

See BK - 212, Pg. 472 for Ratification  
& Rental Division Order

129114

OIL AND GAS LEASE

AGREEMENT, made and entered into this 12<sup>th</sup> day of July, 1989, by and between TOMERA BROTHERS, a Nevada General Partnership, consisting of the Estate of BATTISTA TOMERA, JR., aka BATTISTA TOMERA, aka BUTCH TOMERA, deceased, by and through his duly appointed Co-Executors, MATTHEWS AND WINES, P.C., and McMULLEN MCPHEE & Co. (hereinafter the "ESTATE") and GEORGE TOMERA aka TOM TOMERA, an Adult Ward, by and through his duly appointed Guardians, THOMAS J. TOMERA and PATSY SUE TOMERA, (hereinafter "GEORGE TOMERA") party of the first part, hereinafter called lessor, (whether one or more) and LOMA ENERGY CORP. a Montana Corporation, P.O. Box 21395, Billings, Montana 59104, party of the second part, (hereinafter called "lessee").

W I T N E S S E T H

Lessee hereby agrees that Lessee, or its successors or assigns, shall record at its cost and expense, a Deed quitting all claim to the premises within thirty (30) days after termination or non-renewal of the Lease. In the event Lessee, its successors or assigns fails or refuses to do so, Lessor shall be entitled to obtain and record such documents as shall be necessary to remove the cloud from title; Lessor shall charge back to Lessee, or its successors or assigns, all costs and expenses, including attorney fees incurred, and Lessee, and its successors or assigns shall pay all costs and expenses immediately upon demand.

OIL AND GAS LEASE

Ten and More

WITNESSETH That the lessor for and in consideration of the sum of Dollars in hand paid, receipt of which is hereby acknowledged, of the covenants herein provided, and of the agreements of lessee herein contained, hereby grants, demises, leases and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas, conventional gas and other hydrocarbons and including all other products produced therefrom, laying pipe lines, hooking tanks, power stations, telephone lines and other structures thereon to produce, store, take care of, treat, transport, and own said products, and housing its employees, the following described land in Blaine County, State of Nevada, to-wit:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

Notwithstanding anything to the contrary contained herein, Lessee shall obtain written approval from Lessor for permanent housing for employees, such approval shall not be unreasonably withheld.

Including all minerals hereinabove named underlying lakes, streams, bays, easements and rights-of-way which traverse or adjoin said lands owned or claimed by lessor, or which may hereafter be established to be owned by lessor, and also in addition to the above described land and rights, any and all strata or portions of land, whether or not constituting regular governmental subdivisions, adjoining or contiguous to the above described land and owned or claimed by lessor, all of the foregoing land being hereinafter referred to as said land or leased premises, for the purpose of calculating the rental payments for which provision hereinafter is made, said land shall be treated as comprising 2.142,30 acres whether it actually comprises more or less.

TO HAVE AND TO HOLD the same (subject to the other provisions herein contained) for a term of FIVE years from the date (after primary term) and as long thereafter as oil, gas, conventional gas or other hydrocarbons or either or any of them, reproduced therefrom, or as much longer thereafter as the lease in good faith shall conduct operations or reworking operations thereon and should production result from such operations, this lease shall remain in full force and effect as long as oil, gas, conventional gas or other hydrocarbons or either or any of them, shall be produced therefrom.

In consideration of the premises it is hereby mutually agreed as follows:

- 1. The lessee shall deliver to the credit of the lessor...
2. The lessee shall pay lessor, as royalty, on gas, including...
3. If operations for the drilling of a well for oil or gas are not commenced on said land on or before one year from this date, this lease shall terminate as to both parties...

both parties, unless the lease shall, on or before one year from this date, pay or tender to the lessor or for the lessor's credit in PAY DIRECT TO LESSOR

C/O Stonehouse Ranch, Bank and its successors are lessor's agents and which shall continue as the depository... Two Thousand One hundred Forty Two and 30/100 Dollars shall operate as a rental and cover the privilege of deferring the commencement of operations for the drilling of a well for a period of one year.

4. If prior to discovery of oil or gas on said premises Lessee should drill a dry hole or holes thereon, or if after discovery of oil or gas all wells thereon should become incapable of producing for any cause, this lease shall not terminate if lessor commences operations for additional drilling or for reworking within sixty (60) days thereafter or if it is within the primary term commences or resumes the payment of rentals on or before the rental paying date next ensuing after the expiration of said sixty (60) days from date of completion of dry hole or cessation of production.

5. If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate herein, then the royalties and rentals herein provided for shall be paid the lessor only in the proportion which his interest bears to the whole and undivided fee.

6. Lessee shall have the free use of oil, gas, conventional gas and water... except water from lessor's wells, for all operations hereunder, and the royalty on oil, gas and conventional gas shall be computed after deducting any so used.

7. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns of the parties hereto.

Notwithstanding anything to the contrary contained herein, this lease shall not terminate if lessor commences operations for additional drilling or for reworking within sixty (60) days thereafter or if it is within the primary term commences or resumes the payment of rentals on or before the rental paying date next ensuing after the expiration of said sixty (60) days from date of completion of dry hole or cessation of production.

8. Lessee shall have the free use of oil, gas, conventional gas and water... except water from lessor's wells, for all operations hereunder, and the royalty on oil, gas and conventional gas shall be computed after deducting any so used.

9. If prior to discovery of oil or gas on said premises Lessee should drill a dry hole or holes thereon, or if after discovery of oil or gas all wells thereon should become incapable of producing for any cause, this lease shall not terminate if lessor commences operations for additional drilling or for reworking within sixty (60) days thereafter or if it is within the primary term commences or resumes the payment of rentals on or before the rental paying date next ensuing after the expiration of said sixty (60) days from date of completion of dry hole or cessation of production.

10. Lessee shall have the free use of oil, gas, conventional gas and water... except water from lessor's wells, for all operations hereunder, and the royalty on oil, gas and conventional gas shall be computed after deducting any so used.

9. In addition to and not in limitation of the rights granted in paragraph 8 hereof, lessor is hereby granted the right and option to consolidate, pool or combine the lands covered by this lease, or any portion or portions thereof in 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 lessor's discretion and judgment it is advisable so to do for proper development or operation of the premises, or to conform to zoning or zoning rules of any lawful authority, such consolidation, pooling or combining to be into units of such shape and dimensions as lessor 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 tract, 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, connecting 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 (60) 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 shall not exceed one hundred sixty (60) acres in surface area, then in such event such larger unit shall control, provided that, if governmental survey maps be stipulated in use in the area of this lease, the size of any of the units mentioned herein may be increased to the size of the then existing governmental survey unit nearest in size to the unit acreage prescribed herein. The right and option herein granted to lessor 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 lessee 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 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 describing such unit or a well of a type not covered by such instrument. In lieu of the royalties elsewhere herein specified, the lessee 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 for his royalty interest thereon bears to the total acreage of the said unit, provided that in no manner shall the ownership or amount of any royalty which may be payable under the terms of this lease.

10. In the interest of conservation, the production of reservoir pressures and recovery of the greatest ultimate yield of oil and/or gas, lessor 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 output 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. Lessor hereby ~~WARRANTS~~ 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 of exercise 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. Lessee 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 and based for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessor. 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, executive orders, rules and regulations, and this lease shall not be frustrated, 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, or if such compliance is prevented by or failure is the result of inability of lessor through no fault of its own, to obtain sufficient and satisfactory material and equipment to permit 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 lessee.  
 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, with right of redemption, in and to any part of the premises alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on and based for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessor. 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.

By: Thomas J. Tomera  
 Thomas J. Tomera, as Guardian of the Person and Estate of George Tomera

By: Kathy Sue Tomera  
 Kathy Sue Tomera, as Guardian of the Person and Estate of George Tomera

ESTATE OF BATTISTA TOMERA, deceased  
 By: Richard D. McMullen  
 Matthews and Wines, P. C., Executor

By: Shel A. McPhoe  
 McMullen McPhoe & Co., Executor

**NEVADA INDIVIDUAL ACKNOWLEDGEMENT**

STATE OF \_\_\_\_\_  
 COUNTY OF \_\_\_\_\_  
 On this \_\_\_\_\_ day of \_\_\_\_\_, in the year \_\_\_\_\_, before me \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

My Commission expires: \_\_\_\_\_ Place of Residence: \_\_\_\_\_

**NEVADA CORPORATE ACKNOWLEDGMENT**

STATE OF \_\_\_\_\_  
 COUNTY OF \_\_\_\_\_  
 On this \_\_\_\_\_ day of \_\_\_\_\_, in the year \_\_\_\_\_, before me \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, President of the corporation that executed the within instrument and acknowledged to me that such corporation executed the same.

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—Register of Deeds


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

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

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STATE OF NEVADA )  
COUNTY OF ELKO ) SS.

On this 17<sup>th</sup> day of July, 1989, personally appeared before me, a Notary Public, Richard J. Mathews and Theodore N. McPhee, known to me to be Co-Executors of the Estate of Battista Tomera, deceased, who acknowledged that they executed the foregoing instrument in their representative capacity.

*Janyce E. Jenkins*  
Notary Public  
 JANYCE E. JENKINS  
Notary Public-State of Nevada  
Elko County-Nevada  
Comm. Exp. 9-18-92

STATE OF NEVADA )  
COUNTY OF ELKO )

On this 12<sup>th</sup> day of July, 1989, personally appeared before me, a Notary Public, Thomas J. Tomera and Patsy Sue Tomera, known to me to be the Guardians of the Person and Estate of George Tomera, who acknowledged that they executed the foregoing instrument in their representative capacity.


*Janyce E. Jenkins*  
Notary Public  
 JANYCE E. JENKINS  
Notary Public-State of Nevada  
Elko County-Nevada  
Comm. Exp. 9-12-92

EXHIBIT "A"

DESCRIPTION OF LANDS IN EUREKA COUNTY NEVADA

Township 30 North, Range 52 East M.D.M.

Section 6: Lots 1(40.17), 2(40.12), 3(40.07), 4(33.79), 5(39.92),  
6(34.07), 7(34.22),  $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NW $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$

Section 8: W $\frac{1}{2}$ , SE $\frac{1}{4}$

Section 16: W $\frac{1}{2}$ NW $\frac{1}{4}$

Section 17: All

Section 18: E $\frac{1}{2}$

Signed for identification:

Thomas J. Tomera  
Thomas J. Tomera, as Guardian of the  
Person and Estate of George Tomera

Patsy Sue Tomera  
Patsy Sue Tomera, as Guardian of the  
Person and Estate of George Tomera

Richard L. Matthews  
Matthews and Wines, P. C., Executor of  
Estate of Battista Tomera, deceased

John McPhee  
McMullen McPhee & Co., Executor of  
Estate of Battista Tomera, deceased

RECORDED AT THE REQUEST OF

BOOK 201 PAGE 159

Foma Energy Corp.  
'89 AUG 24 P2:PM

OFFICIAL RECORDS  
EUREKA COUNTY NEVADA  
M.N. RECORDS AND ORDER

FILE NO. 129111

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