

(Approved as to form by General Counsel,
January 6, 1972)

L-9810-A
Sheet 1 of 2 Sheets

OIL AND GAS LEASE SHORT FORM

SPL-796-A

THIS LEASE, made in duplicate this 15th day of February
19 77, by and between

SOUTHERN PACIFIC LAND COMPANY, a California corporation,

hereinafter called "Lessor", and

FILON EXPLORATION CORPORATION,

hereinafter called "Lessee".

WITNESSETH:

1. That Lessor, in consideration of the observance and faithful performance by Lessee of all the provisions contained herein and of all those provisions contained in a lease of even date herewith between Lessor and Lessee covering the property hereinafter described, does hereby lease to Lessee for the term and purposes hereinafter set forth, all that certain property, sometimes hereinafter referred to as leased premises, in the County of Eureka and Elko, State of Nevada, more particularly described as follows:

Exhibit "A" attached hereto and made a part hereof.

Subject to easements, leases and restrictions affecting said property.

For the purposes of this lease, Lessee shall have the right (subject to the provisions hereof and to the extent of Lessor's ownership thereof) to drill for and to produce, extract, take and remove all oil, gas and other hydrocarbons, hereinafter referred to as 'substances,' contained in said property, to store said substances upon said property, to locate, erect, construct, maintain, replace and operate upon and in said property such facilities and structures (except refineries or topping plants) as may be necessary in the production, treatment, storage or transportation of said substances from said property, and to appropriate and use such water as may be necessary for the above operations.

Reserving unto Lessor, its successors and assigns, the right to construct, maintain and use ditches, flumes, roads, trails, tracks and pipe, telegraph, telephone, signal, communication and power lines in, upon, over and across said property and the right to use said property for any and all other purposes consistent with the rights herein leased to Lessee.

2. The term of this lease shall be for twenty-five (25) years, from and after the 15th day of February, 19 77, unless sooner terminated or forfeited, either in whole or in part, as hereinafter provided.

3. If, at the expiration of the term of this lease, any wells are being drilled by Lessee on the leased premises, or any existing wells are producing oil or gas in paying quantities, Lessee shall have the option of renewing this lease for the further term of twenty-five (25) years to include the drilling units as defined in paragraph 3 of the lease hereinafter referred to occupied by wells producing in paying quantities or wells in process of being drilled of the same acreage specified in paragraph 3 of said lease, together with the same rights provided for in paragraph 19 of said lease, on and subject to the same royalties, terms covenants and conditions as are therein specified; provided, written notice from Lessee of such renewal shall be received by Lessor not more than six (6) months nor less than thirty (30) days prior to the expiration of the original term hereof.

4. This lease shall inure to the benefit of and be binding upon the respective heirs, administrators, executors, successors and assigns of the parties hereto, but no assignment of this lease, or any sub-lease or agreement affecting this lease, or the leased premises, or any interest therein, shall be valid, unless made with the consent of Lessor in writing, and no change in ownership in the property or in the rentals or royalties shall be binding on Lessee until Lessee shall have received written notice of such transfer or assignment. All covenants, agreements and stipulations herein contained shall run with the property.

5. This lease is made subject to the terms, covenants and conditions set forth in that certain lease bearing even date herewith between the parties hereto, covering the property hereinabove described, which lease is by this reference incorporated herein and made a part hereof in all respects as though the same were fully set forth herein.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed as of the day and year first hereinabove written.

SOUTHERN PACIFIC LAND COMPANY

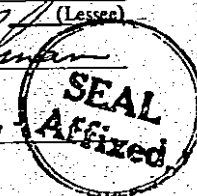
By [Signature]
General Manager, Natural Resources

Attest [Signature]
Assistant Secretary.

FILON EXPLORATION CORPORATION

By [Signature] (Lessee)
Treasurer

Attest [Signature]
Assistant Secretary



Form Approved:

General Counsel

By _____
Asst. General Attorney

ACKNOWLEDGEMENT

STATE OF COLORADO }
CITY & COUNTY OF DENVER } ss.

On this 31st day of March, 1977, before me personally appeared STEVE R. OLTMAN, to me personally known who, being by me duly sworn, did say that he is the TREASURER of FILON EXPLORATION CORPORATION, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said STEVE R. Oltman acknowledged said instrument to be the free act and deed of said corporation.

WITNESS my hand and seal this 31st day of March, 1977.

My Commission expires July 27, 1980.

J.A. JOHNSON Notary Public

STATE OF CALIFORNIA }
City and County of San Francisco } ss.

On this 13th day of April in the year One Thousand Nine Hundred and Seventy Seven before me, BARBARA E. BURROWES, a Notary Public in and for the City and County of San Francisco, State of California, personally appeared

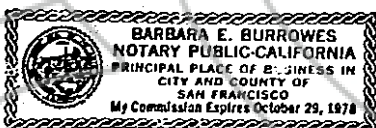
(One Market Plaza)

W. F. Herbert

E. A. Fianmengo

known to me to be the General Manager, Natural Resources Assistant Secretary

of the corporation described in and that executed the within instrument, and also known to me to be the person S who executed it on behalf of the corporation therein named and he acknowledged to me that such corporation executed the same.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in the City and County of San Francisco, the day and year in this certificate first above written.

Corporation

Barbara E. Burrowes

Notary Public in and for the City and County of San Francisco, State of California.

My Commission Expires October 29, 1978

Attached and made a part of Oil and Gas Lease No. SPL-796 dated February 15, 1977 from Southern Pacific Land Company to Filon Exploration Corporation.

<u>Description</u>	<u>MDM</u> <u>Sec. Twp. Rge.</u>	<u>Acres</u>
# Lots 1, 2, 3 & 4, and S $\frac{1}{2}$ of N $\frac{1}{2}$	1 28N 52E	309.60
All	3 29N 52E	647.91
# W $\frac{1}{2}$	11 " "	320.00
# Lots 1, 2, 3 & 4, and W $\frac{1}{2}$ of E $\frac{1}{2}$	15 " "	335.80
W $\frac{1}{2}$	15 " "	320.00
* W $\frac{1}{2}$	23 " "	320.00
* All	27 " "	652.84
# All	35 " "	640.00
# All	1 30N 52E	646.04
# All	11 " "	640.00
# All	13 " "	640.00
# N $\frac{1}{2}$ & SE $\frac{1}{4}$	23 " "	480.00
SW $\frac{1}{4}$	23 " "	160.00
# All	25 " "	640.00
All	35 " "	640.00
	Total:	7,392.19

Oil and gas rights reserved in deed dated January 17, 1950 from Southern Pacific Land Company to Filbert Etcheverry, Oscar Rudnick and Sam Rudnick, co-partners dba Eureka Livestock Company.

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62944

RECORDED AT THE REQUEST OF FILON EXPLORATION CORP.
 on MAY 2, 1977, at 07 mins. past 8 A. M. In
 Book 59 of OFFICIAL RECORDS, page 26-29, RECORDS OF
 EUREKA COUNTY, NEVADA. WILLIS A. DePAOLI Recorder
 File No. 62944 Fee \$ 6.00