

137762

OIL AND GAS LEASE

10th day of April 1981

AGREEMENT, made and entered into this 10th day of April 1981 by and between Dominek J. Pieretti, a married man dealing in his sole and separate property, and Tosca P. Sullivan, a widow, P.O. Box 667, Carlin, NV 89822 Party of the first part, hereinafter called lessor (whether one or more) and Anadarko Petroleum Corporation, Houston, TX Party of the second part, hereinafter called lessee.

WITNESSETH, That the said lessor, for and in consideration of ten (10) and more DOLLARS, cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto the said lessor, for the sole and only purpose of exploring by geophysical and other methods, including the operating for oil (including but not limited to distillate and condensate), gas (including casinghead gas and helium and all other constituents), and for laying pipe lines, and building tanks, powers, stations and structures thereon, to produce, save and take care of said products, all that certain tract of land, together with any reversionary rights and after acquired interest therein, situated in the County of Elko, State of Nevada described as follows, to wit: Township 29 North, Range 52 East, M.D.M. Section 8: SE/4, Section 9: SW/4, Section 16: W/2, Section 17: NE/4, Section 21: NW/4

and containing 960.00 acres, more or less

It is agreed that this lease shall remain in force for a term of three (3) years from date (herein called primary term) and as long thereafter as oil or gas, or either of them is produced from the leased premises.

In consideration of the premises the said lessee covenants and agrees:

1st. To deliver to the credit of lessor free of cost, in the pipe line to which it may connect its wells, the ~~gross~~ (1/6) part of all oil (including but not limited to condensate and distillate) produced and saved from the leased premises.

2nd. To pay lessor for gas of whatsoever nature or kind (with all of its constituents) produced and sold or used off the leased premises, or used in the manufacture of products therefrom, ~~seventy (70%) of the actual amount received by the lessee, said payments to be made monthly.~~ During any period (whether before or after expiration of the primary term hereof) when gas is not being sold or used and the well or wells are shut in and there is no current production of oil or gas, the lessee shall pay to the lessor a royalty of One Dollar (\$1.00) per acre per net royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of this lease or at the expiration of ninety (90) days from the date such well is shut in and thereafter on the anniversary date of this lease during the period such well is shut in, to the royalty owners or the royalty owner's credit in the rental depository bank hereinafter designated. When such payment or tender is made it will be considered that gas is being produced within the meaning of the entire lease. Lessor shall have the privilege at his risk and expense of using gas from any well, producing gas only, on the leased premises for stores and inside lights in the principal dwelling thereon out of any surplus gas not needed for operations hereunder.

3rd. To pay lessor for gas produced from any oil well and used off the premises, or for the manufacture of casing head gasoline or dry commercial gas, ~~one (1%) of the gross proceeds, at the mouth of the well, received by lessee for the gas during the time such gas shall be used, said payments to be made monthly.~~ If drilling operations or mining operations are not commenced on the leased premises on or before one year from this date, this lease shall then terminate as to both parties unless Lessee on or before the expiration of said period shall pay or tender to Lessor, or to the credit of Lessor in the First Interstate Bank

Elko, Nevada or any successor bank, the sum of nine hundred sixty and no/100 Dollars, (\$ 960.00), hereinafter called "rental" which shall extend for twelve months the time within which drilling operations or mining operations may be commenced. Thereafter, annually, in like manner and upon like payments or tenders, said rental may be further deferred for periods of twelve months each during the primary term. Payment or tender of rental may be made by check or draft of Lessee delivered or mailed to the authorized depository bank or Lessor (at address last known to Lessor) on or before such date for payment, and the payment or tender will be deemed made when the check or draft is so delivered or mailed. If said rental or sum is not paid or tendered on or before such date, then the rental shall be deemed to have been designated as depository should fail or liquidate or for any reason refuse or fail to accept rental, Lessee shall not be held in default for failure to make such payment or tender of rental until thirty days after Lessor shall deliver to Lessee a proper recordable instrument naming another bank to receive such payments or tenders. The above named or successor bank or any other bank which may be designated as depository shall be Lessor's agent. Should the named bank refuse or fail to accept rental, Lessee shall not be held in default for failure to make such payment or tender of rental until thirty days after Lessor shall deliver to Lessee a proper recordable instrument naming another bank to receive such payments or tenders. The above named or successor bank or any other bank which may be designated as depository shall be Lessor's agent. Should the named bank refuse or fail to accept rental, Lessee shall not be held in default for failure to make such payment or tender of rental until thirty days after Lessor shall deliver to Lessee a proper recordable instrument naming another bank to receive such payments or tenders. The above named or successor bank or any other bank which may be designated as depository shall be Lessor's agent.

If prior to discovery of oil or gas on said land, or on acreage pooled therewith, Lessee should drill a dry hole or holes thereon, or if after discovery of oil or gas production the Lessee should cease due to causes other than lack of market for gas and gas is not being sold or used, this lease shall not terminate if Lessee commences additional drilling or reworking operations within one hundred twenty (120) days thereafter, or if it be within the primary term Lessee commences or resumes the payment or tender of rental on or before the rental paying date or at ensuing after the expiration of four (4) months from the date of completion of a dry hole or holes thereon, or if after the expiration of the primary term of this lease, oil or gas is not capable of being produced on or from said land or said pooled premises, Lessee shall not be held in default for failure to make such payment or tender of rental until thirty days after Lessor shall deliver to Lessee a proper recordable instrument naming another bank to receive such payments or tenders. The above named or successor bank or any other bank which may be designated as depository shall be Lessor's agent. Should the named bank refuse or fail to accept rental, Lessee shall not be held in default for failure to make such payment or tender of rental until thirty days after Lessor shall deliver to Lessee a proper recordable instrument naming another bank to receive such payments or tenders. The above named or successor bank or any other bank which may be designated as depository shall be Lessor's agent.

Lessee is hereby granted the right at any time and from time to time to utilize the leased premises or any portion or portions thereof, as to all strata or any stratum or strata, with any other lands as to all strata or any stratum or strata, for the production primarily of oil or primarily of gas with or without distillate. However, no unit for the production primarily of oil shall embrace more than 40 acres, or for the production primarily of gas with or without distillate more than 640 acres, provided that if any governmental regulation shall prescribe a spacing pattern for the development of the field or allocate a producing allowable based on acreage per well, then any such unit may embrace as much additional acreage as may be so prescribed or as may be used in such allocation of allowable. Lessee shall file written unit designations in the county in which the leased premises are located. Operations upon and production from the unit shall be treated as if such operations were upon or such production were from the leased premises whether or not the well or wells are located thereon. The entire acreage within a unit shall be treated for all purposes as if it were covered by and included in the lease, except that the royalty on production from the unit shall be as below provided, and except that in calculating the amount of any rentals or shut in gas royalties, only that part of the acreage originally leased and then actually produced by this lease shall be counted. In respect to production from the unit, Lessee shall pay lessor in lieu of other royalties thereon, only such proportion of the royalties stipulated herein as the amount of its acreage placed in the unit, or its royalty interest therein on an acreage basis bears to the total acreage in the unit.

If said lessor owns a less interest in the above described land than the entire and undivided fee, however, such rental shall be increased at the next succeeding rental anniversary after any reversion or acquisition occurs to cover the interest so acquired.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operations thereon, except water from wells of lessor.

When requested by the lessor, Lessee shall bury his pipe lines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without the written consent of the lessor.

Lessee shall pay for all damages caused by its operations to growing crops on said land.

Lessee shall have the right to remove all gas, oil, water and fixtures placed on said premises, including the right to draw and remove casing.

If the estate of either party hereto is assigned, and the provision of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns. However, no change or division in ownership of the lands, rentals or royalties shall diminish the rights of Lessee. No change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessor until after the lessee has been furnished with a written transfer or assignment or a true copy thereof, and it is hereby agreed in the event this lease shall be assigned as to a part or parts of the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportions to part of the rentals due from him or them, such default shall not operate to defeat or affect this lease, in whole or in part, Lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

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

This lease shall be effective as to each lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the lessors above named may not join in the execution hereof. The word "Lessor" as used in this lease means the party or parties who execute this lease as Lessor, although not named above.

Lessee may at any time and from time to time surrender this lease as to any part or parts of the leased premises by delivering or mailing a release thereof to lessor, or by placing a release of record in the proper County. After a partial surrender, the rentals specified above shall be proportionately reduced on an acreage basis.

Lessee hereby warrants that it is the owner of the leased premises and that it has the right to execute this lease and that the lessor shall have the right at any time to redeem for lessor by payment any mortgage, loans or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof.

See Exhibit "A" attached hereto.

IN TESTIMONY WHEREOF, we sign this 10th day of April 1981

Tosca P. Sullivan Dominek J. Pieretti

SS# SS#

STATE OF WYOMING }
COUNTY OF NATRONA } ss.

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 3rd
day of May, 19 91, personally appeared TOSCA P. SULLIVAN
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 she duly executed the same as H/T 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 April 28, 1994 Carol J. Strohacker Notary Public.
Address: Box 1082 - Canyon, Wyo 82602

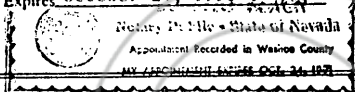
STATE OF Nevada }
COUNTY OF Washoe } ss.

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 9th
day of May, 19 91, personally appeared Dominek J. Pieretti
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 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 October 24, 1991 REACH Notary Public.
Address: 1401 S. V. St., Reno, NV



STATE OF _____ }
COUNTY OF _____ } ss.

ACKNOWLEDGMENT (For use by Corporations)

On this _____ day of _____, A.D. 19____, before me personally
appeared _____, to me personally known, who, being by
me duly sworn, did say that he is the _____ of _____
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
_____ acknowledged said instrument to be free act and deed of said corporation.

Witness my hand and seal this _____ day of _____, A.D. 19____.

Notary Public.

(SEAL)

Address: _____

My Commission expires _____

No. _____
FROM _____
TO _____
Dated _____, 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 _____ Page _____
of the records of this office.
County Clerk. _____
Deputy. _____
When recorded return to _____

BOOK 225 PAGE 266

EXHIBIT "A"

ATTACHED TO and made a part of that certain Oil and Gas Lease dated April 10, 1991, by and between Dominek J. Pieretti, a married man dealing in his sole and separate property, and Tosca P. Sullivan, a widow, as Lessor, and Anadarko Petroleum Corporation, as Lessee.

1. This Lease is expressly limited to oil, gas and hydrocarbon substances recoverable in solution with oil or gas and recoverable only through a well bore. This lease expressly does not include coal, shale, lignite, minerals, geothermal steam, hot water, hot brines, thermal energy, gases (except oil, gas, and said hydrocarbon substances) or minerals in solution in water or steam or recoverable in connection therewith through a well bore, and Lessor expressly reserves the right to sell, lease, mine, drill or otherwise transfer, dispose of, recover and market all minerals, coal, shale, lignite, geothermal steam, hot water, hot brines, thermal energy, gases (other than oil, gas, and hydrocarbon substances included in this lease) and minerals or solutions. These rights and estates reserved shall include the use of the surface as necessary to investigate, explore, market, process or produce on the land and sell the substances herein reserved.
2. The parties hereby agree that the rights reserved by the Lessor in paragraph 1 will not interfere with any operations while a well is being drilled, or with any producing wells or associated facilities on the lease which are necessary to maintain prudent operations.
3. Within six months following the abandonment of any well drilled on the leased premises by Lessee or within six (6) months following the conclusion of any other activity on the leased premises by Lessee, Lessee agrees to restore the surface of the land so disturbed as nearly as reasonably possible to its condition prior to entry by Lessee. Said restoration shall include the releveling of the land to allow the lands to be irrigated in the same manner and to the same extent as it was irrigated prior to Lessee's activities. Lessee shall pay Lessor fair market value of any crop damaged or destroyed by Lessee. Lessee shall fill all abandoned sump holes and excavations made by Lessee; remove derricks, tanks, tank supports and other structures and property of Lessee thereon; remove all cement blocks, foundations and footings which have been placed on the leased premises and any and all other supports placed by Lessee on said leased premises; replant any lands disturbed by Lessee to the forage or crops which were growing thereon before Lessee's use; and repair and restore all ditches, fences and other improvements on the lands in any way disturbed by Lessee to their condition prior to Lessee's disturbance.
4. Notwithstanding any provision of the printed lease to the contrary, the location of all structures, buildings, camps, equipment, fences, facilities, transmission lines, power lines, pipelines, utility lines, ditches, drains, culverts, gates, ponds, roads, poles, pipes, and other improvements, except for drill sites and well sites and the material, equipment and supplies appurtenant thereto, used, constructed or placed on the leased premises shall be approved by Lessor prior to commencing such construction, placement or use. Lessor agrees not to unreasonably withhold such approval.
5. Any long term storage on the Lessor's property of vehicles, materials and other property of Lessee shall be done only upon such locations as are approved in advance by Lessor. Lessor shall not unreasonably withhold such approval.

6. Lessee shall keep the Lessor's property free and clear of all rubbish, garbage, litter and abandoned items or property brought to or placed upon the Lessor's property by Lessee or any of Lessee's agents, employees, contractors, sub-contractors or assigns.

7. Lessee shall promptly repair all damage to fences, gates and cattle guards on the leased premises caused by the Lessee.

8. Lessee agrees that it shall, if requested by the Lessor, fence off any of Lessee's facilities, storage areas, drill sites, sumps, ditches, camps, housing areas, or other structures or developments on the leased lands with a livestock fence materially consistent with the existing fences on the lands with such gates and cattle guards as Lessor shall specify. The Lessor shall designate the area which shall be no more than reasonably necessary to protect Lessor's livestock from Lessee's activities. Construction of these facilities shall be completed by Lessee within sixty (60) days after Lessor's request, subject to weather and availability of labor and materials.

9. Lessor agrees to allow Lessee to use a reasonable amount of Lessor's water for drilling operations on the lease. Otherwise, Lessee agrees that it shall not attempt to use, apply for or appropriate any waters or water rights which would conflict with the Lessor's water rights or in any way diminish Lessor's present water rights or reduce any ground water that may hereafter be available to Lessor for reasonable development and appropriation for domestic, irrigation or stockwater use. Lessee shall use its best efforts not to pollute any ground or surface water usable or being used by the Lessor or any other persons using the same water sources. It is the intention of Lessee to cause as little damage or interference as possible to Lessor's irrigation system including the ditches and wells.

10. Lessee agrees to indemnify and hold harmless Lessor from and against any and all claims, suits damages, costs, losses, liability and expenses arising or growing out of injuries to or death of persons or loss of or damage to property or loss or pollution of water or water zones in any manner directly or indirectly resulting from or caused by operations under this lease on the leased premises, or facilities, pipelines, utility lines, power lines, transmission lines, hot water, steam, gas derricks, tanks or appurtenances thereof, or other items used or placed on the lands by Lessee or resulting from Lessee's use, occupancy of or activities on the lands.

11. At the expiration or termination of this lease, Lessee shall, at the request of Lessor, execute a release of oil and gas lease and place the same in the Eureka County Recorder's Office and provide Lessor with the recorded release.

12. One (1) year after the date of rig release from any well drilled on the leased premises should Lessor so request, Lessee shall provide Lessor with one copy of the electric logs, drillstem test reports, well history, core analysis and daily drilling reports obtained from said well. Lessor agrees to keep such information and materials confidential. The information is provided to Lessor for their exclusive use and shall remain the property of Lessee for a period of ten (10) years from the date of receipt by Lessor. During said ten year period Lessor shall not divulge the information to any third party without prior written consent by Lessee.

13. In the event of production of oil and/or gas on the leased premises, Lessee agrees that the royalty, including shut-in royalty, paid to Lessor shall be equal to not less than ten dollars (\$10.00) per acre per year.

14. In the event Lessee completes a well capable of producing gas only on the leased premises, Lessee shall have fifteen (15) years from the end of the primary term or the date of completion of the well, whichever is later, within which to connect the well to a gas pipeline. At the end of the said fifteen year period should the well not be connected to a pipeline or should there exist no other production on the leased premises, or lands unitized therewith, this lease shall terminate.

15. Upon the violation by Lessee of any other terms, covenants or condition of this lease, and the failure of Lessee to remedy the default within sixty (60) days after Lessee's receipt of written notice from Lessor specifying the default, then, at the option of Lessor, this lease shall forthwith cease and terminate and all rights of Lessee in and to said land shall be at an end as to all said lands, except that Lessee shall have the right to retain and hold under this lease the spacing unit for each well producing or being drilled and any such well contained therein and all the working interest production therefrom with respect to which it is not in default, subject to payment of all royalties, rentals and other sums herein provided. The waiver by Lessor of any breach of any covenant hereof shall not be a waiver of any other or subsequent breach hereof, nor of any other covenant or condition hereof. However, the terms of this paragraph shall not apply in the event Lessee is unable to meet the terms, covenants or conditions of this lease due to an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood, explosion, governmental action, governmental delay, restraint or inaction, unavailability of equipment, or legitimate dispute and any other cause, whether or not specifically enumerated above which is not reasonably within the control of Lessee.

16. Lessor agrees to warrant and defend title to the premises leased hereby against the claim of every person and other entity claiming by, through or under Lessor, but not otherwise.

17. The term "drilling operations" as used in this lease shall mean the commencement of actual drilling operations and operations subsequent thereto.

18. If the terms of this Exhibit A conflict with the terms of the lease form, then the terms of this Exhibit A shall control.

SIGNED FOR IDENTIFICATION


Dominek J. Pieretti


Tosca P. Sullivan

exa.tl

BOOK 225 PAGE 265
OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
91 SEP 11 P2:00
EUREKA COUNTY REC'D
FILE NO. 137762
M.N. REBILLEN
REC'D
FEE \$ 300

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