

Vaughn Holding Company,
First Party

to
E. I. Puett and Jess H. Vorhees
Second Parties

and
George F. Wright, Ross P. Eardley and
Richard E. Wright,
Third Parties

ESCROW INSTRUCTIONS

NEVADA BANK OF COMMERCE
ESCROW I NSTRUCTIONS

February 12, 1958

NEVADA BANK OF COMMERCE
ELKO BRANCH
at ELKO, NEVADA.

Gentlemen:

In consideration of your acting as escrow holder herein, it is agreed that you shall in no case or event be liable for the failure of any of the conditions of this escrow or damage caused by the exercise of your discretion in any particular manner, or for any other reason, except gross negligence or will ful misconduct with reference to the said escrow, and you shall not be liable or responsible for your failure to ascertain the terms or conditions, or to comply with any of the provisions of, any agreement, contract or other document filed herewith or referred to herein, nor shall you be liable or responsible for foregeries or false personations.

In consideration of your acting as Escrow Holder and accepting any payments made in connection with any of the documents in the escrow referred to above, the undersigned Purchaser(s) agree(s) that the escrow holder shall, in no case or event, be liable for any representations made between Purchaser(s) and Seller(s) or for the validity of deeds, bills of sale, or other instruments conveying title to property; or for the sufficiency or validity of such documents to establish ownership when and if delivered, and that the Escrow Holder's responsibility is limited to the delivery of the documents received in the escrow without any warranty or guaranty of any nature, whatsoever, in connection with such documents, and these instructions shall be binding unto the successors, heirs, executors, administrators or assigns of the undersigned.

It is further agreed that if any controversy arises between the parties hereto or with any third person, you shall not be required to determine the same or take any action in the premises, but you may await the settlement of any such controversy by final appropriate legal proceedings or otherwise as you may require, notwithstanding anything in the following instructions to the contrary, and in such event you shall not be liabel for interest or damage.

IT IS UNDERSTOOD that the fee agreed upon for your services hereunder shall be considered compensation for your ordinary services as contemplated by these instructions, and in the event that the conditions of this escrow are not promptly fulfilled or that you render any service hereunder not provided for in the following instructions, or that there is any assignment of any interest in the subject matter of this escrow or modification hereof, or that any controversy arises hereunder or that you are made a party to, or intervene in, any litigation pertaining to this escrow or the subject matter thereof, you shall be reasonably compensated for such extraordinary services and reimbursed for all costs and expenses occasioned by such default, delay, controversy or litigation and you shall have the right to retain all documents and/or other thing of value at any time held by you hereunder until such compensation, fees, costs and expenses shall be paid, the undersigned hereby jointly and severally promising to apy such sums upon demand.

THE UNDERSIGNED VAUGHN HOLDING COMPANY, a Colorado Company, Part of the First part, and E. I. PUETT and JESS H. VORHEES, Parties of the Second part, and GEORGE F. WRIGHT, ROSS P. EARDLEY and RICHARD E. WRIGHT, Parties of the Third part, herewith hand you the following for the purposes stated:

- (1). Executed copy of DRILLING AGREEMENT between the parties hereto, which with these instructions constitute your instructions.
- (2). Deed from the party of the first part to the parties of the second part, which deed you are to hold under the instructions contained in the contract.
- (3). Deed from the party of the first part to the parties of the third part, which deed you are to hold under the instructions contained in the Contract.
- (4). Deed from the party of the first part to E. I. Puett, Jess H. Vorhees and George F. Wright, which deed you are to hold under the instructions contained in the Contract.

The parties hereto shall pay your escrow charges as agreed by them, or in equal shares.

VAUGHN HOLDING COMPANY

BY A. C. Griffith
Partner.
Party of the first part.

E. I. Puett

Jess H. Voorhees
Parties of the second part.

George F. Wright

Ross P. Eardley

Richard E. Wright
Parties of the third part.

DRILLING AGREEMENT

THIS AGREEMENT made this 12th day of February, 1958, by and between VAUGHN HOLDING COMPANY, a Colorado Company, consisting of GEORGE METCALF, J. VAUGHN, E. J. CARROLL and A. C. GRIFFITH, Party of the First Part, E. I. PUEET and JESS H. VORHEES, Parties of the Second Part, and GEORGE F. WRIGHT, ROSS P. EARDLEY and RICHARD E. WRIGHT, Parties of the Thrid Part,

W I T N E S S E T H :

WHEREAS, the parties of the seond part, and George F. Wright have this day executed their Deed to A. C. GRIFFITH of Los Angeles, California, in connection with the hereafter described property and which title acquired by the said A. C. Griffith has by Assignment dated February 5, 1958, been transferred and conveyed to the party of the first part, all as part of the consideration of this agreement;

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE PREMISES, the sum of \$10.00 and good and other valuable consideration to it in hand paid by the parties of the second part and the parties of the third part, receipt whereof is acknowledged, the parties hereto do agree as follows:

(1). The party of the first part, or its assigns, agrees to to commence drilling for oil and/or gas on the hereafter described property on or before 90 days from the date hereof and to prosecute the work of drilling with ordinary diligence and with ordinary speed upto the depth necessary to produce oil or gas in commercial quantities, PROVIDED, however, the party of the first part need not drill to a greater depth than 5,000 feet.

(2). That in the event the party of the first part, or its assignee, abandons or stops drilling the first well, then the party of the first part, or its assignee, agrees on or before 30 days of the termination of the drilling of said first well, to commence the drilling of another well on said property. The party of the first part shall prosecute the said drilling of the second well with ordinary speed and shall drill the same to a depth necessary to produce gas or oil in commercial quantities, provided, however, the party of the first part, or its assignee, is not required to drill below a depth of 5,000 feet.

(3). That in the event the party of the first part, or its assignee, abandons or stops drilling the second well, then the party of the second part, or its assignee, agrees that it will on or before 30 days after the termination of the drilling of the second well, commence the drilling of a third well on said property. The party of the first part shall prosecute the said drilling of the third well with ordinary speed and shall drill the same to a depth necessary to produce gas or oil in commercial quantities, provided, however, the party of the first part, or its assignee, is not required to drill below a depth of 5,000 feet.

(4). The production of oil or gas, or both, on any of the hereafter described property shall be a full compliance with the obligation of the party of the first part in connection with this agreement and at said time, the escrow holder, shall, upon demand from the party of the first part, or its assignee, deliver to the party of the first part or its assignee the hereafter mentioned. quitclaim deeds from the party of the first part to the other respective parties and this agreement shall then terminate.

(5). If the party of the first part shall not produce gas and/or oil in the first or second well, then it agrees to complete the drilling of third well on or before December 31, 1958. The party of the first part may, at its option, continue this agreement thereafter by further prosecution of drilling for oil and/or gas on the said property and the said agreement shall be continued as long as said drilling shall be prosecuted with ordinary diligence and speed.

(6). If the said party of the first part shall fail to prosecute said drilling as above specified, or shall abandon drilling on said property, then any of the other prarties hereto, may jointly or severally give written notice by registered mail to the party of the first part of the claimed breach or abandonment of this agreement by the party of the first part or its assignee and specify the claimed breach or abandonment. The party of the first part, or its assignee, shall have 30 days after receipt of said written notice by the party of the first part within which to cure said breach or abandonment by further prosecution of drilling on said property in accordance with this agreement. That if the said party of the first part or its assignee shall not commence drilling on said property within such 30 day period, then this contract shall come to an end

as to such party of the first part and its assignee, and the escrow holder shall deliver to the demanding party or parties ther hereafter mentioned quitclaim deed from the party of the first part to such other of the parties hereto as shall give such written notice.

(7). The party of the first part has this day executed its quitclaim deed and assignment of its oil, gas and mineral lease in and to various parcels of the hereafter described property, to the respective parties of the second part and parties of the third part, and herewith place the same in escrow with the hereafter designated escrow agent. The said escrow agent shall hold the said quitclaim deeds pursuant to the foregoing agreement and deliver the same as heretofore provided in this agreement.

(8). The escrow holder is the NEVADA BANK OF COMMERCE of Elko, Nevada, and its successor or assign.

(9). The parties hereto shall pay their proportionate escrow fee of the said Nevada Bank of Commerce.

(10). The property heretofore referred to is situated in the County of Eureka, State of Nevada, and is mor particularly described as follows:

PARCELS NO.2: South half of the southeast quarter of Section 14, Township 30 north, Range 51 east, M.D.B.&M; and west half of Section 18; west half of the west half of Section 20, northeast quarter of the northwest quarter of Section 20 and the northwest quarter of the northeast quarter of Section 20; and all of Section 30, all in Township 30 north, Range 52 east, M.D.B.&M, the subject of Oil and Gas Lease from WILLIAM R. RAND and ELLA M. RAND recorded as Instrument Not. 33113 in Book G of Deed at page 350 Miscellaneous Records, office of County Recorder of Eureka County, State of Nevada.

PARCELS NO. 3: All of Sections 6, 8 and 17; the east half of Section 18; the west half of the northwest quarter of Section 16 and the southeast quarter of Section 5; all in Township 30 north, Range 52 east, M.D.B.&M; all of Sections 2 and 12; the west half of Section 14; the northeast quarter of Section 14; and the north half of the southeast quarter of Section 14; all in Township 30 north, Range 51 east, M.D.B.&M, subject of Oil and Gas Lease recorded June 24, 1957 as Instrument No. 33114 in Book G, page 351, Miscellaneous Records, Office of County Recorder of Eureka County, State of Nevada.

PARCELS NO.4: Southwest quarter Section 16; southeast quarter of the northwest quarter of Section 16; northwest quarter Section 21; southeast quarter Section 20; south half of the northeast quarter of Section 20; northeast quarter of the northeast quarter of Section 20; southeast quarter of the northwest quarter of Section 20; east half of the southwest quarter of Section 20; north half of the northeast quarter of Section 29; north half of the southeast quarter of Section 29; south half of the south half of Section 28; southeast 1/4th Section 32; south half of northeast quarter of Section 32; northeast quarter of northwest quarter of Section 32; and west half of the west half of Section 33; all in Township 30 north, Range 52 east, M.D.B.&M; and the west half of Section 4 and the east half of the northeast quarter of Section 5; both in Township 29 north, Range 52 east, M.D.B.&M, being subject of Oil and Gas Lease recorded on June 24, 1957, in Book G, page 349, Instrument No. 33112, Miscellaneous Records in Office of County Recorder of Eureka County, State of Nevada, excepting from said Sec. 33, that portion owned by the Southern Pacific Company.

TOGETHER WITH all the right, title and interest of the party of the first part, now or hereafter acquired, in and to any and all gas, oil, Petroleum and Mineral Leases to the above described property, or any part or portion thereof.

(11). The party of the first part has the right at any time to notify the other parties and the escrow holder that it abandons the drilling of said well or wells and desires to terminate this agreement, with instructions to the escrow holder to deliver the said deeds to the respective grantees mentioned in said deeds, or to their order, in which event all obligations of the said party of the first part and its assignee shall terminate and the escrow holder shall deliver the said quit claim deeds to the said respective parties of the second and third part herein and from such time forward, the said party of the first part and its assignee shall have no further rights in and to any leases or deeds in and to the property described above in paragraph (10) of this agreement.

(12). This agreement shall be binding upon and inure to the benefit of the heirs, executors and administrators, successors and assigns of the respective parties hereto.

(13). The address of the party of the first part, until otherwise in writing notified, is as follows:

Vaughn Holding Company
12680 Est 16th Place
Applewood Mesa
Lakewood, Colorado.

(14). The address of the parties of the second part, until otherwise in writing notified, is as follows:

C/o E. I. Puett
P. O. Box 416
Carlin, Nevada.

(15). The address of the parties of the third part, until otherwise in writing notified, is as follows:

C/o Wright & Eardley
Attorneys At Law
P. O. Box 391
Elko, Nevada

(16). This agreement is separate and distinct from all rights of the parties of the second and third part under that partial assignment of overriding royalty dated February 12, 1958, from A. C. GRIFFITH to E. I. PUETT.

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

VAUGHN HOLDING COMPANY

By A. C. Griffith
A Partner
PARTY OF THE FIRST PART

E. I. PUETT

Jess H. Voorhees
PARTIES OF THE SECOND PART

George F. Wright

Ross P. Eardley

Richard E. Wright
PARTIES OF THE THIRD PART

STATE OF NEVADA)
) SS.
COUNTY OF ELKO.)

On this 17th day of February, 1958, A.D., personally appeared before me, a Notary Public in and for said County and State, A. C. GRIFFITH, known to me to be a partner of the VAUGHN HOLDING COMPANY, the company that executed the foregoing instrument, and upon oath did depose that he is a Partner of said Company as above designated; that the signature to said instrument was made by the Partner of said Company as indicated after said signature; and that the said Company executed the said instrument 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 first above written.

(Notarial Seal)

Leah B. Naylor

My commission expires: October 29, 1959

Notary Public in and for said
County and State.

STATE OF NEVADA)
) SS.
COUNTY OF ELKO.)

On this 17th day of February, 1958, personally appeared before me, a Notary Public in and for said County and State, E. I. PUETT, ROSS P. EARDLEY, GEORGE F. WRIGHT and RICHARD E. WRIGHT, 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 the day and year in this certificate first above written.

(Notarial Seal)

Leah B. Naylor

My commission expires: October 29, 1959.

NOTARY PUBLIC in and for said
County and State.

STATE OF NEVADA)
) SS.
COUNTY OF ELKO.)

On this 17th day of February, 1958, personally appeared before me, a Notary Public in and for said County and State JESS H. VOORHEES, known to me to be the person described in and who executed the foregoing instrument, who 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 first above written.

(Notarial Seal)

Leah B. Naylor

My commission expires: October 29, 1959

NOTARY PUBLIC in and for said
County and State.

Recorded at the request of E. I. Puett, Feb. 18, A.D. 1958 At 47 minutes past 2 P.M.

Marian Herrera --- Recorder.