

EXHIBIT A

Texas Natural Resources
Public Domain
Title 2

§ 71.057. Authority To Commit Royalty Interests

- (a) A city, town or political subdivision without notice may commit to any agreement that provides for the operations of areas as a unit for the exploration, development and production of oil or gas, any royalty interests owned by the city, town or political subdivision in oil or gas.
- (b) The agreement may include any terms and provisions that the city, town or political subdivision considers best and may provide in substance:
 - (1) that operations incident to drilling a well on any portion of a unit shall be considered for all purposes to be the conduct of the operation on each separately owned tract in the unit by the several owners of the tracts;
 - (2) that the production allocated to each tract included in a unit shall, when produced, be considered for all purposes to have been produced from the tract by a well drilled on it;
 - (3) that any lease that covers any part of the area committed to the agreement shall continue in force as long as oil or gas is produced in paying quantities from any part of the unit area.
 - (4) that royalties reserved to the city, town, or political subdivision from any tract or portion of a tract included within the unit shall be paid only on that portion of the production allocated to the tract or on the value of the production allocated according to the agreement.
- (c) No agreement may be made by any city, town or political subdivision which commits the city, town or political subdivision to the payment of any part of the cost or expense of operating any unit area or any well located on the area.