

AFFIDAVIT OF NONDEVELOPMENT AND PARTIAL CANCELLATION OF LEASES

SANTA FE ENERGY RESOURCES, INC. successor in interest to BRAVO OIL COMPANY deposes and says:

Numerous oil and gas leases ("ORIGINAL LEASES") covering certain lands were issued to Sun Exploration and Production Company and Reading and Bates Petroleum Co. effective December 1, 1982 and shown on Exhibit A attached hereto and made a part hereof; and

Bravo Oil Company, successor in interest to Southern Pacific Land Company on deeded lands, and Southern Pacific Land Company, lessors, issued substitute leases ("SUBSTITUTE LEASES") to Sun Exploration and Production Company, Reading and Bates Petroleum Co. and Santa Fe Energy Company combining certain railroad lands contained in and issued as replacements for the "ORIGINAL LEASES", which "SUBSTITUTE LEASES" cover certain lands shown on Exhibit B attached hereto and made a part hereof; and

By execution of the "SUBSTITUTE LEASES" lessors and lessees ratified, approved, confirmed, leased, granted, and adopted all conditions, terms, and obligations contained in the "SUBSTITUTE LEASES"; and

Under said oil and gas leases, lessees, successors or assigns (hereinafter referred to individually and collectively as "Lessee") are required to fulfill certain obligations including, but not limited to a "continuous drilling obligation" (hereinafter referred to as the "Obligation"). As outlined in Section 4 of said leases, said Obligation requires the drilling of wells within a given time interval.

As of the 14th day of May, 1991, under the terms of said leases as recited above, Lessee failed to maintain and meet the Obligation required by the leases.

SANTA FE ENERGY RESOURCES, INC., successor in interest to BRAVO OIL COMPANY, states the above to be the true and accurate facts and accounts to the best of its knowledge.

SANTA FE ENERGY RESOURCES, INC. successor in interest to BRAVO OIL COMPANY, further states that said leases, with the exception of the producing wellsites described on attached Exhibit C, are now expired and terminated, and that affiant will not, by acceptance of rentals, continuous drilling, or in any other manner, recognize the same as valid and existing leases.

FURTHER AFFIANT sayeth not.

SANTA FE ENERGY RESOURCES, INC., successor
in interest to SOUTHERN PACIFIC LAND COMPANY,

[Signature]
~~Attorney-in-Fact~~ R. I. Arnold
District Exploration Manager

⑧ *[Signature]*

STATE OF CALIFORNIA

COUNTY OF KERN

On October 25, 1991, before me, the undersigned Notary Public, personally appeared R. I. Arnold, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



[Signature]
Notary Public

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EXHIBIT A

to that certain Affidavit of Nondevelopment and Partial Cancellation of Leases
Dated May 14, 1991 by SANTA FE ENERGY RESOURCES, INC., successor in interest to BRAVO OIL
COMPANY

Lessor: Southern Pacific Land Company
Lessee: Reading and Bates Petroleum Co. and Sun Exploration and Production Co.
Lease Number: 5905
Lease Date: December 1, 1982
Recording Data: Book 111, Page 130 - Records of Eureka County, Nevada
Book 422, Page 068 - Records of Elko County, Nevada

Lessor: Southern Pacific Land Company
Lessee: Reading and Bates Petroleum Co. and Sun Exploration and Production Co.
Lease Number: 5906
Lease Date: December 1, 1982
Recording Data: Book 111, Page 082 - Records of Eureka County, Nevada
Book 422, Page 137 - Records of Elko County, Nevada

Lessor: Southern Pacific Land Company
Lessee: Reading and Bates Petroleum Co. and Sun Exploration and Production Co.
Lease Number: 5907
Lease Date: December 1, 1982
Recording Data: Book 115, Page 188 - Records of Eureka County, Nevada
Book 435, Page 626 - Records of Elko County, Nevada

Lessor: Southern Pacific Land Company
Lessee: Reading and Bates Petroleum Co. and Sun Exploration and Production Co.
Lease Number: 5908
Lease Date: December 1, 1982
Recording Data: Book 111, Page 083 - Records of Eureka County, Nevada
Book 422, Page 145 - Records of Elko County, Nevada

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EXHIBIT B

to that certain Affidavit of Nondevelopment and Partial Cancellation of Leases
Dated May 14, 1991 by SANTA FE ENERGY RESOURCES, INC., successor in interest to BRAVO OIL
COMPANY

Lessor: Bravo Oil Company
Lessee: Sun Operating Limited Partnership, et al
Lease Date: December 1, 1982
Recording Data: Memorandum of Oil and Gas Lease recorded:
Book 212, Page 237 - Records of Eureka County, Nevada
Book 727, Page 663 - Records of Elko County, Nevada

Description: Township 28 North, Range 52 East
Section 1: Lots 1, 2, 3, 4, S/2 N/2
Section 3: Lots 1, 2, S/2 NE/4
Section 5: Lots 1, 2, S/2 NE/4
Section 7: NE/4
Section 11: Lots 1, 2, 5, SW/4 NE/4

Township 29 North, Range 52 East
Section 19: NE/4
Section 23: W/2
Section 27: Lots 1, 2, W/2 NE/2, W/2
Section 29: NE/4
Section 35: All

Elko and Eureka Counties, Nevada

Lessor: Bravo Oil Company
Lessee: Sun Operating Limited Partnership, et al
Lease Date: December 1, 1982
Recording Data: Memorandum of Oil and Gas Lease recorded:
Book 212, Page 243 - Records of Eureka County, Nevada
Book 727, Page 669 - Records of Elko County, Nevada

Description: Township 29 North, Range 52 East
Section 11: W/2
Section 15: Lots 1, 2, 3, 4, W/2 E/2

Township 30 North, Range 52 East
Section 5: SW/4 NE/4
Section 9: NE/4
Section 11: NW/4 NW/4, E/2 NW/4, NE/4, S/2
Section 21: NE/4
Section 23: N/2, SE/4
Section 25: All
Section 33: NE/4

Elko and Eureka Counties, Nevada

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EXHIBIT C

to that certain Affidavit of Nondevelopment and Partial Cancellation of Leases
Dated May 14, 1991 by SANTA FE ENERGY RESOURCES, INC., successor in interest to BRAVO OIL
COMPANY

Well: SPLC #1-5
Lessor: Bravo Oil Company
Lessee: Sun Operating Limited Partnership, et al
Lease Date: December 1, 1982
Recording Data: Memorandum of Oil and Gas Lease recorded:
Book 212, Page 243 - Records of Eureka County, Nevada
Book 727, Page 669 - Records of Elko County, Nevada
Description: Township 30 North, Range 52 East
Section 5: Lot 1

Eureka County, Nevada

Well: SPLC #1-27
Lessor: Bravo Oil Company
Lessee: Sun Operating Limited Partnership, et al
Lease Date: December 1, 1982
Recording Data: Memorandum of Oil and Gas Lease recorded:
Book 212, Page 237 - Records of Eureka County, Nevada
Book 727, Page 663 - Records of Elko County, Nevada
Description: Township 29 North, Range 52 East
Section 27: W/2 SE/4

Eureka County, Nevada

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