

WARRANTY DEED

THE STATE OF TEXAS I
COUNTY OF COLORADO I

KNOW ALL MEN BY THESE PRESENTS:

That we, James C. Kearney, of Colorado County, Texas, and John Allen Kearney, of Maricopa County, Arizona, acting herein by and through my Attorney-in-Fact, James C. Kearney, duly thereunto constituted by Power of Attorney dated May 24, 1996, recorded in Vol. 196 Page 751, Official Records of Colorado County, Texas, Grantors herein, for and in the consideration hereinafter stated, paid and secured to be paid by Deborah M. Herring, have GRANTED, SOLD AND CONVEYED and by these presents do GRANT, SELL AND CONVEY unto the said Deborah M. Herring, a feme sole, of Colorado County, Texas, Grantee herein, whose mailing address is RR3 Box 3414, Columbus, Texas 78934, subject to the hereinafter mentioned matters, the following described land and premises situated in Colorado County, Texas, to-wit:

37.5051 acres of land out of the Robert Cunningham Lease, A-16, in Colorado County, Texas, being the same land designated as Tracts 9, 10, 11, 12, 13 and 14 of the Kearney Addition, as per plat of record in Map Slide No. 74 of the Colorado County Map Records, reference to which is here made for all purposes.

TO HAVE AND TO HOLD the above described premises, subject to the hereinafter mentioned matters, together with all and singular the rights and appurtenances thereto in anywise belonging, unto the said Grantee, her heirs and assigns, forever, and we do hereby bind ourselves, our heirs, executors and administrators, to Warrant and Forever Defend, all and singular, said premises unto the said Grantee, her heirs and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

Grantors make no warranty of merchantability or fitness for purpose in respect of the property and the same is sold in an "as is, where is" condition, with all faults.

There is excepted from this conveyance, and reserved unto the Grantors herein, and the other record owners thereof, forever, all of the oil, gas and associated hydrocarbons, in and under and that may be produced from said land, together with all rights incident thereto, except the right of surface usage for any mineral development purposes, as to the interest of Grantors therein.

This conveyance is subject to the restrictions as to building and usage and easements for utility and drainage purposes, as provided in instrument recorded in Vol. 196 Page 269, Official Records of Colorado County, Texas, and in Map Slide No. 74, Colorado County Map Records, reference to which is here made for all purposes.

The consideration for this conveyance is as follows:

1. The sum of \$10.00 and other valuable consideration cash paid to Grantors by Grantee, the receipt of which is hereby acknowledged.
2. The sum of \$77,600.00, which has been loaned to Grantee by the Farm Credit Bank of Texas, and applied toward such purchase price and consideration, the receipt of which is hereby acknowledged by Grantors, and which loan is represented by one certain promissory note of even date herewith, in said sum, executed by Grantee, bearing interest and payable to the order of said Lender, as therein provided, and the vendor's lien, to secure the payment thereof, is here reserved by Grantors and here transferred and assigned by Grantors to said Lender, and the payment thereof is further secured by deed of trust of even date herewith from Grantee to Arnold R. Henson, Trustee, which deed of trust is given also to enforce said vendor's lien.

EXECUTED this 17th day of August, 1998.

James C. Kearney
James C. Kearney

John Allen Kearney
John Allen Kearney

By

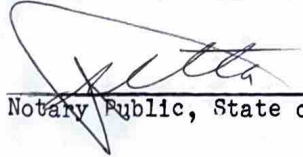
James C. Kearney
James C. Kearney
Attorney-in-Fact

THE STATE OF TEXAS §

COUNTY OF COLORADO §



This instrument was acknowledged
before me on August 17 1998,
by James C. Kearney, Individually,
and as Attorney-in-Fact on behalf
of John Allen Kearney.



Notary Public, State of Texas