

OIL AND GAS LEASE

AGREEMENT. Made and entered into this 14 day of December, 1976, by and between
T. MILTON THOMPSON, aka Theodore Milton Thompson, single, individually and
as Administrator of the Estate of Olive M. Thompson, deceased,
 of **Eureka, Nevada 89316** party of the first part, hereinafter called lessor, (whether one or more),
 and **FILON EXPLORATION CORPORATION, 1700 Broadway, Denver, Colorado 80202** party of the second part, lessee.

WITNESSETH: That the lessor for and in consideration of Ten and more (\$10.00) 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 oil, gas, casinghead gas, and all
 other minerals, laying pipe lines, building tanks, power stations, telephone lines and other structures thereon to produce, save, take care of, treat, transport,
 and own said products, and housing its employees, the following described land in **EUREKA** County,
 State of **NEVADA** to-wit:

TOWNSHIP 23 NORTH, RANGE 54 EAST, MDM	TOWNSHIP 24 NORTH, RANGE 54 EAST, MDM
Section 3: Lot 4, S$\frac{1}{2}$, SW$\frac{1}{4}$NE$\frac{1}{4}$, S$\frac{1}{2}$NW$\frac{1}{4}$	Section 4: Lots 2, 3, SW$\frac{1}{4}$NE$\frac{1}{4}$, SE$\frac{1}{4}$NW$\frac{1}{4}$
Section 4: Lots 1, 2, 3, S$\frac{1}{2}$, S$\frac{1}{2}$N$\frac{1}{2}$	Section 9: S$\frac{1}{2}$NE$\frac{1}{4}$, N$\frac{1}{2}$SE$\frac{1}{4}$
Section 9: NE$\frac{1}{4}$	Section 10: SW$\frac{1}{4}$SW$\frac{1}{4}$
Section 10: W$\frac{1}{2}$, W$\frac{1}{2}$NE$\frac{1}{4}$, NE$\frac{1}{4}$NE$\frac{1}{4}$	Section 22: S$\frac{1}{2}$NW$\frac{1}{4}$, N$\frac{1}{2}$SW$\frac{1}{4}$, W$\frac{1}{2}$NE$\frac{1}{4}$
	Section 27: S$\frac{1}{2}$SW$\frac{1}{4}$
	Section 34: E$\frac{1}{2}$NW$\frac{1}{4}$, E$\frac{1}{2}$SW$\frac{1}{4}$, W$\frac{1}{2}$SE$\frac{1}{4}$

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 two thousand six hundred six & 09/100-- 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 as long as oil or gas or
 casinghead gas, shall be produced therefrom.

In consideration of the premises it is hereby mutually agreed as follows:
 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 lessor'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 lessor, as royalty, one-eighth (1/8) of the proceeds from the sale of the gas, as such, for gas from wells where gas only is found,
 and where not used or sold 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
 to be a producing well. The lessor to have gas free of charge from any gas well on the leased premises for steam and heating inside lights in the principal dwelling
 house on said land by making his own connections with the well, the use of said gas to be at the lessor's sole risk and expense.
 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.
 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 lessor shall, on or before one year from this date, pay or tender to the lessor or for the lessor's credit in
 Full National Bank at **Ely, Nevada 89301**

of its successor 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 Six Hundred Six & 09/100-- (\$2,606.09) Dollars

which shall operate as a rental and cover the privilege of deferring the commencement of operations for the drilling of a well one year from said date. In like
 manner and upon the same terms, the commencement of operations for the drilling of a well may be further deferred for like periods successively
 during the primary term of this lease. And it is understood and agreed that the consideration first recited herein, the down payment, covers not only the
 privileges granted to the date when said rental is payable as aforesaid, but also the lessor'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 money or by release or releases covering any portion or portions of the above described premises and
 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
 hereunder shall be reduced in the proportion that the acreage covered herein is reduced by said release or releases. 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 lessor shall drill a dry hole, or holes, on this land,
 this lease shall terminate, provided operations for the drilling of a well shall be commenced by the next ensuing rental paying date, or provided the lessor
 begins or resumes the payment of rentals in the manner and amount above herein provided; and in this event the preceding paragraphs hereof 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 shall be paid to 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 lessor.
 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 on said premises, without the written consent of the lessor.

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 lessor 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. 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 lessee 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 lessee assigns
 this lease, in whole or in part, lessee shall be released of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.
 11. There shall be no obligation on the part of the lessor to effect 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 serve to defeat or affect this lease in so far as it covers a part or parts of said
 land upon which the said lease or any assignee hereof shall make due payments of said rentals.

12. 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 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 interest.

13. 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,
 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 requirements of this lease, express 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 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. Lessor 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 upon request of lessee.

14. 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 like strata there-
 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 lessor's discretion and judgment 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 lessee may elect 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 pro-
 duction 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 some
 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 existing govern-
 mental survey unit nearest in size to the unit acreage prescribed herein. The right and option herein granted to lessee may be exercised at any time or from time
 to time, whether before or after production is secured and whether or not a unit may be created for some other product, by executing in writ-
 ing 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 as the rate stipulated elsewhere herein, as lessor's acreage in the unit (for 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.

15. 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 no royalties shall be payable hereunder
 upon any gas used for repressuring and recycling operations benefiting the leased premises.

16. Lessor hereby warrants and agrees to defend the title to the land herein described and, in event it exercises such option, it shall be sub-
 ject 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.

17. All rental payments which may fall due under this lease may be made to **T. Milton Thompson**
 one of the above-named lessors, in the manner herein stated.
 18. 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 the lessor begins or resumes the payment of
 rentals in the manner and amount hereinbefore 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 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 damage 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 if 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.

T. Milton Thompson
T. MILTON THOMPSON, aka Theodore Milton Thompson, single, individually and as Administrator of the Estate of ACKNOWLEDGMENT Olive M. Thompson, deceased

STATE OF NEVADA
County of EUREKA

On this 14th day of December, 1976, before me personally appeared T. MILTON THOMPSON, aka Theodore Milton Thompson, single, individually and as Administrator of the Estate of Olive M. Thompson, deceased to me known to be the person described in and who executed

the foregoing instrument and acknowledged that he executed the same as his free act and deed.

Given under my hand and seal this 14th day of December, 1976.

My Commission Expires
Residing in Eureka, Nevada.

Notary Public

ACKNOWLEDGMENT—MAN AND WIFE

STATE OF _____
County of _____

On this _____ day of _____, 19____, before me personally appeared _____

_____ to me known to be the person described in and who executed 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

DRILL AND GAS LEASE FROM

TO

State of Nevada

Eureka

County

at the request of R. W. Eckels

This instrument was filed for record on the

17th day of December, 1976.

3:45 o'clock, P. M., and duly recorded

in Book 58, Page 22-23 of Official Records

of this office.

Walter C. McFarlane
Eureka County Recorder

By File #62558 Fee \$4.00
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. _____

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