

Producers 88 Revised (12-47) - (With 40-Acre Pooling Provision)

Tract Standard Form

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 18th day of September, 1956, between WILLIAM R. RAND and ELLA M. RAND, husband and wife,Lessor (whether one or more) whose address is: Fullerton, Nevada
and G. J. HARRISON, 9062 Home, West Hollywood 16, California,

Lessor, WITNESSETH

1. Lessor in consideration of One Dollar (\$1.00)

Dollar

(1. 1.00), in hand paid, of the royalties herein provided, and of the agreement of Lessor herein contained, Lessor grants, leases and lets exclusively unto Lessee for the purpose of exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon to produce, save, take care of, transport and own said products, and employing its employees, the following described land in Esmeralda County, Nevada County, XXX to-wit:

All Section 24, All Section 26 and South Half (1/2) of Southeast Quarter (1/4), Section 11;
All in Township 30 North, Range 51 East; West Half (1/2) Section 18, West Half (1/2) of West
Half (1/2) of Section 20, Northeast Quarter (1/4) of Northwest Quarter (1/4) and Northwest Quarter
(1/4) of Northeast Quarter (1/4), All Section 20, All Section 30, Township 30 North, Range 52
East.

and containing 1,920 acres, more or less. In the event a survey of said lands shall reveal the existence of certain and/or vacant lands lying adjacent to the lands above described and the Lessor, his heirs, or assigns, shall, by virtue of his ownership of the lands above described, have preference right to acquire said certain and/or vacant lands, then in that event this lease shall cover and include all such certain and/or vacant lands which the Lessor, his heirs, or assigns, shall have the preference right to acquire by virtue of his ownership of the lands above described to and when acquired by the Lessor; and the Lessor shall pay the lesser for such certain and/or vacant lands at the same rate per acre as the cash consideration paid for the acreage hereinafter mentioned.

2. Subject to the other provisions herein contained, this lease shall be for a term of ten years from this date (called "primary term") and so long thereafter as oil, gas or other mineral is produced from said land or land with which said land is pooled or commingled.

3. The royalties to be paid by Lessee are: (a) on oil, one-eighth of that produced and saved from said land, the same to be delivered at the well or on the credit of Lessee into the pipe line to which the wells may be connected; Lessee may from time to time purchase any royalty oil to be produced, paying the market price thereof prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead gas or other gaseous substances, produced from said land and sold or used off the premises or in the immediate vicinity of the well, the market value at the well of one-eighth of the gas so sold or used, provided that on gas sold at the well the royalty shall be one-eighth of the amount received from such sale, where gas from a gas well is not sold or used; Lessee may pay as Royalty \$100.00 per well per year and if such payment is made it will be considered that gas is being produced within the meaning of Paragraph 3 hereof; and (c) on all other minerals mined and marketed, one-eighth either in kind or value at the well or mine, at Lessee's election, except that no royalty shall be paid on minerals produced from a well or mine in which the Lessor has an interest, and the royalty on oil, gas and coal shall be computed after deducting any tax used. Lessee shall have the privilege at his risk and expense of using gas from any gas well on said land for steam and inside light in the principal dwelling thereon and of any surplus gas not needed for operations hereunder.

4. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in Lessee's judgment it is necessary or advisable to do so in order properly to develop and operate said premises in compliance with the spacing rules of the Railroad Commission of Texas or other lawful authority, or when to do so would, in the judgment of Lessee, promote the conservation of the oil and gas in and under and that may be produced from said premises, such pooling to be into a unit or units not exceeding 40 acres each. Lessee shall execute in writing an instrument identifying and describing the pooled acreage. The entire acreage so pooled has a unit or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In the event of the royalty described herein, Lessee shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein as an acreage basis bears to the total acreage so pooled in the particular unit involved.

5. If operations for drilling are not commenced on said land or on acreage pooled therewith as above provided on or before one year from this date the lease shall then terminate as to both parties,

unless on or before such anniversary date Lessee shall pay or tender to Lessor or to the credit of Lessor in Nevada Bank of Commerce Bank

at Elko, Nevada

(which bank and its successors are Lessee's agent and shall continue as the depository for all rentals payable hereunder regardless

of changes in ownership of said land or the (month) the sum of Four Hundred Eighty (\$480.00) Dollars(1. 480.00)

(1. 480.00), (herein called "rent"), which shall cover the privilege of drilling operations for a period of twelve (12) months. In like manner and upon like payments or tenders annually the commencement of drilling operations may be further deferred for successive periods of twelve (12) months each during the primary term. The payment or tender of rental may be made by the check or draft of Lessee mailed or delivered to Lessor or to said bank on or before such date of payment. If such bank (or any successor bank) should fail, Lessee may be succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payment or tender of rental until thirty (30) days after Lessee shall deliver to Lessor a proper recordable instrument, naming another bank or agent to receive such payments or tenders. The down cash payment in consideration for this lease according to its terms and shall not be allocated as more or less rental for a period. Lessee may at any time execute and deliver to Lessor or in the depository above named or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

6. If prior to discovery of oil, gas or other mineral on said land or on acreage pooled therewith Lessee should drill a dry hole or holes thereon, or if after discovery of oil, gas or other mineral, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking operations within 60 days thereafter or if it be within the primary term, commences or resumes the payment or tender of rentals or commences operations for drilling or reworking on or before the rental paying date next ensuing after the expiration of 60 days from date of completion of dry hole or cessation of production. If at any time subsequent to thirty (30) days prior to the beginning of the last year of the primary term and prior to the discovery of oil, gas or other mineral on said land, or on acreage pooled therewith, Lessee should drill a dry hole thereon, no record instrument or operations are necessary in order to keep the lease in force during the remainder of the primary term. If at the expiration of the primary term, oil, gas or other mineral is not being produced on said land, or on acreage pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon or shall have completed a dry hole thereon within thirty (30) days prior to the end of the primary term, the lease shall remain in force so long as operations are prosecuted with no cessation of more than thirty (30) consecutive days, and if they result in the production of oil, gas or other mineral, so long thereafter as oil, gas or other mineral is produced from said land or acreage pooled therewith. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within one hundred fifty (150) feet of and draining the leased premises, or acreage pooled therewith, Lessee agrees to drill such other wells as a reasonably prudent operator would drill under the same or similar circumstances.

7. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessee, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessee's consent.

8. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns, but no change or division in ownership of the land, rentals or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U. S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part, liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease as of a portion thereof who commits such breach. In the event of the death of any person entitled to receive hereunder, Lessee may pay or tender such rentals to the credit of the deceased or the estate of the deceased until such time as Lessee is furnished with proper evidence of the appointment and qualification of an executor or administrator of the estate, or if there be none, then until Lessee is furnished with evidence satisfactory to it as to the heirs or devisees of the deceased. If at any time two or more persons be entitled to participate in the rental payable hereunder, Lessee may pay or tender said rental jointly to such persons or to their joint credit in the depository named herein, or, at Lessee's election, the proportionate part of said rental to which each participant is entitled may be paid or tendered to him separately or to his separate credit in said depository; and payment or tender to any participant of his portion of the rental hereunder shall maintain this lease as to each participant. In event of assignment of this lease as to a segregated portion of said land, the rental payable hereunder shall be apportionable as between the several interested owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other branchhold owners hereunder. If all or more parties become entitled to pay hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

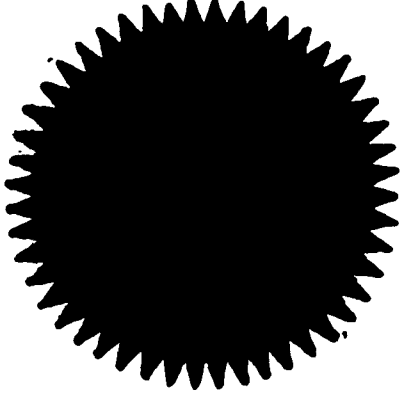
9. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part. In the event Lessee committed such operation not on or after this date being conducted in compliance with this lease, Lessee shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty days after receipt of such notice in which to commence the compliance with the obligations hereunder by virtue of this instrument. After the discovery of oil or gas or other mineral in paying quantities on said premises, Lessee shall permanently discharge the acreage retained hereunder, but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing oil, gas or other mineral in paying quantities.

10. Lessee hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with right to enforce same and apply proceeds and surplus monies and proceeds resulting hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in case of failure of title, it is agreed that if Lessee owns no interest in said land but the entire fee simple estate, then the rentals and rentals to be paid Lessee shall be reduced proportionately. Failure of Lessee to reduce rental paid hereunder shall not impair the right of Lessee to reduce rental.

11. If any operation permitted or required hereunder, or the performance by Lessee of any covenant, agreement or requirement hereof is delayed or interrupted directly or indirectly by any past or future acts, orders, regulations or requirements of the Government of the United States or of any state or other governmental body, or any agency, officer, representative or authority of any of them, or because of delay or inability to get materials, labor, equipment or supplies, or on account of any other similar or comparable cause beyond the control of Lessee, the period of such delay or interruption shall not be counted against the Lessee, and the primary term of this lease shall automatically be extended after the expiration of the primary term or term or terms as set forth in Section 2 above, so long as the cause or causes for such delay or interruption continue and for a period of six (6) months thereafter; and such extended term shall constitute and shall be considered for the purpose of this lease as a part of the primary term hereof. The provisions of Section 3 hereof, relating to the payment of delay rentals shall in all things be applicable to the primary term as extended hereunder but in no event shall such term be a part of the original primary term fixed in Section 2 hereof. The Lessee shall not be liable to Lessor in damages for failure to perform any operation permitted or required hereunder or to comply with any covenant, agreement or requirement hereof during the time Lessee is relieved from the obligations to comply with such covenant, agreement or requirement.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

WITNESSES:

STATE OF NEVADA.		ss.
County of <u>Elko</u>		
On this <u>17</u> day of <u>Sept</u> , A. D., one thousand nine hundred and <u>19</u> , personally appeared before me, <u>John H. Smith</u> , a Notary Public in and for the said County of _____,		
known to me to be the person <u>as</u> described in and who executed the foregoing instrument, who acknowledged to me that <u>they</u> 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 the County of _____, the day and year in this certificate first above written.		
		
Notary Public in and for the County of _____, State of Nevada.		
Certificate Form No. 34 N—(Acknowledgement General)		
GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____ A. D. 19____		
(L. S.)		
Notary Public in and for _____ County, Texas.		
JOINT ACKNOWLEDGMENT		
THE STATE OF TEXAS, COUNTY OF _____		
BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____, his wife, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they each executed the same for the purposes and considera- tion therein expressed, and the said _____, wife of the said _____, having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said _____, acknowledged such instrument to be her act and deed, and she declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.		
GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____ A. D. 19____		
(L. S.)		
Notary Public in and for _____ County, Texas.		
CORPORATION ACKNOWLEDGMENT		
THE STATE OF TEXAS, COUNTY OF _____		
BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.		
GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____ A. D. 19____		
(L. S.)		
Notary Public in and for _____ County, Texas.		
PRODUCERS 22-REVISED—12-42 TEXAS STANDARD FORM		
No. <u>278112</u>		
Oil, Gas and Mineral Lease		
FROM _____		
TO _____		
Dated _____, 19____		
No. Acres _____		
County, Texas _____		
Term _____		
This instrument was filed for record on the _____ day of _____, 19____, at _____, Texas, to be recorded in _____ A. M., and duly Recorded in Book _____, Page _____ of the _____ records of this office.		
By _____ County Clerk		
When recorded return to _____ County, Texas _____		
By _____ Deputy		
The Odor Company, Publishers, Dallas		

Recorded at the Request of A. C. Griffith, June 24, A.D. 1957 At 0 minutes past 10 A.M.

Marian Herrera - Recorder.