119206

OIL AND GAS LEASE

Licens 88 1959			GAS LEAS			14. CODISMANCH, M. B.
TU: 408551	IENT, made and entered into this	8th day of	February		19 88 by and	between
	LEO J. DAMELE an	d ELLEN M	. DAMELE,	husband	and wire	
	Pine Valley	the street, or a restrict a real to	Carl			Box 1737.

HANAGAN PETROLEUM

Roswell, New Mexico 88201

Eureka

SEE EXHIBIT "A". ATTACHED HERETO

2,121.90 XXX XXX XXX

In consideration of the premiers the said lessee coverance and agrees:

1.2.1 To deliver to the event of lessor, free of cost in the pipe line to which lessee may connect his wells, the equal one-eighth part of all oil processor from the lesseed premiers, or at the lessee's option, may pay to the lessor for such one-righth royally, the market price for oil of like grade saved from the lessee of processor and the lessee's options of the premiers, or used in the manufacture of any processor of the premiers, or used in the manufacture of any processor of the premiers, or used in the manufacture of any processor of the premiers, or used in the manufacture of products therefrom. Where gas errom, one-eighth, at the market price at the well for one gas sold, used off the premiers, or used in the manufacture of products therefrom. Where gas errom, one-eighth, at the market price at the well for one gas sold, used off the premiers, or used in the manufacture of products therefrom. Where gas errom, one-eighth at the market price at the set of the lesser are the production of the premiers, or used in the less of the

Bank at P.O. Box 471

First Interstate Linu, Nevar. . 61801 which shall continue as the depository for rental regard TWO THOUSAND ONE HEROPED TWENTY-ONL and 90/100**** DOLLARS

** which shall operate as a rental and cover the privilege of deferring the commencement of operations for drilling of a twelve month from surf date. In like minner and upon like payment or trenders the commencement of operations of pulling of a well may be found to the surface of the surfa

er may, at any time, excluse this brase as to any stratum or strate and as to part or all of the lands above described, after which all payments and it thereafter in accine, as to the lands release, shall crase and determine. In the event of a partial release, the annual delay rental above mentioned reduced proportionaries.

to reduced proportionaers.

Lessee shall have the result to use, free of cost, gas, oil and water produced on said land for its operat-recurs, or wills of lessor.

Lessee shall have the radio to use, free of cost, gas, oil and water produced on said land for its operation thereon, except water from ditches, ponds, servers, or wells of lessor.

No well shall be defined water than 200 feet to the house or ham now on said premises, without the written consent of the lessor.

No well shall be defined water than 200 feet to the house or ham now on said premises, without the written consent of the lessor.

Lessee shall have the opin at any time to remove all machinery and fistures placed on said premises, including the right to draw and remove casing.

Lessee shall have the opin at any time to remove all machinery and fistures placed on said premises, including the right to draw and remove casing.

We estate of either pures berefor is assigned, and the privilege of assigning in whole or in parts expressly allowed, although it is agreed that no change in decision of the lessee and commission or containts to the containts of the containts and the containts and the containts and containts

Ensure hereby warrants and agrees to defend the trife to the lands herein described, and agrees that the lessre shall have the right at any time to pay for one non-ministage, laws so other lient on the above-described lands in the event of default of payment by lession, and he subnocated to the right of header thereful, and lessre the testion and the subnocated to the right of header thereful, and lessre therethe agrees that any such payment is made the lessor may be deducted from any amounts of money which is become due the lessor may be deducted from the testion of the lessor may be deducted from the testion of this lesse.

If said lister owns a few interest in the above-described land than the entire and undivided few simple estate therein, then the mostless and rentals in mosted shall be mad the festor only in proportion which his interest hears to the while and undivided few. Any interest in the graduation from the house only interest of lessor may be subject shall be deducted from the totally herein reserved.

11. Lessee shall comply with all laws and regulations of any Coveramental body the person of the Irssor berein and in so complying lessee shall not be responsible regulation reacted or issued by saw such Coveramental body. In detarmining the lessee may rely upon the address of lessor herein set forth or upon the last known or the contract of the coverage of any test of the coverage of the covera	purporting to exercise taxing authority over the lands covered by this brase, or for determining the legality, validity or constitutionality of any such law or e residence of lessor for purposes of complying with Lob laws or regulations address of lessor. Neither any error in the determination of the residence of
lesses may rely upon the address of lessors herein set forth or upon the last known istalls of lessor one an error as the payment of any sum of money due or psyable or as a result of lesses's good faith efforts to comply with any such less or results against series All oil essers a following and covernment berounder. In the other piles or	to tersor under the terms of this lease which is made during the course of tons shall terminate this lease or constructs grounds for any cause of action implied, thall be asspended at the time or from time to time as compliance
its tall to restrict desperie good fash editors to comply with any such laws or regular against lesser. All of lesser's obligations and covenants berunder, whether express on with any there of the prevented or hendered by or is in conflict with Federal, State, or with any thereof is prevented or hendered by or is in conflict with Federal, State, or conflict and by or inder public authority claiming fundation, or Act of Cod, date or other conflict with any or the prevented or the whole or is spart, nor lesser held liable in damages for is with its prevented or hindred by or it is conflict with any of the foregoing event dealing or remarking operations through the primary term of this lesse, under it lesse; provided, however, that delay rentals as herein provided shall not be supplied in the primary term of both states.	country, or municipal laws, rules, regulations or Executive Orders asserted as field, weather, or market conditions, maskiry to obtain materials in the stone of circumstances not wholly controlled by lessee, and this lease shall
not be terminated in whole or in part, nor lessee held liable in damages for a with its prevented or hindered by or it in conflict with any of the foregoing event delling or removing operations during the primary term of this lease under the	ulare to comply with any such obligations or coverants is compliance increval- ualities. The time during which lease shall be prevented from conducting the contingencies above stated, shall be added to the primary term of the
lease: provided; however, that delay rentals as herein provided shall not be susp- heyond the primary term above stated by reason of such suspension, leases shall and in the amount above provided.	pay an annual delay rentsi on the dansversary dates hereof in the manner
12. Should any person, time or continue at theil necessaries he binding to	non the party or parties executing the same.
13. The understand descore for themselves and their heirs, successors, and said; the homesteed committee of east inste, inside as the same may be any way. IN WITNESS WHEREOF, the padersigned amounts this function is set of the	triect the purposes for which this lease is made as recited herein- a day and year first above written.
Lech Damele	Ellew m. Damele
LEO J. DAMELE	ELLEN M. DAMELE
	s.s. #
(A)	
ACKNOWLEDG	MENTS
STATI	
COUN STATE OF NEVADA	
COUNTY OF EKO	
on March 15 1988	personally appeared
77	
before me, a notary public, _	leo S. Lamele
who acknowledged that he exert	ited the above instrument.
BEGONA O. HULL Notary Purise - State of Novada	\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \
Commission Expires Jan. 15, 1990	Spore C. FILLY
Combineration	\
STATE OF NEVADA	
COUNTY OF EKO	
on 11 hach 15, 1958	personally appeared
before me, a notary public,	Then M Cample.
who acknowledged that she exe	cuted the above instrument.
	Some () Williams
BEGONA O. HULL Notary Public - State of Nevada	STORES: FYRE
Elko Courty, Nevada Commission Expires Jan. 16, 1990	/
2 2	
STATE OF	CORPORATE, North Daketa, Smith Daketa, Nebraska
On this	in the year
prepailly appeared	
	orporation that is described in and that executed the within instrument and
acknowledged to me that such Corporation executed the same. My commission expires:	
	Notary Public.

BOOK 1 7 9 PAGEO 85

EXHIBIT "A"

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

DESCRIPTION

TOWNSHIP 26 NORTH, RANGE 50 EAST SEXNEX. WYSWX. EXSEX

SECTION 1: NEFNEF

SECTION 11: SECTION 12: ENEW. NEWSEL

SECTION 24: ELSE

TOWNSHIP 25 NORTH, RANGE 51 EAST LOTS 3, 4, 5, 6, 7, SE4NW4, E4SW4

SECTION 6: EZNWZ SECTION 7:

TOWNSHIP 26 NORTH, RANGE 51 FAST Lots 3, 4, 5, 6, 7, SE4NW4, E4SW4

SECTION 6: Lots 1. 2. 3. 4 Lots 1. 2. 3. 4

SECTION 7:

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

SECTION 30: LOTS 1, 2, 3, 4, ELSWA

SECTION 31: NW&NE&, E&W&, LOT 4, SW&SE&

14. Lessor hereby accepts as sufficient the bonus consideration given by lessee and agrees that no additional cash eration 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 lease-amounts in the event that lessee acquires additional lease-hold interest in the lands described above from any other hold interest in two (2) years from the date of this 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 lease. The amount to be paid by lessee shall be equal to the difference between the per acre price paid to lessor therein for bonus consideration and the highest per acre price paid to any subsequent lessor times the number of 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 the subsequently lessed tract has in the subsequently leased tract.

> RECORDED AT THE REQUEST OF BOOK 179 PAGE 084

'88 JUN 14 MO :42 PAGE 1 OF 1 Wanagan Petroleum OFFICIAL RECORDS
EURENA COUNTY, NE VADA
M.N. REBALLATI, RECURDER FILE NO. FEE \$ 700