

That lessors, for and in consideration of the sum of one dollar (\$1.00) to the lessors in and to said lessee, and of the covenants and agreements hereinafter contained being performed by lessee, have this day granted, demised, leased and let, and hereby grant, demise, lease and let, and lessee hereby hires and takes, all of the lands hereinafter described unto the lessee, together with the sole and exclusive right of prospecting, mining and operating for and producing oil, gas, casinghead gas and casinghead gasoline, laying pipe line, building tanks, storing oil, building power stations, telephone lines and other structures thereon to produce, save, take care of and manufacture all of such substances, as is reasonably necessary for the economic production of such substances, all in accordance with the best methods of producing such oil and gas from the lands of the lessors. Lessee shall have the right to direct buildings for housing and boarding employees, with right for such purposes to the free use of oil, gas or water from said lands, subject to those provisions hereinafter contained. Lessee shall have

the right to remove, either during or after the term hereof, all and any property and improvements placed or erected on the premises by the lessee, including the right to pull all casing, subject to the provisions hereinafter contained. Lessee shall have all other rights of way, easements, servitudes and privileges necessary, incident to, or convenient for the economical operation of said land being situate in the County of Eureka, State of Nevada, and more particularly described as follows, to-wit:

IN T. 28 N., R. 52 E., M.D.P. &M.

Section 8: $W\frac{1}{2}$; $S\frac{1}{2}NE\frac{1}{4}$
 16: $W\frac{1}{2}$; $SW\frac{1}{2}NE\frac{1}{4}$
 17: $E\frac{1}{2}$; $NW\frac{1}{4}$; $NE\frac{1}{4}SW\frac{1}{4}$
 20: $NE\frac{1}{4}NE\frac{1}{4}$
 21: $NW\frac{1}{4}$; $NW\frac{1}{4}NE\frac{1}{4}$; $S\frac{1}{2}NE\frac{1}{4}$; $N\frac{1}{2}SE\frac{1}{4}$
 22: $N\frac{1}{2}SW\frac{1}{4}$

containing 1,760 acres, more or less.

TO HAVE AND TO HOLD said lands, and all rights and privileges granted hereunder, unto the lessee, his heirs and assigns, for a term of ten (10) years from the date hereof, and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of them is or can be produced therefrom.

The lessee agrees to pay the lessors in cash at the prevailing field market price at the time of production, the value in its natural state of the equal one-eighth ($1/8$) part of all oil and gas, (having due regard for the value of the gasoline or other mineral content of such gas) produced, saved and marketed from the above described premises. Settlement therefor shall be made on the 20th day of each month for minerals produced during the preceding calendar month.

No change of ownership in the land or in the rentals or royalties shall be binding upon the lessee until after it has been furnished with a written transfer or assignment, or a certified copy thereof. Should suit be brought involving the ownership of said rentals or royalties accruing hereunder, or of the said land, then upon lessee's notice or knowledge thereof all payments accruing hereunder shall be suspended until the final determination of such suit.

The lessors may have gas free of charge from any gas well on the leased premises for all stoves and inside lights in the principal dwelling house on the said land by making his own connections with the well, the use of said gas to be at the lessors' sole risk and expense at all times; said right to be subject to prior right of lessee to gas from said wells for operating purposes as herein set out.

The lessee agrees to commence a well on said land on or before the 1st day of August, 1950, or before that date to pay or tender to the lessors, or for the lessors' credit in the NEVADA BANK OF COMMERCE, at Elko, Nevada, or its successors, which bank and its successors are the lessors' agent, and shall continue as the depository of any and all sums payable under this lease, regardless of changes of ownership in said land, rentals or royalties, the sum of TWENTY-FIVE (25¢) cents per acre, or FOUR HUNDRED FORTY AND NO/100 (\$440.00) Dollars, by lessee's check or draft mailed on or before said date, which payment or tender shall secure the right and privilege to the lessee to defer the commencement of drilling operations for a period of one (1) year from the aforesaid date. In like manner and upon like payments or tenders the commencement of drilling operations may be further deferred for like periods successively, during the term of this lease. The lessee, however, shall not be liable to lessors for damages for failure to commence or drill aforesaid well.

Lessee agrees with reasonable diligence to offset all paying, producing wells drilled outside of and within 250 feet of the boundary lines of the tract covered hereby, or will forfeit the 40 acre tract or sub-division hereof opposite such adjacent foreign well. There

shall be no obligation on the part of the lessee to offset wells on separate tracts in which the land covered by this lease may bedivided by sale, demise, or otherwise. Notwithstanding the death of the lessors, or their successor in interest, the payment or tender of rentals in the manner provided above shall be finding on the heirs, devisees, executors and administrators of such persons.

This lease shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto except as otherwise herein specified. The lessee shall have the right to assign this lease, or any interest therein, or any portion of the acreage covered thereby, provided, however, that notice of such assignment be given lessors.

Lessee may at any time surrender this lease by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the proper county, and thereupon, all payments and liability of the lessee hereunder shall cease and the lease shall become void; and likewise the lessee may surrender any part of said land and terminate lessee's obligation as to the land surrendered, without terminating the lease as to the remaining land.

Should the lessee so far fail in the compliance with the conditions of the lease as to justify a forfeiture thereof, no forfeiture shall be declared unless the lessors shall first notify lessee in writing specifying the exact nature of the default, and unless the lessee shall fail to remedy said default within thirty (30) days from date of receipt of said notice.

Lessors hereby warrant and agree to defend the title to the land herein described, and agree that the lessee, at lessee's option, may pay and discharge any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands, and in the event lessee exercises such option, lessee shall be subrogated to the rights of any holder or holders thereof, and may be reimbursed by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing thereunder. In case said lessors own a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided for shall be paid the said lessors only in the proportion which lessors' interest bears to the whole and undivided fee.

The lessee, if requested, shall bury all pipelines below plow depth, and no well shall be drilled nearer than 200 feet to the house or barn now on said land without lessors' written consent. The lessee agrees to pay the taxes upon all structures, tools and appliances placed on said lands by the lessee for the purpose of conducting operations under and by virtue of said lease. The lessors agree that lessee may subscribe to and to operate demised premises under such reasonable cooperation or unit plan for the development and operation of the area, field or pool embracing the lands included under this lease as may be agreed upon between the lessee and operator and approved by the Secretary of the Interior and the State of Nevada, which plan shall adequately protect the rights of all parties in interest.

The lessee shall have the right to the free use of water from said lands, but not from lessors' water wells, provided that the use of such water would not hinder or impair the normal ranching operations of the lessors. Lessee shall have the right to drill wells for water, or otherwise develop water for the use of lessee, provided that such development of additional water flow shall not hinder or impair the normal ranching operations of the lessors. In the event such wells are drilled upon the property of the lessors, lessee will comply with all laws of the State of Nevada, and all regulations of the State Engineer of the State of Nevada, relative to the development and tapping of underground waters. In the event such additional

water be obtained, appropriation of such water will be made by application by the lessors, and in the name of the lessors; provided, however, that the lessee shall have the right to the use of all such water as may be necessary to carry on the operations of the lessee. It is hereby expressly agreed between the parties hereto that all such water developed shall be applied to a beneficial use, and that such use will be to benefit and improve the land and resources so demised in this lease. Lessee agrees not to direct such water to the use of any other lands not the subject of this lease. Upon the termination of this lease, for any reason whatsoever, the lessors shall have the right to purchase all well casing in place in any such water wells, at the cost price to the lessee, by serving notice upon the lessee of the exercise of such option to purchase within ten (10) days after the lessors shall have notice of the termination of said lease.

Lessee agrees to pay lessors for any damages to crops, livestock or normal ranching operations caused by the lessee in carrying out any of the rights granted to the lessee under the provisions of this lease.

Lessee agrees to make and execute a quit claim deed of the property demised and let by the terms of this agreement, and to deposit such deed with the NEVADA BANK OF COMMERCE, Elko, Nevada, to be delivered to the lessors upon the happening of any of the following conditions.

1. In the event a well is not commenced on said land on or before the 1st day of August, 1950, or the sum of TWENTY-FIVE (25¢) per acre for all land covered by this lease is not deposited with the NEVADA BANK OF COMMERCE, Elko, Nevada, to the lessors' credit, this lease shall be forfeited, and such quit claim deed shall be delivered to the lessors.

2. In the event such well is not commenced within the time limited, but the lessee does pay the sum of TWENTY-FIVE (25¢) cents per acre for all land the subject of this lease, to the credit of the lessors within the time so limited, the lessee shall have the additional period of one (1) year within which to commence such well, and may further defer the commencement of drilling operations for like periods successively, during the term of this lease. If during such successive years, the said well is not commenced or the sum of TWENTY-FIVE (25¢) cents per acre is not paid to the lessors as provided in this lease, the lease shall be forfeited and the said quit claim deed deposited in escrow with the NEVADA BANK OF COMMERCE, Elko, Nevada, shall be delivered to the lessors.

3. If, at the expiration of ten (10) years from the date hereof, or at any time thereafter, oil, gas, casinghead gas or casinghead gasoline, or any of them, have not been produced from said lands or are no longer being produced from said lands, said lease shall be forfeited and the quit claim deed deposited in escrow with the NEVADA BANK OF COMMERCE, Elko, Nevada, shall be delivered to the lessors, upon their complying with the escrow instructions delivered to said bank with the said quit claim deed.

In the event that lessee assigns this lease, or any interest therein, it is agreed by and between the parties hereto that such assignment will not be binding upon the lessors, heirs, executors, administrators and assigns, unless such assignee executes a quit claim deed to the lessors, and deposits such deed in escrow with the escrow agent hereinbefore designated by the parties hereto, and subject to the same conditions and terms as contained in the escrow instructions to be executed by the parties hereto.

Lessors hereby release and waive all rights of homestead, courtesy or dower. Lessors expressly declare that the down payment received by lessors for this lease at the time of the execution thereof, is a good, valid and substantial consideration, and sufficient in all respects to support each and every coveⁿant contained therein.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands the day and year first above written.

Floys Slagowski

Charlene Slagowski

LESSORS

Irvin Puett

LESSEE

STATE OF NEVADA)
)ss.
COUNTY OF EUREKA)

On this 29th day of July, 1949, personally appeared before me, Ed Delaney, County Clerk in and for said County and State, FLOYS SLAGOWSKI and CHARLENE SLAGOWSKI, his wife, known to me to be the persons described in and who executed the foregoing instrument, and acknowledged to me that they executed the same freely and voluntarily, and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate last above written.

(Official Seal)

Ed Delaney

County Clerk Ex-Officio Clerk
of the Third Judicial Court.

STATE OF NEVADA)
)ss.
COUNTY OF EUREKA)

On this 29th day of July, 1949, personally appeared before me, Ed Delaney County Clerk in and for said County and State, IRVIN PUETT, known to me to be the person described in and who executed the foregoing instrument, and acknowledged to me that he executed the same freely and voluntarily, and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year in this certificate last above written.

(Officail Seal)

Ed Delaney

County Clerk Ex-Officio Clerk
of the Third Judicial Court.

Recorded at the Request of Hayes E. Shaffer Jan. 2 A.D. 1951 at 00 minutes past 4 P. M.

R. W. Gibson---Recorder