





9. In addition to and not in limitation of the rights granted in paragraph 8 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 thereunder for the development thereof or for the production thereof of oil, gas, casinghead gas or other hydrocarbons, or any or all of said products, when in lessee's discretion, such 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 dimension as lessee may elect provided that any such unit when completed shall be composed of tracts each of which is contiguous to, touches or corners with some one or more of the other tracts in the unit in such manner as to form one connected tract or unit, and provided, further, that any tracts included in any such unit separated only by a street, alley, road, railroad, canal, stream, right-of-way or other similar strip or parcel of land shall be considered as contiguous, cornering or touching within the meaning of this paragraph. Any unit formed under this paragraph for production of oil and casinghead gas shall not exceed six hundred sixty-three (163) acres in surface area, and for production of dry or gas well gas or dry or gas well gas and condensate or distillate shall not exceed one hundred sixty-three (163) acres in surface area. If some larger unit for the production of oil and casinghead gas or dry or gas well gas or dry or gas well gas and condensate or distillate is permitted or prescribed by lawful authority, then in such 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 there existing governmental survey unit nearest in size to the unit acreage provided 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 theretofore 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 operations for the drilling of a well on or production from such unit, whether or not from lands described in this lease, shall be deemed to be drilling operations on or production secured on lands subject to this lease for all purposes except for the purpose of payment of royalty hereunder; provided, further, that any operations for drilling and completing a well on any such unit shall be deemed to be operations on the lands described in this lease and under the terms thereof regardless of whether said operations result in a well of the type covered in the instrument declaring such unit or a well of a type not covered by such instrument. 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.

10. In the interest of conservation, the protection of reservoir pressures and recovery of the greatest ultimate yield of oil and/or gas, 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.

11. 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.

12. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the filing of any action by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

13. 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 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.

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

15. 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.

16. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessors.

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

EXHIBIT "A" ATTACHMENT

Verna Sadler  
Verna Sadler  
S. S. # \_\_\_\_\_  
S. S. # \_\_\_\_\_

Reinhold Sadler  
Reinhold Sadler  
1661 - 5th St., Bldg. 6, Apt. #24,  
Elko, Nevada 89801 S. S. # \_\_\_\_\_  
S. S. # \_\_\_\_\_

### COLORADO AND WYOMING INDIVIDUAL ACKNOWLEDGMENT

STATE OF \_\_\_\_\_ } ss.  
COUNTY OF \_\_\_\_\_ }

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

by \_\_\_\_\_  
Witness my hand and official seal.

Notary Public

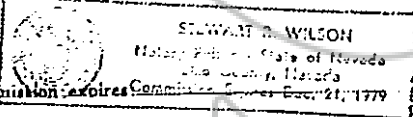
My commission expires: \_\_\_\_\_

Place of Residence

### UTAH INDIVIDUAL ACKNOWLEDGMENT

STATE OF NEVADA } ss.  
COUNTY OF ELKO }

On the 16<sup>th</sup> day of February, 1977, personally appeared before me Reinhold Sadler  
and Verna Sadler, they  
his wife, the signer/s of the above instrument, who duly acknowledged to me that he executed the same.



Reinhold Sadler  
Notary Public  
Elko, Nevada  
Place of Residence

My commission expires Commission Expires Dec 21, 1979

No. \_\_\_\_\_  
OIL AND GAS LEASE  
FROM \_\_\_\_\_  
TO \_\_\_\_\_  
State of \_\_\_\_\_ } ss.  
County of \_\_\_\_\_ }

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

BOOK 59 PAGE 88



# EXHIBIT "A" ATTACHMENT

Attached to and made a part of Oil and Gas Lease, dated February 4, 1977, from REINHOLD SADLER and VERA SADLER, his wife, and others, including each of those parties named as lessors and signatory hereto in EXHIBIT "A" ATTACHMENT, as Lessor, and FILON EXPLORATION CORPORATION, as Lessee.

## EUREKA COUNTY, NEVADA

TOWNSHIP 23 NORTH, RANGE 52 EAST, MDB&M  
Section 36: SW $\frac{1}{4}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NW $\frac{1}{4}$

TOWNSHIP 24 NORTH, RANGE 52 EAST, MDB&M

Section 12: E $\frac{1}{2}$ NE $\frac{1}{4}$

Section 13: NE $\frac{1}{4}$ , SW $\frac{1}{4}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$ , S $\frac{1}{2}$ SE $\frac{1}{4}$

Section 23: E $\frac{1}{2}$ E $\frac{1}{2}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$

Section 24: All

Section 25: N $\frac{1}{2}$ , N $\frac{1}{2}$ S $\frac{1}{2}$

Section 26: NE $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$

TOWNSHIP 24 NORTH, RANGE 53 EAST, MDB&M

Section 17: SW $\frac{1}{4}$ SW $\frac{1}{4}$

Section 18: Lots 3, 4, E $\frac{1}{2}$ SW $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ SE $\frac{1}{4}$

Section 19: Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$ , W $\frac{1}{2}$ E $\frac{1}{2}$

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

Section 30: Lots 1, 2, E $\frac{1}{2}$ NW $\frac{1}{4}$ , NE $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$

Section 32: N $\frac{1}{2}$ NE $\frac{1}{4}$

TOWNSHIP 25 NORTH, RANGE, 53 EAST, MDB&M

Section 5: SE $\frac{1}{4}$ SE $\frac{1}{4}$

Containing 4,007.68 acres, more or less.

## LESSORS:

Reinhold Sadler  
Reinhold Sadler

Verna Sadler  
and Verna Sadler, his wife

Ruth Sadler  
Ruth Sadler, widow

Kathleen Compton  
Kathleen Compton

Keith Compton  
and Keith Compton, her husband

Jeanne Brown  
Jeanne Brown

Harold O. Brown  
and Harold O. Brown, her husband

Paul Sadler  
Paul Sadler, single

Jon Sadler  
Jon Sadler

Gaynor Sadler  
and Gaynor Sadler, his wife

Gail Pesmark  
Gail Pesmark

Donald J. Pesmark  
and Donald Pesmark, her husband

## ACKNOWLEDGMENTS

STATE OF NEVADA )  
COUNTY OF ELKO )

SS.

On February 14, 1977, personally appeared before me, a Notary Public, REINHOLD SADLER and VERA SADLER, his wife, who acknowledged that they executed the foregoing instrument.

Edward R. Wilson  
My commission expires: June 21, 1979

Notary Public

BOOK 59 PAGE 89



STATE OF NEVADACOUNTY OF ELKO

SS.

On February 16, 1977, personally appeared before me,  
a Notary Public, RUTH SADIOR, widow, who acknowledged that she  
executed the foregoing instrument.



STEWART R. WILSON  
Notary Public - State of Nevada  
Principal Office in Elko County, Nevada  
Commission Expires Dec. 21, 1979

Stewart R. Wilson  
Notary Public

My commission expires: \_\_\_\_\_

STATE OF CaliforniaCOUNTY OF San Bernardino

SS.



OFFICIAL SEAL  
ANNAMARIA JONES  
NOTARY PUBLIC CALIFORNIA  
PRINCIPAL OFFICE IN  
SAN BERNARDINO COUNTY

On Feb. 22, 1977, personally appeared before me,  
a Notary Public, KATHLEEN COMPTON and KEITH COMPTON, her husband, who  
acknowledged that they executed the foregoing instrument.

Annamaria Jones  
Notary Public

My commission expires: June 24, 1979STATE OF IdahoCOUNTY OF Bozeman

SS.

On March 7, 1977, personally appeared before me,  
a Notary Public, JEANNE BROWN and HAROLD O. BROWN, her husband, who  
acknowledged that they executed the foregoing instrument.

Paul M. Lucke  
Notary Public

My commission expires: Life TimeSTATE OF NevadaCOUNTY OF Nye

SS.

On April 25, 1977, personally appeared before me,  
a Notary Public, PAUL SADLER, single, who acknowledged that he executed  
the foregoing instrument.



DONNA E. HAYES  
NOTARY PUBLIC STATE OF NEVADA  
Nye County  
My commission expires October 7, 1980

Donna E. Hayes  
Notary Public

My commission expires: \_\_\_\_\_

STATE OF UtahCOUNTY OF Weber

SS.

On April 18, 1977, personally appeared before me,  
a Notary Public, JON SADLER and GAYNOL SADLER, his wife, who ack-  
nowledged that they executed the foregoing instrument.

Jon Sadler  
Notary Public

My commission expires: May 16, 1980STATE OF KansasCOUNTY OF Jefferson

SS.

On April 8th, 1977, personally appeared before me,  
a Notary Public, GAIL PESMARK and DONALD PESMARK, her husband, who  
acknowledged that they executed the foregoing instrument.



STEPHANIE R. ABBOTT  
Jefferson County, Ks.  
My Comm. Exp. April 24, 1979

Stephanie R. Abbott  
Notary Public

My commission expires: April 24th, 1979



RECORDED AT THE REQUEST OF Filon Exploration Corporation  
on May 23, 1977, at 15 mins. past 11 A. M. In  
Book 59 of OFFICIAL RECORDS, page 87-91, RECORDS OF  
EUREKA COUNTY, NEVADA. WILLIS A. DePAOLI Recorder  
File No. 62986 Fee \$ 7.00

62986