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COMMERCIAL PRIME CO.-INSURANCE, N. Y.

8th day of February

LEO J. DAMELE and ELLEN M. DAMELE, husband and wife,

HANAGAN PETROLEUM CORPORATION, P.O.

Manufacturers called lesser (whether one or more) and HANAGAN PETROLEUM CORPORATION

[illegible]

SEE EXHIBIT "A"  
ATTACHED HERETO

[illegible][illegible]

11. Lessee shall comply with all laws and regulations of any Governmental body purporting to exercise taxing authority over the lands covered by this lease or the person of the lessor herein and in so complying lessee shall not be responsible for determining the legality, validity or constitutionality of any such law or regulation enacted or issued by any such Governmental body. In determining the residence of lessor for purposes of complying with such laws or regulations lessee may rely upon the address of lessor herein set forth or upon the last known address of lessor. Neither any error in the determination of the residence or status of lessor nor an error in the payment of any taxes of money due or payable to lessor under the terms of this lease which is made during the course of or as a result of lessee's good faith efforts to comply with any such laws or regulations shall terminate this lease or constitute grounds for any cause of action against lessee. All of lessee's obligations and covenants hereunder, whether express or implied, shall be suspended at the time or from time to time as compliance with any thereof is prevented or hindered by or is in conflict with Federal, State, County, or municipal laws, rules, regulations or Executive Orders asserted as official by or under public authority claiming jurisdiction, or Act of God, adverse field, weather, or market conditions, inability to obtain materials in the open market or transportation thereof, war, strikes, lockouts, riots, or other conditions or circumstances not wholly controlled by lessee, and this lease shall not be terminated in whole or in part, nor lessee held liable as damages for failure to comply with any such obligations or covenants if compliance there- with is prevented or hindered by or is in conflict with any of the foregoing eventualities. The time during which lessee shall be prevented from conducting the drilling or reworking operations during the primary term of this lease, under 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 suspended by reason of the suspension of operations and if this lease is extended beyond the primary term above stated by reason of such suspension, lessee shall pay an annual delay rental on the anniversary dates hereof in the manner and in the amount above provided.

12. Should any person, firm or corporation have an interest in the above-described land not leased to lessee, or should any one or more of the parties named above, as lessors not execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

13. The undersigned lessors for themselves and their heirs, successors, and assigns, hereby expressly release and waive all rights under and by virtue of the homestead exemption laws of said state, insofar as the same may in any way affect the purposes for which this lease is made as recited herein.

IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written.

SEE EXHIBIT


Leo J. Damele Ellen M. Damele  
LEO J. DAMELE ELLEN M. DAMELE  
S.S. #                      S.S. #                     

14. ACKNOWLEDGMENTS

STATE  
COUNTY OF STATE OF NEVADA  
Elko


On March 15, 1988 personally appeared  
before me, a notary public, Leo J. Damele,  
who acknowledged that he executed the above instrument.

STATE  
COUNTY OF Elko

 Begona O. Hull  
BEGONA O. HULL  
Notary Public - State of Nevada  
Elko County, Nevada  
Commission Expires Jan. 15, 1990

STATE OF NEVADA  
COUNTY OF Elko

On March 15, 1988 personally appeared  
before me, a notary public, Ellen M. Damele,  
who acknowledged that she executed the above instrument.

 Begona O. Hull  
BEGONA O. HULL  
Notary Public - State of Nevada  
Elko County, Nevada  
Commission Expires Jan. 15, 1990

STATE OF \_\_\_\_\_ } as  
COUNTY OF \_\_\_\_\_ }  
On this \_\_\_\_\_ day of \_\_\_\_\_ in the year \_\_\_\_\_ before me, a Notary Public,  
personally appeared \_\_\_\_\_  
known to me to be the \_\_\_\_\_ of the Corporation 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.

# 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

SECTION 1: SE $\frac{1}{4}$ NE $\frac{1}{4}$ , W $\frac{1}{2}$ SW $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$

SECTION 11: NE $\frac{1}{4}$ NE $\frac{1}{4}$

SECTION 12: E $\frac{1}{2}$ NE $\frac{1}{4}$ , NE $\frac{1}{2}$ SE $\frac{1}{4}$

SECTION 24: E $\frac{1}{2}$ SE $\frac{1}{4}$

### TOWNSHIP 25 NORTH, RANGE 51 EAST

SECTION 6: LOTS 3, 4, 5, 6, 7, SE $\frac{1}{4}$ NW $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$

SECTION 7: E $\frac{1}{2}$ NW $\frac{1}{4}$

### TOWNSHIP 26 NORTH, RANGE 51 EAST

SECTION 6: LOTS 3, 4, 5, 6, 7, SE $\frac{1}{4}$ NW $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$

SECTION 7: LOTS 1, 2, 3, 4

SECTION 18: LOTS 1, 2, 3, 4

SECTION 19: LOTS 1, 2, 3, 4

SECTION 30: LOTS 1, 2, 3, 4, E $\frac{1}{2}$ SW $\frac{1}{4}$

SECTION 31: NW $\frac{1}{4}$ NE $\frac{1}{4}$ , E $\frac{1}{2}$ W $\frac{1}{2}$ , LOT 4, SW $\frac{1}{2}$ SE $\frac{1}{4}$

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  
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JUN 14 1988  
Hanagan Petroleum  
OFFICIAL RECORDER  
EURLEA COUNTY, NEVADA  
M.N. REGALATI, RECORDER  
FILE NO. 119206  
FEE \$ 7.00

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