut-In Limitation*. The amount per net mineral acre of shut-in royalties shall be $50.00 per net mineral acre per year. The payment of shut-in royalties shall not extend this Lease for a period greater than three (3) years in the aggregate. The provisions for payment of the shut-in royalty shall only apply to gas wells capable of producing gas in paying quantities. Lessee may exercise its right to make shut-in royalty payments only if Lessee is exercising reasonable diligence in attempting to market and sell gas producible hereunder. Any shut-in royalty payment shall not be a credit against production nor

Sample

credited with prior production royalty.

7. *Division Orders and Amendment*. If Lessee shall require the execution of a division order for payment of royalty payable under the Lease, then the only form of division order permitted for Lessee's use shall be such form promulgated by the State of Texas and set forth in Section 91.402(d), of the Texas Natural Resources Code, as amended from time to time. This Lease shall not be altered, amended, extended or ratified by any division order or transfer order. In the event of production, all division orders prepared by Lessee and its assigns shall eliminate all references to ratification of Lessee's acts, ratification of the unit and ratification of gas or oil purchase contracts. If such statements are contained therein, such ratifications shall be void and of no effect. Any amendment, alteration, extension or ratification of the Lease, or of any term or provision of the Lease, shall be made only by an instrument clearly titled and denominating its purpose and effect, describing the specific terms or provisions affected and the proposed change or modification thereof, and executed by the Lessor and Lessee.

8. *Amendment*. This Lease shall not be altered, amended, extended or ratified by any division order or transfer order. In the event of production, all division orders prepared by Lessee and its assigns shall eliminate all references to ratification of Lessee's acts, ratification of the unit and ratification of gas or oil purchase contracts. If such statements are contained therein, such ratifications shall be void and of no effect. Any amendment, alteration, extension or ratification of the Lease, or of any term or provision of the Lease, shall be made only by an instrument clearly titled and denominating its purpose and effect, describing the specific terms or provisions affected and the proposed change or modification thereof, and executed by the Lessor and Lessee.

9. *No Warranty*. The Lease is made and entered into without any express or implied warranty or representation of title, ownership or control of the Leased Premises, whatsoever, and Lessee shall have no recourse upon Lessor, not even for the return of the initial bonus consideration paid to Lessor. By acceptance of the Lease, Lessee acknowledges that it has been given full opportunity to investigate and has conducted sufficient investigation to satisfy itself as to the title to the Leased Premises. In the event Lessor is determined to own any additional acreage covered by the Lease, but for which bonus consideration was not originally paid, Lessee shall pay additional bonus consideration at a rate per acre not less than the rate per acre on which bonus consideration was originally paid when the Lease was originally acquired.

10. *No Adverse Possession*. Lessee claims only the limited rights and ownership in the mineral estate of the Leased Premises granted to Lessee by Lessor in this Lease. Lessee hereby covenants, warrants and agrees that it shall never make any claim whatsoever concerning Lessor's title to the leased premises except through this Lease.

11. *Force Majeure*. Notwithstanding anything in the Lease to the contrary, in no event shall the Lease be perpetuated by an event of force majeure for a period of more than six (6) months. In order for Lessee to claim the benefit of force majeure, Lessee must advise Lessor in writing within thirty (30) days of the date Lessee claims any obligation is suspended, setting forth in reasonable detail such facts as Lessee relies upon to make the provisions of this paragraph applicable, and Lessee must make every reasonable attempt to cure any force majeure event on an ongoing basis during such period of force majeure. Any force majeure protections shall not apply to any occurrence or cause within the control of Lessee, or which could have been prevented by Lessee, in the exercise of reasonable prudence.

12. *Release, Indemnity* and *Hold Harmless*. Lessee, its successors and assigns agree to release, defend, indemnify, and hold harmless Lessor and its affiliated entities, and all of their respective owners, officers, partners, contractors, tenants, guests, invitees, agents, employees, successors and assigns, and insurers of all of the foregoing (collectively, the "Indemnified Parties"), from any and all costs, losses, claims, judgments, fines, penalties, settlements, and damages of every kind and character to real property, personal property or persons (including, without limitation, claims involving environmental laws and regulations, pollution, contamination of ground waters, personal injury, disability and death of any persons), lawsuits and/or causes of action (including reasonable attorneys' fees, expert fees and court costs) (collectively "Claims"), **INCLUDING CLAIMS ARISING FROM THE SOLE, JOINT OR CONCURRENT NEGLIGENCE, OMISSION OR STRICT LIABILITY OF ANY OF THE INDEMNIFIED PARTIES, INCLUDING STRICT LIABILITY CLAIMS** (but excluding claims to the extent they arise from the gross negligence or willful misconduct of the Indemnified Parties), which may grow out of, arise from, or in any manner be connected with the activities of Lessee and Lessee's agents, invitees, guests, contractors, servants and employees, whether acting within the scope of their employment or not, and whether negligent or not, on the Leased Premises, or any adjacent property. For purposes of this Lease, environmental laws and regulations include, without limitation, the federal Oil Pollution Act (OPA), the federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), the federal Resource Conservation and Recovery Act (RCRA), the federal Clean Water Act, the Toxic Substances Control Act (TSCA), the Hazardous Materials Transportation Act (49 USC §5101 et seq.), the Texas Health and Safety Code, the Texas Water Code (TWC), the Texas Natural Resources Code, and the federal, state and local rules, regulations, ordinances, orders and governmental directives implementing such statutes. The provisions and obligations contained in this paragraph shall survive the termination of the Lease.

13. *Venue*. The obligations under this Lease shall be performed in the county in which the Leased Premises is situated. It is agreed that venue for any dispute involving the Lease shall lie in the county in which the Leased Premises are located. Should the Lessor prevail in any litigation, in enforcement of the Lease, Lessor will be entitled to recover its reasonable attorneys' fees, court costs, expert witness fees, and all reasonably related costs and expenses.

14. *Oil and Gas Only:* It is expressly understood and provided that this lease covers oil and gas and liquid hydrocarbons, along with the products and by-products thereof, but this lease does not cover any other minerals of any type, here making particular mention of water, the Lessee herein being given no right to explore for, nor develop any part of the land for production of water therefrom except with regard to produced water used solely with regard to Lessee's oil and gas drilling operations. Lessee shall pay to Lessor royalty payments equal to _____ percent (___%) [not less than 25%] of any produced water that is produced, saved and sold from the leased premises; provided, however, Lessee shall not pay Lessor any additional sum for any produced water usage for its own operations on the leased premises or lands pooled therewith.

15. *Retained Acreage/Pugh Clause:* Upon the expiration of the primary term, including any extension of the primary term exercised by Lessee pursuant to this Lease or upon the cessation of the continuous development of the leased premises as provided herein, whichever is later, this lease shall terminate as to all of the leased premises, except only those lands located within a pooled unit or production unit established per the terms of this lease for each well then producing oil or gas , and then only as to depths which begin one hundred feet (100') above each producing formation and extend to a point one hundred feet (I00')below each producing formation, respectively. In this connection, it is understood and agreed that production from an oil or gas well shall maintain this lease in force only as to depths extending from a point one hundred feet (100') above to a point one hundred feet (100') below each producing formation from which an oil or gas well is then producing and only as to the production unit or pooled unit allocated to such well pursuant to the terms herein. At the expiration of the primary term, including any extension of the primary term exercised by Lessee pursuant this Lease, or upon the cessation of the continuous development of the leased premises as provided herein, whichever is later, Lessee shall release all of the leased premises which are not then being held by production under the foregoing terms of this lease. Production of oil or gas must be production in paying quantities for all purposes of this paragraph. For the purposes of this paragraph, a shut-in gas well shall be considered as a producing well, provided however, a shut-in gas well will not serve to extend the term of this lease other than as provided elsewhere in this Exhibit A. For the purposes of this paragraph, a production unit shall include the same number of acres as may be included in a pooled unit pursuant to the terms herein.

16. Horizontal Pooled Unit. Lessee shall have no right to pool hereunder except into a horizontal well ("horizontal pooled unit"). If Lessee exercises its power to pool as stipulated in this paragraph, then Lessee shall pool one-hundred percent (100%) of the Leased Premises.

17. Ingress and Egress. Notwithstanding anything herein contained to the contrary, there are no implied rights of ingress and egress and of reasonable use of the Leased Premises (including surface materials) for mining, drilling, exploring, operating, developing, or removing the oil, gas, and other minerals.

18. No Burdens. Notwithstanding any other provision of this Lease that may appear to be in conflict with this Section, the Oil royalties and the Gas royalties shall be paid in full to Lessor, without any deductions by Lessee or Lessee's affiliates for, or in any way diminished by, expenses, losses, or charges, including expenses, losses, or charges for exploration, drilling, completion, maintenance, operations, production, transportation, storage, gathering, piping, treatment, compression, dehydration, collection, processing, shrinkage, marketing, stripping, or any other expenses, losses or charges relating to the Oil and Gas. It is the expressed intent of the parties that notwithstanding any contradictory language that may be contained in this Lease or any division order executed in connection with this Lease, there shall be no deductions in Lessor's royalty, for compression costs, including post-production compression costs, dehydration, collection, processing, shrinkage, marketing, stripping, or any other expenses. It is agreed between the parties that in no event shall Lessor's royalty be based on a price less than the price paid for Lessee's share of oil and gas produced hereunder, and also likewise, in no event shall Lessee be required to pay Lessor for Lessor's royalty for oil or gas based on a price greater than the price received by Lessee for Lessee's share of that oil or gas in an arms' length transaction. To further clarify, it is the intent for Lessor to receive the full and agreed ___% [not less than 25%] of the gross proceeds from the sale of oil and gas produced hereunder at Lessee's point of sale and for Lessee to receive _____% [not more than 75%] of the proceeds from the sale of oil and gas hereunder in an arms' length transaction.

19. Lessee shall act as a reasonably prudent operator in marketing oil, gas, casinghead gas, condensate and other liquid and gaseous hydrocarbons that is capable of being produced in paying quantities. The words "produce in paying quantities", "producing in paying quantities", or words of similar import and the respective meaning of such words shall mean only oil and/or gas in such quantity that the portion thereof allocable to the leasehold estate (i.e., working interest, excluding any overriding royalty interests carved out of the working interest) created by this Oil, Gas and Mineral Lease is of such quantum as to produce a profit over lifting costs (determined in accordance with accounting principles generally recognized and applied in the oil and gas industry).

20. It is expressly agreed between the parties hereto that no warranty of title to the land covered hereby or to the oil and gas therein or produced therefrom is made by Lessor, not shall any guarantee of title be created by or arise from this lease; provided, however, that if Lessor owns more or less than the mineral interest stated above, the royalties provided for in this lease may be adjusted to reflect the actual net mineral acreage owned by Lessor.

21. Other Royalty Payments. Lessee shall pay to Lessor royalty payments equal to _____ % [not less than 25%] of any consideration received by Lessee (whether monetary or otherwise, for produced water).

SAMPLE

22. *Compliance with Laws*. Lessee shall comply with all applicable ordinances, laws and regulations (including those specifically listed in paragraph 12 above) in connection with its operations under this Lease.

| **LESSOR:** | **LESSEE:** |
|---|---|
| **BIG SPRING INDEPENDENT SCHOOL DISTRICT** | ***[LESSEE NAME]*** |
| BY:_____ | BY:_____ |
| NAME: FABIAN SERRANO | NAME:_____ |
| TITLE:BOARD PRESIDENT | TITLE:_____ |

Sample