

OIL AND GAS LEASE

128633

THIS AGREEMENT, made and entered into this 10th day of May, 1989, by and between JOHN FILIPPINI also known as JOHN M. FILIPPINI, individually and as Agent and executive right holder on behalf of the heirs of Dan Filippini, deceased, of Star Route, Crescent Valley, Nevada 89821, hereinafter called lessor heretofore one or more, and EXXON CORPORATION, P.O. Box 2305, Houston, Texas 77252, hereinafter called lessee.

WITNESSETH that for and in consideration of Ten and more DOLLARS is 10.00/mo. in cash paid, received of lessor heretofore acknowledged, and of the agreements of lessor heretofore set forth herein, hereby grants, leases and lets exclusively unto said lessee the lands hereinafter described for the purpose of prospecting, exploring by geophysical and other methods, drilling, mining, operating for and producing oil or gas, or both, the same net or a limitation contained in leasehold, oil, gas, condensate (natural) and any substance, whether similar or dissimilar, produced in a gaseous state, together with the right to construct and maintain pipe lines, telephone and electric lines, tanks, reservoirs, ponds, pipelines, plant, equipment, and structures thereon to produce, save and take care of oil and gas and the exclusive right to inject air, gas, water, brine and other fluids from any source into the subsurface strata and any and all production, saving and taking care of oil and gas and the injection of air, gas, water, brine, and other fluids into the subsurface strata, said lands being situated in the County of Eureka, State of Nevada, and being described as follows, to wit:

TOWNSHIP 28 NORTH, RANGE 48 EAST, MOUNT DIABLO MERIDIAN
Section 1: Lots 1(39.87), 2(39.61), 3(39.35), 4(39.09), S₂N₁, S₂
Section 11: All
Section 12: S₂S₄, SW₁SE₄
Section 13: All
TOWNSHIP 28 NORTH, RANGE 49 EAST, MOUNT DIABLO MERIDIAN
Section 7: Lots 1(34.04), 2(34.51), 3(34.99), 4(35.46), E₁S₁, E₂

of Section XX Township XX Range XX, it being the purpose and intent of lessor to lease, and lessor does hereby lease, all of the lands or interests in lands owned by lessor which adjoin the lands above described or which lie in the section or sections herein specified. For all purposes of this lease, said lands shall be deemed to contain 2,656.92 acres three (3).

Subject to the other provisions herein contained, this lease shall remain in force for a term of XX years from this date (herein called "primary term") and as long thereafter as oil and gas, either of them, is produced from the above described land and drilling operations are continuously prosecuted at such land in an effort to obtain or re-establish production of oil or gas, and drilling operations shall be considered to be "continuously prosecuted" if less than 60 days shall elapse between the completion or abandonment of one well or hole and the commencing of a new well or hole on the same or adjacent well or hole. If, at the expiration of the primary term of this lease, oil or gas is not being produced from the above described land (as lessor may then regard) in drilling operations, this lease shall continue in force so long as drilling operations are continuously prosecuted, and if production ceases due to lack of production results from any such drilling operations, this lease shall continue in force so long as oil or gas shall be produced. If, after the expiration of the primary term of this lease, production from the above described land should cease, this lease shall not terminate if lessor is then prosecuting drilling operations for a period of 60 days after such cessation of production (such commence drilling operations, and this lease shall remain in force so long as such operations are continuously prosecuted, and if production results therefrom, then as long thereafter as oil or gas is produced from the above described land).

The royalties to be paid by lessor are: (a) one eighth (1/8) part of all production and saved from said land, the same to be deducted at the wells or to the credit of lessor onto the pipeline to which the above described land is connected; (b) leasehold interest in oil in trust purchased any royalty oil in its possession, paying the market price thereof prevailing for the oil produced, less the amount of purchase, and lessor may sell any royalty oil in its possession and pay lessor the price received by lessor for such oil computed at the well; (c) one eighth (1/8) part of the market value of oil produced from said land and sold or used off the premises or for the extraction of gasoline or other product therefrom, the market value at the well or one eighth of the oil so sold or used, provided that on oil sold by lessor the market value shall not exceed the amount received by lessor for such oil computed at the mouth of the well, and on oil sold at the well the royalty shall be one eighth of the amount received by lessor from such sale; (d) the price of any mineral or substance upon which royalty is payable hereunder is regulated by any governmental agency, the market value or market price of such mineral or substance for the purpose of computing royalty hereunder, that is not in excess of the price which lessor may receive and retain.

If no well is commenced on leased land or before one year from the date hereof, this lease shall revert as otherwise provided in this paragraph (hereinafter, unless lessor or someone in his behalf, on or before such date, shall pay or tender to lessor, or to lessor's credit in the

First Interstate Bank of Nevada NA, Exxon, 405 Idaho Street, Elko, Nevada 89801, which bank and its successors shall continue as the successor to lessor by reason of changes in the ownership of said land or of the right to receive rental, the sum of

Two Thousand Six Hundred Fifty Six and 92/100 DOLLARS is 2,656.92, which shall operate as a rental and cover the privilege of deferring the commencement of a well for 12 months from said date. In like manner and upon like payments to be made the commencement of a well may be further deferred for one period of the same number of months successively during the primary term hereof. All payments so deferred may be made by cash, check or draft, mailed or delivered on or before the rental date, and the deficiency of such payment over the amount so required will be deemed payment in arrears hereunder. Notwithstanding the death of lessor, payment on behalf of lessor, as shown by lessor's records, on or before the rental date, shall be binding on the heirs, devisees, executors, administrators and personal representatives of lessor, and on or before the expiration of the primary term hereof, if lessor shall, on or before any rental date, make a bona fide attempt to pay or deposit rent to another entity thereto under this lease according to lessor's records or to a lessor who, prior to such attempted payment or deposit, has given lessor notice, in accordance with the terms of this lease hereinafter set forth, of his right to re-enter and, if such payment or deposit shall be erroneous in any regard (whether deposited in the wrong account, paid to persons other than the parties entitled thereto as shown by lessor's records, in an incorrect amount, or otherwise), lessor shall be unconditionally obligated to pay to such lessor the rental properly payable for the rental period involved, but this lease shall be maintained in the same manner as if such erroneous payment or deposit had been properly made, provided that the erroneous rental payment or deposit be corrected within 30 days after receipt by lessor of written notice from such lessor of such error accompanied by any documents and other evidence necessary to enable lessor to make proper payment. The consideration shall be deemed as aforesaid, and any and all other rights conferred.

Should the first well drilled on the above described land be completed as a dry hole, then, and in that event, if a second well is not commenced on said land within 12 months from the expiration of the last rental period for which rental has been paid (it being understood that for the purpose of this paragraph the period of time on tolling from the date of this lease to the last rental date shall be considered as a rental period for which rental has been paid), this lease shall terminate as to both parties, unless lessor or before the expiration of said 12 months shall require the payment of rentals in the same amount and in the same manner as heretofore provided. Upon termination of the payment of rentals, as aforesaid, the last preceding paragraph hereof, governing the payment of rentals and the effect thereof, shall continue in force just as though there had been no interruption in rental payments.

If a well capable of producing oil or gas and gas condensate in paying quantities located on the leased premises, on an acreage pooled or consolidated with oil or a portion of the leased premises into a unit for the drilling or operation of such unit, is shut in and no oil or gas condensate therefrom is sold or used off the premises or for the manufacture of gasoline or other products, then such shut-in well shall be deemed to be a well on the leased premises producing gas in paying quantities and this lease will continue in full force and effect until the time or times while such well is so shut-in, whether before or after the expiration of the primary term hereof. Lessor shall be entitled to shut in any well capable of oil or gas and gas condensate capable of being produced from such shut-in well but shall not be obligated to market such products under terms, conditions or circumstances which, in lessor's judgment exercised in good faith, are unsatisfactory. Lessee shall be obligated to pay or tender to lessor within 45 days after the expiration of each period of one year in length (annual period), during which such well is so shut-in, as royalty, an amount equal to the annual daily rental herein provided applicable to the interest of lessor in acreage embraced in this lease as of the end of such annual period, or, if the lease does not provide for any daily rental herein provided applicable to the interest of lessor in acreage embraced in this lease as of the end of such annual period, or, if the lease does not provide for any daily rental, then the sum of \$50.00, provided that if oil or gas condensate from such well is sold or used as aforesaid before the end of any such annual period, or, if at the end of any such annual period, the lease is being maintained in force and effect otherwise than by reason of such shut-in well, lessor shall not be obligated to pay or tender to lessor or particular annual period, said sum of money. Such payment shall be deemed a royalty under all provisions of this lease. Such payment may be made or tendered to lessor or to lessor's credit in the depository bank above designated. Royalty ownership as of the last day of each such annual period as shown by lessor's records shall govern the determination of the party or parties entitled to receive such payment.

If lessor owns a less interest in the land covered by this lease than the entire and undivided fee simple mineral estate therein, then whether or not such less interest is referred to or described herein, all rentals and royalties herein provided shall be paid lessor only in the proportion which his interest bears to the whole and undivided interest fee.

If the estate of either party hereto is assigned or subset, and the privilege of assigning or subletting in whole or in part is expressly granted, the original and related covenants hereof shall extend to the successors, successors and assigns of the parties; and in the event of an assignment or subletting by lessor, lessor shall be relieved and discharged as to the leasedhold rights so assigned or subset from any liability to lessor thereafter accruing on the leased premises or any portion of this lease, either express or implied. No change in the ownership of the land, rentals or royalties, however accomplished, shall affect the obligations or diminish the rights of lessor or impose separate measuring or separate rates, lessor shall be entitled to enlarge the obligations or diminish the rights of lessor or require lessor to furnish written notice to lessor of any interest therein, whether by reason of death, conveyance or any other matter, shall be binding on lessor (except as lessor may, in his sole discretion, elect to do otherwise), provided that such notice is given to lessor within 60 days after lessor has furnished written notice thereof, and the supporting information hereinafter referred to, by the party claiming in a result of such change in ownership or interest. Such notice shall be supported by original or certified copies of all documents and other instruments or proceedings necessary in lessor's opinion to establish the ownership of the claiming party. If this lease is assigned or subset asforesaid as it covers only a part of the acreage embraced in the leased premises, the delay rentals hereinabove provided for shall be reduced proportionately on an acreage basis.

Lessee shall have the right to unitize all or any part of the above described lands with other lands in the same general area by entering into a unit agreement setting forth a plan of development or operation approved by the Secretary of the Interior, or other officer or representative of the United States having authority to approve such unit agreements, and, from time to time, with like approval, to modify, change or terminate any such agreement. In any of such events, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions and provisions of such approved unit agreement, and all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such agreement, and this lease shall not terminate or expire during the life of such agreement except as may be otherwise provided in said agreement. In the event that said above described lands, any part thereof, shall hereafter be operated under any such unit agreement otherwise the production thereunder is allocated to different portions of the land covered by said agreement, then the production allocated to any particular tract of land pursuant to such agreement shall, for the purpose of computing royalties, be regarded as having been produced from the particular tract of land to which it is allocated and not from any other tract of land and any royalty payments on such production to be made hereunder to lessor shall be based solely upon the

protection is afforded. Nothing herein contained shall constitute or affect in any transfer of any kind to any lessorhold, royalty or other interest unvested pursuant hereto. Lessor's interest in such unvested interest shall be limited as to term, lessor and lessee and their respective interests. Lessee, following such execution, shall furnish lessor with a copy of such lease agreement by mail to lessor's last known address as shown in lessor's records and shall give lessor written notice of approval of the same in the same manner within a reasonable time after lessor is notified of such acceptance.

Lessee shall have the right to use free of cost, oil, gas and water produced on said land for its operations thereon except water from wells of lessor. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, retaining the right to drag and remove casing. No part of the surface of the leased premises shall without the written consent of lessor, be let, granted or licensed by lessor to any other party for the location, construction or maintenance of structures, tanks, pits, reservoirs, equipment, or machinery to be used for the purpose of exploring, developing or operating adjacent lands for oil, gas or other minerals.

Lessee shall have below plow depth its pipe lines on the leased premises when requested by a lessor holding an interest in the surface. No well shall be drilled nearer than 200 feet to any house or barn now on said premises without the written consent of the owner of the surface on which such house or barn is located. Lessor shall pay for damages to growing crops caused by its operations on said lands.

Lessor hereby warrants and agrees to defend the title to the lands herein described, but if the interest of lessor covered by this lease is expressly stated to be less than the entire fee or mineral estate, lessor's warranty shall be limited to the interest so stated. Lessee may purchase or lease the rights of any party claiming any interest in said land and exercise such rights as may be obtained thereby but lessor shall not suffer any forfeiture nor incur any liability to lessor by reason thereof. Lessor shall have the right at any time to pay for lessor any mortgage taxes or other lien on said lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and any such payments made by lessor for lessor may be deducted from any amounts of money which may become due lessor under this lease.

All express provisions and implied covenants of this lease shall be subject to all applicable laws, governmental orders, rules and regulations. This lease shall not be terminated in whole or in part, nor lessor held liable in damages, because of a temporary cessation of production or of drilling operations due to breakdown of equipment or failure to the repairing of a well or wells, or because of failure to comply with any of the express provisions or implied covenants of this lease if such failure is the result of the exercise of governmental authority, war, armed hostilities, lack of market, act of God, strike, civil disturbance, fire, explosion, flood or any other cause whatsoever beyond the control of lessor.

This lease and all provisions thereof shall be applicable to and binding upon the parties and their respective successors and assigns. Reference herein to lessor and lessee shall include reference to their respective successors and assigns. 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.

IN WITNESS WHEREOF, this lease is executed as of the day and year first above written

X *John M. Filippini*
John Filippini, also known as
John M. Filippini, individually

S.S. [REDACTED]

X *John Filippini*
John Filippini, also known as
John M. Filippini, Agent and
executive right holder on behalf
of the heirs of Dan Filippini, deceased

STATE OF NEVADA SS. Individual-Corporation-Partnership-Natural
COUNTY OF Elko

On the 11 day of July, A.D. 1989, personally appeared

before me, a Notary Public,

Notary Public

who duly acknowledged that he executed the above instrument.

STATE OF NEVADA SS. Individual-Corporation-Partnership-Natural
COUNTY OF Elko

On the 11 day of July, A.D. 1989, personally appeared

before me, a Notary Public, John Filippini also known as John M. Filippini, individually and as

Agent and executive right holder on behalf of the heirs of Dan Filippini, deceased.

who duly acknowledged that he executed the above instrument.

Domenic J. Andreozzi
Notary Public

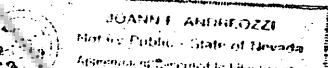
STATE OF NEVADA SS. Individual-Corporation-Partnership-Natural
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who duly acknowledged that he executed the above instrument.



Lessee is hereby given the option to extend the primary term of this lease for an additional three (3) years from the expiration of the original primary term. This option may be exercised by Lessee at any time during the last year of the original primary term by paying the sum of .750 per net mineral acre to the parties entitled to delay rentals according to Lessee's records. This payment shall be based upon the number of net mineral acres then covered by this lease, but not limited to, the provisions regarding changes in ownership. If, at the time this payment is made, various parties are entitled to specific amounts of the delay rental according to Lessee's records, this payment may be divided between said parties and paid in the same proportion. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a primary term of six (6) years, except that no delay rental payment shall be required to maintain this lease for the first twelve (12) months of the extended term. In the event this lease is being maintained by any provision hereof at the expiration of the original primary term, Lessee shall have a period of thirty (30) days from the date this lease ceases to be so maintained within which to exercise this option.

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RECORDED AT THE REQUEST OF
RJMK 200 PAGE 014
Erica Domerry, V.D.A.
29 JUL 31 AM 24V.

OFFICIAL RECORDER
EUREKA COUNTY, NE 30A
M.M. RECALL FILE FOLDER
FILE NO. 128633 FEE \$.90

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