

File No. 29892

Tony Cannella and)
Tom Cannella,)
)
to) OPTION
)
Last Frontier Oil Co., Inc.)

O P T I O N

Last Frontier Oil Co., Inc.
818 South Virginia Street
Reno, Nevada

Gentlemen:

In consideration of your agreement to drill a test well for oil and/or gas to a depth to be determined by your geologist in the County of Eureka, State of Nevada, we, the undersigned, Tony Cannella and Tom Cannella of Terra Bella, California; being the legal owners of a certain Government Oil and Gas Lease, described as follows:

Serial #08085, issued on March 1, 1952, County of Eureka, State of Nevada, All Section 13, Township 26 N., Range 50 E., and containing 640 acres, more or less.

hereby grant you an option on the foregoing lease on the following terms and conditions:

If within a period of four months from the date hereof you have started drilling operations on a location selected by yourselves any place in Township 26 N. or 27 N. in Ranges 50 E. or 51 E., we agree to assign to your corporation the lease above described, reserving for ourselves a $4\frac{1}{6}\%$ over-riding royalty, which shall be in addition to the $12\frac{1}{2}\%$ U. S. Government royalty, with the further agreement that you will within the period of one year after the assignment has been made drill at least one test well on some place on the above lease, and, it is further agreed that in the event the test well referred to in the above described lease shall prove to be a commercial producer the Last Frontier Oil Co., Inc. agrees to drill a minimum of at least one well each six months thereafter until said lease shall be considered fully drilled up. It is further agreed that you will not transfer or assign your interest in the said lease unless and until commercial production has been obtained thereon.

It is further understood and agreed, that in the event that the well or wells drilled prior to the expiration of the said one year period do not in your estimation warrant further exploitation of this are, and that you decide not to drill any more wells, then in that event you agree to reassign the foregoing lease to us, and that during this period any lease rentals that may become due will be promptly paid by your corporation in order to keep the foregoing lease in good legal standing.

We agree to make the above assignments to your corporation on proper proof that actual drilling operations have started.

In witness whereof, we have hereunto set our hand and seal this 3rd day of August, 1953.

Tony Cannella
Tony Cannella

Tom Cannella
Tom Cannella

STATE OF CALIFORNIA)
COUNTY OF TULARE) S.S.

On this 3rd day of August, 1953, before me, Sterling Ensign, a Notary Public in and for said County of Tulare, State of California, residing therein, duly commissioned and sworn, personally appeared Tony Cannella and Tom Cannella, known to me to be the person described in and whose names are subscribed to the within instrument and acknowledged to me that they executed same.

In witness whereof I have hereunto set my hand and affixed my official seal in said County of Tulare the day and year in this certificate first above written.

(Notarial Seal)

Sterling Ensign
Notary Public in and for the County
of Tulare, State of California.

Recorded at the Request of George S. Reed Aug. 8 A.D. 1953 At 51 minutes past 11 A.M.

R. W. Gibson--Recorder.