

OIL AND GAS LEASE

"PAID UP"

THIS AGREEMENT made and entered into as effective the third day of May, 1993

by and between Daniel H. Russell and Roberta A. Russell, husband and wife

of California, County, State of

hereinafter called the lessor (whether one or more), whose Post Office address is 2991 B Gold Canal Dr., Rancho Cordova, CA 95670 and Foreland Corporation, 1104 Country Hills Dr., Ste. 307, Ogden, Utah 84403, hereinafter called the lessee, WITNESSETH:

(1) That said lessor for and in consideration of the sum of Ten Dollars and other good and valuable consideration Dollars in hand paid by the lessee, the receipt of which is hereby acknowledged, and of the covenants and agreements herein contained on the part of the lessee to be kept and performed, by these presents does grant, demise, lease and let exclusively unto the lessee, its successors and assigns, for the purpose of mining and operating for and producing oil, gas and other hydrocarbons (including the exclusive right to make any kind or character of geological or geophysical surveys and tests) and of laying pipe lines, erecting buildings and other structures, and all other rights and privileges necessary, incident, or convenient for the economical operation of said lands, alone or co-jointly with neighboring lands, the following described premises situated in Township Range of State of To wit:

SEE DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF.

containing acres, more or less, hereby releasing and waiving all rights under and by virtue of the Homestead Exemption Laws of this State. (2) This lease shall remain in force for a term of (Five) years from this date and as long thereafter as oil or gas is or can be produced from said lands by the lessee. The consideration above stated is paid to and accepted by lessor as a good and sufficient consideration for all rights and privileges herein granted to lessee, its successors or assigns. (3) The lessee shall pay to the lessor, as royalty, the proceeds from one-eighth (1/8) of all the oil and gas and other hydrocarbons produced and sold from the leased premises at the prevailing market price therefor at the wells not exceeding amount received by lessee.

(4) If operations for the drilling of a well are not commenced on said lands on or before one year from the date hereof this lease shall terminate unless the lessee shall, on or before one year from the date hereof, pay or tender to the lessor or for the lessor's credit in the amount of the royalty or other hydrocarbon proceeds from the well. (5) Not applicable Bank at Not applicable Dollars (\$) Not Applicable (6) Subject to the provisions of Section 6 hereof, it is agreed that: (a) If during the primary term lessee shall, prior to obtaining production, drill a dry hole, or if after discovery production shall cease from any cause, this lease shall not terminate, provided (1) production shall be resumed or operations for the drilling of a well shall be commenced on or before the next ensuing rental paying date, or (2) lessee begins or resumes the payment of rentals in the manner and amount above provided on or before the rental paying date next ensuing after the expiration of three months from date of completion of dry hole or cessation of production; (b) If, at or after the expiration of the primary term, oil, gas or other hydrocarbon cannot be or is not being produced on said land, or lands unitized therewith, for any cause, but lessee is then engaged in drilling or reworking operations thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than sixty consecutive days, and, if they result in the production of oil, gas or other hydrocarbon, so long thereafter as oil, gas or other hydrocarbon is or can be produced.

(6) It is agreed that the times for beginning or for performing any work or operations under this lease shall be suspended or extended during such periods of time as such work or operations shall be delayed, interrupted or prevented by any cause of whatever kind or nature beyond the reasonable control of the lessee. If, after production has been obtained, operations under this lease are delayed, interrupted or prevented by lack of reasonable market, or by any cause of whatever kind or nature beyond the reasonable control of the lessee, this lease shall not terminate or be forfeited and no right of damages shall exist against lessee by reason thereof, provided operations are commenced or resumed within a reasonable time after removal of such cause. If at any time within three months prior to the expiration of the primary term of this lease, production has not been obtained and the commencement or continuance of operations for the drilling of a well on said lands is delayed or prevented by any of the causes mentioned in this paragraph, the said primary term and all other terms of this lease may be extended for successive periods of time while such cause or causes exist, by continuing the payment or tender of delay rentals in the manner and amount and for the periods of time as provided in Section 4 of this lease for detriment of the commencement of drilling operations during the said primary term.

(7) Lessee, free of cost, may use oil, gas, or water found on said lands for operating purposes, but not water from lessor's wells; lessor to have free gas for stoves and inside lights in the principal dwelling house on said lands, from any well thereon producing gas only, by making his own connections therewith. The use of such gas to be at the sole risk and expense of the lessor. Gas, including casinghead gas and residue gas, produced from any oil or gas well unavoidably lost, or which may be used by lessee in any process for recovering oil or other liquid hydrocarbons from the leased premises, or returned to the ground, whether through wells located on leased premises or elsewhere, shall not be deemed to have been sold or used off the premises within the meaning, express or implied, of any part of this lease. When requested by the lessor, the lessee shall bury its pipe below plow depth and also pay for damages caused by its operations to growing crops on said land. No well shall be drilled nearer than two hundred (200) feet to the house or barn now on said premises, without the consent of the lessor. Lessee shall have the right at any time during or within a reasonable time after the expiration or cancellation of this lease to remove all machinery, fixtures, houses, buildings and any and all other structures placed on said premises, including the right to draw and remove all casing.

(8) If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to their heirs, executors, administrators, successors and assigns, but no change of ownership in the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease is now or may hereafter be divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks.

(9) The rights of either party hereto may be assigned in whole or in part, and the provisions hereof shall extend to the heirs, successors and assigns of the parties hereto, but no change or division in ownership of the land, rentals, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease is now or may hereafter be divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks.

(10) Lessor hereby warrants and agrees to defend the title to the lands herein described and agrees that the lessee, at its option, may pay and discharge any judgments, taxes, mortgages, or other liens on or against the above described lands, and may also redeem said lands for and on behalf of the lessor or lessee, and in the event lessee exercises such option, it shall be subrogated to the rights of any holder or holder of the lease hereof and may reimburse itself by applying to the discharge of any such judgment, tax, mortgage or other lien, any royalty or rentals accruing hereunder. The lessee may become purchaser at any and all tax or foreclosure sales of the above lands. Lessor agrees to pay one-eighth (1/8) of all taxes of whatsoever kind or character now or hereafter levied by any duly constituted taxing authority upon the oil, gas, and other hydrocarbons produced from the premises hereinabove described, but the lessee shall have the right to pay such tax and to deduct the lessor's proportionate share thereof from any royalty payments accruing hereunder. In case the lessor owns a less interest in the above described premises than the entire and undivided fee simple mineral estate therein, then the royalties and rentals in this lease provided for shall be paid to the lessor only in the proportion which his interest bears to the whole mineral estate therein, and the royalties and rentals in this lease provided for shall be paid to the lessor only in the proportion which his interest bears to the whole mineral estate therein.

APPENDUM

Attached to and made a part of that certain oil and gas lease dated effective May 3, 1993, by and between Daniel H. Russell and Roberta A. Russell, husband and wife, lessors, and FORELAND CORPORATION, Lessee.

1. This lease is expressly limited to oil, gas, and hydrocarbons substances.

2. FORELAND CORPORATION agrees to conduct their operations upon the leased premises in such a manner as to cause the least possible damage to property and livestock with particular care to damage resulting from fire. FORELAND CORPORATION shall restore any damaged land or property occurring from its operation as nearly as is reasonably possible.

3. FORELAND CORPORATION agrees to indemnify and hold harmless lessors 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.

4. FORELAND CORPORATION shall promptly repair all damage to fences, gates and cattle guards on the leased premises and in the grazing areas utilized by the lessor arising out of use of the leased premises under this lease or the actions or activities of FORELAND CORPORATION on the leased premises.

6. FORELAND CORPORATION understands that water rights are of paramount interest to the lessor. Accordingly, FORELAND CORPORATION 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 their present water rights or reduce any ground water that may not or hereafter be available to them for development and appropriation for domestic, irrigation or stockwater use. FORELAND CORPORATION agrees that it shall not in any way pollute any ground or surface waters usable or being used by the lessor or any other persons using the same water sources. FORELAND CORPORATION further agrees that no oil, gas, minerals, brine, fluid or surplus water be reinjected into a fresh water zone and if reinjected it shall be reinjected into the zone from which it came following which FORELAND CORPORATION shall cement off or otherwise seal off the zones to prevent their entry into ground or surface water sources which are usable for domestic, agricultural or stockwatering purposes. FORELAND CORPORATION agrees that it shall not, without prior approval of the lessor, interfere with or damage the lessor's ditches, wells, or irrigation systems and irrigation methods.

DATED May 3, 93.
FORELAND CORPORATION, Lessee
by: Ernie C. Decker
Title: Vice Pres.

DATED April 28, 1993.
Daniel H. Russell
Daniel H. Russell
Roberta A. Russell
Roberta A. Russell

EXHIBIT "A"

TOWNSHIP 16 NORTH, RANGE 53 EAST, M.D.B. & M., Eureka County, Nevada

APERT

Section 7: SENE

Section 8: E2, MNM, S2NM, N2SM, SESW

Section 9: NENE, S2NE, MNM, S2NM, S2

Section 10: N2, N2S2, SMSE, S2SM

Section 11: S2NE, NM, N2SM

Section 12: N2

TOWNSHIP 16 NORTH, RANGE 54 EAST, M.D.B. & M., Eureka County, Nevada

Section 6: S2SM

Section 7: LOTS 1, 2 (W2NM)

TOWNSHIP 23 NORTH, RANGE 52 EAST, M.D.B. & M., Eureka County, Nevada

SECTION 36: SWNE, SENW

TOWNSHIP 24 NORTH, RANGE 52 EAST, M.D.B. & M., Eureka County, Nevada

Section 12: E2NE

Section 13: NE, SW, NMSE, S2SE

Section 23: E2E2, W2SE

Section 24: A11

Section 25: N2, N2S2

Section 26: E2NE, W2NE, NMSE, E2SE

TOWNSHIP 24 NORTH, RANGE 53 EAST, M.D.B. & M., Eureka County, Nevada

Section 17: SWSM

Section 18: Lots 3, 4, E2SW, W2SE, SESE

Section 19: Lots 1, 2, 3, 4, E2W2, W2E2

Section 29: NW, W2SE, N2SW, W2NE, SESE

Section 30: Lots 1, 2, E2NW, NE, N2SE

Section 32: N2NE

TOWNSHIP 25 NORTH, RANGE 53 EAST, M.D.B. & M., Eureka County, Nevada

Section 5: SESE

Containing a total of 6,525.45 acres more or less.

DATED May 3, 93

FORELAND CORPORATION, Lessee

by: [Signature]
Title: Vice President

DATED April 28, 1993

[Signature]
Daniel H. Russell

Roberta A. Russell

[Signature]

COPY

BOOK 247 PAGE 144

145314
FILE NO.
EUREKA COUNTY, NEVADA
M.N. REBALLET. RECORDER
FEES \$ 9.00

BOOK 247 PAGE 147
OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
Foreland Corp.
93 MAY -3 P4:10