

The Garry-Williams Company
Republic Plaza, 370 17th Street, Suite 5300, Denver, Colorado 80202
hereinafter called Lessor.
Lessor, for and in consideration of TEN AND MORE Dollars, the receipt of which is hereby acknowledged, and covenants and agreements herein contained, does grant, demise, lease and let exclusively unto Lessee, for the purpose and with exclusive right of exploring by geophysical and other methods, drilling and operating for and producing therefrom, oil, liquid hydrocarbons, all gases and their respective constituent products, with rights of way and easements for laying pipe lines, power lines, building tanks, power stations, ponds, roadways and structures thereon for producing, saving, treating and caring for such products and any and all other rights and privileges necessary or incident thereto, all that certain land and lands riparian thereto situated in the County of Eureka, State of Nevada
described as follows (herein called "said land"):

Township 24 North, Range 49 East, MDN
Section 9: N¹/₄NE¹/₄, SE¹/₄NE¹/₄, SW¹/₄NE¹/₄,
Section 10: SW¹/₄SE¹/₄, SE¹/₄SW¹/₄,
Section 12: SW¹/₄SE¹/₄,
Section 13: NE¹/₄NE¹/₄, SW¹/₄NE¹/₄, NW¹/₄SW¹/₄,
Section 14: SE¹/₄SE¹/₄,
Section 15: N¹/₄NE¹/₄,
Section 23: NE¹/₄NE¹/₄, SW¹/₄NE¹/₄, W¹/₄SE¹/₄,
Section 26: NE¹/₄NW¹/₄, W¹/₄NE¹/₄,
Section 35: E¹/₄W¹/₄

For the purpose of determining the amount of any money payment hereunder, said land shall be considered to comprise 1680.00 acres.
2 Subject to the other provisions herein contained, this lease shall be for a term of 10 years from this date (herein called "primary term") and as long thereafter as oil or gas is produced from said land or as long thereafter as Lessee is engaged in actual drilling or reworking operations on said land.
3 As royalties, Lessee covenants and agrees as follows: (a) To deliver to the credit of Lessor free of cost, on the lease or into any pipeline to which Lessee may connect its wells, the equal share of all oil produced and saved from such oil as is saved, or at the Lessee's option may pay to the Lessor for such royalty the market price for oil of like grade and gravity prevailing in the same field or area on the day such oil is put into the pipeline or the storage tanks. (b) To pay to Lessor for gas of whatsoever nature or kind produced and sold for use for the manufacture of gasoline or any other products, ~~the market price for such gas~~ the proceeds from the sale of such gas at the mouth of the well. The Lessor may have gas free of charge from any gas well on said land for use in the principal dwelling on said land by making his own connections with the well, the use of said gas to be at the Lessor's sole risk and expense.
4 A well capable of producing gas or gas and gas-condensate in paying quantities located on said land, or on acreage pooled or unitized therewith, is at any time shut-in 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 shut-in well shall be deemed to be a well on said land producing gas in paying quantities and this lease will continue in force during all of the time or times while such well is so shut-in, whether before or after the expiration of the primary term hereof. Lessee shall use reasonable diligence to market gas or gas and gas-condensate capable of being produced from such shut-in well but shall be obligated to pay or tender to Lessor and all other royalty owners as their interests in royalty under the well shall appear, on or before the anniversary of the date of this lease (following the shut-in of such well, and annually thereafter, while such well is so shut-in, as royalty, an amount equal to the annual delay rental herein provided for under the terms of this lease, or, if this lease does not provide for any delay rental, then the sum of \$100 per well, Lessor's portion of such payment payable to others may be made or tendered to Lessor or to Lessor's credit by check or draft mailed or delivered to the depository bank designated herein. Portions of such payment payable to others may be made or tendered by check or draft, mailed or delivered, to such owners' credit in Lessor's depository bank. Royalty ownership as of the last day of each such annual period as shown by Lessee's records shall determine the amount and the party or parties entitled to receive such payment. "Shut-in" of a well shall be the date on which production casing in such well is perforated and gas flow test shall disclose that the well is capable of production in paying quantities. Until such casing shall have been run and the gas flow tested, no well shall be considered "shut-in".
4 If operations for the drilling of a well for oil or gas are not commenced on said land on or before one year from the date hereof, this lease shall terminate, unless the Lessee shall on or before that date pay or tender to the Lessor or the Lessor's credit in the First Interstate Bank
P. O. Box 325, Eureka, Nevada 89316
or its successors, which Bank and its successors are the Lessor's agent and shall continue as the depository of any and all sums payable under this lease regardless of changes of ownership in said land or in the oil and gas or in the rentals to accrue hereunder, the sum of One Thousand Six Hundred Eighty and 00/100 Dollars,
which shall operate as a rental and cover the privilege of determining the commencement of operations for drilling for like periods successively. All payments or tenders may be made by check or draft of Lessor or tenders, the commencement of operations for drilling may further be deferred for like periods successively. All payments or tenders may be made by check or draft of Lessor or provided herein shall be binding on the heirs, devisees, executors, and administrators of such persons.
5 If the Lessor owns a less interest in said land than the entire and undivided fee simple estate therein then the royalties and rentals herein provided for shall be paid Lessor only in the proportion which his interest bears to the whole and undivided fee.
6 If at any time prior to the discovery of oil or gas on said land and during the term of this lease, the Lessee shall drill a dry hole, or holes on said land, this lease shall not terminate, provided operations for the drilling of a further well shall be commenced within 12 months from the expiration of the last rental provided for which rental has been paid or provided the Lessee, on or before the expiration of said 12 months begins or resumes the payment of rentals in the manner and amount hereinabove provided; and in this event the preceding section governing the payment of rentals and effect thereof shall continue in force.
7 If within the primary term of this lease, production on said land shall cease from any cause, this lease shall not terminate provided operations for the drilling of a well shall be commenced on said land on or before the expiration of the primary term of this lease, production on said land shall cease from any cause, this lease shall not terminate hereinafter provided Lessee re-sumes operations for drilling or reworking within sixty days from such cessation, and this lease shall remain in force during the prosecution of such operations and, if production results therefrom, then as long thereafter as production continues.
8 The Lessee shall have the right to use, fire of cost, gas, oil and water found on said land for its operations thereon, except water from the wells, springs and reservoirs of the Lessee. When required by Lessor, the Lessee shall buy its pipelines below pump depth. Lessee shall pay for its operations on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said land and without written consent of the Lessor. Lessee shall have the right at any time during, or within 180 days after the expiration of this lease, to remove all machinery, fixtures, buildings and other structures placed by Lessee on said land, including the right to draw and remove all casing, but said land as nearly as possible to its original condition.
9 Lessee is hereby granted the right and power to pool or combine said land, with other land, lease or leases in the vicinity thereof at any time and from time to time, whether before or after production, when in Lessee's judgment it is necessary or advisable to do so for the prevention of waste and the conservation and greater ultimate recovery of oil or gas. Such pooling shall be into a unit or units not exceeding in area the acreage prescribed or required in any Federal or State law, order, rule or regulation for the drilling or production or operation of a well, or for obtaining the maximum allowable production from one well. Such pooling shall be accomplished or terminated by filing of record in the proper county a declaration of pooling or termination of pooling, a copy of which may be mailed or tendered to Lessor. The production or pooling of subsurface and development and production on or any portion of a unit so pooled, including the commencement, drilling, completion and operation of a well thereon, shall be considered and construed, and shall have the same effect, except for the payment of royalty, as production, development and operation on said land under the terms of this lease. The royalties herein provided shall accrue and be paid to Lessor on pooled substances produced from any unit in the proportion, but only in the proportion, that Lessor's acreage interest in the land covered hereby and placed in the unit bears to the total acreage placed in such unit.
10 If the estate or interest in the land covered hereby is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to the heirs, devisees, executors, administrators, successors, and assigns, but no change of ownership in the land or in the rentals or royalties or any sum due under this lease shall be binding on or affect the Lessee until 30 days after Lessee has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof and all advance payments or rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, administrator, executor, or heir of Lessor.
11 Lessee may at any time surrender this lease in whole or in part by placing such release of record in the proper county. If said lease is surrendered as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter accruing under the terms of said lease as to the portion surrendered shall cease and determine and any rentals thereafter paid may be apportioned on an acreage basis, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes. It is hereby agreed that in the event this lease shall be assigned as to a part or as to parts of said land and the holder or owner of any such part or parts shall make default in the payment of the monies due from him or them, such default shall not operate to defeat or affect this lease insofar as it covers the part of said land upon which the Lessee or any assignee hereof shall make proper payment of any monies due hereunder.
12 Lessor hereby warrants and agrees to defend the title to the land hereon covered and agrees that the Lessee, at its option, may pay and discharge in whole or in part any taxes, mortgage, or other liens, existing, levied, or assessed on or against said land and, in the event it exercises such option, it shall be subrogated to the rights of any holder or holder's interest in said land and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder. Lessor further agrees that any interest or title to said land acquired by Lessor after the date hereof shall be subject to the same extent as if said interest or title had been held by Lessor at the date hereof. In such event, the amount of rental payable hereunder shall be appropriately adjusted at the next ensuing rental date after Lessee has been furnished with evidence of such after acquired title.
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 This lease shall be binding upon all who execute it, whether they are named in the granting clause and whether all parties named in the granting clause execute this lease. All provisions of this lease shall inure to the benefit of, and be binding upon the heirs, executors, administrators, successors and assigns of Lessor and Lessee. Lessor hereby waives and releases all rights of dower and homestead in said lands insofar as the rights granted under this lease might be affected thereby.

R. D. Damele
Arlene W. Damele
S.S.# [redacted]
S.S.# [redacted]
BOOK 208 PAGE 114
623362

ACKNOWLEDGMENT FOR INDIVIDUAL

Nevada

STATE OF

COUNTY OF Eureka

ss.

On this 4th day of December, 1989, before me personally appeared R. D. Damele, and Arlene W. Damele, husband and wife.

known to me to be the person(s) described in and who executed the foregoing instrument, and who acknowledged to me that ~~he~~she, ~~they~~ executed the same.

My commission expires: 11 February 1991

Notary Public

Carolyn M. Olson

Residing at Eureka, Nevada

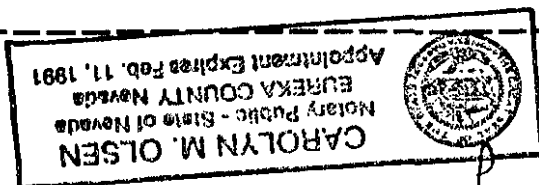


EXHIBIT "A"

Attached hereto and by this reference made a part hereof that certain Oil and Gas Lease dated November 30, 1989 by and between R. D. Damele and Arlene W. Damele, husband and wife, Lessor, and The Gary-Williams Company, Lessee.

Notwithstanding anything contained herein to the contrary the royalty received by the Lessor shall not be reduced by any costs or expenses and shall be calculated at the total rate of oil, gas and/or gas-condensate produced and saved from any well on said lands.

Lessee agrees to hold Lessor harmless to any claims, actions or liability that might arise out of the actions of Lessee or it's assigns on the described lands.

It is hereby understood and agreed that the terms of this lease does not give the Lessee or its assigns any right to commit any of the Lessor's royalty interest to a Federal Unit.

Lessor hereby agrees that this lease may be extended for an additional five (5) years from the end of the initial five year primary term for the same bonus consideration initially paid. If the option to renew this lease is exercised, the bonus consideration will be placed into the depository bank herein named at or before the end of the first five year term. The rental clause will then apply to the remaining term of the second five years at the rate stated herein.

Lessee agrees that at the expiration of this lease that a Release of this lease will be placed of record in Eureka County, Nevada at the sole expense of Lessee.

Signed for Identification:

R. D. Damele

Arlene W. Damele

RECORDING DATA

RATIFICATION AND RENTAL STIPULATION

KNOW ALL MEN BY THESE PRESENTS, That:

WHEREAS, the undersigned (whether one or more) owns an interest in the following described lands (herein called "said lands") in the County of Eureka, State of Nevada, to-wit: _____, subject to the following described oil and gas lease (herein called "said lease"), to-wit: _____,

Lessor: R. D. Damele and Arlene W. Damele, husband and wife
P. O. Box 342, Eureka, Nevada 89316

Lessee: The Gary-Williams Company
Republic Plaza, 370 17th Street, Suite 5300, Denver, Colorado 80202

Dated: November 30, 1989

Recorded:

Lands:	Township 24 North, Range 49 East, MDM
	Section 9: N ¹ / ₄ NW ¹ / ₄ , SE ¹ / ₄ NW ¹ / ₄ , SW ¹ / ₄ NE ¹ / ₄
	Section 10: SW ¹ / ₄ SE ¹ / ₄ , SE ¹ / ₄ SW ¹ / ₄
	Section 12: SW ¹ / ₄ SE ¹ / ₄
	Section 13: NE ¹ / ₄ NW ¹ / ₄ , SW ¹ / ₄ NW ¹ / ₄ , NW ¹ / ₄ SW ¹ / ₄
	Section 14: SE ¹ / ₄ SE ¹ / ₄
	Section 15: N ¹ / ₄ NW ¹ / ₄
	Section 23: NE ¹ / ₄ NE ¹ / ₄ , SW ¹ / ₄ NE ¹ / ₄ , W ¹ / ₄ SE ¹ / ₄
	Section 26: NE ¹ / ₄ NW ¹ / ₄ , W ¹ / ₄ E ¹ / ₄
	Section 35: E ¹ / ₄ W ¹ / ₄
	Section 14: SE ¹ / ₄ NW ¹ / ₄ , SW ¹ / ₄ NW ¹ / ₄ , NW ¹ / ₄ SW ¹ / ₄
	Section 22: NE ¹ / ₄
	Section 23: NW ¹ / ₄
	Section 14: SE ¹ / ₄ NW ¹ / ₄ , SW ¹ / ₄ NE ¹ / ₄ , W ¹ / ₄ SE ¹ / ₄ , SW ¹ / ₄
	Township 24 North, Range 50 East, MDM

CREDIT TO AMOUNT DEPOSITORY BANK (City and State)

R. D. Damele and Arlene W. Damele, husband and wife P. O. Box 342 Eureka, Nevada 89316	\$84.45	First Interstate Bank P. O. Box 325 Eureka, Nevada 89316
Account #		

WHEREAS, the undersigned desires to ratify said lease and to stipulate as to the amount of any delay rentals which may become payable under the terms of said lease with respect to the interest of the undersigned in said lands; NOW, THEREFORE, in consideration of the sum of One Dollar (\$1.00) and other valuable consideration, the receipt, adequacy and sufficiency of which are hereby expressly acknowledged by the undersigned, the undersigned hereby agree as follows: 1. If any delay rentals hereafter become payable under the terms of said lease, with respect to the interest in said lands now held by the undersigned, the amount of such delay rentals payable to the undersigned shall be as follows:

and payment or tender of such amount in the manner specified in said lease will constitute full and proper compliance with the delay rental provisions of said lease so as to maintain said lease in full force and effect with respect to the entire interest now held by the undersigned in said lands, whatever such interest may be, during the entire period of time covered by such delay rental payment.

2. The undersigned hereby ratifies and confirms said lease as being in full force and effect in accordance with its terms and hereby acknowledges the timely payment and receipt in full of all payments of delay rentals heretofore payable under the provisions of said lease on account of the interest of the undersigned in said lands.

3. The undersigned further grants, leases and lets said lands to the Lessee named in said lease, or his successors and assigns, in accordance with the terms and provisions of said lease to the full extent of the undersigned's right, title and interest in said lands.

4. With respect to and for the purposes of this instrument and said lease, the undersigned hereby releases all rights of power and/or homestead in said lands.

5. This instrument shall be binding upon the undersigned and his heirs, personal representatives, successors and assigns.

EXECUTED this _____ 4th _____ day of _____

December _____, 1989

R. D. Damele
R. D. Damele
Arlene W. Damele
Arlene W. Damele

OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
BOOK 208 PAGE 114
Mary William Co -
90 FEB -5 P3 28
EUREKA COUNTY, NEVADA
M.M. REBALCANTI, REGISTRAR
FILE NO. 808
131431

RECORDING DATA

State of _____
County of _____
On this _____ day of _____, 19____, before me personally
appeared _____, to me personally known, who, being by
me duly sworn, did say that he is the _____
_____ and that the seal affixed to said instrument is the corporate seal of said corpora-
tion 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 the free act and deed of said corporation.
Witness my hand and seal this _____ day of _____, A. D. 19____.
Notary Public. _____
My Commission Expires _____

STATE OF _____
COUNTY OF _____
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 herunto set my hand and affixed my notarial seal the day and year last above written.
My Commission Expires _____
Notary Public. _____

STATE OF _____
COUNTY OF _____
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 herunto set my hand and affixed my notarial seal the day and year last above written.
My Commission Expires _____
Notary Public. _____
Appointment Expires Feb. 11, 1981
EUREKA COUNTY Nevada
M. OLSEN

STATE OF Nevada
COUNTY OF Eureka
BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____ 4th
day of _____, 1989, personally appeared R. D. Damele and Arlene W. Damele, husband and wife
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 _____ their
free and voluntary act and deed for the uses and purposes therein set forth.
IN WITNESS WHEREOF, I have herunto set my hand and affixed my notarial seal the day and year last above written.
My Commission Expires _____
Notary Public. _____