

File No. 32577  
 Diamond Valley CV 317401  
 Miller (B. G.) #2 Nev 018258  
 April 1, 1954

ASSIGNMENT OF UNITED STATES OIL AND GAS LEASE

KNOW ALL MEN BY THESE PRESENTS:

THAT, REFERENCE IS HEREBY HAD to that certain United States Oil and Gas Lease Serial No. Nevada 018258, dated April 1, 1954, issued in pursuance of the act of Congress approved February 25, 1920 (41 Stat. 437), as amended (hereinafter called the "Federal Leasing Act"), the undersigned B. Geraldine Miller (hereinafter called "Assignor"), being the lessee (or successor in interest to the lessee) therein as to the following-described land (hereinafter called "assigned lands") situated in the County of Eureka, State of Nevada, to wit:

Township 23 North, Range 54 East, M.D.M.  
 Section 18: All  
 Section 19: All  
 Section 30: All  
 Section 31: All

Assignment approved effective August 1, 1956  
 THE UNITED STATES OF AMERICA

By James E. Keogh, Jr.  
 (Signing Officer)

James E. Keogh, Jr., Manager 7/17/56  
 (Title)

containing 2,513.76 acres, more or less;

THAT, in pursuance of an option heretofore granted by Assignor to Teton, Inc., predecessor in interest to Shell Oil Company (hereinafter called "Assignee") and subject to the approval of the Secretary of the Interior of the United States or his duly authorized representative (hereinafter for convenience referred to as the "Secretary"), Assignor does hereby grant, assign, transfer and convey said lease as to said assigned lands unto Assignee, and Assignee's heirs, successors and assigns, forever, together with all right, title, interest and estate of the lessee therein and thereunder in and to said assigned lands; RESERVING, HOWEVER, unto Assignor as an overriding royalty one half of one per cent ( $\frac{1}{2}$  of 1 %) sometimes hereinafter called "overriding royalty share") of the value of the net oil and gas except helium gas, which Assignee shall produce and save from said assigned lands under and pursuant to said lease or which shall be allocated to said assigned lands or any part thereof under any unit plan as to which said assigned lands may become subject as hereinafter provided, said overriding royalty to be payable in cash only and not in kind and the amount thereof to be computed and paid as hereinafter provided.

It is agreed by and between Assignor and Assignee as follows, to wit:

1. In the event that Assignee drills for, produces and saves any of said substances from said assigned lands pursuant to said lease or any of said substances shall be allocated to said assigned lands under any such unit plan, Assignee shall pay to Assignor the overriding royalty share of the value of said substances determined as follows:

a. For Oil: The overriding royalty share of (i) the price posted and paid by any major producing and purchasing company other than Assignee for oil of like quality and gravity produced in the field in which said assigned lands are located on date of removal of oil from storage (or the average of unlike prices, if more than one price is so posted), or (ii) if no such price is posted, the reasonable market value of the oil at the well in the field of production, taking into account all costs of transportation and handling; Assignee to have the right to deduct and retain from any payments accruing to Assignor the overriding royalty share of a reasonable charge for dehydration and treatment of oil to render it marketable pipe line oil.

B. For Gas: The overriding royalty share of the following: (i) forty per cent (40%) of the market value of any natural gasoline and other liquid hydrocarbons extracted and saved from any gas produced in pursuance of said lease which Assignee may process in its own plant either on or off said assigned lands; (ii) any net proceeds received by Assignee from the sale of residual dry gas remaining after such extraction; (iii) any net proceeds of sale by Assignee of such gas in the natural state as so produced; (iv) the market value of any natural gasoline and other liquid hydrocarbons extracted from such gas by a third party pursuant to contract with Assignee less the costs (in cash or products) of such extraction charged Assignee; and (v) any net proceeds received by Assignee from the sale of residual gas redelivered to Assignee by such third party. The "market value" for the purposes hereof shall be determined in a similar manner as the price for oil is hereinabove determined and as of the date of extraction by Assignee or of redelivery to it. In case such gas is commingled with other gas, Assignor's overriding royalty share shall be computed upon an appropriate fraction of the commingled gas.

Assignee shall be entitled to the free use, without obligation to pay overriding royalty thereon, of any of said substances in any operations hereunder, including, without limitation, gas actually consumed assigned lands or lands included in any unit or cooperative plan embracing all or any part of said assigned lands. In no event shall Assignee be responsible to Assignor, for overriding royalty or otherwise, on account of Assignee's failure or inability to save or utilize any of said substances or for shrinkage or have the right to deduct and retain from any overriding royalty accruing to Assignor hereunder the overriding royalty share of all taxes of whatsoever nature on or affecting said assigned lands, the minerals, oil, gas and other hydrocarbon substances therein or produced therefrom and/or the production, handling or treating whereof, and any such taxes chargeable to said assigned lands under any such unit plan.

2. Assignee shall make payment of said overriding royalty on or before the 25th day of each calendar month following the month of removal of production from storage, and

may fully satisfy its obligation to make any such payment by mailing its valid check therefor to Assignor at the address specified in or in pursuance of Paragraph 3 hereof or to a depository designated as hereinafter provided. If more than the party or parties signatory hereto as Assignor shall be or become entitled to receive overriding royalty hereunder, Assignee may withhold all payments thereof until all parties entitled to overriding royalty hereunder shall have designated by written notice to Assignee a bank in the State of Colorado willing to act as depository for all such parties and to divide and distribute their respective shares among them. Such bank may be changed by similar notice. Assignee shall not under any circumstances be required to split the total amount of overriding royalty payable hereunder but shall have the continuing right to fully satisfy its obligations hereunder by making or tendering each payment in a lump sum without responsibility for the division or distribution thereof among the several parties who may be entitled thereto. No change in ownership of overriding royalty shall be binding on Assignee or said depository until thirty (30) days after there shall have been delivered to Assignee and such depository, if designated, a duly executed or certified copy of a proper instrument of assignment or transfer.

3. Either party hereto may give any notice or deliver any instrument hereunder to the other by delivering the same in person or by depositing the same in any United States Post Office, registered, postage prepaid, addressed as follows:

To Assignor at 865 South St., Paul Street, Denver, Colorado.

To Assignee at 1008 West Sixth Street, Los Angeles 54, California.

or at such other address as may be designated by similar notice. Any such notice or instrument shall be deemed to have been received by the party to whom the same is addressed at the expiration of seventy-two (72) hours after the deposit of the same in the United States Post Office for transmission by registered mail as aforesaid.

4. Assignee shall have the exclusive right at any time or from time to time to unitize the assigned lands or any part or parts thereof with other lands (i.e., to include the same in and make them subject to any unit plan or agreement acceptable to the Secretary as provided in the Federal Leasing Act), and, as to assigned lands subject to any such unit plan, overriding royalty shall be based and computed upon the share of substances allocated to such lands under such unit plan, wheresoever produced. Any such unit plan or agreement may provide that Assignee or its nominee shall be the Operator thereunder. Assignee is hereby irrevocably appointed Assignor's attorney in fact, with full power of substitution, to negotiate for, accept, execute and deliver on behalf of Assignor any such unit plan or agreement and/or other agreements or instruments incidental thereto so as to fully bind thereunder all of Assignor's right, title, interest and estate in or in respect to the assigned lands.

5. Assignee shall have the right without consent of Assignor at any time or from time to time to surrender said lease, in whole or in part, to the United States. Upon any surrender or other termination of said lease as to all or part of said assigned lands, all of Assignee's obligations of whatsoever nature to Assignor under or by virtue of this assignment shall forever terminate and be at an end as to the assigned lands affected thereby and any substances thereafter produced from such lands or allocated thereto under any such unit plan.

6. By this instrument Assignee does not undertake nor agree with Assignor to drill for, produce or save any of said substances from said assigned lands, and Assignor shall have no voice or control whatsoever with respect to operations to be conducted thereon. Neither this assignment nor any provision contained herein shall operate to reserve to or vest in Assignor any right to drill, maintain or operate any wells on or in the assigned lands. Assignee shall be under no obligation to Assignor to keep said lease in force or effect or to apply for any renewals or extensions thereof.

7. Assignor warrants that Assignor is the sole owner of said lease with exclusive authority to execute this instrument; that said lease is in full force and effect and is not subject to cancellation or termination for any cause; and that said lease and any of said substances which may be produced from the assigned lands in pursuance thereof are free and clear of liens, charges, encumbrances, overriding royalty or other interests of whatsoever nature excepting only the royalties provided in said lease to be paid the United States thereunder BGM JDM.

8. The provisions hereof shall bind and inure to the benefit of the heirs, successors and assigns of the parties hereto.

BGM JDM

9. J. Donald Miller, the husband of said B. Geraldine Miller, joins herein with his said wife as one of the parties constituting Assignor.

IN WITNESS WHEREOF, Assignor and Assignee have executed this assignment this 25th day of June, 1956.

EXECUTED IN QUITUPLICATE

WITNESSES: \_\_\_\_\_

B. Geraldine Miller  
B. Geraldine Miller  
J. Donald Miller  
J. DONALD MILLER ASSIGNOR

SHELL OIL COMPANY

By: M. W. Sheppard, Jr.  
Manager, Land Department  
ASSIGNEE

Nevada )  
STATE OF COLORADO )  
CITY AND COUNTY OF DENVER ) ss.

On this 25th day of June, A. D. 1956, personally appeared before me, Patricia Young Berri, a notary public in and for the City and County of Denver, Colorado, B. Geraldine Miller and J. Donald Miller known to me to be the persons described in and who executed the

foregoing instrument, who 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 at my office in said County and State, the day and year in this certificate first above written.

(Notarial Seal)

My Commission Expires February 17, 1957

Patricia Young Berri  
Notary Public in and for  
said County and State

STATE OF CALIFORNIA     )  
                                  ) ss.  
COUNTY OF LOS ANGELES )

On this 9th day of July, 1956, before me Mildred M. Crawford, a Notary Public in and for said County and State, residing therein, duly commissioned and sworn, personally appeared M. W. SHEPPARD, JR., known to me to be the Manager, Land Department, Los Angeles, Office, of SHELL OIL COMPANY, the corporation described in and that executed the within instrument, and also known to me to be the person who executed it on behalf of the corporation therein named, and he acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, at my office in said County and State, the day and year in this certificate first above written.

(Notarial Seal) Mildred M. Crawford  
Notary Public in and for  
said County and State

My Commission Expires  
December 11, 1959.

Recorded at the Request of James Morrow Aug. 7 A.D., 1956 At 0 Min. past 11 A.M.

E. B. Crane--Recorder.  
By Mrs. Angela Evans--Deputy.