

Southern Pacific Company )  
 )  
and )  
 )  
Eureka Oil Company )

OIL AND GAS LEASE

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SHORT FORM

THIS INDENTURE of LEASE, made in duplicate this 7 day of April 1961, by and between SOUTHERN PACIFIC COMPANY, a Delaware corporation, first party, hereinafter called "Lessor", and EUREKA OIL COMPANY, a Nevada corporation, second party, hereinafter called "Lessee".

WITNESSETH:

1. That the Lessor, for and in consideration of the sum of Ten (10) Dollars, lawful money of the United States of America, to it paid, the receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of Lessee to be kept and performed, has leased, demised and let and by these presents does lease, demise and let unto the Lessee for the term and upon the conditions hereinafter set for, all that certain land and premises situate in the County of Eureka, State of Nevada, particularly described as follows, to-wit:

All petroleum, oil, natural gas, and products derived therefrom, within or underlying the following described land or that may be produced therefrom, and all rights thereto, together with the exclusive right at all times to enter upon or in said land to prospect for and to drill, bore, recover and remove the same:

All of Section Seven (7), Township Twenty-eight (28) North, Range Fifty-two (52) East, Mount Diablo Base and Meridian, containing Six Hundred Twenty-six and 18/100 (626.18) acres, more or less.

Subject, however, to any and all easements and rights of way in, upon, and across the said land, and subject to the exceptions and reservations contained in deed dated January 17, 1950, from Southern Pacific Land Company to Filbert Etcheverry, Oscar Rudnick, and Sam Rudnick, copartners doing business as Eureka Livestock Company.

Together with all oil, petroleum, natural gas, naphtha and other hydrocarbons (hereinafter referred to as "substances") contained therein, with the sole and exclusive right to drill for, produce, extract, take and remove from, and to store said substances upon said land, during the term hereof, and to locate, erect, construct, maintain, replace and operate upon and in said land such derricks, machinery, tanks, cleaning plants, reservoirs, sump holes, pipe lines, roads, telephone lines, electric lines, buildings, other structures and equipment, (except refineries or topping plants) that may be necessary, incidental or convenient in the production, treatment, storage or transportation of said substances from said land; also the right to develop, take and use such water as may be necessary or convenient for said operations; subject, however, to the terms and conditions hereinafter contained.

EXCEPTING AND RESERVING the right to construct, maintain and operate pipe, telegraph, telephone and power lines, ditches, flumes, public roads and trails, upon or adjacent to said leased premises, and the right to occupy and use said land, or to lease it, for any and all

purposes not inconsistent with the rights herein demised to Lessee; provided, however, that the use of rights of way for facilities hereafter constructed, and the occupation and use of said leased premises for purposes other than existing rights of way shall not unreasonably interfere with the rights and operations of the Lessee hereunder.

2. The term of this lease shall be for twenty-five (25) years, from and after the 15th day of April, 1961, unless sooner terminated or forfeited, either in whole or in part, as hereinafter provided.

3. If, at the expiration of the term of this lease, any wells are being drilled by Lessee on the leased premises, or any existing wells are producing oil or gas in paying quantities, Lessee shall have the option of renewing this lease for the further term of twenty-five (25) years to include the subdivisions occupied by wells producing in paying quantities or wells in process of being drilled of the same acreage specified in paragraph 19 of the indenture of lease hereinafter referred to, together with the same rights provided for in paragraph 19 of said indenture of lease, on and subject to the same royalties, terms, covenants and conditions as are therein specified; provided, written notice from Lessee of such renewal shall be received by Lessor not more than six (6) months nor less than thirty (30) days prior to the expiration of the original term hereof.

4. This lease shall inure to the benefit of and be binding upon the respective heirs, administrators, executors, successors and assigns of the parties hereto, but no assignment of this lease, or any sublease or agreement affecting this lease, or the leased premises, or any interest therein, shall be valid, unless made with the consent of Lessor in writing, and no change in ownership in the land or in the rentals or royalties shall be binding on Lessee until Lessee shall have received written notice of such transfer or assignment. All covenants, agreements and stipulations herein contained shall run with the land.

5. This lease is made upon the terms, covenants, and conditions set forth in that certain indenture of lease bearing even date herewith between the parties hereto, covering the land hereinabove described, which indenture of lease is by this reference incorporated herein and made a part hereof in all respects as though the same were fully set forth herein.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed on the day and year first hereinabove written. IN DUPLICATE

(Corporate Seal)

SOUTHERN PACIFIC COMPANY,  
By C. W. Goodwin  
Assistant Manager, Land Department

Attest T. F. Ryan  
Assistant Secretary.

EUREKA OIL COMPANY  
(Lessee)

By L. M. McCallister  
President

Attest Thelma J. Taylor  
Secretary

STATE OF CALIFORNIA, )  
 ) ss.  
City and County of San Francisco )

On this 11th day of May in the year One Thousand Nine Hundred and Sixty One before me, NORMAN T. STONE, (65 Market St), a Notary Public in and for the City and County of San Francisco, State of California, personally appeared C. W. Goodwin and T. F. Ryan known to me to be the Assistant Manager, Land Department and Assistant Secretary of the corporation described in and that executed the within instrument, and also known to me to be the persons who executed it on behalf of the corporation therein named and they 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 the City and County of San Francisco, the day and year in this certificate first above written.

(Notarial Seal) Norman T. Stone  
Notary Public in and for the City and County of San Francisco,  
State of California.

My Commission Expires October 25, 1964.

STATE OF CALIFORNIA, )  
 ) ss.  
County of Mendocino )

On this 7th day of April in the year one thousand nine hundred and sixty one, before me, Delila V. Yttreness, a Notary Public in and for the County of Mendocino, State of California, duly commissioned and sworn, personally appeared L. M. McCallister and Thelma J. Taylor known to me to be the President and Secretary, respectively, of the corporation described in and that executed the within instrument, and also known to me to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the same.

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

(Notarial Seal) Delila V. Yttreness  
Notary Public in and for the County of Mendocino, State of  
California.

My Commission Expires January 13, 1963.

Recorded at the request of Eureka Oil Company July 17, A.D., 1961 At 15 minutes past 8 A.M.  
Willis A. DePaoli- Recorder.