

127235

## OIL AND GAS LEASE

AGREEMENT, Made and entered into the 26<sup>th</sup> 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 Lessor, the land hereinabove described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil and 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 and 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.

1. It is agreed that this lease shall remain in force for a term of five years from this date and as long thereafter as oil or gas of whatsoever nature or kind is produced from the leased premises or an acreage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term, oil or gas is not being produced on the leased premises or on acreage pooled therewith, or drilling operations are discontinued on the leased premises or on acreage pooled therewith, 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 Lessor 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 or as to any strata or stratum by delivering to Lessor or by filing for record, releases, and be relieved of all obligations thereunder accrued as to the acreage surrendered.

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

1st. To deliver in the crude state, 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.

2nd. To deliver one-eighth (1/8) of the gross proceeds per month, payable quarterly, for the gas from each well where gas only is found, 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.

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 mouth 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, Lessor may pay or tender as royalty to the royalty owners One Dollar per year per net royalty acre retained hereunder, such payment or tender to be made on the anniversary date of this lease next ensuing after the expiration of 90 days from the date such well is shut in and thereafter until before the anniversary date of this lease during the period 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 Lessor owns a less interest in the above described land than the entire undivided less 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 undivided fee.

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

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

8. Said well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of Lessor.

9. Lessor shall pay for damages caused by Lessor's operations in growing crops on said land.

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 same.

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 upon Lessor until Lessor 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 Lessor. No present or future division of Lessor's ownership as to different portions of parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessor, and all Lessor's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, an leschild owner shall be liable for any act or omission of any other leschild owner.

12. Lessor, 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, and to lease with other land, lease or leases in the immediate vicinity, for the production of oil and gas, no separate or independent unitization of either, when in Lessor's judgment it is necessary or advisable to do so, and, if specific, of whether authority to unit in this lease 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 exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessor, by drilling and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit or multiple leasehold interest which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced or production, drilling or re-working operations of a well shut in for want of a market anywhere 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 or a well shut in for want of a market under this lease. In the case of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive no production from the unit so pooled or unitized only on the portion of such production allocated to this lease, such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, Lessor shall have the right to unit, pool, or combine all or any part of the above described lands as to one or more of the formations hereunder with other lands in the same general area by entering into a cooperative or joint plan of development and/or operation approved by any governmental authority and, from time to time, with like approval, to modify or terminate any such plan of agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, battery, all other unitizing 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 affected by such particular tract of land shall be limited to the production of the royalties to be paid hereunder to Lessor, to receive the oil and gas produced from the particular tract of land in 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. Lessor shall formally express Lessor's intent to enter into a cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency or entity upon request of Lessee.

13. All express or implied covenants of this lease shall be subject to all federal and State Laws, Decree Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessor 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 rights at any time to redeem the Lessee, by payment, any mortgages, taxes and 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 Lessees, 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 property 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 Lessor. The word "Lessor," as used in this lease, shall mean any one or more or 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

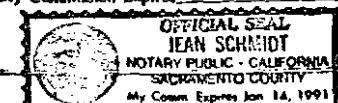
STATE OF CALIFORNIA }  
COUNTY OF EL DORADO } at \_\_\_\_\_

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



*Jean Schmidt*  
Notary Public.  
Address: Cameron Park, CA.

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } at \_\_\_\_\_

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 \_\_\_\_\_ } at \_\_\_\_\_

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.

(SEAL)

Address: \_\_\_\_\_

My Commission expires \_\_\_\_\_

No.	FROM	TO	County	at	st	Term	This instrument was filed for record on the	19	st	of	elect	File	Page	NAME	County Clerk	Deputy	When recorded return to
Divid.	No. Accts	Divid.	Term	Term	Term	Term	Term	Term	Term	Term	Term	Term	Term	Term	Term	Term	Term
BOOK 196 PAGE 598																	

RECORDED AT THE REQUEST OF  
BOOK 196 PAGE 577  
Boco Oil Corporation  
89 MAY 22 A951

OFFICIAL RECORDS  
COLUMBIA COUNTY, WISCONSIN  
M.M. STEPHENS, CLERK RECORDER  
FILE NO. 127235

127235

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