

132744

OIL AND GAS LEASE

AGREEMENT, Made and entered into the 22nd day of May, 1990, by and between

William A. Burum and Son, a California Co-Partnership

whose post office address is Route 2, Box 361, Delano, CA 93215

Bird Oil Corporation hereinafter called Lessor (whether one or more) and
whose post office address is 1801 California St., Suite 4500, Denver, CO 80202

WITNESSETH, That the Lessor, for and in consideration of Ten and more (\$10.00) DOLLARS cash in hand paid, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the said Lessor, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipe lines, and erecting of structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of Eureka

State of Nevada described as follows, to-wit:

Township 27 North, Range 52 East, MDM

Section 11: NE1/4SW1/4

Section 21: SE1/4NE1/4, N4SE1/4

and containing 160.00 acres, more or less, five

1. It is agreed that this lease shall remain in force for a term of ten years from this date and as long thereafter as oil or gas of whatsoever nature or kind is produced from said leased premises or on acreage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on an acreage pooled therewith but Lessee is then engaged in drilling or re-working operations thereon, then this lease shall continue in force as long as operations are being continuously prosecuted on the leased premises or on an acreage pooled therewith, and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well, if after discovery of oil or gas on said land or on acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or re-working operations within ninety (90) days from date of cessation of production or from date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage pooled therewith.

2. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to Lessor or by failing to receive a release or releases, and be relieved of all obligations thereafter accruing as to the acreage surrendered.

3. In consideration of the premises the said Lessor covenants and agrees:

1st. To deliver to the credit of Lessor, free of cost, in the pipe line in which Lessor may connect wells on said land, the usual one-eighth (1/8) part of all oil produced and saved from the leased premises, or pay Lessor the market value at Lessee's option.

2nd. To pay Lessor one-eighth (1/8) of the gross proceeds each and payable quarterly for the gas from each well where gas only is found, while the same is being used off the premises, and if used in the manufacture of gasoline a royalty of one-eighth (1/8) payable monthly at the prevailing market rate for gas.

3rd. To pay Lessor for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product a royalty of one-eighth (1/8) of the proceeds at the mouth of the well, payable monthly at the prevailing market rate.

4. Where gas from a well capable of producing gas is not sold or used, Lessor may gas or tender as results to the royalty owners that Dollar per year per net payable acre retained hereunder, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of 90 days from the date such well is shut in and thereafter on or before the anniversary date of this lease during the period such well is shut in. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease.

5. If Lessee owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalties) herein provided for shall be paid the Lessee, only, in proportion to which Lessee's interest bears to the whole, and undivided fee.

6. Lessee shall have the right to use, free of cost, gas, oil and water produced on and from the leased premises, except water from the wells of Lessee.

7. When required by Lessee, Lessor shall bury the pipe line below plow depth.

8. No well shall be drilled nearer than 200 feet to the boundary line hereon on said premises without written consent of Lessor.

9. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

10. Lessee shall have the right at any time to install machinery and fixtures placed on said premises, including the right to draw and remove casing.

11. The rights of Lessor and Lessee hereunder, in whole or in part. No change in ownership of Lessee's interest (or interests) or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded assignments or documents and other information necessary to establish a complete chain of record title from Lessee, and then only, with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessee's ownership as in different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessor, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no landowner shall be liable for any act or omission of any other landowner.

12. Lessee, at its option, is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or unitize the leased estate and the mineral estate owned by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to include such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessee executing and filing of record a declaration of such unitization or information, which declaration shall describe the unit. Any unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or re-working operations on a well that is in or out of a unit which includes all or a part of this lease shall be treated as if it were production, drilling or re-working operations on a well that is in or out of a unit under this lease. In lieu of the royalties otherwise herein specified, including shut-in gas royalties, Lessee shall receive no production from the unit on pooled royalties only on the portion of such production allocated to this lease; such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, Lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified in conformity to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of the lease, as revised or updated, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to Lessee, be regarded as having been produced from the particular tract of land to which it is allocated and to any other tract of land, and the royalty payments to be made hereunder to Lessee shall be based upon production only as so allocated. Lessee shall formally express Lessee's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.

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, modified or in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or of such failure is the result of, any such Law, Order, Rule or Regulation.

14. Lessee hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessee, by payment, any mortgages, liens or other liens on the above described lands, in the event of default of payment by Lessee and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and waive all right of defense and of the premises described herein, insofar as said right of defense and of defense may in any way affect the purposes for which this lease is made, as recited herein.

15. Should any one or more of the parties hereto named as Lessee fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessee. The word "Lessee," as used in this lease, shall mean any one or more or all of the parties who execute this lease as Lessee. All the provisions of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessee.

IN WITNESS WHEREOF, this instrument is executed as of the date first above written.

William A. Burum
William A. Burum, Co-Partner in

William A. Burum
William A. Burum

William A. Burum and Son,
a California Co-Partnership

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BOOK 2 | PAGE 334

STATE OF California
COUNTY OF Kern

Nevada
Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,
Nebraska, North Dakota, South Dakota
ACKNOWLEDGMENT—INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 22nd
day of May, 1990, personally appeared William A. Burum
William A. Burum, individually and as Co-Partner in William A. Burum and Son,
and a California Co-Partnership

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 he duly executed the same as his free
and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.
My Commission Expires

Mary Ellen Morel
Notary Public.
Address: 700 Cherry Hill Dr.
Bakersfield, CA 93309

STATE OF California
COUNTY OF Kern

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,
Nebraska, North Dakota, South Dakota
ACKNOWLEDGMENT—INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 22nd
day of May, 1990, personally appeared
William A. Burum

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My Commission Expires



William A. Burum
Notary Public.
Address: 1012 Jefferson St. Delano, Ca. 93215

STATE OF California
COUNTY OF Kern

ACKNOWLEDGMENT (For use by Corporations)

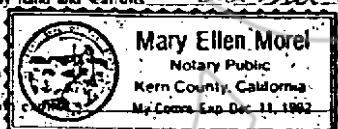
On this 22nd day of May, A.D. 1990, before me personally
appeared William A. Burum, to me personally known, who, being by
me duly sworn, did say that he is the person of record

and that the seal affixed to said instrument is the corporate seal of
said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said
William A. Burum acknowledged said instrument to be free act and deed of said corporation.

Witness my hand and seal this 22nd day of May, A.D. 1990.

(SEAL)

My Commission Expires



Mary Ellen Morel
Notary Public.
Address: 700 Cherry Hill Dr.
Bakersfield, CA 93309

No. _____	FROM _____	TO _____	Date _____ 19____	No. Acres _____	County _____	Term _____	This instrument was filed for record on the _____ day of _____, 19____, at _____ o'clock _____ M., and duly recorded in _____ volume _____ of the records of this office.	County Clerk _____	Deputy _____
When recorded return to _____									

BOOK 211 PAGE 335

OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
BOOK 211 PAGE 336

Bud Oil Corp.
90 JUL -6 AG 53

STREKA COUNTY, N.Y.
M.M. REGALATI, RECORDER
FILE NO. *170*

172741

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