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OIL AND GAS LEASE

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 -	COBIBWARCE.	.

February 19 88 by sad between THIS ACREEMENT, made and entered into this 8th day of JOHN V. DAMELE and ROBERTA M. DAMELE, husband and wife, P.O. Box 295 ___ Eureka, Nevada 89316

HANAGAN PERTOLEUM CORPORATION, P.O. Box 1737

Roswell, New Mexico 88201

Eureka

SEE EXHIBIT "A ATTACHED HERETO

121.90 Section AAA Township XXX Range XXX

ore or less.

It is agreed that this lease shall remain in force for a term of XXIII from the control of XXX XXX

(a) To deliver to the credit of lessor, free of cost in the pipe line to which lessee may connect his wells, the equal one-eighth part of all oil produced from the lesser produced premise, or at the lesser's option, may pay to the lessor for such one-eighth royalty, the market price for oil of lake grade tay premises on the day such oil is run into the pipe line or anto storage tanks.

To vity prevailing on the day such oil is run into the pipe line of into storage tanks.

b) To say lessor for get of whatsoever nature or kind produced and sold, or used off the premiser or in the manufacture of products the self-one of the products of t

leave.

4 If overstions for the drilling of a well for oil or gas are not commenced or if there is no oil or gas, being produced on said land or on acreage pooled therewith as hereinster provided on or before one year from the date hereof, this lease shall serminate as to both parties, unless the latter on the date hereof, this lease shall serminate as to both parties, unless the latter of the drilling of a well for oil or gas are not commenced or if there is no oil or gas, being produced on said land or on acreage pooled the said of the drilling of a well for oil or gas are not commenced or if there is no oil or gas, being produced on said land or on acreage pooled to the said of the said of

Eureka, Nevada 89316 or in s riship of said land, the sum of TWO THOUSAND ONE HUNDRED TWENTY-ONE and 90/100*** DOLLARS

2,121.90) which thall operate as a rental and cover the privilege of deferring the commencement for twelve months from said date. In like manner and upon like payments or tenners the commencement of operations of deferred for like periods of the same number of months successively. All payments or lenders may be used by sheeke or discissively all the periods of the same number of months successively. All payments or lenders may be used by sheeke or discissively all the periods of the same of the same country and first rental is payable as aforesaid, histories are saved as the operation of the same country with the trist named bank, due notice of such deposits to be mailed to leason.

Natural bank located in the same county with the lirst named bank, due notice of such deposit to be washed to lessor, at last known address.

S. Lesser, at its option, in hereby given the right and power at any time an from time to time as a recurring right, either before or after product as to option, in hereby given the right and power at any time an from time to time as a recurring right, either before or after product as to all only only of the land described herein and as to any one or more of the formations hereunder to pool or unitire the eigenhold estate as to all only one of the land described herein and as to any one or more of the formations hereunder to pool or unitire the eigenhold estate as the production of either; when in lessees judgment it is necessary or only. Formed to include formations not whether suthority annular to this or the production of either; when in lessees judgment it is necessary or only. Formed to include formations not producting oil or gas, and be even to exclude such mon-producing formations when the control of the production of such unitarity and the production of either; when in lessees judgment it is necessary or only. Formed to include formations not producing oil or gas, and be even to exclude such mon-producing formations which declaration shall describe the unit. Any unit may include the land of such unitarity of the production of the production of such unitarity of the production of declaration of such unitarity of the production of an arket anywhere on a 'unit which includes all or a part to lieu of the royalities elsewhere herein specified, such that the production of a market anywhere on a 'unit which includes all or a part to lieu of the royalities of the production and including the production of the production of the production of an arket anywhere on a 'unit which includes all or a part to lieu of the royalities only on the production and including the production of an arket anywhere on a 'unit which includes all or a part to lieu of the royalities only on th

Lesser may, at any time, release this lease as to any stratum or strata and as to part or all of the lands above described, after which all payments or situes thereafter to accour, as to the lands released, shall cease and determine. In the event of a partial release, the annual delay reveal above mentions the reduced proportionately.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operation the evolution wells of lessor.

The same shall have the right to use, free of cost, gas, oil and water produced on said laind for its operation thereon, except water from description, or wells of lessor.

When requested but the lessor, lessee shall have its pipe lines on cultivated portions below plow depth.

No well shall be disliked nearer than 200 feet to the bouse or harm now on said premises, without the written consent of the female.

Lessee shall pay for damages caused by his operation to growing crops on said lands.

Lessee shall have the right at any time to femore all machinery and fistures placed on said permises, including the right to down and a control of the right at any time to femore all machinery and fistures placed on said permises, including the right to distinct the right at any time to femore all machinery and fistures placed on said permises, including the right to desire the control of the distinct of the right and the private of distinct on ownership of the land, rentals or propalities, however accomplished, shall operate to enlarge the obligations or distinct on the fister with the first of the rental to the cross of a single shall be all the control shall extend to the the fister with the first of the said rental to respect the said from the lessee until after the lessee has been limitable with certified stop-intended lands and the assume that the part of parts of parts shall fail or make dictall in the payment of the proportional shall be said lessee or any assigner three dishill make did in different or all the event oil death of any person entitled to trainly additional to the said lessee or any assigner threed shall make did the dishill and the said lessee or any assigner threed shall make did the cross of the said tental to the cross of the decease of the decea

Living hereby warrants and serves to defend the title to the lands herein determined, and harress that the lesses thall have the might at any time to not, any muticate, tasts or other liens on the above-described lands in the except of default of payment by lessor, and he submonated to the not holder thereof and lessor hereby agrees that any tuch payment midd by the lesses for the lessor may be deducted from any amounts of money to become due the lessor that the terror moder the terror and the the terror moder the terror and this fear.

If said leave owns a less interest in the above-described land than the entire and undivided fee simple estate therein, then the invalues and greens on provided shall be paid the leave only in proporties, which his interest lears to the while and undivided fee. Any interest in the graduation from the land of the leave only in proporties, which his interest leaves to the own the invalide of which the interest of leaves may be subject shall be deducted from the invalide herein reserved.

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Should med above	All of interest obligations and coverns of a pre-vested or bindered by or it under public authority claiming from transportations thereof, war, striker and or bindered by or it is not feet of hindered by or is in conflict working, operationed during the principal of the properties	chall nevertheless be his their heirs, successors, an	d assent, hereby expe	r pertias essecuting the early release and wait es for which this loos	pressions and distant ter- perations and distant ter- niversary dates havend ; suid any one or more series, and one or more all rights under and its made as merced has	no is extended in the manner of the parties is by virtue of min.
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	JOHN V. DAMEL	L		s.s. #	1 1	
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	OF					

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND GAS LEASE DATED FEBRUARY 8, 1988, BETWEEN JOHN V. DAMELE AND ROBERTA M. DAMELE, LESSORS, AND HANAGAN PETROLEUM CORPORATION, LESSEE.

DESCRIPTION

TOWNSHIP 26 NORTH, RANGE 50 EAST SECTION 1: SELNEL, WESNEL, ESSEL

SECTION 11: NEWNER

SECTION 12: ENEW. NEWSEL

SECTION 24: ESSEN

TOWNSHIP 25 NORTH, RANGE 51 EAST
SECTION 6: LOTS 3, 4, 5, 6, 7, SENNY, ESSNY

SECTION 6: LOTS 3, 4, 5, 6.
SECTION 7: ENNY

TOWNSHIP 26 NORTH, RANGE 51 EAST
SECTION 6: LOTS 3. 4. 5. 6. 7. SELNWL. ELSML

SECTION 7: LOTS 1. 2. 3. 4

SECTION 18: LOTS 1, 2, 3, 4 SECTION 19: LOTS 1, 2, 3, 4

SECTION 19: LOTS 1, 2, 3, 4, EXSWA

SECTION 31: NWINEL, ELWE, LOT 4, SWISEL

14. Lessor hereby accepts as sufficient the bonus consideration given by lessee and agrees that no additional cash amount is required as bonus consideration for signing this lease. Lessee, however, agrees to pay lessor additional amounts in the event that lessee acquires additional leasehold interest in the lands described above from any other mineral owner within two (2) years from the date of this lease. The amount to be paid by lessee shall be equal to the difference between the per acre price paid to lessor herein for bonus consideration and the highest per acre price paid to any subsequent lessor times the number of gross acres leased from the subsequent lessor and proportionately reduced by the fractional interest lessor herein has in the subsequently leased tract.

RECORDED AT THE REQUEST OF BOOK 179 PAGE 08/

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OFFICIAL RECORDS

EURENA COUNTY. NEVADA

M.N. REBALLATI. RECORDER.

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FILE 3

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