

THIS AGREEMENT made this 31st day of July, 1956, by and between LAST FRONTIER OIL CO., INC., a Nevada Corporation, hereinafter referred to as "Frontier", and DEL MONTE DEVELOPMENT CO., a Nevada Corporation, hereinafter referred to as "Del Monte".

WHEREAS, Frontier owns or controls or has contract rights in connection with certain oil and gas leases located in the area known as Pine Valley, Eureka County, Nevada, and an area located about five miles north of Brothers, Oregon, on which there has been drilled an oil and gas well to the depth of fifteen hundred and one feet (1501'); and

WHEREAS, on or about March 13, 1956, Art Wilson, along with Shasta Foundation, Inc., acquired from Frontier the right to purchase an undivided one-half interest in and to the above-described and referred to leases; and

WHEREAS, during the period from March 13, 1956 to date of these presents, Art Wilson has from time to time advanced funds to Frontier amounting in all to \$3,650 and with which Frontier cured certain defaults and secured certain extension agreements, all affecting the oil and gas leases above described; and

WHEREAS, said Shasta Foundation, Inc., has elected to abandon its option rights above-referred to, and has sold, transferred and assigned all of its right, title and interest in said option of March 13, 1956, to Art Wilson, and

WHEREAS, Art Wilson has sold, assigned, transferred all of his right, title and interest in and to said option agreement and the rights accruing thereunder to Del Monte Development Co., a Nevada Corporation, and

WHEREAS, Del Monte, by these presents, is exercising its above-described rights, among other things;

NOW, THEREFORE, the parties agree as follow:

1. That Frontier shall and hereby does sell, assign, transfer and set over unto Del Monte an undivided one-half interest in and to all of the oil and gas leases in Pine Valley, Eureka County, Nevada, in which Frontier has any right, title or interest, except a lease located some four to six miles distant from the block of leases on, near and around the JD Ranch, together with an undivided one-half interest in and to the oil and gas

leases embracing about 2,160 acres, more or less, located about five miles north of Brothers, Oregon, and on which there has been drilled a well of the approximate depth of 1,501 feet. The leases in Pine Valley above referred to embrace about 7,000 acres of land in and adjoining the area known as the JD Ranch.

2. That Frontier shall forthwith deliver to Del Monte all of the leases covering the real property referred to and described herein, together with assignments signed by it selling, conveying and transferring an undivided one-half interest in and to all oil and gas leases referred to herein.

3. That Frontier shall and hereby does assign an undivided one-half interest of all of its right, title and interest in and to any and all new leases, renewals, or extensions of any of the leases described and/or referred to in this document and in which Del Monte hereby acquires a one-half interest, and Frontier shall likewise formally assign an undivided one-half interest in and to any new leases, renewals or extensions of any of the leases of lands in which Del Monte by these premises acquires a one-half interest.

4. All future rentals payable on all oil and gas leases in which Del Monte by these premises acquires a one-half interest shall be borne equally by the parties hereto, and each party shall pay or tender its share of each such rental by cashier's check at least thirty days before the due date thereof. In the event that either party does not pay or tender its share of any such rental in such manner on or before thirty days before the due date thereof, then the other party shall, without more, acquire an absolute right to pay the remaining half of any such rental and any such payment or tender shall operate as an assignment of the defaulting party's interest in the affected lease to the other party when he or it shall make or tender such payment. At the election of the party making such payment or tender of any such rent, the other party shall on demand execute a formal assignment of his or its interest in it to the lease upon which such rental was paid or tendered.

5. The Del Monte may acquire oil and gas leases for its own account in Pine Valley or elsewhere without being in anywise accountable to Frontier by virtue thereof, and Frontier may likewise acquire any leases for its own account without being in anywise accountable to Del Monte by virtue thereof.

6. That Frontier grants Del Monte the right to acquire for its own account a lease, leases and/or portions of leases from Charles Damele and/or associates embracing three hundred twenty (320) acres in said Pine Valley; that if in acquiring such leases held by said Damele and/or associates on lands approximately 1100 or 1200 acres, it is required by Charles Damele and/or associates that Del Monte buy one or more leases or portions of such leases on more than 320 acres in order for Del Monte to acquire the lease, leases or portions of such leases desired by it, and Del Monte buy such lease, leases or portions of such leases, then Frontier shall have a sixty-day (60) option to buy from Del Monte at its per-acre cost the lease, leases or portion of such leases on all of the acreage so acquired by it over and above that to which it is hereinabove given the right to acquire on its own account. If, However, Del Monte is able to acquire said lease or leases by the payment of the rental currently due the Government thereon and no more, than Del Monte will be entitled to a lease or leases embracing 320 acres in said Pine Valley of its own selection, and the balance of said lands so acquired by such payment of rental currently due shall belong to Frontier without further cost to it.

7. That Frontier believes that the oil and gas lease No. Nev. 06193 issued to Jack Hickman which was on the 19th day of April 1954 assigned to it, was improperly cancelled, and Frontier hereby confers upon Del Monte the irrevocable right to institute any proceeding it may deem appropriate to reinstate said lease, and such proceedings may be taken by Del Monte or its nominee in the name of Frontier; that such proceedings shall be at Del Monte's sole cost and if successful, Frontier shall forthwith assign all of its right, title and interest therein to Del Monte.

8. That the well or wells called for by the terms of Frontier's agreement with Charles Damele and/or associates shall be completed promptly at Frontier's sole expense. When completed, such well or wells and all proceeds therefrom shall be owned equally by Frontier and Del Monte.

9. That if Frontier desires to drill at a point on the aforesaid lands in which it has an interest and Del Monte does not concur in the decision to so drill, Frontier may drill such well for its own account and shall pay all of the expenses thereof; in such event Frontier shall not suffer any liens or encumbrances to be

placed upon the leased property and shall effectively keep posted notice of non-responsibility at and about the well site; if any such well becomes a producer the income therefrom shall belong to Frontier until it shall have received twice the amount of its cost of drilling and completing such well, and thereafter all net income therefrom shall be divided equally between the parties.

10. That immediately upon the execution of this agreement, Frontier shall in writing notify each of the persons from whom it has acquired any one or more of the above referred to or described oil and gas leases that Del Monte Development Co. should be sent a copy of any notice of default of any nature of any rental payments or royalty payment due thereunder; that if any payment or rental due on any of such leases is not fully paid at least ten (10) days prior to the due date thereof and/or if any default is not cured at least ten (10) DAYS prior to the due date thereof, then such fact will work an automatic assignment of Frontier's interest in any such lease or leases to Del Monte, and Del Monte shall thereupon be entitled to pay any such payment or rental about to become due and/or to cure any such default and to succeed to all of the rights of Frontier therein. The provisions of this paragraph shall permit Del Monte to cure and shall give Del Monte ten (10) days' time within which to cure any default, whether arising from the above-described lease or leases, or from any drilling or other commitment or enterprise in connection therewith, and in the event that Frontier has not paid such rental or other payment due and/or cured such default prior to such ten-day period, Frontier shall forthwith formally assign all of its right, title and interest in and to such lease or leases to Del Monte.

11. That an agreement of even date by which Del Monte is to pay Twelve Thousand Dollars (\$12,000.00) or its equivalent to or on behalf of Frontier is being executed simultaneously herewith; that of the cash funds paid by Del Monte to Frontier pursuant to the terms of that agreement, Five Hundred Dollars (\$500.00) shall be used by Frontier to employ counsel to defend its interest in a certain action at law pending in the State District Court of the State of Nevada and in which one Edward M. Jannsen and one Robert Briggs are the plaintiffs and Frontier is the defendant; and that Frontier, with such money shall engage as its counsel only such attorney or attorneys as shall be approved by Del Monte; that in addition thereto, Frontier shall commence and vigorously prosecute an appropriate action against Edward M. Jannsen and Robert Briggs and any other interested party, with a view to securing title to the oil and gas lease or leases near Brothers, Oregon, hereinabove referred to and/or described, and that in any such action Del Monte shall have the right to approve counsel to represent Frontier; provided, however, that Frontier may elect to abandon its claim to such oil and gas lease or leases in Oregon, in which event the obligation to secure counsel shall be void, but Frontier shall thereupon assign all of its rights, contract or otherwise, to Del Monte. That Frontier shall devote its best efforts to acquiring a lease on the above-described property near Brothers, Oregon, independently of said Jannsen and Briggs, and to that end it shall do all things reasonable necessary or proper to secure such lease or leases from the person or persons having the primary or underlying rights in the land; that is to say, the owner or owners of the lease or leases on the property or the owner or owners of fee title to the property, as the case may be.

12. Time is of the essence and any notice given hereunder by one party to the other shall be by registered mail at the following addresses, or as hereafter changed in writing by either party:

Frontier Oil Co.
827 South Center Street
Reno, Nevada

Del Monte Development Co.
1190 Del Monte Lane
Reno, Nevada

Any such notice shall be effective upon mailing.

13. That \$2,000 of the \$3,650 heretofore paid over to Frontier was intended to be and is a loan repayable on demand by Del Monte, and if the same be not sooner repaid, it is to be paid from any refund which may become due to Frontier from the escrow agreement between Frontier and Damele and associates.

14. That this agreement is not intended to establish a joint venture or partnership.

15. That this agreement shall be governed by the laws of Nevada and constitutes the whole agreement between the parties, and all former agreements between them concerning in any way the subject matter or matters

hereof are merged herein.

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

LAST FRONTIER OIL CO. INC.

By: George S. Reed
President

(CORPORATE SEAL)

By: Amy E. Reed
Vice-President

By: Oliver E. Ramsdell
Secretary

DEL MONTE DEVELOPMENT CO.

(CORPORATE SEAL)

By: H. B. Sprenger
President

By: Betty Sprenger
Secretary

STATE OF NEVADA)
COUNTY OF WASHOE) ss.

On the 31st day of July, 1956, before me, Harold A. Rueger, a Notary Public in and for said County and State, personally appeared George S. Reed, known to me to be the President, and Amy E. Reed, known to me to be the Vice President, and Oliver E. Ramsdell, known to me to be the Secretary of the Last Frontier Oil Company, Inc., the Corporation that executed the within instrument, known to me to be the persons who executed the within instrument, on behalf of the Corporation herein named, and acknowledged to me that such Corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

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

(Notarial Seal)

Harold A. Rueger
Notary Public in and for said
County and State.
Commission Expires Feb. 18, 1959

STATE OF NEVADA)
COUNTY OF WASHOE) ss.

On this 31st day of July, 1956, before me, Harold A. Rueger, a Notary Public in and for said County and State, personally appeared H. B. Sprenger, known to me to be the President, and Betty Sprenger, known to me to be the Secretary of the Del Monte Development Company, the Corporation that executed the within instrument, known to me to be the persons who executed the within instrument on behalf of the Corporation herein named, and acknowledged to me that such Corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

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

(Notarial Seal)

Harold A. Rueger
Notary Public in and for said
County and State.
Commission Expires Feb. 18, 1959

Recorded at the Request of H. B. Sprenger Aug. 10 A.D., 1956 At 40 Min. past 3 P.M.

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