

FORM 49 UNIT-WYO-SOLD

OIL AND GAS LEASE

AGREEMENT. Made and entered into this 11th day of August, 1975, by and between
RAND & SON, Inc., A Nevada Corporation
Pine Valley Route, Carlin, Nevada

part of the first part, hereinafter called lease, (whether one or more)
and M. Peyton Bucy, 1776 Lincoln St. #811, Denver, Colo. 80203 parts of the second part, hereinafter called lessor.

WITNESSETH: That the lessor for and in consideration of Ten and more Dollars in hand paid, receipt of which is hereby acknowledged, of the royalties herein provided, and of the agreements of lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing all gas, casinghead gas, and all other minerals, having pipe lines, building tanks, power stations, telephone lines and other structures thereon to produce, save, take care of, treat, transport, and own and produce, and employ his employees, the following described land in Eureka County, State of Nevada

See rider attached immediately below, marked Exhibit "A"

hydrocarbons of whatever nature

including all minerals underlying lakes, streams, roads, easements and rights-of-way which traverse or adjoin said lands, which minerals are owned or claimed by lessor or rights to which minerals may hereafter be established in lessor; and also, in addition to the above-described land, all land adjoining the same and owned or claimed by lessor and containing:

TO HAVE AND TO HOLD the same (subject to the other provisions herein contained) for a term of ten years from this date (called "primary term") and as long thereafter as oil or gas or casinghead gas or either or any of them, is produced therefrom; or as much longer thereafter as the lessee in good faith shall believe that production of oil or gas or casinghead gas or either or any of them, is or will be produced in paying quantities from the leased premises; and should production of oil or gas or casinghead gas, shall be produced therefrom.

1. The lessor shall deliver to the credit of the lessor as royalty, free of cost, in the pipe line to which leases may connect its wells the equal one-eighth (1/8) part of all oil produced and saved from the leased premises, or at the lessor's option, may pay to the lessor for such one-eighth (1/8) royalty the market price of oil prevailing in the field where produced on the day such oil is run into the pipe line, or into storage tanks.

2. The lessor shall pay lessor, for the term of this lease, a royalty of one-eighth (1/8) of the proceeds from the sale of gas produced from the leased premises and where no well or well shall pay fifty dollars (\$50.00) per annum as royalty from each such well and while such royalty is so paid such well shall be held in force and effect. The lessor to have gas free of charge from any gas well on the leased premises for steam and inside lights in the principal dwelling house on said land by said well.

3. To pay lessor for gas produced from any oil well and used off the premises or in the manufacturing of gasoline or any other product a royalty of one-eighth (1/8) of the market value, at the month of the well, payable monthly at the prevailing market price.

4. The lessor shall terminate the lease of the gas or of the oil, or of both, on or before one year from this date, that the lessor shall terminate as to both parties, unless the lessor shall, on or before one year from this date, pay or tender to the lessor or for the lessor's credit in First National Bank of Nevada

Elko, Nevada

[illegible]

person. If at any time prior to the discovery of oil or gas on this land and during the term of this lease, the lessee shall drill a dry hole, or holes, on this land, this lease shall not terminate, provided operations for the drilling of a well shall be commenced and the next ensuing rental paying date, as provided the lease begins or resumes the payment of rentals in the manner and amount above herein provided; and in this event the preceding paragraphs herein governing the payment of rental and the manner and effect thereof shall continue in force.

6. If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate herein, then the royalties and rentals herein provided for shall be paid the lessor only in the proportion which his interest bears to the whole and undivided fee.

7. Lessee shall have the right to use, free of cost, gas, oil, and water produced on said land for its operation thereon, except water from wells of inner. When requested by lessor, lessee shall bury his pipe lines below plow depth. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without the written consent of the lessor.

Lessee shall have the right at any time to remove all improvements, machinery, and fixtures placed or erected by lessee on said premises, including the right to pull and remove casing.

8. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with the like effect as if such well had been completed within the term of years herein first mentioned.

9. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to their heirs, executors, administrators, successors and assigns, but no change of ownership in the land or in the rentals or royalties shall be binding on the lessor until after notice to the lessee and it has been furnished with the written transfer or assignment or a certified copy thereof, and in case of such assignment

10. There shall be no obligation on the part of the lessor to offset wells on separate tracts into which the land covered by this lease may be hereafter divided by sale, devise or otherwise, or to furnish separate measuring or receiving tanks. It is hereby agreed that, in the event this lease shall be assigned as to a part

or as to parts of the above described lands, and the holder or owner of any such part or parts shall fail or make default in the payment of the proportionate part of the rent due from him or them, on an acreage basis, such default shall not operate to default or affect this lease in so far as it covers a part or parts of said land upon which the said lease has been or any assignee hereof shall make due payments of said rentals.

11. If at any time there be as many as six parties (or more) entitled to receive royalties under this lease, Lessee may withhold payment thereof unless and until all parties designate in writing in a recordable instrument to be filed with the lease, a Trustee to receive all royalty payments due hereunder and to execute division and transfer orders on behalf of said parties and their respective successors in title.

12. Lessee shall have the right to enter, pool, or combine all or any part of the above described lands with other lands in the same general area, to modify, change or terminate any such plan or agreement and, in each event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions and provisions of any such plan or agreement.

consent to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all such plan and development requirements of this lease, expires or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation wherein the

portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalty to be paid hereunder to lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to lessor shall be based upon production only as so allocated. Lessor shall formally approve lessor's consent that the

13. In addition to and not in limitation of the rights granted in paragraph 12 hereof, Lessee is hereby granted the right and option to consolidate, pool or combine the lands covered by this lease, or any portion or portions thereof, or any stratum or strata thereunder, with other lands or strata thereunder, and to lease, sublease, or otherwise dispose of the same, in whole or in part, as may be deemed advisable by Lessee, and to execute and deliver all necessary instruments to carry out the foregoing, and to execute and deliver all necessary instruments to carry out the foregoing, and to execute and deliver all necessary instruments to carry out the foregoing.

under for the development thereof or for the production therefrom of oil gas, casinghead gas or other hydrocarbons, or any or all of said products, when in known or suspected quantities, it is advisable so to do for proper development or operation of the premises, or to conform to spacing or zoning rules of any lawful authority, such consolidation, pooling or combining to be into units of such shape and dimensions as known state laws may provide that all lands

any such well shall be contiguous (either adjoining or cornering) but for this purpose contiguity shall not be deemed to be caused by means of the existence of any existing street, alley, road, railroad, canal, stream, right of way or other similar strip or parcel of land. Any well formed under this paragraph for production of oil and casinghead gas shall not exceed forty-three (43) acres in surface area, and for production of dry or gas well shall not exceed six hundred and thirty (660) acres in surface area, and for production of condensate, shall not exceed one hundred and thirty (130) acres in surface area.

heavy (well) leaved in surface area, and larger unit for condensate or distillate survey units be irregular in size in the mental survey may occur in size to the unit acreage, respectively. basis. The units and certain for production of condensate or distillate shall not exceed three hundred and thirty (330) acres in surface area unless same is permitted or prescribed by lawful authority, in which event such larger unit shall control, provided that, if governmental area of this lease, the size of any of the units mentioned herein may be increased to the use of the three existing govern- mented to lease near the unit and not let to other govern-

to time, whether before or after production is secured and whether or not a unit may therefore have been created for some other product, by exercising its right on an instrument identifying and describing the unit created, and by delivering a copy thereof to the owner or by recording a copy thereof in the county where the land is located. The lands in any such unit shall be developed or operated as one tract and not drilled on or production from, such unit, whether or not from

lands described in this lease, shall be deemed to be drilling done or production as hereinafter provided as any tract shall be subject to oil production from such tract, whether or not from lands underlying this lease for all purposes except for the purpose of specified, the lessor shall receive from production on any such tract in the well (or his royalty interest (therein) bears to the total acreage

14. In the interest of conservation, the protection of reservoir pressures and recovery of the greatest ultimate yield of oil, gas and other minerals, Lessee shall have the right to use, without charge, the water, and shall be entitled to the use of the lessor's facilities, to the extent necessary, to the full extent of the unit. Formation of any unit as herein provided shall in no manner affect the ownership or amount of any rental which may be payable under the terms of this lease.

shall have the right to combine the leased premises with other premises in the same general area for the purpose of operating and maintaining repressuring and recycling facilities, and for such purpose may locate such facilities, including input wells, upon the leased premises, and no royalties shall be payable hereunder upon any gas used for repressuring and recycling operations benefiting the leased premises.

17. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge any taxes, mortgage, or other liens existing levied, assessed on or against the above described lands and, in event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder.

16. All rental payments which may fall due under this lease may be made to _____ one of the above named lessors, in the manner herein stated.

operations for the drilling of a well shall be commenced before or on the next ensuing rental paying date; or, provided lessee begins or resumes the payment of rentals in the manner and amount hereinafter provided. If, after the expiration of the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate until such time as operations for drilling a well within sixty (60) days from such cessation, and this lease

shall remain in force during the prosecution of such operations and, if production results therefrom, then as long as production continues.

18. It is agreed that this lease shall never be forfeited or cancelled for failure to perform in whole or in part any of its implied covenants, conditions, or stipulations, until it shall have first been finally and judicially determined that such failure exists; and after such final determination, lessee to give a reasonable time therefrom to comply with any covenants, conditions or stipulations.

19. All express and implied covenants of this lease shall comply with all federal and state laws, executive orders, rules and regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damage for failure to comply therewith if compliance is prevented by or failure is the result of inability of lessee through no fault of lessee to obtain sufficient and satisfactory material and equipment to justify the commencement of drilling operations or to continue production of oil or gas from the premises leased.

20. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor or lessee.

21. With respect to and for the purpose of this lease, lessor, and each of them if there be more than one, hereby release and waive the right of homestead.

WHEREOF witness our hands as of the day and year first above written.

Attest: Loretta M. Rand
Secretary

RAND & SON, INC., A Nevada Corporation

By William C Rand
Vice President

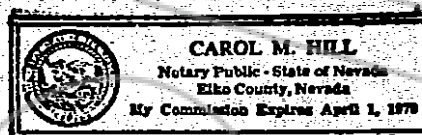
ACKNOWLEDGMENT

STATE OF NEVADA)
) SS.
COUNTY OF ELKO)

On this 11th day of March, 1975, personally appeared before me, a Notary Public, William C. Rand President and Loretta M. Rand Secretary of Rand & Son, Inc., A Nevada Corporation, who acknowledged that they executed the above instrument in the name and on behalf of said Corporation.

Carol M. Huff
Notary Public

My commission expires
April 1, 1979



the foregoing instrument and acknowledged that _____ executed the same as _____ free act and deed, including the release and waiver of the right of homestead; the said wife having been by me fully apprised of her right and the effect of signing and acknowledging the said instrument.

Given under my hand and seal this _____ day of _____ 19____

My Commission Expires

Notary Public

OIL AND GAS LEASE
FROM

To _____

Suite of _____ } ss.
County _____ }

This instrument was filed for record on the _____ day of _____, 19____.

at _____ o'clock, _____ M., and duly recorded in Book _____ Page _____ of the records of this office.

County Clerk—Register of Deeds

By _____ Deputy,

When recorded return to _____

COLORADO ACKNOWLEDGMENT

STATE OF _____ }
County of _____ }

The foregoing instrument was acknowledged before me this..... day of....., 19..... by

WITNESS my hand and official seal

My Commission Expires

.....
Notary Public

P. O.

01958

BOOK 54 PAGE 213

TOWNSHIP 30 NORTH, RANGE 51 EAST, M.D.M.
 Section 24: All

TOWNSHIP 30 NORTH, RANGE 52 EAST, M.D.M.

Section 16: SW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$

Section 18: Lots 1 (34.46), 2 (34.50), 3 (34.54), 4 (34.58), E $\frac{1}{2}$ W $\frac{1}{2}$

Section 20: All

Section 21: NW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$

Section 28: S $\frac{1}{2}$ S $\frac{1}{2}$

Section 29: N $\frac{1}{2}$ SE $\frac{1}{4}$, N $\frac{1}{2}$ NE $\frac{1}{4}$

Section 30: Lots 1(34.81), 2 (34.83), 3 (34.86), 4 (34.88), E $\frac{1}{2}$ W $\frac{1}{2}$, E $\frac{1}{2}$

The first sentence of Paragraph numbered "2" above, which has been deleted, is hereby amended and reinserted to read as follows:

"The Lessee shall pay Lessor, as royalty, one-eighty (1/8) of the proceeds from the sale of gas, as such, for gas from wells where gas only is found, and where not used or sold shall pay annually an amount equal to the annual delay rental herein provided applicable to the interest of Lessor in acreage embraced in this lease as of the date of such annual payment, and while such royalty is so paid the well or wells shall be held to be producing wells."

Signed for Identification:

RAND & COMPANY, INC.,

By William C. Rand
 Vice President.

RECORDED AT THE REQUEST OF M. Peyton Bucy
 on March 23 1976 at 55 mins. past 10 A.M. in
 Book 54 of OFFICIAL RECORDS, page 212-214, RECORDS OF
 EUREKA COUNTY, NEVADA. WILLIS A. DePAOLI Recorder
 File No. 61025 Fee \$ 5.00

BOOK 54 PAGE 214