

Producers 88-11
Montana 1973

OIL AND GAS LEASE

Bellingsham State Print
Bellingsham, Washington

THIS AGREEMENT is made and entered into as of May 6, 1960, by and between DANIEL H. RUSSELL and ROBERTA A. RUSSELL, husband and wife, by THOMAS S. VAN HORNE, as Power of Attorney
P. O. Box 835
Sacramento, California 95804

GARY-WILLIAMS OIL PRODUCER, INC.
115 Inverness Drive East, Englewood, Colorado 80112-5116

Domesticated Lessor.

1. Lessor, for and in consideration of
ten and more Dollars, the receipt of which is hereby acknowledged, and covenants and agreements herein contained,
does grant, demise, lease and let exclusively unto Lessee, for the purpose of exploring by geophysical and other methods,
and producing therefrom, oil, gas, liquid hydrocarbons, all gases and their respective constituent products, and rights of way and easements for laying pipe lines, power lines, building
power stations, roads, railway lines and structures thereto in connection with such production, saving, leasing and caring for such products and any and all other rights and privileges necessary
or incident thereto, all that certain land and lands hereinabove described in the County of EUREKA State of NEVADA
are described as follows: (hereby called "the said land")

or incident thereto, all that certain land and lands heretofore situated in the County of described as follows (herein called "said land")

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SEE ATTACHED EXHIBIT "A"

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For the purposes of determining the amount of any money payment hereunder, land shall be considered to comprise 1,544.66 acres.

Subject to the other provisions herein contained, this lease shall run for a term of ten years from the date herein called "primary term" and as long thereafter as oil or gas is produced from said land or as long as it is used as a leasehold interest in actual drilling or re-drilling the wells on said land.

be a well on said producing gas in paying quantities and this lease is to continue in force during all of the time that this lease is in effect, unless the expiration of the primary term hereof. Lessee shall use reasonable diligence to keep the well in good operating condition and capable of being produced from such shut-in well but shall be under no obligation to market such products under such terms, conditions or circumstances which would render such production unprofitable or uneconomical to him. Lessee's judgment exercised in good faith, are unsatisfactory. Lessee and/or operator to pay all taxes, assessments, fees and charges levied or imposed upon or against the well or its equipment or for services rendered or for such minerals in roads, under the well shall appear, on or before the anniversary of the date of this lease, following the receipt of such bills, and annually thereafter, as such well is so shut-in, as royalty, an amount equal to the annual 24 day rental herein provided for under the terms of this lease, or if this lease does not provide for any delay rental, then the sum of \$100 per acre. Lessor's portion of such payment may be made or rendered to Lessor or to Lessor's credit by check or draft mailed or delivered to the depository bank designated herein. Portions of such payment payable to others may be made or rendered by check or draft mailed or delivered to such owners' credit in Lessor's depository bank. Royalty ownership as of the last day of each such annual period as shown by Lessee's records shall determine the amounts and the party or parties entitled to receive such payment. "Shutting-in" or a well shall be the date on which production ceasing in such well is terminated or a gas flow test shall disclose that the well is capable of production in paying quantities. Until such casing shall have been run and the gas flow tested, no well shall be considered as shut-in.

Leasee shall on or before that date pay or tender to the Lessor or the Lessor's credit in the Trust Account of MULL & McCARTHY APC

at 1001 Second St., Sacramento, CA 95814
as its successors, which Bank and its successors are the Lessor's agent
and shall continue as the depository of any and all sums payable under this lease regardless of changes of ownership in said land or in the oil and gas or in the rentals to accrue

period as aforesaid and any and all other rights conferred. Notwithstanding the death of the Lessor or his successors in interest, the payment or tender of rentals in the manner provided herein shall be binding on the heirs, devisees, executors, and administrators of such persons.

6. If at any time prior to the discovery of oil or gas on said land and during the term of this lease, the Lessor shall drill a dry hole or holes on said land, this lease shall not terminate provided operations for the drilling of a further well shall be commenced within 12 months from the expiration of the last rental period for which rental has been paid or provided the Lessor, on or before the expiration of said 12 months begins or resumes the payment of rentals in the manner and amount hereinabove provided, and in this event

7. If within the primary term of this lease, production on said land shall cease from any cause, this lease shall not terminate provided operations for the drilling of a well

shall be commenced on said land on or before the next ensuing rental bearing date, or, provided Lessee 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 said land shall cease from any cause, this lease shall not terminate provided Lessee resumes operations for drilling or reworking such well as soon as practicable after such cessation, and this lease shall remain in force during the production of such operations and, if productive, for so long thereafter as such operations continue.

The Lessee shall have the right to use free of cost gas, oil, and water found on said land for its operations thereon, except water from the wells, springs and reservoirs of the Lessor. The Lessee shall bury its pipe in the blow down depth. Lessee shall pay for damage caused by its operations on said land. Any new shaft or well drilled nearer than 200 feet to the house or barn now on said land a month after consent of the party or parties lessor and have the right at any time, during or before 180 days after the expiration of this lease, to remove all machinery, fixtures, buildings and other structures placed by Lessee on said land, including the right to drag them above ground, thereby such equipment shall become the property of Lessor. Unless Lessor or before such date shall by written request require Lessee to remove such material and restore

land and as nearly as possible to its original condition.

9. Lessor is hereby granted the right and power to pool or combine said land, or any portion thereof, with other land, lease or leases in the vicinity thereto at any time and from time to time, whether before or after production, when in Lessor's judgment it is necessary or advisable to do so for the convenience of wells and the conservation and greatest ultimate recovery of oil or gas. Such pooling shall be into a unit or units not exceeding in area the acreage prescribed and set forth in the Federal or State laws, orders, rules or regulation for the drilling or operation of one well, or for obtaining the maximum ultimate recovery of oil or gas. Any pooling or uniting of such property shall be accomplished or terminated by filing of record in the proper county a declaration of pooling or decree of uniting, as provided in Section 17-10-1 et seq., C.R.S. 1953, which may be made by or tendered to Lessor. The production of pooled substances and development and operation on any unit or units so pooled, including the commencement, drilling, completion and operation of a well therein, shall be considered and construed, and shall have the same effect, for purposes of royalty, as production development and operation on said land under the terms of this lease, except that the production of oil or gas and the production of non-pool substances produced from any unit in the proportion, but only in the proportion, that Lessor acreages

The royalties herein provided shall accrue and be paid to Lessor or co-located substances produced from any unit in the proportion, but not in the proportion, that Lessor's acreage interest in the land covered hereby and placed in the unit bears to the total acreage placed in such unit.

10. If the estate of either party hereto is assigned, the privilege of this lease may be assigned in part or in whole, in part or expressly allowed. The covenants herein shall extend to the heirs, devisees, executors, administrators, and successors of the parties or of either party hereto in the land or in the rentals or in rents or in any sum due under this lease shall be paid by the assignee, his heirs, devisees, executors, administrators, and successors.

11. This lease is not assignable by Lessor without the written consent of Lessee.

on the Lessee until 30 days after Lessor has been furnished with either the original recorded instrument conveying or a copy of the title to the property or documents or rentals made hereunder before receipt of said documents shall be binding on all parties to this lease. Any such original recorded instrument or documents or rentals made hereunder before receipt of said documents shall be binding on all parties to this lease.

11. Lessee may at any time surrender this lease, whole or part, by giving written notice of his intent to do so to the holder of record of this lease or to the party or parties entitled to receive administrative expenses, or other of Lessor's agents.

The acreage covered thereby, if any, shall be released from this lease, subject to the terms and conditions of this lease, under the terms of such lease as to the portion surrendered shall cease and determine and any rights, title or interest in and to the acreage so released, shall be transferred to the holder of record of this lease, or to the person or persons to whom the same may have been transferred, and shall thereafter be held in fee simple, in fee tail, or otherwise, in full force and effect for all purposes. It is hereby agreed that in the event this lease shall be assigned to a party or parties of said land and the holder or owner of any such, neither party nor parties shall default in the payment of the monies due him or them; such holder or owner shall not operate to defeat or detract from the title to such land, or to interfere with the right of the lessee to the same.

12. Lessor hereby warrants and agrees to defend the title to the Premises against all persons, and to bear expenses of defense and attorney's fees, if any, arising from any claim or action, whether legal or equitable, brought by any person against the Lessor, his heirs, executors, administrators, successors or assigns, or against said land and such other premises as may be included in the Premises, heretofore or hereafter.

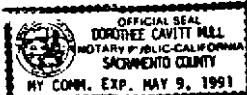
Lessor at the date hereof. In such event the amount of rental payable hereunder shall be appropriately adjusted at the last ensuing rental date and lease has been terminated by reason of such after acquired title.

~~14. This lease shall be binding upon all who execute it, whether they are named in the granting clause and whether all parties named in the granting clause execute this lease.~~

15. See Addendum #1, incorporated herein by reference.

Social Security #

STATE OF CALIFORNIA

County of SacramentoOn this 6th day of May, in the year 1988, before me,

Notary Public, State of California, duly commissioned and sworn, personally appeared Thomas S. Van Holne, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to this instrument, the attorney in fact of Daniel H. Russell and Roberta A. Russell, and acknowledged that he subscribed the name of Daniel H. Russell and Roberta A. Russell thereon as principal, and his own name as attorney in fact.

In WITNESS WHEREOF I have hereunto set my hand and affixed my official seal in the California, County of Sacramento, on the date and year above in this certificate.

Dorothy Cavit Null
Notary Public, State of California.

My commission expires May 9, 1991

This instrument is only a Notary Seal which may be proper for use or staple notation and is no way used, or is intended to act, as a certificate for the value of an attorney. The power does not confer any warranty, other express or implied, as to the legal capacity of any person or the authority of such Person to sign any particular instrument.

Cowdery's Form No. 24 — Acknowledgment to Notary
Public Attorney in Fact — (C.C. Sec. 1181, 1182) — (Rev. 1982)

STATE OF COLORADO }
COUNTY OF ARAPAHOE }

The foregoing instrument was acknowledged before me this 16th day of May, 1988, by PAT KEATING, as Attorney-in-Fact for GARY-WILLIAMS OIL PRODUCER, INC., a Delaware Corporation, on behalf of the corporation.

WITNESS my hand and official seal.

My Commission Expires:
Sept. 23, 1990

Mary Kay White
Mary Kay White, Notary Public

ACKNOWLEDGMENT FOR CORPORATION

STATE OF }
COUNTY OF }

On this day of 19 , before me personally appeared known to me to be the of the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same.

Notary Public

My commission expires:

Residing at

RECORDING DATA

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GARY-WILLIAMS OIL PRODUCER
115 Laverss Drive East
Englewood, Colorado 80112
ATTN: Kay White

EXHIBIT "A"

Attached hereto and made a part hereof that certain Oil and Gas Lease dated May 6, 1988, by and between DANIEL H. RUSSELL and ROBERTA A. RUSSELL, husband and wife, by THOMAS S. VAN HORNE, as Power of Attorney, as Lessor, and GARY-WILLIAMS OIL PRODUCER, INC., as Lessee.

Township 17 North, Range 50 East

Sections 7 & 8: Described more particularly as follows: Beginning at Corner No. 1 from which the quarter corner to Sections 8 and 9 in Township 17 North of Range 50 East of the Mount Diablo Meridian, bears North 82°35' East 57.53 chains distant; thence South 73°52' West 17.72 chains to Corner No. 2; thence North 76°18' West 27.40 chains to Corner No. 3; thence South 66°29' West 3.30 chains to Corner No. 4; thence North 76°43' West 30.88 chains to Corner No. 5; thence North 56°9' East 5.40 chains to Corner No. 6; thence South 79°52' East 55.00 chains to Corner No. 7; thence North 76°59' East 15.21 chains to Corner No. 8; thence South 37°41' East 5.41 chains to Corner No. 1, the place of beginning; containing 35.65 acres, according to the official plat of the Survey of said land, returned to the General Land Office by the Surveyor-General.

Section 19: Lot 4, SE $\frac{1}{4}$ SW $\frac{1}{4}$

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

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

Section 31: W $\frac{1}{2}$ NE $\frac{1}{4}$, NE $\frac{1}{2}$ NE $\frac{1}{4}$

Township 19 North, Range 50 East

Section 16: W $\frac{1}{2}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{2}$ NW $\frac{1}{4}$, NW $\frac{1}{2}$ SW $\frac{1}{4}$

Section 17: SE $\frac{1}{2}$ NE $\frac{1}{4}$, NE $\frac{1}{2}$ SE $\frac{1}{4}$

Township 20 North, Range 49 East

Section 8: N $\frac{1}{2}$ SE $\frac{1}{4}$

Section 9: SW $\frac{1}{4}$

Section 16: NE $\frac{1}{2}$ NW $\frac{1}{4}$, NW $\frac{1}{2}$ NE $\frac{1}{4}$

Township 21 North, Range 48 East

Section 35: NE $\frac{1}{2}$ SW $\frac{1}{4}$, NW $\frac{1}{2}$ SE $\frac{1}{4}$

Township 22 North, Range 48 East

Section 36: Lots 1, 2, 3, NW $\frac{1}{4}$ SE $\frac{1}{4}$

ADDENDUM

Attached to and made a part of that certain oil and gas lease dated 5/6, 1988, by and between DANIEL H. RUSSELL and ROBERTA A. RUSSELL, husband and wife, LESSORS, and GARY-WILLIAMS OIL PRODUCER, INC., LESSEE.

1. This lease is expressly limited to oil, gas, and hydrocarbon substances.

2. LESSEE agrees to conduct their operations upon the leased premises in such a manner as to cause the least possible damage to property and livestock with particular care to damage resulting from fire. LESSEE shall restore any damages land or property occurring from its operation as nearly as is reasonably possible, or at the option of LESSORS, shall compensate LESSORS by payment of damages.

3. LESSEE agrees to indemnify and hold harmless Lessors, including payment of attorney's fees, from and against any and all claims, suits, damages, costs, losses, liability and expenses arising or growing out of injuries to or death of persons or loss of or damage to property or loss or pollution of water or water zones in any manner directly or indirectly resulting from or caused by operations of LESSEE under this lease.

4. LESSEE shall promptly repair all damage to fences, gates and cattle guards on the leased premises and in the grazing areas utilized by the LESSORS arising out of use of the leased premises under this lease or the actions or activities of LESSEE on the leased premises.

5. LESSEE understands that water rights are of paramount interest to the LESSORS. Accordingly, LESSEE agrees that it shall not attempt to use, apply for or appropriate any waters or water rights which would conflict with the Lessor's water rights or in any way diminish their present water rights or reduce any ground water that may not or hereafter be available to them for development and appropriation for domestic, irrigation or stockwater use. LESSEE agrees to conduct its operations sufficiently distant from spring and wellheads so as to assure that the aquifers thereto will not be damaged. LESSEE agrees that it shall not in any way pollute any ground or surface waters usable or being used by the LESSORS or any other persons using the same water sources. LESSEE further agrees that no oil, gas, minerals, brine, fluid or surplus water be reinjected into a fresh water zone and, if reinjected, it shall be reinjected into the zone from which it came following which LESSEE shall cement off or otherwise seal off the zones to prevent their entry into ground or surface water sources which are usable for domestic, agricultural or stockwatering purposes. LESSEE agrees that it shall not, without prior approval of the LESSORS, interfere with or damage the Lessor's ditches, wells, or irrigation systems and irrigation methods.

Dated: May 16, 1988
GARY-WILLIAMS OIL PRODUCER, INC.
LESSEE

By Pat Keating
Title: Pat Keating, Attorney-in-Fact
TVH19/Addendum

Dated: 5/6, 1988

Daniel H. Russell
Robert A. Russell
5/16/88

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GARY-WILLIAMS OIL PRODUCER
115 Inverness Drive East
Englewood, Colorado 80112
ATTN: Kay White

RECORDED AT THE REQUEST OF
Gary Williams Oil Producer
Book 178 Page 070

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SEARCHED INDEXED SERIALIZED FILED
FEE \$ 2.00 **118732**

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