

FORM 88 UNIT-WYO.-2004

OIL AND GAS LEASE

AGREEMENT Made and entered into this 11th day of August 1975, by and between RAND & SON, Inc., A Nevada Corporation and M. Peyton Bucy, 1776 Lincoln St. #811, Denver, Colo. 80203

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

WITNESSETH: That the lessor for and in consideration of Ten and more Dollars in hand paid, receipt of which is hereby acknowledged, and of the agreements of lease herein contained, hereby grants, leases and lets unto the lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas, casinghead gas, and all other minerals having pipe lines, buildings, tanks, power stations, telephone lines and other structures thereon to produce, save, take care of, treat, transport, and own and produce, and to 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

hydrocarbons

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 2,957.46 acres, more or less.

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 conduct drilling operations thereon and should production result from such operations, this lease shall remain in full force and effect so long as 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 lessee may connect its wells the equal one-eighth (1/8) part of all oil produced and saved from the leased premises, or at the lessee's option, may pay to the lessor for such one-eighth (1/8) royalty the market price for oil of like grade and gravity 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 to the lessor as royalty, free of cost, in the pipe line to which lessee may connect its wells the equal one-eighth (1/8) part of all gas produced and saved from the leased premises, or at the lessee's option, may pay to the lessor for such one-eighth (1/8) royalty the market price for gas of like grade and gravity prevailing in the field where produced on the day such gas is run into the pipe line, or into storage tanks.
3. To pay lessor for gas produced from any oil well and used on 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. Notwithstanding the death of the lessor, or his successor in interest, the payment or tender of rentals in the manner provided above shall be binding on the heirs, devisees, executors and administrators of such persons.
4. If operations for the drilling of a well for oil or gas are not commenced on said land on or before one year from this date, this lease shall terminate as to both parties, unless the lessee 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 Bank at Elko, Nevada

and its successors or successors, which bank and its successors are lessor's agents and which shall continue as the depository regardless of changes in the ownership of the land, the sum of Two thousand nine hundred fifty-seven dollars and forty-six cents dollars

which shall operate as a rental and cover the privilege of determining the commencement of operations for the drilling of a well one year from said date. In like manner, and the payments or tenders, the commencement of operations for the drilling of a well shall be deferred for like periods successively during the primary term of this lease. And it is understood and agreed that the consideration first recited herein, covers not only the privileges granted to the date when said rental is payable as aforesaid, but also the lessee's option of extending that period as aforesaid, and any and all other rights conferred. All payments or tenders may be made by check or draft of lessee or any assignee thereof, mailed or delivered on or before the rental paying date. Lessee may at any time execute and deliver to lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender the lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered herein is to the acreage released or released. Notwithstanding the death of the lessor, or his successor in interest, the payment or tender of rentals in the manner provided above shall be binding on the heirs, devisees, executors and administrators of such persons.

5. 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 or drilling of a well shall be commenced by the next ensuing rental paying date, or provided the lessee 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 lease 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 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, for oil, gas, and water produced on said land for its operation thereon, except water from wells of lessor. 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 pay for damages caused by its operations to growing crops on said land.

8. 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 casings.

9. 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.

10. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may be hereafter divided by sale 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 land, and the holder or owner of any such part 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 lessee 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 agree in writing in a recordable instrument to be filed with the lessor, 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 unitize, pool or combine all or any part of the above described lands with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development of the land covered by said plan, or any part thereof, 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 whereby the production therefrom is allocated to different 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 royalties 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. Lessee shall formally express lessor's consent to any cooperative or unit plan of development or operation adopted by lessee and approved by any governmental agency by executing the same on behalf of lessor.

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 the strata thereunder 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 lessor's discretion and judgment it is advisable so to do for proper development or operation of the premises, or to conform to zoning or zoning rules of any lawful authority, such consolidation, pooling or combining to be into units of such shape and dimensions as lessee may deem provided that all lands in any such unit shall be contiguous (either adjoining or cornering) but for this purpose contiguity shall not be deemed to be destroyed by reason of the existence of any excluded street, alley, road, railroad, canal, stream, right of way or other similar strip or parcel of land. Any unit formed under this paragraph for production of oil and casinghead gas shall not exceed forty-three (43) acres in surface area, for production of dry or gas well shall not exceed six hundred and sixty (660) acres in surface area, and for production of condensate or distillate shall not exceed three hundred and thirty (330) acres in surface area unless more- larger unit for condensate or distillate is permitted or prescribed by lawful authority, in which event such larger unit shall control, provided that, if governmental survey units be irregular in size in the area of this lease, the size of any of the units mentioned herein may be increased to the size of the three existing governmental survey units before or after production is secured and whether or not a unit may therefore have been created for some other product, by executing in writing an instrument identifying and describing the unit created, and by delivering a copy thereof to lessor 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 any drilling on or production from such unit, whether or not from lands described in this lease, shall be deemed to be drilling done or production secured on the lands subject to this lease for all purposes except for the purpose of payment of royalty hereunder. In such event, and in lieu of the royalties elsewhere herein specified, the lessor shall receive from production on any such unit only such portion of the royalty, at the rate stipulated elsewhere herein, as lessor's acreage in the unit (or his royalty interest therein) bears to the total acreage 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.

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 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 so royalties shall be payable hereunder upon any gas used for repressuring and recycling operations benefiting the leased premises.

15. 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, or 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.

17. If within the primary term of this lease production on the leased premises shall cease from any cause, this lease shall not terminate provided 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 hereunder provided, or 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 provided lessee resumes 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 judicially determined that such failure exists, and after such final determination, lessee is given a reasonable time therefrom to comply with any such covenants, conditions, or stipulations.

19. All express and implied covenants of this lease shall be subject to 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 damages for failure to comply therewith if compliance is prevented by or if such failure is the result of any such law, order, rule or regulation, or if such compliance is prevented by or failure is the result of inability of lessee through no fault of its own; 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 leased premises.

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, 1976, 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. Hill
 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

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 _____

State of _____ County } ss.

COLORADO ACKNOWLEDGMENT

STATE OF _____)
 County of _____) ss.

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. _____ 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