

OIL AND GAS LEASE

AGREEMENT, Made and entered into the 26th day of April, 1989, by and between

Martha A. Morris, a married woman dealing in her sole and separate property

whose post office address is 2995 Pasada Road, Cameron Park, California 95682, hereinafter called Lessor (whether one or more) and
Bird Oil Corporation, whose post office address is Suite 4500, 1801 California St., Denver, CO 80202, hereinafter called Lessee:

Witnesseth, That the Lessor, for and in consideration of the sum 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 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, 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 hereinafter provided. If at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith but Lessee is then engaged in drilling or re-working operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith, and operations shall be considered to be continuously prosecuted if not more than 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 thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or re-working operations within ninety (90) days from date of cessation of production or from date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, 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. Lessor 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, release or releases, and be relieved of all obligations thereafter accruing to the acreage surrendered.

3. In consideration of the premises the said Lessee covenants and agrees:
1. (a) part of all oil produced and saved from the leased premises, **or pay Lessor the market value at Lessee's option** (b) part of all gas produced and saved from the leased premises, for the gas from each well where less than one (1) acre is produced, while the same is being used off the premises, and if used in the manufacture of gasoline a royalty of one-eighth (1/8), payable monthly at the prevailing market rate for gas.

2. 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 used or used, Lessor may pay or tender to Lessee at royalty to the royalty owners One Dollar per acre per net royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of this lease during the period after the expiration of 90 days from the date such well is shut in and thereafter until the anniversary date of this lease during the ensuing such well is shut in. 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 less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties including any shut-in gas royalties 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 Lessor.

7. When requested by Lessor, Lessee shall bury Lessee's pipe line below plow depth.
8. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of Lessor.
9. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.
10. Lessee 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 Lessee 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 or documents and other information necessary to establish a complete chain of record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessor's operations may be conducted as though owned by any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

12. Lessee, at its option, is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other lands, lease or leases in the immediate vicinity for the production of oil and gas, (or separately) for the production of either, when in Lessee's judgment it is necessary or advisable to do so, and irrespective of whether Authority or similar in this state with respect to such other land lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to include such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or re-working operations of a well that is for want of a market any where on a unit which includes all or a part of this lease shall be treated as if it were production, drilling or re-working operations of a well that is for want of a market under this lease. In lieu of the royalties elsewhere herein specified, production, drilling or re-working operations of a well that is for want of a market under this lease shall entitle the owner of such production, drilling or re-working operations to a share of the gas royalties, if any, produced from the unit so pooled, less the cost of production, drilling or re-working operations, and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, Lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general pool, by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production therefrom shall be allocated to the particular tract of land which it is allocated and not in any other tract of land, and the royalty payments to be made hereunder to Lessor shall be based upon production only as so allocated. If Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee, Lessor shall not be deemed to have assented to or agreed to the same.

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 Lessee shall have the right at any time to redeem the Lessor, by payment, any indebtedness, taxes or other liens on the above described lands, in the event of default of payment by Lessor and be substituted for the rights of the holder thereof, and the undersigned Lessee, 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 hereinabove named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessee. The word "Lessor," as used in this lease, shall mean any one or more of all of the parties who execute this lease as Lessor. All the provisions of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessee.

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

Martha A. Morris
Martha A. Morris

STATE OF CALIFORNIA }
COUNTY OF EL DORADO } ss.

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 26th
day of APRIL, 19 89, personally appeared
Martha A. Morris

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 her 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 January 14, 1991
Notary Public.
Address: Cameron Park, CA.



STATE OF _____ }
COUNTY OF _____ } ss.

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 _____ } ss.

ACKNOWLEDGMENT (For use by Corporation)

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____
Notary Public.
Address: _____

(SEAL)
My Commission expires _____

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

BOOK 196 PAGE 577

Bico Oil Corporation
MAY 22 1951

OFFICIAL RECORDS
COUNTY CLERK'S OFFICE
HONOLULU, HAWAII
FILE NO. 196-577

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