

CGZ 0147  
Proforma No. Revised  
Revised 1/11

# OIL AND GAS LEASE

128631

THIS AGREEMENT, made and entered into this 10th day of May, 1989, by and between  
MAYNARD ALVES and JACOLYN O. ALVES, husband and wife

of c/o Dean Ranch, Star Route, Crescent Valley, Nevada 89821, hereinafter called lessor (one or more), and  
EXXON CORPORATION, P.O. Box 2305 of Houston, Texas 77252, hereinafter called lessee.

WITNESSETH that lessor, for and in consideration of Ten and more DOLLARS is 10.00 more;  
in hand paid, receipt of which is hereby acknowledged, and of the agreements of lessee hereinafter set forth, hereby grant, sell, lease and let exclusively unto said lessee  
the lands hereinafter described for the purpose of prospecting, exploring, producing, operating, maintaining, repairing, improving, developing, mining, separating and producing oil or gas, or both,  
including but not as a limitation, coalbed methane, gas, condensate, geothermal and any substance, whether surface or subsurface, produced in a gaseous state,  
together with the right to construct and maintain pipe lines, telephone and electric lines, tanks, pumps, tanks, structures, buildings, and structures thereon to  
produce, save and take care of said oil and gas, and the exclusive right to accept air, gas, water, lease and other fluids from any source and the surface, strata and any and all  
other rights and proceeds, necessary, incident to, or convenient for the economical operation of said oil or gas, or both, in conformity with engineering laws for the 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), 5(38.83), 6(38.57)

Section 11: All

Section 12: S1/2, SW1/2

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), E1/2, F1/2

SEE RIDER ATTACHED HERETO AND MADE A PART HEREOF

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 appear upon the lands above described or which lie in the section or sections hereon  
specified. For all purposes of this lease, said lands shall be deemed to contain 2,656.92 acres (3)

Subject to the other provisions herein contained, this lease shall remain in force for a term of THIRTY (30) years from this date (hereinafter called "primary term") and as long  
thereafter as oil or gas, or either of them, is produced from the above described land or drilling operations are continuously prosecuted as hereinafter provided. "Drilling  
operations" includes operations for the drilling of a new well, the reworking, deepening or plugging back of a well or hole or other operations conducted in an effort to obtain  
or reestablish production of oil or gas, and drilling operations shall be considered to be "continuously prosecuted" if not more than 60 days shall elapse between the  
completion or abandonment of one well or hole and the commencement of drilling operations on another 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 that lessee is then engaged in drilling operations, this lease shall continue in force so long as drilling operations  
are continuously prosecuted and if production of oil or gas results from any such drilling operations, this lease shall continue in force so long as oil or gas shall be produced  
continuously prosecuted, or within 60 days after such cessation of production commences 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 lessee are: (a) on oil, one-eighth of that produced and saved from said land, the same to be delivered at the wells or to the credit of lessor into  
the pipeline to which the wells may be connected; lessee may from time to time purchase any royalty oil in its possession, paying the market price thereof prevailing for the  
well where produced on the date of purchase, and lessee may sell any royalty oil in its possession and pay lessor the price received by lessee for such oil computed at the well,  
including computed gas or other gaseous substance, produced from said land and sold or used off the premises or for the production of gasoline or other product  
therefrom, the market value at the well of the oil or gas sold or used, provided that any gas used by lessee for the production of gasoline or other product shall not exceed the amount received by  
lessor for such gas computed at the mouth of the well; (b) on gas sold at the well the royalty shall be the one-eighth of the amount realized by lessor from such sale. If the price  
of any mineral or substance or other 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 shall not be in excess of the price which lessee may receive and retain.

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

Valley Bank of Nevada Bank at 605 Idaho Street, Elko, Nevada 89801  
then said bank and its successors shall continue as the depository regardless of changes in the ownership of said land or of the right to receive rentals, 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 drilling a well for 12 months from said date. In the manner and upon the payments or tenders, the  
continuance of a well may be further extended for the period of the same number of months successively during the primary term hereof. All payments or tenders may be  
made by cash, check or draft, mailed or delivered on or before the rental date and the depositing of such cash, check or draft in any post office, addressed to the depository  
bank or issuer (at his last known address as shown by lessee's records) on or before the rental date, shall be deemed payment to lessee as herein provided. Notwithstanding  
the death of lessee, payment or tender of rentals to such depository or to his credit in the insurance account herein shall be binding on the heirs, devisees, executors,  
administrators and personal representatives of lessee and his successors in interest. If lessee shall, on or before any rental date, make a bona fide attempt to pay or deposit  
rental to a depository authorized under this lease according to lessee's records or to a lessor who, prior to such attempted payment or deposit, has given lessee notice, in  
writing, to a depository, said to persons other than the parties entitled thereto as shown by lessee's records, in an incorrect amount, or otherwise, lessee shall be  
unconditionally obligated to pay to such depository the rental properly payable for the rental period involved, but this lease shall be terminated in the same manner as if such  
erroneous rental payment or deposit had been properly made, provided that the erroneous rental payment or deposit be corrected within 30 days after receipt by lessee of  
written notice from such depository of such error accompanied by any documents and other evidence necessary to enable lessee to make proper payment. The consideration first  
recited herein, the down payment, covers not only the privilege granted to the date when said first rental is payable as aforesaid, but also lessee's option of extending that  
period 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 or tendered, or if the expiration of the period of two or more outstanding  
rental periods of this lease by the rental date that is completed as a rental period for which rental has been paid, this lease shall terminate as to both parties, unless  
lessee on or before the expiration of said 12 months shall resume the payment of rentals in the same amount and in the same manner as hereinafter provided. Upon  
resumption of the payment of rentals, as above provided, 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 gas or oil and gas condensate in paying quantities located on the leased premises for an acreage covered or comprehended with all or a  
portion of the leased premises into a unit for the drilling or operation of such well is at any time drilled on and no gas or gas-condensate therefrom is sold or used off the  
premises or for the manufacture of gasoline or other products, nevertheless, such well shall be deemed to be a well on the leased premises producing gas in paying  
quantities and this lease shall continue in force during all of the term or terms which such well is in shut-in, whether before or after the expiration of the primary term hereof.  
Lessee shall use reasonable diligence to market gas or oil and gas condensate capable of being produced from such shut-in well but shall be under no obligation to market such  
products under terms, conditions or circumstances which, in lessee's judgment exercised in good faith, are unremunerative. Lessee shall be obligated to pay or tender to lessor  
within 45 days after the expiration of each period of one year in length (anniversary date) during which such well is in shut-in, as royalty, an amount equal to the annual delay  
rental herein provided applicable to the interest of lessor in acreage embraced in this lease and the rest of such annual period, or, if this lease does not provide for any delay  
rental, then the sum of \$50.00; provided that, if gas or oil 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, this lease is being maintained in force and effect otherwise than by reason of such shut-in well, lessee shall not be obligated to pay or tender, for that  
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 lessee'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 mineral  
fee.

If the estate of either party hereto is assigned or sublet, and the privilege of assigning or subletting in whole or in part is expressly allowed, the express and implied  
covenants hereof shall extend to the assignees, successors and assigns of the parties; and in the event of an assignment or subletting by lessee, lessee shall be relieved and  
discharged as to the lessee's rights so assigned or sublet from any liability to lessor hereafter accruing upon any of the covenants or conditions of this lease, either express or  
implied. No change in the ownership of the land, rentals or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessor or require  
separate remaining or installation of separate tanks by lessee. Notwithstanding any actual or constructive knowledge of or notice to lessor, no change in the ownership of said  
land or of the right to receive rentals or royalties hereunder, or of any interest therein, whether by reason of death, conveyance or any other matter, shall be binding on lessor  
except at lessee's option in any particular case until 90 days after lessee has been furnished written notice thereof, and the supporting information hereinafter referred to, by  
the party claiming as 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 lessee's opinion, to establish the ownership of the claiming party. If this lease is assigned or sublet in whole or in part, 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

Lessee may, at any time, execute and deliver to lessor or place of record a release covering all or any part of the acreage embraced in the leased premises or covering any  
one or more zones, formations or depths underlying all or any part of such acreage, and thereupon shall be relieved of all obligations thereafter to accrue with respect to the  
acreage, zones, formations or depths covered by such release. In event of a release of this lease as to all rights in only a part of the acreage embraced in the leased premises,  
thereafter the delay rentals hereinafter provided for shall be reduced proportionately on an acreage basis.

Lessee shall have the right to utilize 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 cases, the terms, conditions and provisions of this  
lease shall be deemed modified to conform to the terms, conditions and provisions of such approval unit agreement, and all drilling and development requirements of this  
lease, express or implied, shall be deemed to be 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, or any part thereof, shall hereafter be operated  
under any such unit agreement whereby 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

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production is allocated. Nothing herein contained shall constitute or effect any transfer of any title to any leasehold, royalty or other interest unitized pursuant hereto. Lessee's execution of such unit agreement shall be binding as to both lessor and lessee and their respective interests. Lessor, following such execution, shall furnish lessee with a copy of such unit agreement by mail to lessee's last known address as shown by lessee's records and shall give lessee written notice of approval of the same in the same manner within a reasonable time after lessee is notified of such approval.

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, including the right to raise and remove casing. No part of the surface of the leased premises shall, without the written consent of lessee, be used, granted or licensed by lessee 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 bury below plow depth its pipelines on the leased premises when requested by a lessor owning an interest in the surface. No well shall be drilled nearer than 700 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 lessee shall not suffer any forfeiture nor incur any liability to lessor by reason thereof. Lessee shall have the right at any time to pay for taxes, any mortgages, 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 lessee 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, government orders, rules and regulations. This lease shall not be terminated in whole or in part, nor lease held liable in damages, because of a temporary cessation of production or of closing operations due to breakdown of equipment or due 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 minerals, act of God, strike, civil disturbance, fire, explosion, flood or any other cause reasonably beyond the control of lessee.

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 one or more of the parties named above as lessors not execute this lease, it shall nevertheless be binding upon the party or parties who do.

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

X Jacelyn O. Alves  
Jacelyn O. Alves  
S.S. [redacted]

Maynard Alves  
Maynard Alves  
S.S. [redacted]

STATE OF Mississippi SS. (Individual-Corporation Partnership-Trust)  
COUNTY OF Itasca  
On the 17<sup>th</sup> day of May, A.D. 19 89, personally appeared  
before me, a Notary Public Maynard Alves and Jacolyn O. Alves, husband and wife

who duly acknowledged that they executed the above instrument.  
Stewart R. Wilson  
Notary Public - State of Mississippi  
Appointment Expires 12/28/91

STATE OF \_\_\_\_\_  
002-01076

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 7.50 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, and all of the provisions of this lease relating to the payment of delay rentals shall apply equally to this payment including, 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.

STATE OF \_\_\_\_\_ SS. (Certificate of Recording)  
COUNTY OF \_\_\_\_\_  
This instrument was filed for record on the \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_ at \_\_\_\_\_ o'clock \_\_\_\_\_ M and recorded in Book \_\_\_\_\_ of Page \_\_\_\_\_ of the records of this office.  
County Recorder \_\_\_\_\_ By \_\_\_\_\_ Deputy

AFTER RECORDING, RETURN TO: \_\_\_\_\_

**RIDER**

This Rider made a part of and attached hereto to that certain Oil and Gas Lease dated May 10, 1989, by and between MAYNARD ALVES and JACOLYN O. ALVES, husband and wife, Lessors, and EXXON CORPORATION, Lessee.

Lessee agrees to pay the owner of the surface of the leased premises or to the surface tenant of record, as their interests may appear, a sum of money equal to the actual loss of value resulting from physical injury to free flowing springs, artesian wells, improvements, fences, crops or livestock located on the land, caused by the operations of Lessee under the terms of this lease. Such amount shall be the sole compensation due the surface owner or surface tenant for any damage or injury to said improvements, fences, crops, or livestock located on the land or for the use thereof. Lessee shall not be obligated to compensate the surface owner for any physical injury to said improvements, fences, crops or livestock located on the land which is promptly repaired or restored by Lessee to a condition of approximately equivalent value following completion of the activity which cause such injury.

Lessee agrees to consult with surface owner regarding the placement of all roads, pipelines, power lines, telephone lines and tank batteries and to locate all such items and other structures which it has a right to locate upon said land under the provisions of this lease at such locations as to reduce the interference with the surface use of said lands for farming and for ranching purposes insofar as it is reasonably practical to do so but it is understood that Lessee will not be prevented from exercising reasonable use of the surface in order to accomplish the purposes of this lease.

To accomplish that end, Lessee agrees to notify the surface owner, or to deliver written notice to the surface owner's last known address, of any proposed operation involving the construction of the aforementioned items. Such notice shall include a brief general description of the location of the proposed operation and road routes involved. The surface owner shall have ten (10) days from the date of actual personal notification or the date of mailing, whichever occurs earlier, to advise Lessee in writing of the surface owner's preferences as to routes and locations. Failure of the surface owner to advise Lessee in writing of the surface owner's preferences shall be deemed as the surface owner's acquiescence to Lessee's proposed location and routes.

The Lessee shall not allow its employees, agents, or independent contractors to remain overnight on Lessors' premises except in the course of conducting operations for the drilling of a well. Operations shall include, but shall not be limited to, any and all activities necessarily related to the drilling of a well, including site preparation and restoration, drilling, testing, equipping, building pipelines, tank batteries, and other activities related to exploration and development of the leased premises.

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Should Lessee, its agents or independent contractors find water during any of their drilling operations, Lessee will promptly notify Lessors as to the whereabouts of said water. Should Lessee, its agents or independent contractors, drill and case any well upon the leased premises, Lessors shall have the option to retain said well and casing upon termination of the lease.

In the event Lessors elect to take over a well bore, Lessors shall pay to Lessee salvage value of the well bore and following such payment, Lessee shall turn over the well bore to Lessors. In taking over the well bore, Lessors accept the well bore "as is" and without warranty or representation, express or implied, as to its quality, condition, or serviceability.

Lessors further warrant and agree Lessors will plug and abandon the well bore at Lessors' sole expense and risk in accordance with applicable law at such time plugging and abandonment is necessary. Lessors further agree to hold harmless and indemnify Lessee for any claims, liabilities, or causes of action arising out of Lessors' operation or use of said well bore after the date of transfer from Lessee to Lessors.

Signed for Identification:

Maynard Alves  
Maynard Alves

Jaclyn O. Alves  
Jaclyn O. Alves

89050511.nsb

RECORDED AT THE REQUEST OF

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Exxon Company, U.S.A.  
89 JUL 31 AM 11 0

IN FILED RECORDS  
CLERK OF COUNTY OF NEVADA  
MIN. FILED 8/11/89 PDER

FILE NO.  
128634

FEE \$ 6.00

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