

E. F. Northrop, James C. )  
Griffin, W. I. Gardner and )  
Glen N. Adair. ) PARTNERSHIP AGREEMENT

OIL AND GAS PARTNERSHIP

THIS PARTNERSHIP AGREEMENT, entered into and effective this 1st day of August, 1961, between E. F. NORTHROP, JAMES C. GRIFFIN, W. I. GARDNER and GLEN N. ADAIR.

All the parties to this agreement desire to constitute themselves a partnership for the purposes and upon the terms, covenants, and conditions hereinafter set forth.

1. PURPOSE OF PARTNERSHIP. To engage in the leasing of certain land hereinafter described believed to contain petroleum, oils, and gas; the improving, mortgaging, leasing, assigning, and otherwise disposing of the same; the prospecting, drilling, pumping, piping, storing, refining, and selling, both at wholesale and retail, of oils and gas; the buying, or otherwise acquiring, selling and otherwise disposing of any and all real or personal property for the use in the business of this partnership; the construction of any and all buildings, pipelines, pumping stations, and storage tanks, and any and all other buildings required in carrying on the business of the company; the doing of any act or thing, proper, necessary and incidental to the general purpose of this partnership.

2. DESCRIPTION OF LAND LEASED. The land which is held by the partners herein under assignment of Oil and Gas Lease from Jack H. Taylor, assignor dated May 24, 1961 is situated within the County of Eureka, State of Nevada more particularly described as follows:

The West 1/2 of the North West 1/4 of Section 3  
Township 26 North, range 50 East being a  
parcel of land containing 80 acres.

Lot #4 situated in the South West 1/4 of the  
North West 1/4 of Section 3, Township 26 North,  
Range 50 East being a parcel of land contain-  
ing 79.28 acres.

3. DURATION OF PARTNERSHIP. This partnership shall commence as of the date herein and shall continue until such time as any partner shall give thirty days written notice to all other partners of his intention to terminate. Thirty days from the giving of said notice the partnership shall terminate. This partnership may terminate at any time by the mutual consent of all partners.

4. INCOME TAX. Partners agree that all gains, losses and depreciation shall be allocated equally between partners for income tax purposes.

5. LOAN OF ASSET. Any partner loaning any asset to the partnership shall be precluded from selling, assigning or by hypothecating the loaned asset during the life of the partnership without the consent of a majority of the partners.

6. INTEREST OF PARTNERS. Each partner shall participate in the profits, management, and control of this partnership to the extent of 25% each.

7. FINANCES. Capital may not be withdrawn from the partnership without the consent of all the partners. No partner shall be required to make additional contributions of capital to this partnership. Voluntary contributions may be made with the consent of all the partners.

8. IMPROVEMENTS. All improvements, decisions and actions taken on behalf of said partnership must be done so only after the approval of the majority of the partners has been secured. Any and all approved expenditures are to be made equally in cash by each partner.

9. DIVISION OF PROFITS AND LOSSES. The profits and losses of the partnership shall be divided between the partners in equal proportions. Losses chargeable to the gross negligence of any partner shall be fully chargeable to said partner.

10. MANAGEMENT. Each partner shall have equal rights in the management and conduct of the partnership business. Any differences arising as to ordinary matters connected with the partners or any act in contravention of this agreement or any act which may subject the partners to liability in excess of \$10.00 shall require the consent of all partners.

11. DEVOTION OF TIME. Each of the partners shall give his personal attention to the enterprise and shall devote his time and best efforts to the best ends of the enterprise over and above the time spent by each party regarding his normal employment.

12. INVENTIONS. Any partner, who, during the term of this partnership, invents any patentable item, related to the operations of this partnership shall deliver such item and patents thereto to the partnership, and such item and patents shall be the property of the partnership.

13. SALARIES. The partnership shall not be entitled to any salaries under this agreement unless otherwise mutually agreed upon.

14. IMMEDIATE TERMINATION OF PARTNERS INTEREST. All partners herein agree that upon the happening of any of the following events the interest of the partner or partners affected herein shall be deemed to be automatically transferred to the remaining partners. All partners further agree that this instrument shall be deemed a sufficient conveyance for such purpose. The operative events are:

1. Voluntary or involuntary filing of any bankruptcy petition against any partner.
2. Execution of any voluntary or involuntary bankruptcy petitions prior to their filing by any partner.
3. The act of seizure by sheriff or constable of any garnishment, attachment or execution by virtue of any lawful Bona Fide legal action taken by any creditor of any partner against any real or personal property of such partner or his spouse.
4. The issuance of any charging order other than above mentioned against the interest of any partner without the immediate removal thereof.

15. DEATH. Death of any partner shall not dissolve this partnership. Surviving heirs of any deceased partner shall receive the deceased partners interest on a share and share alike basis provided each set of heirs elect by majority vote a representative to keep said heirs informed of the business procedures of said partnership. The purpose of said representative being to keep said partnership free of a large number of interferences from each and every heir concerned. If the surviving heirs decide to sell all or any part of their interest in said partnership, the remaining partners to have first option to purchase said interest at the fair market value of said interest determined by the appraisal of a neutral party. Purchase to be made within 90 days from the time notice to purchase is given.

16. EVENT OF SALE. In the event any partner wishes to sell his interest herein, the remaining partners shall have the first option to purchase said interest at a price based upon a neutral fair market value appraisal. Said remaining partners are to have 90 days in which to exercise said option from the time notice is given.

17. INCORPORATION. At such time this partnership has accumulated sufficient net earnings, the partners agree to incorporate as a closed corporation.

18. BINDING ON HEIRS AND ASSIGNS. The applicable terms of this agreement are binding on the heirs, assigns and transferees of each partner herein.

IN WITNESS WHEREOF, the parties hereto have signed this partnership agreement on the day and year first above written.

E. F. Northrop

W. I. Gardner

James C. Griffin

Glen N. Adair

COUNTY OF MENDOCINO, STATE OF CALIFORNIA:

On August 9, 1961, before me the undersigned a Notary Public in and for said County and State, personally appeared E. F. Northrop, James C. Griffin, W. I. Gardner and Glen N. Adair known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same.

(Notarial Seal)

Hugh L. Preston  
NOTARY PUBLIC

My Commission expires September 30, 1962.

Recorded at the request of Hugh L. Preston September 26, A.D., 1961 At 15 minutes past 3 P.M.

Willis A. DePaoli- Recorder.