

WITNESSETH, That the Lessor, for and in consideration of Ten and more (\$10.00) DOLLARS cash in hand paid, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipe lines, and erection of structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of Eureka

of said products, all that certain tract of land situated in the County of Eureka
State of Nevada, described as follows, to-wit:

Township 27 North, Range 52 East MDM

Section 11: Lots 2, 3, 4, NE $\frac{1}{4}$ SW $\frac{1}{4}$
 Section 14: Lot 2, SW $\frac{1}{4}$ NE $\frac{1}{4}$, Lots 6, 7
 Section 21: SE $\frac{1}{4}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$

and containing 407.10 acres, more or less.

and containing 407.10 acres, more or less, five years from this date and as long thereafter as oil or gas of whatsoever nature or kind is produced from said leased premises or on acreage pooled therewith, or drilling operations are continued as hereinbefore provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced from the leased premises or on acreage pooled therewith but II, at the expiration of the primary term of this lease, oil or gas shall continue in force so long as operations are being continuously conducted on the acreage pooled therewith; and operations shall be considered to be continuously prosecuted if not actually conducted, if within ninety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on acreage pooled therewith, the production of oil or gas from the leased premises after the primary term, this lease shall not terminate if Lessee commences operations for the production of oil or gas within ninety (90) days from date of cessation of production on the leased premises or on acreage pooled therewith, or if drilling or re-working operations within ninety (90) days from date of cessation of production on the leased premises or on acreage pooled therewith, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage pooled therewith.

2. This is a **PAID-UP LEASE**. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to Lessor or by filing for record a release or releases, and be released of all obligation thereafter accruing as to the acreage surrendered.

3. In consideration of the premises, the said Lessor covenants and agrees:

1st. To deliver to the credit of Lessor, free of cost, in the pipe line to which Lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises, or, pay Lessor the market value at Lessee's option, for the gas from each well where gas oil is found, while the same is being used off the premises, and if used at the manufacture of gasoline a total of one-eighth (1/8), payable monthly at the prevailing market rate for gas.

3rd. To pay Lessor for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product a royalty of one-eighth (1/8) of the proceeds, at the month of the well, payable monthly at the prevailing market rate.

4. Where gas from a well capable of producing gas is not sold or used, Leasehold shall pay to the royalty owners One Dollar per acre per net royalty acre retained hereunder for each day such well is shut in and thereafter on or before the anniversary date of this lease during the term of the expiration of the lease. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease.

5 If said Lessee owns a free interest in the above described land then the entire and undivided fee simple estate therein, then the royalty (including any shut-in gas royalty) herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

6. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operation thereon, except water from the wells of Lessee.

7. When requested by Lessor, Lessor shall bury Lessor's pipe line below plow depth.

10. Lessor shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

11. The rights of Lessor and Lessor hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded instruments of assignment and all other documents and other information necessary to establish a complete chain of record title from Lessor, and then only if the assignment is in writing and the assignment is for the future division of Lessor's ownership as to different portions or parcels of said land shall operate to transfer the obligation or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for the operations of any other leasehold owner.

[illegible]

13: All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

14. Lessor hereby warrants and agrees to defend the title to the Lands herein described, and agrees that the Lessor shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the rights of the holder thereof, and the undersigned Lessor, for themselves and their heirs, successors and assigns hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

15. Should any one or more of the parties heretobefore named as Lessor fail to execute this lease, it shall nevertheless be binding upon the other parties hereto, and the obligations hereunder shall be binding upon the heirs, successors and assigns of Lessor and Lessee.

IN WITNESS WHEREOF, this instrument is executed as of the date first above written

Louann Folkman
FOR ANN Folkman
Louann

Louann

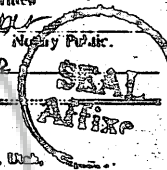
STATE OF Maryland
COUNTY OF Montgomery

Nevada,
Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,
Nebraska, North Dakota, South Dakota
ACKNOWLEDGMENT—INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 26
day of March, 19 84, personally appeared
Louann Folkman (or Lou Ann Folkman)
and

to me known to be the identical person described in and who executed
the within and foregoing instrument of writing and acknowledged to me that she duly executed the same as a free
and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.
My Commission Expires SHERRY E. CRAMER
NOTARY PUBLIC STATE OF MARYLAND
My Commission Expires July 1, 1990
Address: 10211 Andover Hills Ter
111 MD 20902



STATE OF _____
COUNTY OF _____

Nevada,
Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,
Nebraska, North Dakota, South Dakota
ACKNOWLEDGMENT—INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____
day of _____, 19 _____, personally appeared _____
and

to me known to be the identical person described in and who executed
the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free
and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.
My Commission Expires _____
Notary Public.
Address: _____

STATE OF _____
COUNTY OF _____

ACKNOWLEDGMENT (For use by Corporations)

On this _____ day of _____, A.D. 19 _____, before me personally
appeared _____, to me personally known, who, being by
me duly sworn, did say that he is the _____ of _____
and that the seal affixed to said instrument is the corporate seal of
said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said
_____ acknowledged said instrument to be free act and deed of said corporation.
Witness my hand and seal this _____ day of _____, A.D. 19 _____.

(SEAL)

My Commission expires _____

Address: _____
Notary Public.

No. _____	FROM _____	TO _____
Dated _____, 19 _____	No. Acres _____	Term _____
This instrument was filed for record on the _____ day of _____, 19 _____, at _____ o'clock _____ M., and duly recorded in Volume _____ Page _____ of the records of this office.		
County Clerk _____	Deputy _____	When recorded return to _____

COPY

RECORDED AT THE REQUEST OF
BOOK 196 PAGE 224
Bird Oil Corporation
89 APR 14 AM 1:14

OFFICIAL RECORDS
EUREKA COUNTY, CALIFORNIA
FILE NO. 127072
FILE \$7.00

BOOK 196 PAGE 226