

**SURFACE USE WAIVER AND
DRILLSITE AGREEMENT**

Reference is made to that certain Surface Use Waiver and Drillsite Agreement ("Agreement"), dated January 13, 1997, between The Woodlands Corporation and Olin Wooten, recorded at File Number Sequence 225-00-2404 of the Public Records of Montgomery County, Texas and relating to 327.034 acres of land, more or less (the "Land") in Montgomery County, Texas as more fully described therein.

WHEREAS, Mitchell Energy Corporation ("Mitchell"), whose address is P.O. Box 4000, The Woodlands, Texas 77387-4000, is the successor in ownership to The Woodlands Corporation of a mineral interest in the Land; and,

WHEREAS, EBBA, Ltd., ("EBBA"), whose address is 204 W. Davis, Suite One, Conroe, Texas 77304, represents and warrants that it is the successor in ownership to Olin Wooten, and is the sole owner of the surface estate of all of the Land to which the Agreement is subject;

WHEREAS, First Bank of Conroe, N. A., is currently the owner and holder of a deed of trust lien dated November 10, 1999, and recorded in the real property records of Montgomery County, Texas, to secure the payment of a Promissory Note of even date therewith, payable to the First Bank of Conroe, N. A.;

NOW, THEREFORE: Mitchell and EBBA agree that the Agreement is no longer of any force and effect, and that the terms of this agreement shall be applicable in lieu thereof, as to the Land:

1. EBBA represents and warrants, as of the effective date hereof, that it is the sole surface owner of the Land; that the Land is subject to a Deed of Trust Lien in favor of the First Bank of Conroe, N. A., which lien has been duly filed of record in the deed records of the County Clerk of Montgomery County, Texas; that such Lien is subject to and subordinate to this Agreement as evidenced by the Bank's approval of this Agreement; that save and except this lien, there are no other mortgages, liens, or encumbrances, which could affect, in any manner, EBBA's title to the surface of the Land; and, that Mitchell has notice of such mortgage.

2. Mitchell agrees that, except as provided herein, it will not use or occupy any portion of the surface of the Land for purposes of drilling wells or otherwise developing, transmitting or storing oil, gas and other minerals. Mitchell RESERVES AND EXCEPTES unto itself, its successors, heirs and assigns:

(A) the exclusive and free right to use, and EBBA agrees that Mitchell has the exclusive and free right to use, all or any portion of the surface of the two four(4) acre drillsites (the "Drillsites"), depicted on Exhibit "A" and as described on Exhibit "B", (which exhibits are attached hereto and made a part hereof for all purposes), in connection with all operations incident to exploring, drilling for,

643-00-0853

mining, producing, saving, storing, or marketing oil, gas or other minerals and for any and all other oil and gas related purposes now, and in the future, including, without limiting the foregoing in any manner: the right to install, construct, operated, maintain, repair and replace: equipment, structures, drilling and completion rigs, production wells, injection wells, saltwater disposal wells, water wells, engines, tools, pits, pipes, tanks, valves, separators, dehydrators, heaters, regulators, pipelines, compressors, meters and all other facilities, machinery and equipment which are deemed necessary or convenient, in Mitchell's sole judgment, for oil and gas operations and activities.

(B) an exclusive and free forty (40) foot wide easement and right-of-way (the "Easement") depicted on Exhibit "A", and described on Exhibit "B" as referenced above; Mitchell will be subject to no cost or surface damages relating to its reasonable and prudent utilization thereof, and the Easement may be used for ingress and egress to and from the Drillsites and for all purposes relating thereto, and for the construction and the use of a road and/or a pipeline or pipelines for transporting oil, gas, and/or other substances to and from the Drillsites; and

(C) the exclusive right to explore the Land, by 3-D seismic and all other methods, and the right to drill under, produce from, and inject substances into, the surface of the Land from wells located on the surface of the Drillsites or located off the Land.

3. EBBA also agrees, on behalf of itself, its successors and assigns, that:

(A) all subdivision plats and all other instruments selling, conveying or transferring the Land or any interest therein shall incorporate language expressly subjecting the Land to this Surface Use Waiver and Drillsite Agreement; and

(B) no houses, fences or other structures whatsoever shall be built by them upon the Drillsites and Easement, and that they will make no use of the Land which would interfere with the use of the Drillsites and Easements by Mitchell.

4. Except as provided herein, all rights of Mitchell to use the Land shall remain in full force and effect.

This instrument shall be binding upon the successors and assigns of the parties hereto.

EXECUTED on the dates indicated in each acknowledgement below, to be effective as of December 22, 1999.

643-00-0854

MITCHELL ENERGY CORPORATION

EBBA, LTD.

BY: *Thomas G. Trott*
Thomas G. Trott
Vice President

BT

BY: *S. Carl Everett*
S. Carl Everett
Vice-President

FIRST BANK OF CONROE, N. A.

BY: *Dan B. Dominey*
Its: Dan B. Dominey
Chairman of the Board & Pres.

STATE OF TEXAS

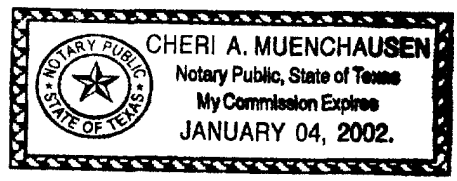
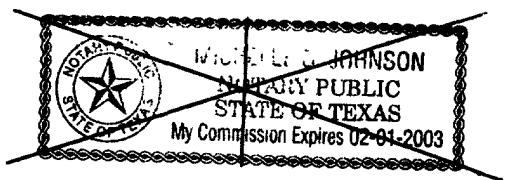
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COUNTY OF MONTGOMERY

*

This instrument was acknowledged before me on this the 7 day of January, 2000, by Thomas G. Trott, Vice President, Mitchell Energy Corporation, a Delaware corporation, on behalf of the corporation.

Cheri A. Muenchausen
Mitchell D. Johnson
NOTARY PUBLIC, State of Texas



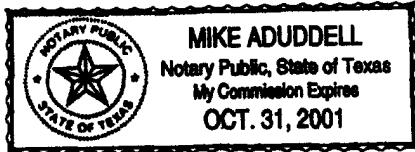
STATE OF TEXAS

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COUNTY OF MONTGOMERY

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This instrument was acknowledged before me on this the 7TH day of January, 2000, by S. Carl Everett, Vice-President of EBBA, LTD., a Texas Limited Partnership, on behalf of the partnership.



[Handwritten Signature]
NOTARY PUBLIC, State of Texas

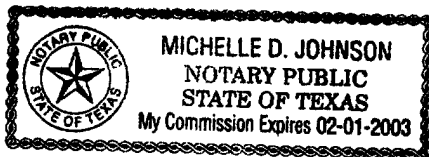
STATE OF TEXAS

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COUNTY OF MONTGOMERY

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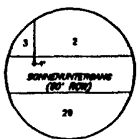
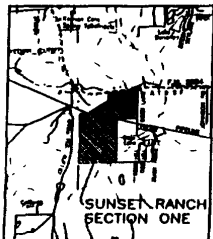
This instrument was acknowledged before me on this the 7 day of January, 2000, by Dan B. Dominey of First Bank of Conroe, N. A., a National Association.



[Handwritten Signature]
NOTARY PUBLIC, State of Texas

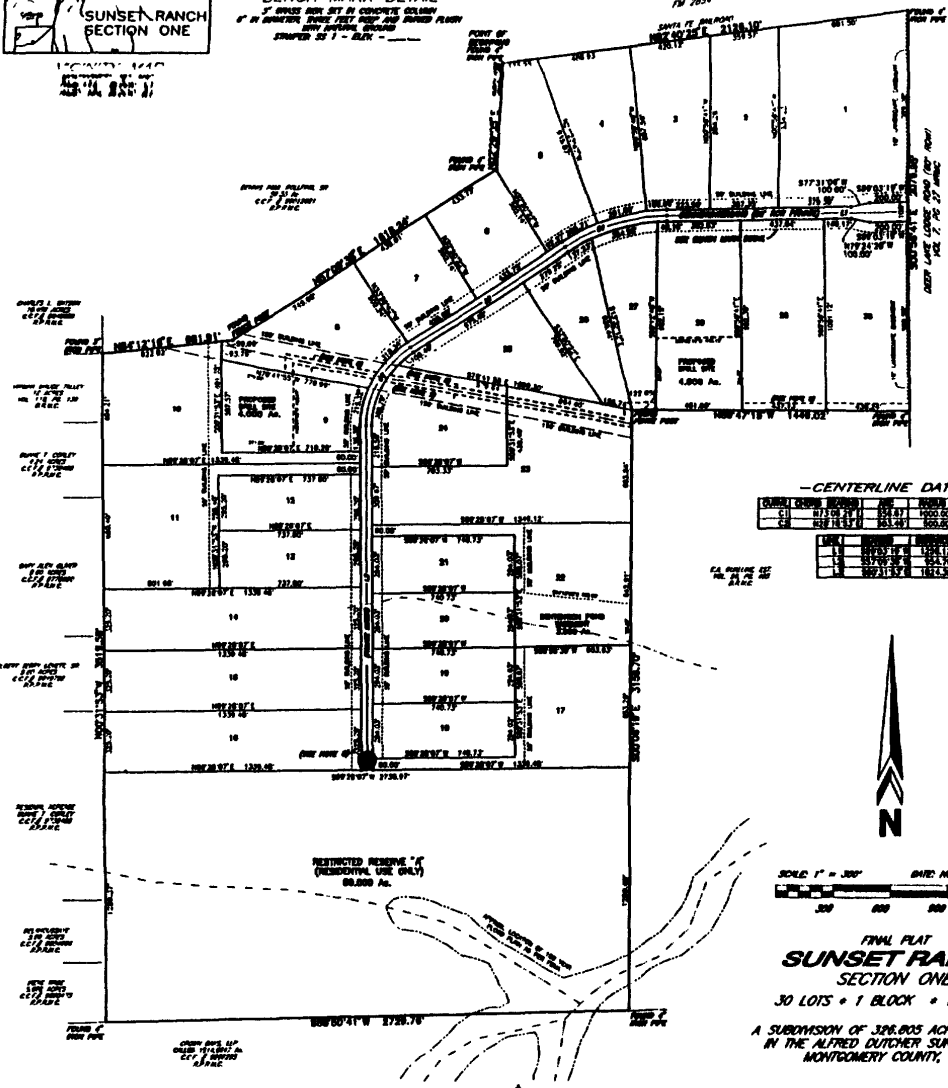
643-00-0856

- NOTES:
1. DIMENSIONS ARE 5/8" HIGH UNLESS OTHERWISE SHOWN OR NOTED
 2. THERE IS NO PROPERTY TO BE ACQUIRED BY THIS SURVEY
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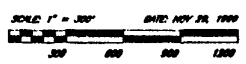
POINT OF BEGINNING OF SECTION ONE

MONITOR MAP



-CENTERLINE DATA-

STATION	CHORD BEARING	CHORD DISTANCE	ARC BEARING	ARC DISTANCE
1+00	S 89° 15' 00" W	100.00	89° 15' 00"	100.00
2+00	S 89° 15' 00" W	100.00	89° 15' 00"	100.00
3+00	S 89° 15' 00" W	100.00	89° 15' 00"	100.00



FINAL PLAT
SUNSET RANCH
 SECTION ONE
 30 LOTS + 1 BLOCK + 1 RESERVE
 A SUBDIVISION OF 326.805 ACRES OF LAND
 IN THE ALFRED DUTCHER SURVEY, A-167
 MONTGOMERY COUNTY, TEXAS

OWNER: ERM LTD
 201 WEST BOND
 CONROE, TX 77301

POWERS ENGINEERING
 3706 W. DAVIS - CONROE, TEXAS 77304

SHEET 1 OF 2

SCALE: 1" = 800'

DATE: 12/06/99

EXHIBIT A

SUNSET RANCH

SECTION ONE

POWERS ENGINEERING
 3706 W. DAVIS - CONROE, TEXAS 77304



643-00-0857

POWERS ENGINEERING

CIVIL ENGINEERS/SURVEYORS
3706 WEST DAVIS CONROE, TX 77304
(409) 756-2500 FAX (409) 539-9592

FIELD NOTES

December 16, 1999
4.000 Acres
Drill Site No. 1

Being 4.000 acres of land and Drill Site situated in the Alfred Dutcher Survey, A-167, Montgomery County, Texas, and being situated in a certain 326.805 acres of land (Deed call: 327.034 acres of land) as described in deed recorded under County Clerk's File No. 9722856 of the Real Property Records of Montgomery County, Texas, said 4.000 acres of land being more particularly described by metes and bounds as follows:

COMMENCING at a 4 inch iron pipe found in the west margin of Deer Lake Lodge Road, a 60 foot right of way as described in deed recorded in Volume 7, Page 27 of the Map Records of Montgomery County, Texas, for the most southerly northeast corner of the said 326.805 acres of land, and the northeast corner of a certain 100 acres of land as described in deed recorded in Volume 194, Page 462 of the Deed Records of Montgomery County, Texas;

THENCE North 89 degrees 47 minutes 15 seconds West, along the common boundary line of the said 326.805 acres and the said 100 acres of land, a distance of 875.36 feet to a point for the southeast corner and POINT OF BEGINNING of the herein described tract;

THENCE North 89 degrees 47 minutes 15 seconds West, continuing along the common boundary line of the said 326.805 acres and the said 100 acres of land, same being the south boundary line of the herein described tract, a distance of 451.00 feet to a point for the southwest corner of the herein described tract;

THENCE North 00 degrees 12 minutes 45 seconds East, along the west boundary line of the herein described tract, a distance of 385.27 feet to a point for the northwest corner of the herein described tract;

THENCE North 89 degrees 03 minutes 19 seconds East, along the north boundary line of the herein described tract, a distance of 443.13 feet to a point for the northeast corner of the herein described tract;

Page 2
12/16/99
4.000 acres

THENCE South 00 degrees 56 minutes 41 seconds East, along the east boundary line of the herein described tract, a distance of 394.30 feet to the POINT OF BEGINNING and containing 4.000 acres of land.

EXHIBIT B

SRDS1



POWERS ENGINEERING

CIVIL ENGINEERS/SURVEYORS
3706 WEST DAVIS CONROE, TX 77304
(409) 756-2500 FAX (409) 539-9592

FIELD NOTES

December 16, 1999
4.000 Acres
Drill Site No. 2

Being 4.000 acres of land and Drill Site situated in the Alfred Dutcher Survey, A-167, Montgomery County, Texas, and being situated in a certain 326.805 acres of land (Deed call: 327.034 acres of land) as described in deed recorded under County Clerk's File No. 9722856 of the Real Property Records of Montgomery County, Texas, said 4.000 acres of land being more particularly described by metes and bounds as follows:

COMMENCING at a 4 inch iron pipe found in the west margin of Deer Lake Lodge Road, a 60 foot right of way as described in deed recorded in Volume 7, Page 27 of the Map Records of Montgomery County, Texas, for the most southerly northeast corner of the said 326.805 acres of land, and the northeast corner of a certain 100 acres of land as described in deed recorded in Volume 194, Page 462 of the Deed Records of Montgomery County, Texas;

THENCE North 85 degrees 52 minutes 02 seconds West, a distance of 3227.89 feet to a point for the northeast corner and POINT OF BEGINNING of the herein described tract;

THENCE South 00 degrees 31 minutes 53 seconds East, along the east boundary line of the herein described tract, a distance of 457.63 feet to a point for the southeast corner of the herein described tract;

THENCE South 89 degrees 28 minutes 07 seconds West, along the south boundary line of the herein described tract, a distance of 351.69 feet to a point for the southwest corner of the herein described tract;

THENCE North 00 degrees 31 minutes 53 seconds West, along the west boundary line of the herein described tract, a distance of 533.23 feet to a point for the northwest corner of the herein described tract;

THENCE South 78 degrees 24 minutes 00 seconds East, along the north boundary line of the herein described tract, a distance of 359.73 feet to the POINT OF BEGINNING and containing 4.000 acres of land.

SRDS2

EXHIBIT B



POWERS ENGINEERING

CIVIL ENGINEERS/SURVEYORS
 3706 WEST DAVIS CONROE, TX 77304
 (409) 756-2500 FAX (409) 539-9592

FIELD NOTES

December 16, 1999
 0.804 Acre

40 Foot Wide Multi-Purpose Easement

Being 0.804 acre of land and being a 40 foot wide multi-purpose easement situated in the Alfred Dutcher Survey, A-167, Montgomery County, Texas, and being situated in a certain 326.805 acres of land (Deed call: 327.034 acres of land) as described in deed recorded under County Clerk's File No. 9722856 of the Real Property Records of Montgomery County, Texas, said 0.804 acre of land being more particularly described by metes and bounds as follows:

BEGINNING at a 4 inch iron pipe found in the west margin of Deer Lake Lodge Road, a 60 foot right of way as described in deed recorded in Volume 7, Page 27 of the Map Records of Montgomery County, Texas, for the most southerly northeast corner of the said 326.805 acres of land, the northeast corner of a certain 100 acres of land as described in deed recorded in Volume 194, Page 462 of the Deed Records of Montgomery County, Texas, same being the southeast corner and POINT OF BEGINNING of the herein described easement;

THENCE North 89 degrees 47 minutes 15 seconds West, along the common boundary line of the said 326.805 acres and the said 100 acres of land, same being the south margin of the herein described easement, a distance of 875.36 feet to a point for the southwest corner of the herein described easement;

THENCE North 00 degrees 56 minutes 41 seconds West, along the west margin of the herein described easement, a distance of 40.00 feet to a point for the northwest corner of the herein described easement;

THENCE South 89 degrees 47 minutes 15 seconds East, along the north margin of the herein described easement, a distance of 876.17 feet to a point in the west margin of said Deer Lake Lodge Road, for the northeast corner of the herein described easement;

THENCE South 00 degrees 12 minutes 45 seconds West, along the west margin of said Deer Lake Lodge Road and the east margin of the herein described easement, a distance of 40.00 feet to the POINT OF BEGINNING and containing 0.804 acre of land.

SRE1

EXHIBIT B

RETURN TO:
 S. CARL EVERETT & ASSOCIATES, INC.
 P.O. BOX 1723
 CONROE, TX 77305

FILED FOR RECORD

643-00-0861

00 JAN 10 AM 10:28

MARK TURNBULL, CO. CLERK
MONTGOMERY COUNTY, TEXAS

DEPUTY

STATE OF TEXAS
COUNTY OF MONTGOMERY
I hereby certify that this instrument was filed in
File Number Sequence on the date and at the time
stamped herein by me and was duly RECORDED in
the official Public Records of Real Property of
Montgomery County, Texas.

JAN 10 2000



Mark Turnbull
COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

RECORDER'S MEMORANDUM:

At the time of recordation, this instrument was found to be inadequate for the best photographic reproduction because of illegibility, carbon or photo copy, discolored paper, etc. All black-outs, additions and changes were present at the time the instrument was filed and recorded.