

Commonwealth Title
7557 Rambler Road, Suite 1200
Dallas, TX 75231

0331

1000

GF #:M100312

POLICY #: 813984382640459

ISSUED WITH #:

AMOUNT OF INSURANCE: \$

PREMIUM: \$

DATE OF POLICY: September 17th, 2010 at 2:40 PM

1. Name of Insured:

Duong T. McFadden

2. The estate or interest in the Land that is insured by this policy is:

Fee Simple

3. Title is insured as vested in:

Duong T. McFadden

4. The Land referred to in this policy is described as follows:

Being 10.725 acres, more or less, out of the John K. McLennan Survey, A-249, Milam County, Texas, more particularly described by metes and bounds on Exhibit "A" consisting of 1 page attached hereto and made a part hereof for all purposes. NOTE: The Company is prohibited from insuring the area or quantity of the land described herein. Any statement in the above legal description of the area or quantity of land is not a representation that such area or quantity is correct, but is made only for informational and/or identification purposes and does not override Item 2 of Schedule B hereof.

Texas Country Title


BY:  _____

SCHEDULE B
EXCEPTIONS FROM COVERAGE

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This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of the terms and conditions of the leases and easements, if any, shown in Schedule A and the following matters:

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1. Item 1 of Schedule "B" is hereby deleted in its entirety.
 2. Any discrepancies, conflicts, or shortage in area or boundary lines, or any encroachments or protrusions, or any overlapping of improvements.
 3. Homestead or community property or survivorship rights, if any, of any spouse of any insured.
 4. Any titles or rights asserted by anyone, including, but not limited to persons, the public, corporations, governments or other entities.
 - a. to tidelands, or lands comprising the shores or beds of navigable or perennial rivers and streams, lakes, bays, gulfs or oceans, or
 - b. to lands beyond the line of the harbor or bulkhead lines as established or changed by any government, or
 - c. to filled-in lands, or artificial islands, or
 - d. to statutory water rights, including riparian rights, or
 - e. to the area extending from the line of mean low tide to the line of vegetation, or the right of access to that area or easement along and across that area.
 5. Standby fees, taxes and assessments by any taxing authority for the year 2010 and subsequent years, and subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership, but not those taxes or assessments for prior years because of an exemption granted to a previous owner of the property under Section 11.13, Texas Tax Code, or because of improvements not assessed for a previous tax year.
 6. The following matters and all terms of the documents creating or offering evidence of the matters (the Company must insert matters or delete this exception.):
 - a. Easements, or claims of easements, which are not recorded in the public records, together with any visible and/or apparent roads, roadways, or similar matters.
 - b. Any portion of the land described herein within the limits or boundaries of any public or private roadway and/or highway.
 - c. Rights of parties in possession.
 - d. The Tax Certificate issued by the Taxing Authorities is issued on Real Property Only. It does not include taxes on the mineral estate and/or personal property, therefore, no liability is assumed hereunder for the payment of said taxes on the mineral estate and/or personal property.

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e. All leases, grants, exceptions or reservations of coal, lignite, oil, gas and other minerals, together with all rights, privileges, and immunities relating thereto, appearing in the Public Records whether listed in Schedule B or not. There may be leases, grants, exceptions or reservations of mineral interest that are not listed.

f. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the title that would be disclosed by an accurate and complete land survey of the land.

g. Mineral and/or royalty reservation contained in Warranty Deed with Vendor's Lien dated January 4, 1939 executed by M. E. Ashley to Jim Gandy, recorded in Volume 225, Page 202, Deed Records of Milam County, Texas. Title to said interest not checked subsequent to date of aforesaid instrument.

h. Agreement dated January 15, 1955, executed by and between Thelma C. Head and Jim Gandy and Zeta Gandy, recorded in Volume 290, Page 492, Deed Records of Milam County, Texas.

i. Easement dated June 5, 1971 executed by Jim Gandy and Zeta Gandy to Southwest Milam Water Supply Corporation, recorded in Volume 404, Page 831, Deed Records of Milam County, Texas.

j. Oil and Gas Lease dated January 9, 2002, executed by Zeta Nelson Gandy, as Lessor, to Houston Petroleum Company, as Lessee, recorded in Volume 867, Page 576, Official Records of Milam County, Texas. Title to said interest not checked subsequent to date of aforesaid instrument.

k. Oil and Gas Lease dated December 2, 2004, executed by Dr. James D. Gandy, Attorney-in-Fact for Zeta Nelson Gandy, as Lessor, to Houston Petroleum Company, as Lessee, recorded in Volume 959, Page 767, Official Records of Milam County, Texas. Title to said interest not checked subsequent to date of aforesaid instrument.

l. Mineral and/or royalty reservation contained in Deed dated October 15, 2009 executed by James Gandy, et al to Stanley James Budnik, et al, recorded in Volume 1113, Page 116, Official Records of Milam County, Texas. Title to said interest not checked subsequent to date of aforesaid instrument.

m. Groundwater reservation contained in Deed dated October 15, 2009 executed by James Gandy, et al to Stanley James Budnik, et al, recorded in Volume 1113, Page 116, Official Records of Milam County, Texas. Title to said interest not checked subsequent to date of aforesaid instrument.