

Ponderosa Oil Co.,

and

Last Frontier Oil Co., Inc.,

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JOINT VENTURE AGREEMENT

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THIS AGREEMENT, made and entered into by and between PONDEROSA OIL CO., hereinafter called PONDEROSA, and LAST FRONTIER OIL CO., INC., hereinafter called FRONTIER, both Nevada corporations,

W I T N E S S E T H:

WHEREAS PONDEROSA and FRONTIER hold certain oil and gas leases in Pine Valley, Eureka County, Nevada, described in Exhibits "A" and "B" attached hereto and be reference thereto herein incorporated as if fully set forth, and

WHEREAS, said corporations desire to enter into a Joint Venture Agreement for the purpose of exploring, drilling for, and marketing oil or gas or petroleum products,

NOW, THEREFORE, in consideration of the covenants hereafter contained to be kept and performed by each of the parties hereto, IT IS AGREED AS FOLLOWS:

1. In consideration of the advance of the sum of TWENTY THOUSAND (\$20,000.00) DOLLARS by FRONTIER to be deposited in escrow with PIONEER TITLE COMPANY, WASHOE DIVISION, PONDEROSA hereby agrees to irrevocably assign, set over and transfer to FRONTIER TEN THOUSAND AND (10,000) acres of its leased lands which are to be selected on a checkerboard basis from the lands described in Exhibit "A" attached hereto, which assignment shall reserve a ONE (1%) PER CENT overriding royalty to PONDEROSA and a ONE (1%) PER CENT overriding royalty to FRONTIER. PONDEROSA further agrees to immediately engage the services of a drilling contractor for the purpose of continuing the well presently known as "DAMELE #1" to a depth of at least FIVE THOUSAND (5,000) FEET, or production, whichever occurs first. In the event it becomes impractical to continue the extension of DAMELE #1, the parties hereto may jointly select a new drilling site for the development of a well in keeping with the provisions of this agreement.

2. PONDEROSA and FRONTIER at any time during the life of this agreement have the right to contract for or to drill an oil or gas well upon any of the lands included under the provisions of this agreement without participation by the other, provided, however, that in the event of production the party drilling said well may retain out of the proceeds of the sale of any petroleum production derived from any such well, twice the cost of drilling and completing the same, after which time the other party shall be entitled to participate in an equal division of the profits, if any, derived therefrom. Profits as defined herein shall be such sum or sums as shall be received by the company drilling said well after the payment of any royalties due the lessors of said leased land.

3. It is understood and agreed by the parties hereto that TWENTY-FOUR (24%) PERCENT of the DAMELE #1 well has been committed to third persons; that a TWENTY-FIVE (25%) PERCENT interest therein shall be retained by GEORGE S. REED, President of FRONTIER, to be disposed of within the entire discretion of the said GEORGE S. REED; TWELVE AND ONE-HALF (12½%) PERCENT of said DAMELE #1 well having been reserved to CHARLES DAMELE, owner of the land upon which said well is placed. The balance of the remaining percentage of ownership in said well shall be divided equally between PONDEROSA and FRONTIER.

4. It is understood and agreed that the proceeds from any wells jointly drilled by PONDEROSA and FRONTIER shall be divided on a fifty-fifty (50-50) basis, less existing overrides.

5. It is agreed by the parties that said title company shall disburse from the deposit hereinabove specified such sums as may be authorized and requested only upon the written approval of both of the parties hereto to CAMPINE OIL DRILLERS, the drilling contractor to be engaged for the purpose of drilling said DAMELE #1, or such other drilling contractor as may be agreed upon by both parties, and for no other purpose.

6. It is agreed by the parties hereto that DAVID BICKMORE shall serve as chief geologist to supervise the drilling, extension or completion of said well and that the cost of his services shall be paid by FRONTIER.

7. It is further agreed that both parties shall extend every effort to acquire additional oil and gas leases in the Pine Valley area of Eureka County, Nevada, which leases, irrespective of the party acquiring the same, shall become the joint property of each of them, and in that connection the parties agree that the cost of said leases shall be divided equally.

8. It is agreed that neither party shall use the name of the other in connection with the purchase or acquisition of leases, the employment of drilling contractors, or the purchase of materials without the prior written permission of the other, it being expressly understood and agreed that nothing in this instrument shall be construed to create a partnership between the parties.

9. It is understood that PONDEROSA and FRONTIER shall each hold an equal interest in all leases standing in the name of both companies, excepting as hereinabove specified, and each shall pay one-half of the annual lease rentals upon all of the lands described in Exhibits "A" and "B", except as hereinabove specified.

10. It is further agreed that neither PONDEROSA nor FRONTIER shall be responsible or liable for prior existing corporate debts nor shall either of them become liable to the other, or to third persons, firms or corporations, strangers to this agreement, without the prior written consent of the other.

11. It is further agreed that the term of this joint venture shall extend for a period of ONE (1) YEAR after the date hereof and may thereafter be terminated upon THIRTY (30) DAYS' written notice by either of the parties to the other and may, in any event be terminated by the mutual consent of the parties at any time hereafter.

IN WITNESS WHEREOF, each of the parties has caused its respective duly authorized officers to set their hands and affixe the corporate seal of the corporation this 31st day of August, 1962.

PONDEROSA OIL CO., a Nevada corporation

By John Arden
President

(CORPORATE SEAL)

By Walter Bretthauer
Secretary

LAST FRONTIER OIL CO. INC., a Nevada Corporation

By George S. Reed
President

(CORPORATE SEAL)

By Amy E. Reed
Secretary

STATE OF NEVADA)
) ss.
County of Washoe)

On this 31st day of August A.D. one thousand nine hundred and sixty-two personally appeared before me, Lucile Hanes, a Notary Public in and for the County of Washoe, State of Nevada, John Arden and Walter Bretthauer known to me to be the Pres and Sec. of the corporation that executed the foregoing instrument, and upon oath did depose that he is the officer of said corporation as above designated; that he is acquainted with the seal of said corporation, and that the seal affixed to said instrument is the corporate seal of said corporation; that the signatures to said instrument were made by the officers of said corporation

as indicated after said signatures, and that the said corporation 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)

Lucile Hanes

Notary Public in and for the County of Washoe, State of Nevada.

STATE OF NEVADA,
County of Washoe

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) ss
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On this 31st day of August A.D. one thousand nine hundred and sixty two personally appeared before me, Lucile Hanes, a Notary Public in and for the County of Washoe, State of Nevada, George S. Reed and Amy E Reed known to me to be the Pre, and Sec. of the corporation that executed the foregoing instrument, and upon oath did depose that he is the officer of said corporation as above designated; that he is acquainted with the seal of said corporation, and that the seal affixed to said instrument is the corporate seal of said corporation; that the signatures to said instrument were made by the officers of said corporation as indicated after said signatures, and that the said corporation 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)

Lucile Hanes

Notary Public in and for the County of Washoe, State of Nevada.

"EXHIBIT A"

Township 26 North,

Range 50 East,

M.D.B.&M.

Serial No.

050371

Section 2: Lots 3, 4 ($N\frac{1}{2}$ of $NW\frac{1}{4}$), $S\frac{1}{2}$ of $NW\frac{1}{4}$, $SW\frac{1}{4}$.

050371

Section 11: $W\frac{1}{2}$.

050439

Section 34: $N\frac{1}{2}$ of $NE\frac{1}{4}$.

Township 26 North,

Range 51 East

Serial No.

050294

Section 10: All

Section 11: All Option to lease -----Angello

Township 27 North,

Range 51 East

Serial No.

055648

Section 33: $S\frac{1}{2}$

055648

Section 11: All

058425

Section 25: All

058425

Section 27: All

058425

Section 34: All

058425

Section 36: All

058424

Section 8: All

058424

Section 9: All

058424

Section 16: All

058424

Section 17: All

058426

Section 14: All

058426

Section 22: All

058426

Section 24: All

058423

Section 3: All

058423

Section 4: All

Township 27 North,

Range 51 East,

M.D.B.&M.

Serial No.

058423

Section 5: All

058423

Section 10: All

Section 23: $W\frac{1}{2}$ Option to lease---Angello

Section 26: $W\frac{1}{2}$ Option to lease---Angello

Township 27 North,

Range 52 East

Serial No.

046305-A

Section 11: $E\frac{1}{2}$ of $E\frac{1}{2}$, $NW\frac{1}{4}$ of $NE\frac{1}{4}$ (lot 1),
 $E\frac{1}{2}$ of $NW\frac{1}{4}$, $SW\frac{1}{4}$ of $NW\frac{1}{4}$.

046305-A Section 11: $W\frac{1}{2}$ of $SW\frac{1}{4}$, $SE\frac{1}{4}$ of $SW\frac{1}{4}$.
 054383 Section 1 : $W\frac{1}{2}$ of $SW\frac{1}{4}$.
 054383 Section 2 : Lots 1, 2, 5, 6, 7, 8, 9, $SW\frac{1}{4}$ of
 $NE\frac{1}{4}$, $S\frac{1}{2}$ of $NW\frac{1}{4}$, $W\frac{1}{2}$ of $SE\frac{1}{4}$, $E\frac{1}{2}$ of $SW\frac{1}{4}$.
 054383 Section 3: Lots 5, 12.
 Fee Land Section 11: Lots 2, 3, 4, and the $NE\frac{1}{4}$ of $SW\frac{1}{4}$,
 containing 150.43 Acres.
 058062 Section 17: All
 058115 Section 16: All
 058418 Section 19: All
 058418 Section 29: All
 058418 Section 30: All
 058421 Section 31: All
 058421 Section 32: All
 058421 Section 33: All
 058420 Section 24: All
 058420 Section 25: All
 058420 Section 35: All

Township 27 North, Range 52 East, M.D.B.&M.
 Serial No.

058420 Section 36: All
 058419 Section 26: All
 058419 Section 27: All
 058419 Section 28: All
 058419 Section 34: All
 058416 Section 4: All
 058416 Section 5: All
 058416 Section 6: All
 058416 Section 7: All

Township 28 North, Range 51 East,
 Serial No.

044224 Section 14: $N\frac{1}{2}$ of $NE\frac{1}{4}$, $N\frac{1}{2}$ of $SE\frac{1}{4}$, $SW\frac{1}{4}$ of $NE\frac{1}{4}$,
 $S\frac{1}{2}$ of $SE\frac{1}{4}$.
 044224 Section 13: $W\frac{1}{2}$ of $SW\frac{1}{4}$
 045092 Section 23: $SE\frac{1}{4}$ of $NW\frac{1}{4}$, $SW\frac{1}{4}$ of $NE\frac{1}{4}$, $NE\frac{1}{4}$ of $SW\frac{1}{4}$,
 $NE\frac{1}{4}$ of $SE\frac{1}{4}$, $SW\frac{1}{4}$ of $SE\frac{1}{4}$.
 045092 Section 24: $NW\frac{1}{4}$ of $NE\frac{1}{4}$, $SW\frac{1}{4}$ of $NW\frac{1}{4}$.
 045092 Section 25: $W\frac{1}{2}$ of $SW\frac{1}{4}$.
 045092 Section 26: $NE\frac{1}{4}$ of $NW\frac{1}{4}$, $NW\frac{1}{4}$ of $NE\frac{1}{4}$, $SW\frac{1}{4}$ of $SE\frac{1}{4}$,
 045092 Section 35: $NE\frac{1}{4}$ of $NW\frac{1}{4}$, $NE\frac{1}{4}$ of $SW\frac{1}{4}$, $SW\frac{1}{4}$ of $SE\frac{1}{4}$.
 055649 Section 22: $SW\frac{1}{4}$ of $NE\frac{1}{4}$.
 055649 Section 23: $NW\frac{1}{4}$ of $SW\frac{1}{4}$.
 055649 Section 25: $NW\frac{1}{4}$ of $SE\frac{1}{4}$.
 058413 Section 30: All
 058413 Section 32: All
 058413 Section 33: All
 058415 Section 4: All

Township 28 North, Range 51 East, M.D.B.&M.
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058415 Section 6: All
 058414 Section 27: All
 058414 Section 34: All, excepting $SE\frac{1}{4}$ of $NE\frac{1}{4}$.
 058414 Section 36: All

Township 28 North, Range 52 East,
 Serial No.

058422 Section 19: All
 058422 Section 20: $W\frac{1}{2}$, $W\frac{1}{2}$ of $E\frac{1}{2}$, $SE\frac{1}{4}$ of $NE\frac{1}{4}$, $E\frac{1}{2}$ of $SE\frac{1}{4}$.
 058429 Section 29: All
 058429 Section 30: All
 058429 Section 31: All
 058429 Section 32: All

058428 Section 26: All
 058428 Section 28: All
 058428 Section 33: All
 058427 Section 2: All
 058427 Section 12: All
 058427 Section 13: All

LEASES HELD BY LAST FRONTIER OIL CO., INC.

E X H I B I T "B"

T. 26N R. 50E.

Sec: 23 E $\frac{1}{2}$
 Sec: 14 NW $\frac{1}{4}$, SE $\frac{1}{4}$
 Sec: 12 S $\frac{1}{2}$ SE $\frac{1}{4}$, E $\frac{1}{2}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$
 Sec: 1 SE $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$
 Sec: 24 E $\frac{1}{2}$ SE $\frac{1}{4}$, N $\frac{1}{2}$, SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$
 Sec: 25 W $\frac{1}{2}$ NE $\frac{1}{4}$

T. 26N R. 51E.

Sec: 17 E $\frac{1}{2}$
 Sec: 20 E $\frac{1}{2}$
 Sec: 6 S $\frac{1}{2}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, Lots 3, 4, 5, 6, 7, SE $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, Lots 1, 2
 Sec: 18 E $\frac{1}{2}$ W $\frac{1}{2}$, SE $\frac{1}{4}$, Lots 1, 2, 3, 4
 Sec: 19 NE $\frac{1}{4}$, Lots 1, 2, 3, 4, SE $\frac{1}{4}$, E $\frac{1}{2}$ W $\frac{1}{2}$
 Sec: 7 Lots 1, 2, 3, 4
 Sec: 30 Lots 1, 2, 3, 4, E $\frac{1}{2}$ SW $\frac{1}{4}$, E $\frac{1}{2}$, E $\frac{1}{2}$ NW $\frac{1}{4}$
 Sec: 31 NW $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ E $\frac{1}{2}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$
 Sec: 9 All

T. 27N R. 50E.

Sec: 16 W $\frac{1}{2}$.
 Sec: 21 NW $\frac{1}{4}$
 Sec: 9 SE $\frac{1}{4}$

T27N R. 51E.

Sec: 31 S $\frac{1}{2}$ SE $\frac{1}{4}$, N $\frac{1}{2}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ NW $\frac{1}{4}$, Lots 2, 3, 4, SE $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$
 Sec: 32 S $\frac{1}{2}$
 Sec: 20 N $\frac{1}{2}$
 Sec: 30 Lot 3

Recorded at the request of Pioneer Title Ins. Co. of Nevada, September 7, A.D, 1962 At
 45 minutes past 3 P. M.

Willis A. DePaoli - Recorder.