

OIL AND GAS LEASE

Producers 88, Nevada

THIS AGREEMENT made this 30th day of April, 1982, between Pierre Estella, a single man, Box 62, Eureka, Nevada 89316

Lessor (whether one or more), and Lessee, (WITNESSETH): Jerry Ryan, 1509 Denver Club Bldg., Denver, Colorado 80202 One or more Dollars

1. Lessor in consideration of \$1.00 or more, in hand paid, of the royalties herein provided, and of the agreement 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 and gas, and the constituents thereof, 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, Nevada, to wit:

Township 27 North, Range 51 East, MDB&M Section 13: A parcel of land in E1/4NE1/4 and SW1/4NE1/4 more particularly described as follows: Beginning at Corner No. 1, which is also the east one quarter corner of Section 13; running thence West 2028.62 feet to Corner No. 2, a point in the southeasterly right of way line of State Highway No. 20; thence N. 34°50' E., 1922.74 feet along said right of way line to Corner No. 3; thence S. 55°10' E., 628.20 feet to Corner No. 4; thence N. 34°50' E., 661.40 feet to Corner No. 5; thence N. 1°13' W., 210.90 feet to Corner No. 6; thence N. 55°10' W., 504.27 feet to Corner No. 7; thence N. 34°50' E., 461.57 feet to Corner No. 8; thence East 191.53 feet to Corner No. 9; thence South 2640.00 feet to Corner No. 1, the place of beginning, containing 55.52 acres more or less.

In addition to the land above described, Lessor hereby grants, leases and lets exclusively unto Lessee to the same extent as if specifically described herein all lands owned or claimed by Lessor which are adjacent, contiguous to or form a part of the lands above particularly described, including all oil, gas, and their constituents underlying lakes, rivers, streams, roads, easements and rights-of-way which traverse or adjoin any of said lands. For rental payment purposes, the land inclosed within this lease shall be deemed to contain 55.52-- acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall be for a term of 10 years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land hereunder or drilling or reworking operations are conducted thereon.

3. The royalties to be paid by Lessee are: (a) on oil, one-eighth of that produced and saved from said land, the same to be delivered at the wells, or to the credit of Lessor into the pipe line to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead gas or other hydrocarbon substance, produced from said land and sold or used off the premises or in the manufacture of gasoline or other products therefrom, the market value at the well of one-eighth of the gas so sold or used, provided that on gas sold at the wells the royalty shall be one-eighth of the amount realized from such sale. Lessee shall have free use of oil, gas, and water from the production, except water from Lessor's wells, springs, or reservoirs, for all operations hereunder, and the royalty on oil and gas shall be computed after deducting any so used. If a well capable of producing gas in paying quantities is completed on the above described land and is shut in, this lease shall continue in effect for a period of one year from the date such well is shut in, in an amount equal to the rental, and if such payment or tender is made, this lease shall continue in effect for a further period of one year, in like manner and upon like payments or tenders annually made on or before each anniversary of shut-in date of such well this lease shall continue in effect for successive periods of twelve (12) months each.

4. If operations for drilling are not commenced on said land as hereinafter provided, on or before one year from this date, the lease shall then terminate as to both parties, unless on or before such anniversary date Lessee shall pay or tender to Lessor or to the credit of Lessor in First Interstate Bank of Nevada Bank of Eureka, Nevada 89316 (which bank and its successors are Lessor's agent and shall continue as the depository for all rentals payable hereunder regardless of changes in ownership of said land or the rentals either by conveyance or by the death or incapacity of Lessor) the sum of Fifty-five and 52/100-- Dollars

(55.52) (herein called rental) which shall cover the privilege of deferring commencement of operations for drilling for a period of twelve (12) months. In like manner and upon like payments or tenders annually the commencement of operations for drilling may be further deferred for successive periods of twelve (12) months each during the primary term. The payment or tender of rental hereunder may be made in currency, draft or check at the option of the Lessee, and the depositing of such currency, draft or check in any post office, properly addressed to the Lessor, or said bank, on or before the rental paying date, shall be deemed payment as herein provided. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payment or tender of rental until thirty (30) days after a Lessor shall deliver to Lessee a proper recordable instrument, naming another bank as agent to receive such payments or tenders. The down cash payment or tender of rental shall be recorded according to its terms and shall not be allocated as mere rental for a period. Lessee may at any time execute and deliver to Lessor or to the depository above named or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this 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 hereby is reduced by said release or releases.

If Lessee shall, on or before any rental date, make a bona fide attempt to pay or deposit rental to a Lessor entitled thereto under this lease according to Lessor's records or to a Lessor who, prior to such attempted payment or deposit, has given Lessee notice, in accordance with the terms of this lease hereinafter set forth, of his right to receive rental, and if such payment or deposit shall be erroneous in any regard or deposited in the wrong depository, paid to persons other than the parties entitled thereto as shown by Lessee's records, in an incorrect amount, or otherwise, Lessee shall be unconditionally obligated to pay to such Lessor the rental properly payable. The rental hereunder, but this lease shall be maintained in the same manner as if such erroneous rental payment or deposit had been properly made, provided that the erroneous rental payment or deposit be corrected within thirty (30) days after receipt by Lessee of written notice from such Lessor of such error accompanied by any documents and other evidence necessary to enable Lessee to make proper payment.

5. Should any well drilled on the above described land during the primary term before production is obtained be a dry hole, or should production be obtained during the primary term and thereafter cease, then and in either event, if operations for drilling an additional well are not commenced or operations for reworking a well are not pursued on said land on or before the first rental paying date next succeeding the cessation of production or drilling or reworking on said well or wells, then this lease shall terminate unless, on or before said date, shall resume the payment of rentals. Upon resumption of the payment of rentals and prior to the discovery of oil or gas on said land Lessee should drill a dry hole thereon, or after discovery of oil or gas before or during the last year of the primary term the remainder of the primary term, thereof should cease during the last year of said term from any cause, no rental payment or operations are necessary in order to keep the lease in force during the remainder of the primary term, Lessee in conducting operations for drilling a new well or reworking an old well, this lease nevertheless shall continue in force as long as such drilling or reworking operations are commenced within sixty (60) days after such cessation of production; if production in this lease shall cease, this lease nevertheless shall continue in force if drilling or reworking operations are conducted, without cessation of more than sixty (60) days, this lease shall continue as long thereafter as oil or gas is produced and as long as additional drilling or reworking operations are had without cessation of such drilling or reworking operations for more than sixty (60) consecutive days.

6. Lessee, at its option, is hereby given the right and power to pool or combine the land covered by this lease, or any portion thereof, as to oil and gas, or either of them, with any other land, lease or leases whether in Lessee's ownership or not, if in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said premises, such pooling to be into a well unit or units not exceeding forty (40) acres, plus an acreage tolerance of ten per cent (10%) of forty (40) acres, for oil, and not exceeding six hundred and forty (640) acres, plus an acreage tolerance of ten per cent (10%) of six hundred and forty (640) acres, for gas, except that larger units may be created to conform to any spacing or well unit pattern that may be prescribed by governmental authorities having jurisdiction. Lessee may pool or combine acreage covered by this lease, or any portion thereof, as to oil or gas in any one or more strata, and units so formed need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into a unit shall be treated for all purposes, except the payment of royalties, as if it were included in this lease, and drilling or reworking operations thereon or production of oil or gas therefrom, or the completion thereon of a well as a shut-in gas well, shall be considered for all purposes, except the payment of royalties, as if such operations were from or such completion were on land covered by this lease, only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein bears to the total acreage so pooled in the particular unit involved. Should any unit as originally created hereunder contain less than the maximum number of acres hereinabove specified, then Lessee may at any time thereafter, whether before or after production is obtained on the unit, enlarge such unit by adding additional acreage thereon, but the enlarged unit shall in no event exceed the acreage content hereinabove specified. In the event an existing unit is so enlarged, Lessee shall execute and place of record a supplemental declaration of unitization identifying and describing the land added to the existing unit, provided, that if such supplemental declaration of unitization is not filed until after production is obtained on the unit as originally created, then and in such event the supplemental unitized area by filing of record notice of termination.

7. Lessee shall have the right at any time without Lessor's consent to surrender all or any portion of the leased premises and be relieved of all obligation as to the acreage surrendered. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's consent. The Lessee agrees to promptly pay to the owner thereof any damages to growing crops caused by or resulting from any operations of Lessee.

8. The rights of either party hereunder may be assigned, in whole or in part, and the provisions hereof shall extend to the heirs, successors and assigns of the parties hereto, but no change of division or ownership of the land, rentals, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No change in all ownership of the land, or any interest therein, shall be binding on Lessee until Lessee shall be furnished with a certified copy of all recorded instruments, all court proceedings and all other necessary evidence of any transfer, inheritance, or sale of said right, which shall not affect the rights of either party hereunder. In case Lessee assigns this lease, in whole or in part, Lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

9. All express or implied covenants of this lease shall be subject to all Federal, State and County Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damage, for failure to comply herewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation, or if prevented by an act of God, of the public enemy, labor disputes, inability to obtain material, failure of transportation, or other cause beyond the control of Lessee.

10. During the term of this lease, oil or gas is discovered upon the leased premises, but Lessee is prevented from producing the same by reason of any of the causes set out in this Section, this lease shall nevertheless be considered as producing and shall continue in full force and effect until Lessee is permitted to produce the oil or gas, and as long thereafter as such production continues in paying quantities or drilling or reworking operations are continued as elsewhere herein provided.

11. Lessor hereby warrants and agrees to defend the title of said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply rentals and royalties accruing hereunder to and satisfying same. Without impairment of Lessee's rights under the warranty in event of failure of title, it is agreed that if Lessor owns an interest in said land less than the entire fee simple estate, then the royalties and rentals to be paid Lessor shall be reduced proportionately.

12. Lessee hereby releases and waives all rights of homestead.

13. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after the receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer. All offers made up to and including the last day of the primary term of this lease shall be subject to the terms and conditions of this Section. Should Lessee elect to purchase the lease pursuant to the terms hereof, it shall so notify Lessor in writing by mail or telegram prior to expiration of said 15-day period. Lessee shall promptly thereafter furnish to Lessor the new lease for execution on behalf of Lessor(s) along with Lessee's sight draft payable to Lessor in payment of the specified amount as consideration for the new lease, such draft being subject only to approval of title according to the terms thereof. Upon receipt thereof, Lessor(s) shall promptly execute said lease and return same along with the endorsed draft to Lessee's representative or through Lessor's bank of record for payment.

All of the provisions of this lease shall inure to the benefit of and be binding upon the parties hereto, their heirs, administrators, successors and assigns. This agreement shall be binding on each of the above named parties who sign the same, regardless of whether it is signed by any of the other parties. IN WITNESS WHEREOF, this instrument is executed on the date first above written.

Pierre Estella

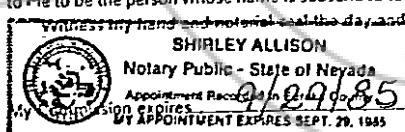
Soc. Sec. No. or Tax I.D. No.

OIL AND GAS LEASE FROM TO Date Section Township Range Term No. of Acres STATE OF NEVADA County of This instrument was filed for record on the day of at o'clock M., and duly recorded in book of this office. Register of Deeds. Deputy. When Recorded Return To

STATE OF NEVADA, County of Eureka ss.

Nevada Acknowledgment (Individual)

On this 3rd day of May A.D. 1982, personally appeared before me, a Notary Public, Pierre Estella, a single person, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the above instrument.



Shirley Allison Notary Public for the State of Nevada Residing at Eureka Nevada

STATE OF NEVADA, County of ss. On this day of

RECORDED AT REQUEST OF Jerry Ryan Co. BOOK 102 PAGE 455

husband and wife, known to me to be the persons whose they executed the above instrument. Witness my hand and notarial seal the day and year he

82 MAY 27 A10:21

My commission expires

OFFICIAL RECORDS EUREKA COUNTY, NEVADA WILLIS A. DEPAULI - RECORDER FILE # 54311 FEE \$5.00

STATE OF NEVADA, County of ss. On this day of

known to me as and who acknowledged that executed the above instrument freely and voluntarily and for the uses and purposes therein mentioned.

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Notary Public for the State of Residing at