



9. In addition to and not in limitation of the rights granted in paragraph 8 hereof, lessee is hereby granted the right and option to consolidate, pool or combine the lands covered by this lease, or any portion or portions thereof or any stratum or strata thereunder, with other lands or like strata thereunder for the development thereof or for the production therefrom of oil, gas, casinghead gas or other hydrocarbons, or any or all of said products, when in lessee's discretion and judgment it is advisable so to do for proper development or operation of the premises, or to conform to spacing or zoning rules of any lawful authority, such consolidation, pooling or combining to be into units of such shape and dimensions as lessee may elect provided that any such unit when completed shall be composed of tracts each of which is contiguous to, touches or corners with some one or more of the other tracts in the unit in such manner as to form one connected tract or unit, and provided, further, that any tracts included in any such unit separated only by a street, alley, road, railroad, canal, stream, right-of-way or other similar strip or parcel of land shall be considered as contiguous, cornering or touching within the meaning of this paragraph. Any unit formed under this paragraph for production of oil and casinghead gas shall not exceed one hundred sixty-three (163) acres in surface area, and for production of dry or gas well gas or dry or gas well gas and condensate or distillate shall not exceed six hundred sixty (660) acres in surface area. If some larger unit for the production of oil and casinghead gas or dry or gas well gas or dry or gas well gas and condensate or distillate is permitted or prescribed by lawful authority, then in such event such larger unit shall control, provided that, if governmental survey units be irregular in size in the area of this lease, the size of any of the unit mentioned herein may be increased to the size of the these existing governmental survey unit nearest in size to the unit acreage prescribed herein. The right and option herein granted to lessee may be exercised at any time or from time to time, whether before or after production is secured and whether or not a unit may theretofore have been created for some other product, by executing in writing an instrument identifying and describing the unit created, and by delivering a copy thereof to lessor or by recording a copy thereof in the county where the land is located. The lands in any such unit shall be developed or operated as one tract and any operations for the drilling of a well on or production from such unit, whether or not from lands described in this lease, shall be deemed to be drilling operations on or production secured on lands subject to this lease for all purposes except for the purpose of payment of royalty hereunder; provided, further, that any operations for drilling and completing a well on any such unit shall be deemed to be operations on the lands described in this lease and under the terms thereof regardless of whether said operations result in a well of the type covered in the instrument declaring such unit or a well of a type not covered by such instrument. In lieu of the royalties elsewhere herein specified, the lessor shall receive from production on any such unit only such portion of the royalty, at the rate stipulated elsewhere herein, as lessor's acreage in the unit (or his royalty interest therein) bears to the total acreage of the unit. Completion of any unit as herein provided shall in no manner affect the ownership or amount of any rental which may be payable under the terms of this lease.

10. In the interest of conservation, the protection of reservoir pressures and recovery of the greatest ultimate yield of oil and/or gas, lessee shall have the right to combine the leased premises with other premises in the same general area for the purpose of operating and maintaining repressuring and recycling facilities, and for such purpose may locate such facilities, including input wells, upon the leased premises, and no royalties shall be payable hereunder upon any gas used for repressuring and recycling operations benefiting the leased premises.

11. Lessee hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge any taxes, mortgage, or other liens existing, levied, or assessed on or against the above described lands and, in event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder.

12. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessor shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

13. All express and implied covenants of this lease shall be subject to all federal and state laws, rules and regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damage for failure to comply therewith if compliance is prevented by, or if such failure is the result of, any such laws, order, rule or regulation, or if such compliance is prevented by or failure is the result of inability of lessee through no fault of its own, to obtain sufficient and satisfactory material and equipment to justify the commencement of drilling operations or to continue production of oil or gas from the leased premises.

14. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor or lessor.

15. With respect to and for the purpose of this lease, lessor, and each of them if there be more than one, hereby release and waive the right of homestead.

16. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessors.

WIT FOLIO witness our hands as of the day and year first above written.

*Juliana Diaz*  
Juliana Diaz

\_\_\_\_\_  
S.S.# \_\_\_\_\_  
\_\_\_\_\_  
S.S.# \_\_\_\_\_

**NEVADA INDIVIDUAL ACKNOWLEDGEMENT**

STATE OF Oregon  
COUNTY OF Klamath  
On this 10<sup>th</sup> day of February, in the year 1989, before me Sharon K. Green  
Notary Public, personally appeared Juliana Diaz, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.  
Sharon K. Green  
Notary Public  
Merrill Oregon  
Place of Residence

My Commission expires: 10/11/89



**NEVADA CORPORATE ACKNOWLEDGMENT**

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_  
On this \_\_\_\_\_ day of \_\_\_\_\_, in the year \_\_\_\_\_, before me \_\_\_\_\_  
Notary Public, personally appeared \_\_\_\_\_, known to me to be the \_\_\_\_\_ President of the corporation that executed the within instrument and acknowledged to me that such corporation executed the same.  
\_\_\_\_\_  
Notary Public  
My Commission expires: \_\_\_\_\_  
Place of Residence \_\_\_\_\_

No. \_\_\_\_\_

**OIL AND GAS LEASE FROM \_\_\_\_\_ TO \_\_\_\_\_**

State of \_\_\_\_\_ County \_\_\_\_\_

This instrument was filed for record on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M., and duly recorded in Book \_\_\_\_\_ Page \_\_\_\_\_ of the records of this office.

County Clerk - Registrar of Deeds.

By \_\_\_\_\_ Deputy.

When recorded return to \_\_\_\_\_

EXHIBIT "A"

DESCRIPTION OF LANDS IN ELKO & EUREKA COUNTIES, NEVADA

Township 31 North, Range 52 East M.D.M.

Section 3: Lot 1 (39.63), SE $\frac{1}{4}$ NE $\frac{1}{4}$

Section 5: Lots 1 (39.49), 2 (39.51), 3 (39.53), 4 (39.55)

Township 32 North, Range 52 East M.D.M.

Section 1: Lots 3 (40.61), 4 (40.85), S $\frac{1}{2}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$

Section 9: All

Section 11: All

Section 13: All

Section 21: All

Section 23: All

Section 33: N $\frac{1}{2}$

Section 35: Lots 1 (40.0), 2 (40.0), 3 (40.0), 4 (40.0), 5 (40.0), 6 (40.0),  
7 (40.0), 8 (40.0), 9 (26.87), 10 (27.16), 11 (27.46), 12 (27.75),  
N $\frac{1}{2}$

Signed for identification:

Juliana Diaz  
Juliana Diaz

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RECORDED AT THE REQUEST OF

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Loma Energy Corp.

'89 MAY 11 P237

OFFICIAL RECORDS  
EUREKA COUNTY, NEVADA  
M.N. REYNOLDS, CLERK

FILE NO 127203

FEE \$7.60 FILE # 273970

FILED FOR RECORD  
AT REQUEST OF

Loma Energy Corp.

'89 APR 21 P123

674 388  
RECORDED BY JERRY D. REYNOLDS  
ELKO CO. RECORDER

273970  
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