

(E)

140500

OIL AND GAS LEASE

THIS LEASE, made in duplicate this 15th day of May, 1991, by and between SANTA FE ENERGY RESOURCES, INC., hereinafter called "Lessor", and FORELAND CORPORATION with an undivided 50% interest, and SANTA FE ENERGY RESOURCES, INC. with an undivided 50% interest, hereinafter collectively called "Lessee".

WITNESSETH:

1. That Lessor, in consideration of the observance and faithful performance by Lessee of all the provisions contained herein, does hereby lease to Lessee, for the term and purposes hereinafter set forth, all that certain property, sometimes hereinafter referred to as "leased premises", in the Counties of Elko and Eureka, State of Nevada, more particularly described on Exhibit "A", attached hereto and made a part hereof.

For the purposes of this lease, Lessee shall have the right (subject to the provisions hereof and to the extent of Lessor's ownership thereof) to explore, drill for and to produce, extract, take and remove all oil and gas hereinafter referred to as "substances", contained in said property, to store said substances upon said property, to locate, erect, construct, maintain, replace and operate upon and in said property such facilities and structures (except refineries or topping gas plants) as may be necessary in the production, treatment, storage or transportation of said substances from said property, and to appropriate and use such water as may be necessary for the above operations.

Reserving unto Lessor, its successors and assigns, the right to construct, maintain and use ditches, flumes, roads, trails, tracks and pipe, telegraph, telephone, signal, communication and power lines in, upon, over and across said property and the right to use said property for any and all other purposes consistent with the rights herein leased to Lessee.

2. The term of this lease shall be for five (5) years from and after the 15th day of May, 1991, and for so long thereafter as substances are being produced in paying quantities, unless sooner terminated or forfeited, either in whole or in part, as hereinafter provided.

3. Lessee agrees to pay to Lessor a cash rental of \$1.00 in advance of the date of delivery of this lease for the first year of the term hereof, and annually thereafter, on or before the first day of each successive year of the term hereof a cash rental of \$1.00 an acre per annum in advance, provided that rental shall not accrue or be payable for:

(a) each "drilling unit" upon which there is a producing oil or gas well on the date when rental is payable;

(b) each 640 acre subdivision within the boundaries of the leased premises on which drilling is in progress on the date when rental is payable; or

(c) each 640 acre subdivision upon which there is a producing gas well on such date if no oil has been discovered in paying quantities on the leased premises or within offset distance, as provided in paragraph 16, and Lessee has determined, as provided in paragraph 15, that conditions are not such as to indicate a reasonable probability of the discovery of oil on the leased premises; or

(d) each "drilling unit" on which there is a producing oil or gas well, for any period during which Lessee is prohibited by law, or by the orders, rules or regulations of a competent administrative

43. Where there is a gas well or wells only on the leased premises or acreage unitized therewith at any time during which this lease is in effect, and such well or wells are shut-in, Lessee shall pay as royalty to Lessor the sum of One Dollar (\$1.00) per acre per year. Said payment is due on or before ninety (90) days from the date of shut-in or the date on which the leased premises, or a portion thereof, are unitized with lands on which there is a shut-in gas well, and thereafter, on or before the anniversary date of such payment during the period such well or wells are shut-in. Upon said payment, it shall be considered that such well or wells are producing gas in commercial quantities for all purposes hereunder.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed as of the day and year first hereinabove written.

LESSOR:

SANTA FE ENERGY RESOURCES, INC.

By: D. A. Wracher
D. A. Wracher
Its: District Exploration Manager (S)

LESSEE:

FORELAND CORPORATION

By: James L. ...
Its: Vice President Exploration

SANTA FE ENERGY RESOURCES

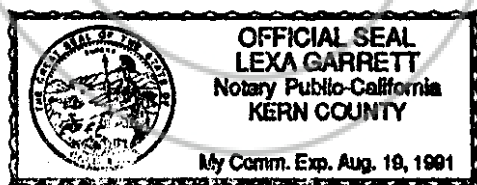
By: D. A. Wracher
D. A. Wracher
Its: District Exploration Manager (S) Sw?

STATE OF CALIFORNIA

COUNTY OF KERN

On August 2, 1991, before me, the undersigned Notary Public, personally appeared D. A. WRACHER, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Lexa Garrett
Notary Public

STATE OF COLORADO

COUNTY OF JEFFERSON

On August 8, 1991 before me, the undersigned Notary Public, personally appeared Kenneth L. Ransom, personally known to me (or proved to be on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which said person acted, executed the instrument.

WITNESS my hand and official seal.



C. J. Staples
Notary Public
My Commission Expires Feb. 28, 1993

EXHIBIT "A"

Attached to and made a part of that certain
Oil and Gas Lease dated May 15, 1991

SCHEDULE OF "SANTA FE LEASE ACREAGE"

Mt. Diablo Meridian
Elko and Eureka Counties, Nevada

<u>Township, Range</u> <u>Section</u>	<u>Lease #2</u> <u>Subdivision</u>	<u>Acres</u>
<u>T29N, R51E</u>		
Section 1:	All	617.40
Section 11:	All	640.00
Section 13:	All	640.00
Section 15:	All	640.00
Section 23:	All	640.00
Section 25:	All	640.00
<u>T30N, R51E</u>		
Section 35:	All	640.00
<u>T29N, R52E</u>		
Section 7:	All	621.18
Section 19:	All	622.98
<u>T30N, R52E</u>		
Section 31:	All	620.02
Containing 6321.58 acres m/l		

BOOK 233 PAGE 332
OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
Foreland Corp
'92 APR -2 AIO 24
EUREKA COUNTY, NEVADA
M.N. REBALEATI, RECORDER
FILE NO. FEE \$800
140500

INDEXED
FEE 8.00 FILE # 318373
FILED FOR RECORD
AT REQUEST OF
Foreland Corp
'92 MAR 11 A9:12
RECORDED BK 777 PG 740
JERRY D. REYNOLDS
ELKO CO. RECORDER