..... Bw OIL AND GAS LEASE

Kan., Okla. & Colo.1963 Rev. (JW)	
THIS AGREEMENT made and entered into this 12th day of February	1979
by and between Donald R. Smith and Wilma M. Smith, husband and wife,	14
Warm Springs #3, By Tonopah, Nevada, 89049	Hesson (Pather
ene or more), and Transcontinent Oil Company of Denver, Colorado, 80293 WITNESSETH:	- Pener
WITHESSEIN: That the lessor, for and in consideration of	hand pale—the receipt and extulviely, its successors np, mining, operating, for, alls produced in connection he subsurface strata, with or producing, treating and infly with other lands, of oid the injection of water, County et
TOWNSHIP 20 NORTH, RANGE 49 EAST, M.D.B. &M. TOWNSHIP 22 NORTH, RANGE	
Section 8: N\25E\2 Section 36: E\2NE\2, NE\25I Section 9: SW\2 Section 16: NE\2NW\2, NW\2NE\2 TOWNSHIP 21 NORTH, RANGE 48 EAST, M.D.B.&M. Section 35: NE\2SW\2, NW\2SE\2 ef Section 35: NE\2SW\2, NW\2SE\2 ef Section XXXXX, Iownship_XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX	Caril
this lease, be considered as containing exactly 520,000 acres whether there is more or less	
TO HAVE AND TO HOLD the same (subject to the other provisions herein contained) for a term of TOON VON'S years from this date (hereafter called "Primary Term") and as long thereafter as oil, gas, gas condensate, gas distillate, casinghead gas, casinghead gasoline, as producted from said lease premises or operations for the drilling or production thereof are continued as hereinafter provided. In consideration of the premises, it is hereby mutually agreed as follows: 1. To deliver, free of cost, to the lessor at the well or to the credit of lessor into the pipe line to which lessee may connect its well, an equal one-eight	th (Wath) part of all oil
produced and server from the lease premises or at the lesser's option, to pay to the lessor for such one-eighth (With) the market price at the wellhead for oil-of-prevailing on the day such oil is run into the pipe line or storage tashs. Freahling on the day such oil is run into the pipe line or storage tashs. The produced from said land and sold or used off the real storage of the	a like grade and gravity I the lease promises or in productd substances where III, but in no eent more facture of gastoline for a y for such annual period shall within the meaning s not sold or user.
5. If any gas well on the lease premises produces dry gas in excess of that needed for operations hereunder, lessor shall have the privilege, at his sole rusing such surplus gas for stores and inside lights in the principal dwelling located upon the lease premises. Notwithstanding any of the provisions aforesaid, ed. of light distillate, condensate, gas, casinghed gas, casinghed gas, costline and all other petroleum products, water and other minerals and materials from the lease premises for all operations because of a well for oil or gas are not commenced on the lease premises on or before one (1) year from the date hereof, then to	
wise provided, shall terminate as to both parties unless the lesser, on or before that date, shall pay or tender to lessor's credit in the First National of Nevada	
for to any bank designated in writing by lessor whether or not such written designation is recorded, or its successor or successors are lessor's agents and shall continue as the depository bank regardless of changes in the concership of said land or the right to receive rentals, the said TWenty & No/100	
TWENTY & NO/LOO	ted depository bank or to when the check or draft is
described land be a dry hole or fall to establish production, then and in that event if a second well is not commenced on said land within twelve (12) months from the lifest anniversary of this lease if such well is drilled during the term), this lease shall, terminate as to both parties unless the lessee on or before the expiration of said twelve (12) months shall resume on commence the payment of the said in the same manner as hereinabove provided. If, within the primary term of this lesse, production on the lease premises that it case from any cause contemplated in paragraph 3), this lease shall not terminate provided operations for the drilling or revelaing of a well shall be commenced before or on the next. Alliams once than ninety (90) days after such existablism or revelains or resumes the cament of restablism in the manner and amount hereinbefore crowled-	s following the expiration of first year of the primary and of rentals in the same see fother than a cessation ensuing rental paying date. If after the expiration of
the primary term of this lease, production on the lease premises shall cease from any cause (other than a creation contemplated in paragraph 3), this lease shall no resumes or commences operations for the drilling or reworking of a well within nicety (90) days from the date of such cessation, and this lease shall leave the prosecution of such operations, and if production results therefrom, then as long as such production continues or the well or wells are dapable of producing. 8. Where required by lessor, lesses shall bury all pipe lines below ordinary plow depth in cultivated land, tesses thail pay lesser for dismages caused all cultivated crops growing on said land. Lessee shall have the right, but shall not be obligated, at any time, either before or after expiration of this lease, other property placed by lessee on the lease premises, including the right to draw and remove all casing. Any structures and facilities placed on the lease pre-	t terminate provided lessee force and effect during the
tions hereunder and any well or wells on the lease premises drilled or used for the injection of salt leaster or other fluids may also be used for lessee's operate arms area; the right to so use such facilities may be continued beyond the term of this lease by payment in advance of the sum of One Hundred Dollars (\$) shall be drilled nearer than 200 feet to lany house or barn now on the premises without be consent of lesser. 9. Lessee is granted the right, from time to time while this lease is in force, to pool to a separate operating unit or units all or any part of the with other land, lease or leases, or interest therein (whether such other interests are pooled by a voluntary agreement on the part of the owners thereof or by pool by the lessees thereoff, when in lessee's judgment it is necessary or advisable in order to promit conservation, to properly develop or operate the land a	ion on other lands in the 00.00) per year. No well land covered by this lease the exercise of a right to
or to obtain a multiple production allowable from any governmental agency having control over such malters. Any pooling hereunder may cover all oil and gas the substances covered by this lease, and may icover one or more or all zones or formations underlying all or any portion or portions of the lease premises. Any unstall be of abutting or cornering fracts and shall not exceed 640 acres for easy, gos distillation or gas condensate and shall not exceed 860 acres for any other lease; provided that if any governmental regulation or order shall prescribe a spacing pattern for the development of a field wherein the above described land located, or allocated, or producing allowable based on acreage cere well, then any such unit may embrace as much additional acreage as may be so prescribed or such allocation of allowable. The area pooled and the zones or formations and substances pooled shall be set forth by lessee in a "declaration of pooling" filed	i, or any one or more of nit formed by such pooling substance covered by this
or counties in which the pooled area is located. Such pooling shall be effective on the date such dictaration is filled unless a later effective date is specified. It is provided the republic elements become the republic elements because the republic elements are as pooled only such portion of abstrace of such pooling, would be payable hereunder to lessor on production from the land covered by this lease which is placed in the pooled area as the among in the land covered by this lease which is placed in the pooled area bears to the amount of the surface acreage of the entire pooled area. Nothing herein co effect any transfer of any title to nay leasehold, royally or other interest pooled pursuant hereto. The commercement of a well, the conduct of cher drilling of a well or of a dry hole, or the operation of a producing well on the pooled area, shall be considered for all purposes (except for royalty purposes) the same	the royalties which, in the unt of the surface acreage
cated on, or such drilling operations were conducted upon, the lands covered by this lease whether or not such well is located upon, or such drilling operations lands. Lessee may terminate any pooling effected spiration that a tay time the pooled unit is not capable of producing and no drilling operations are being curing and filing of record in the county or counties in which the pooled area is located a written declaration of the termination of such pooling, provided interests not covered by this lease which comprise a plant of such pooled unit be also terminated in some effective manner.	are conducted upon, said conducted thereon by exe- that the pooling of all
10. The rights of either party hereunder may be assigned in whole or in part and the pressions hereof shall extend to their heirs, successors and assigns, in the ownership of the land, rintals for repalities, however accomplished, shall operate or be accisitured so as to enlarge or increase the obligations or burders its rights. Specifically, but not by way of limitation of the foregoing, the lessee shall not be required to offset wells on separate tracts into which the land herrafter be divided, or to furnish separate measuring or receiving tanks. However accumplished actual or constructive knowledge of or notice to the lessee, no c said land or the right to receive rentals or royalties hereunder, or any interest therein, however accomplished, shall be binding on the lessee (except at lessee) and see the furnished with written notice thereof, together with the supporting information hereinafter referred to, by the party claiming as it.	of the lessee, or diminish covered by this lease may hange in the ownership of option) until thirty (30) the result of such change
In owership or interest. Such notice shall be supported by original or certified copies of all recorded documents and other instruments or proceedings necess establish the ownership of the claiming party. All advisince parments of rentals made hereund within thirty (30) days after receipt of said documents shall or indirect assigner, granter, devisee, administrator, executor, heir or successor to the lessor. In the event of an assignment or sublease of this lease as to land above described the rental payments thereunder shall be apportioned as to the several leasehold owners (including sublessess) relatably according to the s	ary in lesser's opinion to be binding on any direct segregated portions of the urface area of each, and
11. In the event lessor considers that the lessee has failed to comply with any obligation hereunder, express or implied, lessor shall notify lessee in we respect lessor claims lessee has breached this lease. The service of such notice and elapse of sixty (60) days without lessee meeting or commencing to meet the a condition precedent to any action by lessor for any cause. II, within sixty (60) days after the receipt of such notice lessee shall meet or commence to mee lessor, lessee shall not be deemed in default hereunder. 12. If lesser owns a less interest than the intire fee or mineral estate (whether or not a lesser interest is stated above), the rentals and royalties here to lessor only in the proportion that his interest bears to the entire fee or mineral estate. If, however, during the term of this lease any reversion of interest to and in that event on the next sockedding rental anniversary after lessor shall have notified less of the occurrence of such reversion and shall have furnished less	
and in that event on the next succeeding rental inniversary after lesses shall have notified lesses of the occurrence of such reversion and shall have furnished less thereof, the rental shall be increased to cover the additional interest so acquired by the lessor. 13. All provisions hereof express or implied shall be subject to all federal and state less and the orders, rules and regulations of all governmental agenci (and interpretations thereof by such aspecies or courts having juris'ction), and this lease shall not in any way be terminated wholly or partially nor shall damages for failure to courts having jurisdiction. If lesses should be understood to the courts having jurisdiction. If lesses should be prevented during the last six (6) months of the primary term hereof from drilling a well hereunde constituted authority having or asserting jurisdiction thereover, or if lesses should be unable during said period to drill a well hereunder due to equipment or completion thereof not being available.	les administering the same I the lessee be liable in
14. This lease and all of lix terms and conditions shall be binding upon all successors of the lessors and the lessees. Should any one or more of the partial fall to erecute this lease, it shall nevertheless be binding upon all lessors who do erecute it. In the should be sufficient payment or payments made by the lessee to the owner of any interest subject to this lease shall be sufficient payment hereunder as to such interest in herein of the spouse of any such party as a party-lessor for the purpose of whiling homestead, dower or inchaste rights of inheritance, if any. 15. Lessor-hereby arrants and agrees to defend the title to the land above described and agrees that the lessee shall have the right at any time to reder any mortpage, sais or other liens on the above described land in the event of default of payment by the lessor and the lessee shall be subropated to the right and lessor hereby agrees that any such payments made by the lessor of the lessor made of deducted from any amounts of money which may the lessor under the terms of this lesse. IN WITHESS WHEREOF, we slip this as of the day and year first above written.	sly understood and agreed sotwithstanding the joinder cm for lessor by payment
Social Security No.	muth
X Vilma M. An Wilma M. Smith	469

STATE OF	NEVADA Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah, Nebraska, North Dakota, South Dakota ACKNOWLEDGMENT — INDIVIDUAL
	ME, the undersigned, a Notary Public, in and for said County and State, on this.
day ol	personally appeared LAMALU As District,
and Wilma	a M. Smith, husband and wife
	to me known to be the identical person.S, described in and who execute
the within and f	foregoing instrument of writing and acknowledged to me thattheyduly executed the same astheirfr act and deed for the uses and purposes therein set forth.
	ESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.
My Commission	Expires JUNE 28, 1982 Notary Public.
	NOTARY PUBLIC STATE OF NEVADA
STATE OF	Oklahoma, Kanasa Nyaominisina napira Monta 28, 1983 orado, Utah,
	ME, the undersigned, a Notary Public, in and for said County and State, on this
	ME, the undersigned, a Protary Fubility in and for said County and Oute, or unsured
day ol	, 19, personally appeared
and	
	to me known to be the identical person described in and who execut
the within and and voluntary a	foregoing instrument of writing and acknowledged to me that duly executed the same as fract and deed for the uses and purposes therein set forth.
	ESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.
My Commission	Expires. Notary Public.
	68018 CECORDED AT THE REQUEST OF Transcontinent Oil Company on April 6 19.79 at 25 mins. part 10 A.M. In Book 69 of OFFICIAL RECORDS, page 469-470 RECORDS OF EUREKA COUNTY, NEVADA. WILLIS A. DePAOLI Recorder File No. 68018 File No. 68018
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No	Dated Dated No. Acres. No. Acres. Term. Term. To County. Term. To County. Volume of the records of this office. County Clerk. Day. When recorded return to Tansacontfraer. When recorded return to Deputy. Deputy.