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8221-90-030

RIGHT OF WAY DIVISION
Nevada Department of Transportation
1263 South Stewart Street
Carson City, Nevada 89712

ASSIGNMENT OF RIGHT TO APPLY FOR
FEDERAL OIL AND GAS LEASE

This Assignment of Right to Apply for Federal Oil and Gas Lease executed this 21st day of May, 1990, by and between the State of Nevada acting by and through its Department of Transportation, hereinafter called ASSIGNOR and THE GARY-WILLIAMS COMPANY, hereinafter called ASSIGNEE.

WITNESSETH:

That, WHEREAS, under and by virtue of the Act of November 9, 1921, (Section 17), ASSIGNOR, by due authorization and approval by the United States Department of the Interior, Bureau of Land Management, is the holder of a right-of-way 200 feet on each side of the centerline for a public road under the application designated as NEV 03794, across the following described Government lands in the County of Eureka, State of Nevada, to wit:

T. 26 N., R. 51 E., M.D.M.,
E 1/2 of Section 2

WHEREAS, under the provisions of that certain enactment known as the Act of May 21, 1930 (30 U.S.C. 310-306) the holder of the right-of-way acquired under any law of the United States is entitled to a preferential right to an oil and gas lease from the United States covering the oil and gas deposits thereunder, which said preferential right is by such enactment made assignable, subject to the approval of the Secretary of the Interior; and

WHEREAS, subject to ASSIGNOR'S said preferential right to an oil and gas lease from the United States covering the said deposits under ASSIGNOR'S said right-of-way for public road, the ASSIGNEE last listed above is the holder of an oil and gas lease from the United States which describes the subdivisions hereinabove set out; and

WHEREAS, subject to the terms and conditions hereinafter set forth, ASSIGNOR is willing to assign its preferential right, as aforesaid, to ASSIGNEE.

NOW, THEREFORE, in consideration of the sum of Ten and more Dollars (\$10.00 and more), in hand paid to ASSIGNOR, the receipt of which is hereby acknowledged, ASSIGNOR does hereby assign, transfer and relinquish unto ASSIGNEE all rights and interests of ASSIGNOR in and to a preferential right to an oil and gas lease from the United States of America covering the oil and gas deposits under ASSIGNOR'S right-of-way for its public road upon the lands herein specifically described, it being the intent and understanding of the ASSIGNOR that this assignment covers only its interest, if any, under the identified Act of May 21, 1930, and does not cover any other right held or claimed by ASSIGNOR with respect to the right-of-way for its public road upon said above described land;

SUBJECT, HOWEVER, to the following terms, conditions and covenants:

1. ASSIGNEE hereby covenants and agrees that any activities and operations which they may conduct, or cause to be conducted, in or about the vicinity of the public road and appurtenances of the ASSIGNOR on the land above described, will be conducted as not to cause subsidence of the surface of the land within or in proximity of said right-of-way or otherwise interfere with, endanger or damage any of the said public road and appurtenances of ASSIGNOR, and so as not to interfere with, endanger or interrupt services furnished by ASSIGNOR.
2. ASSIGNEE agrees to reimburse ASSIGNOR for any expense incurred, as ASSIGNOR may deem necessary, to protect its facilities from hazards arising from or incident to the activities or operation of ASSIGNEE upon or in proximity of said right-of-way, and for any expense incurred by ASSIGNOR.
3. ASSIGNEE agrees to indemnify and save harmless ASSIGNOR from and against any and all claims, losses, damages, liabilities, cost and expenses which ASSIGNOR may sustain or bear, resulting in any manner from the activities or operations of ASSIGNEE upon or in

proximity of ASSIGNOR'S said right-of-way or the breach of any of the terms, conditions and covenants contained herein.

4. ASSIGNEE further agrees to repair and make whole, at its own expense, any and all damage caused to the right-of-way owned and controlled by the Department of Transportation by exercise of ASSIGNEE'S exploration, drilling or extraction of oil and gas under its lease.

5. The rights and interests herein assigned, transferred, and relinquished shall only be assigned, transferred and relinquished for such period of time as ASSIGNEE'S presently existing lease N-11333 or any extension or renewal thereof, from the United States to ASSIGNEE covering oil and gas deposits under said land is in effect; it being the intention of the parties hereto that the duration of both the rights and interests assigned herein and the ASSIGNEE'S effective lease shall be co-extensive and that when such lease of ASSIGNEE, including any extension or renewal of same, shall terminate, the herein assigned rights and interests in said right-of-way with respect to such terminated lease shall immediately also terminate; provided, however, that any liabilities of ASSIGNEE to ASSIGNOR then accrued but unsatisfied shall not cease and determine. Upon such termination of any or all of said right and interests, subject to the above provision, they shall thereupon revert unto ASSIGNOR.

It shall be the sole duty and obligation of ASSIGNEE hereunder to obtain the necessary consent or approval of the Secretary of the Interior to this agreement.

The terms, provisions and covenants hereof shall extend to and be binding upon the ASSIGNOR, the ASSIGNEE, and their respective successors and assigns.

IN WITNESS WHEREOF the parties hereto have executed this agreement the day and year first above written.

REVIEWED AND RECOMMENDED BY:
James Cross
District Engineer

THE GARY-WILLIAMS COMPANY
By: Pat Keating
Pat Keating, Attorney-in-Fact

REVIEWED AND RECOMMENDED BY:
John P. Crawford
Chief Right-of-Way Agent

APPROVED FOR LEGALITY AND FORM:
Brenda J. Allen
Deputy Attorney General

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STATE OF NEVADA acting by and through its
Department of Transportation:
Richard O. Hill
Director

STATE OF COLORADO
COUNTY OF DENVER

On this 21st day of May, 19 90, personally appeared before me,
the undersigned, a Notary Public in and for the County of Denver, State of
Colorado, PAT KEATING, Attorney-in-Fact for THE GARY-WILLIAMS COMPANY

known to me to be the person described in and who executed the foregoing instrument who
acknowledged to me that he executed the same freely and voluntarily and for the uses
and purposes thereby mentioned.

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My Commission Expires:



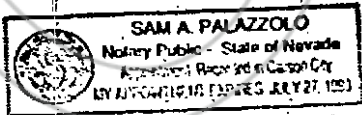
STATE OF NEVADA
CARSON CITY

IN WITNESS WHEREOF I have hereunto set
my hand and affixed my official seal the day
and year in this certificate first above
written.

Shane Anderson

On this 5TH day of June, 19 90, personally appeared before me,
the undersigned, a Notary Public in and for Carson City, State of Nevada,
Michael McFall known to me to be the Asst. Director of the
Department of Transportation of the State of Nevada who executed the foregoing instrument
for the Nevada Department of Transportation under authorization of Nevada Revised Statutes,
Chapter 408.205; that he affirms that the seal affixed to said instrument is the seal of
said Department; and that said instrument was executed for the Nevada Department of
Transportation freely and voluntarily and for the uses and purposes therein mentioned.

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IN WITNESS WHEREOF I have hereunto set
my hand and affixed my official seal the day
and year in this certificate first above
written.

Sam A. Palazzolo

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rev.

OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
BOOK 572

90 JUN 12 10:19

CLERK OF COUNTY CLERK
P.M. REBALLATI, RECORDER
FILE NO.

132146