

THIS AGREEMENT is made and entered into as of March 4, 1994, by and between
SLAGOWSKI RANCHES, INC.,
Pine Valley Route,
Carlin, Nevada 89822
and
MAXWELL PETROLEUM, INC.,
P.O. Box 5132, Englewood, CO 80155
hereinafter called Lessor,
hereinafter called Lessee,
Ten & more Dollars, the receipt of which is hereby acknowledged, and covenants and agreements herein contained, does grant, demise, lease and let exclusively unto Lessee, for the purpose and with exclusive right of exploring by geophysical and other methods, drilling and operating for and producing therefrom, oil, liquid hydrocarbons, all gases and their respective constituent products, with rights of way and easements for laying pipe lines, power lines, building tanks, power stations, ponds, roadways and structures thereon for producing, saving, treating and caring for such products and any and all other rights and privileges necessary or incident thereto, all that certain land and lands riparian thereto situated in the County of Eureka State of Nevada
described as follows (herein called "said land"):
Township 28 North, Range 52 East, WDM

Sec. 8: W $\frac{1}{2}$, S $\frac{1}{2}$ SE $\frac{1}{4}$
Sec. 16: W $\frac{1}{2}$, SW $\frac{1}{2}$ SE $\frac{1}{4}$
Sec. 17: E $\frac{1}{2}$, NW $\frac{1}{2}$, NE $\frac{1}{2}$ SW $\frac{1}{4}$
Sec. 20: NE $\frac{1}{2}$ NE $\frac{1}{4}$
Sec. 21: NW $\frac{1}{2}$, SE $\frac{1}{2}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$
Sec. 22: N $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$
Sec. 23: Lots 6, 7, 8, N $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$
Sec. 24: Lots 7, 8, N $\frac{1}{2}$ SW $\frac{1}{4}$
For the purpose of determining the amount of any money payment hereunder, said land shall be considered to comprise 2,401.32 acres.
2. Subject to the other provisions herein contained, this lease shall be for a term of ten years from this date (herein called "primary term") and as long thereafter as oil or gas is produced from said land or as long thereafter as Lessee is engaged in actual drilling or reworking operations on said land.
3. As royalties, Lessee covenants and agrees as follows: (a) To deliver to the credit of Lessor free of cost, on the lease or into any pipeline to which Lessee may be connected its wells, the equal one-eighth part of all oil produced and saved from said land, or at the Lessee's option may pay to the Lessor for such royalty the market price for oil of like grade and gravity prevailing in the same field or area on the day such oil is run into the pipeline or the storage tanks. (b) To pay to Lessor for gas of whatsoever nature or kind produced and sold from said land or used for the manufacture of gasoline or any other products, one-eighth of the proceeds from the sale of such gas at the mouth of the well. The Lessor may have gas free of charge from any gas well on said land for use in the principal dwelling on said land by making his own connections with the well, the use of said gas to be at the Lessor's sole risk and expense.
If a well capable of producing gas or gas and gas-condensate in paying quantities located on said land, or on acreage pooled or unitized therewith, is at any time shut-in and no gas or gas-condensate therefrom is sold or used off the premises or for the manufacture of gasoline or other products, nevertheless such shut-in well shall be deemed to be a well on said land producing gas in paying quantities and this lease will continue in force during all of the time or times while such well is so shut-in, whether before or after the expiration of the primary term hereof. Lessee shall use reasonable diligence to market gas or gas and gas-condensate capable of being produced from such shut-in well but shall be under no obligation to market such products under terms, conditions or circumstances which, in Lessee's judgment exercised in good faith, are unsatisfactory. Lessee shall be obligated to pay or tender to Lessor and all other royalty owners as their interests in royalty under the well shall appear, on or before the anniversary of the date of this lease following the shut-in of such well, and annually thereafter, while such well is so shut-in, as royalty, an amount equal to the annual delay rental herein provided for under the terms of this lease, or, if this lease does not provide for any delay rental, then the sum of \$100 per acre, or such portion of such payment may be made or tendered to Lessor or to Lessor's credit by check or delivered to the depository bank designated herein. Portions of such payment payable to others may be made or tendered by check or draft, mailed or delivered, to such owners' credit in Lessor's depository bank. Royalty ownership as of the last day of each such annual period as shown by Lessee's records shall determine the amounts and the party or parties entitled to receive such payment. "Shutting-in" of a well shall be the date on which production casing in such well is perforated and a gas flow test shall disclose that the well is capable of production in paying quantities. Until such casing shall have been run and the gas flow tested, no well shall be considered "shut-in".
Lessor owns a less interest in said land than the entire and undivided fee simple estate therein then the royalties and rentals hereon provided for shall be paid Lessor only in the proportion which his interest bears to the whole and undivided fee.
6. If at any time prior to the discovery of oil or gas on said land and during the term of this lease, the Lessee shall drill a dry hole, or holes on said land, this lease shall not terminate, provided operations for the drilling of a further well shall be commenced within 12 months from the expiration of the last rental period for which rental has been paid or provided the Lessee, on or before the expiration of said 12 months begins or resumes the payment of rental in the manner and amount hereinafter provided, and in this event the preceding section governing the payment of rental and the manner and effect thereof shall continue in force.
7. If within the primary term of this lease, production on said land shall cease from any cause, this lease shall not terminate provided operations for the drilling of a well shall be commenced on said land on or before the next ensuing rental paying date; or, provided Lessee begins or resumes the payment of rental in the manner and amount hereinafter provided. If, after the expiration of the primary term of this lease, production on said land shall cease from any cause, this lease shall not terminate provided Lessee resumes operations for drilling or reworking a well within sixty days from such cessation, and this lease shall remain in force during the prosecution of such operations and, if production results therefrom, then as long thereafter as production continues.
8. The Lessee shall have the right to use, free of cost, gas, oil and water found on said land and for its operations thereon, except water from the wells, springs and reservoirs of the Lessee. When required by Lessor, the Lessee shall bury its pipelines below plow depth. Lessee shall pay for damage caused by its operations on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said land and without written consent of the Lessor. Lessee shall have the right at any time during, or within 180 days after the expiration of this lease, to remove all machinery, fixtures, buildings and other structures placed by Lessee on said land, including the right to draw and remove all casing, but thereafter such equipment shall become the property of Lessor, unless Lessor on or before such date shall, by written request, require Lessee to remove such material and restore said land as nearly as possible to its original condition.
9. Lessee is hereby granted the right and power to pool or combine said land, or any portion thereof, with other land, lease or leases in the vicinity thereof at any time and from time to time, whether before or after production, when in Lessee's judgment it is necessary or advisable to do so for the prevention of waste and the conservation and greater ultimate recovery of oil or gas. Such pooling shall be into a unit or units not exceeding in area the acreage prescribed or required in any Federal or State law, order, rule or regulation for the drilling of one well, or for obtaining the maximum allowable production from one well. Such pooling shall be accomplished or terminated by filing of record in the proper county a declaration of pooling or termination of pooling, including the commencement, drilling, completion and operation of a well thereon, shall be considered and constructed, and shall have the same effect, except for the payment of royalty, as production, development and operation on said land under the terms of this lease. The royalties herein provided shall accrue and be paid to Lessor on pooled substances produced from any unit in the proportion, but only in the proportion, that Lessor's acreage interest in the land covered hereby bears to the total acreage placed in such unit.
10. 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 the heirs, devisees, executors, administrators, successors, and assigns, but no change of ownership in the land or in the rentals or royalties or any sum due under this lease shall be binding on the Lessee until 30 days after Lessee has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof and all advance payment or rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, administrator, executor, or heir of Lessor. Lessee may at any time surrender this lease in whole or in part by placing such release of record in the proper county. If said lease is surrendered as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter accruing under the terms of said lease as to the portion surrendered shall cease and determine and any rentals thereafter paid may be apportioned on an acreage basis, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes. It is hereby agreed that in the event this lease shall be assigned as to a part or as to parts of said land and the holder or owner of any such land upon which the Lessee or any assignee hereof shall make proper payment of any monies due due hereunder, such default shall not operate to defeat or affect this lease insofar as it covers the part of said land upon which the Lessee or any assignee hereof shall make proper payment of any monies due due hereunder, including the amount of rental payable hereunder shall be appropriately adjusted at the next ensuing rental date after Lessee has been furnished evidence of such after acquired title.
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, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.
14. This lease shall be binding upon all who execute it, whether they are named in the granting clause and whether all parties named in the granting clause execute this lease. All provisions of this lease shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of Lessor and Lessee. Lessor hereby waives and releases all rights of dower and homestead in said lands insofar as the rights granted under this lease might be affected thereby.
Neither this lease or any rights hereunder shall be assigned or otherwise be transferred, in whole or in part, by Maxwell Petroleum, Inc. without the prior written consent of SLAGOWSKI RANCHES, which consent will not be unreasonable withheld.

ACKNOWLEDGMENT FOR INDIVIDUAL

STATE OF _____
COUNTY OF _____
ss. }

On this _____ day of _____, 19____, before me personally appeared _____ known to me to be the person(s) described in and who executed the foregoing instrument, and who acknowledged to me that he (she, they) executed the same.

Notary Public

My commission expires:

Residing at _____

ACKNOWLEDGMENT FOR INDIVIDUAL

STATE OF _____
COUNTY OF _____
ss. }

On this _____ day of _____, 19____, before me personally appeared _____ known to me to be the person(s) described in and who executed the foregoing instrument, and who acknowledged to me that he (she, they) executed the same.

Notary Public

My commission expires:

Residing at _____

ACKNOWLEDGMENT FOR CORPORATION

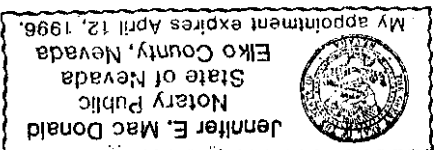
STATE OF NEVADA
COUNTY OF Eureka
ss. }

On this 14th day of March, 1994, before me personally appeared Floyd Slogowski known to me to be the President of Slogowski Ranches, Inc. the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same.

Notary Public

My commission expires:

Residing at _____



RECORDING DATA

APPENDUM A

Attached to and made a part of that certain oil and gas lease dated August 30, 1993 by and between SLAGOWSKI RANCHES, INC., Lessors, and MAXWELL PETROLEUM, INC., Lessee.

Footnotes to regular lease terms items 6, and 7.

* by performance with due diligence of activities of a material nature.

+ but in no case shall this lease be extended for more than 180 days past its primary term without actual commercial production subject to conditions of force majeure.

Supplemental Lease Terms

A-1 This lease is expressly limited to oil, gas, and hydrocarbons 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 SLAGOWSKI RANCHES, INC. 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.

A-2 The parties hereby agree that the rights reserved by the SLAGOWSKI RANCHES, INC. in paragraph A-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.

A-3 In the event MAXWELL PETROLEUM, INC. enters upon the lands of SLAGOWSKI RANCHES, INC. and drills a well which is not productive and which well is plugged and abandoned by MAXWELL PETROLEUM, INC., MAXWELL PETROLEUM, INC. shall restore the lands occupied by it and the forage that was on the lands as nearly as is reasonably possible to their condition prior to entry by MAXWELL PETROLEUM, INC. In addition, MAXWELL PETROLEUM, INC. shall pay SLAGOWSKI RANCHES, INC. fair market value of any crop damaged or destroyed by MAXWELL PETROLEUM, INC.

A-4 Notwithstanding any provision of the printed lease to the contrary, the location of all drill sites, structures, buildings, camps, equipment, fences, facilities, transmission lines, power lines, pipelines, utility lines, ditches, drains, culverts, gates, ponds, roads, poles, pipes, and other improvements used, constructed or place on the leased premises shall be approved by SLAGOWSKI RANCHES, INC. prior to commencing such construction, placement or use. SLAGOWSKI RANCHES, INC. agrees not to unreasonably withhold such approval. SLAGOWSKI RANCHES, INC. may however have complete control over the surface disturbance of the "Meadow Land". These lands are defined in Exhibit I. Lands equal approximately 800 acres. SLAGOWSKI RANCHES, INC. may allow limited access as to time of year or may disallow access completely. Written consent must be obtained for MAXWELL PETROLEUM, INC. prior to any use whether temporary or permanent.

A-5 Upon termination of this lease in any manner or if a well is abandoned, MAXWELL PETROLEUM, INC. agrees: to level the surface of the land involved; to fill all abandoned sump holes, and excavations made by MAXWELL PETROLEUM, INC.; to remove derricks, tanks, tank supports and other structures and property of MAXWELL PETROLEUM, INC. hereon; to remove all cement blocks, foundations and footings which have been placed

by MAXWELL PETROLEUM, INC., or permitted by SLAGOWSKI RANCHES, INC. to be placed on said leased premises: to replant any lands disturbed by MAXWELL PETROLEUM, INC. to the forage or crops which were growing thereon before MAXWELL PETROLEUM, INC.'s use; to repair and restore all ditches, fences and other improvements on the lands in any way disturbed by MAXWELL PETROLEUM, INC.

A-6 MAXWELL PETROLEUM, INC. agrees to indemnify and hold harmless SLAGOWSKI RANCHES, INC. 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, pipe lines, 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 MAXWELL PETROLEUM, INC. or resulting from MAXWELL PETROLEUM, INC.'s use, occupancy of or activities on the lands.

A-7 Notwithstanding any other provision contained in this lease to the contrary, SLAGOWSKI RANCHES, INC. does not warrant, either expressed or implied, the rights, title, estate or possessory interest granted MAXWELL PETROLEUM, INC. under this lease. It is understood that the rights and privileges granted to MAXWELL PETROLEUM, INC. hereunder are subject to the extent of SLAGOWSKI RANCHES, INC.'s ownership and any and all existing mortgages, deeds of trust, liens, rights of way, easements, oil, gas, mineral and other reservations contained in patents, deeds or other instruments and all other documents of record in the Eureka County Recorder's Office, Eureka, Nevada, as of the date of this lease.

A-8 If any lien, encumbrance or security interest is filed against any of the real or personal property of the SLAGOWSKI RANCHES, INC., caused or incurred by MAXWELL PETROLEUM, INC. MAXWELL PETROLEUM, INC. shall, within thirty (30) days after such filing, remove the same from the SLAGOWSKI RANCHES, INC.'s property. MAXWELL PETROLEUM, INC. shall give the SLAGOWSKI RANCHES, INC. seven (7) days advance written notice of all construction, repairs (other than repairs of an emergency nature), drilling and other activities MAXWELL PETROLEUM, INC. intends to do or cause to be done which could result in a mechanic's or materialman's lien being filed against the SLAGOWSKI RANCHES, INC.'s property so that SLAGOWSKI RANCHES, INC. can timely file a written Notice of Non-Responsibility pursuant to N.R.S. 108.234

A-9 At the expiration of any other termination of this lease, MAXWELL PETROLEUM, INC. shall peacefully deliver possession of the premises to the SLAGOWSKI RANCHES, INC. and reconvey all leased property to the SLAGOWSKI RANCHES, INC. by properly executed quitclaim deed in form suitable for recording in the Eureka County Recorder's Office.

A-10 MAXWELL PETROLEUM, INC. shall keep the SLAGOWSKI RANCHES, INC.'s property free and clear of all rubbish, garbage, litter and abandoned items of property brought to or placed upon the SLAGOWSKI RANCHES, INC.'s property by MAXWELL PETROLEUM, INC. or any of MAXWELL PETROLEUM's agents, employees, contractors, sub-contractors or assigns.

A-11 Any storage on the SLAGOWSKI RANCHES, INC.'s property of vehicles, materials and other property of MAXWELL PETROLEUM, INC. shall be done only upon such locations as are approved in advance by SLAGOWSKI RANCHES, INC. SLAGOWSKI RANCHES, INC. shall not unreasonably withhold such approval except as provided in item A-4 as to the "Meadow Lands".

A-12 MAXWELL PETROLEUM, INC. shall promptly repair all damage to fences, gates and cattle guards on the leased premises and in the grazing areas utilized by the SLAGOWSKI RANCHES, INC. arising out of use of the leased premises under this lease or the actions or activities of MAXWELL PETROLEUM, INC. on the leased premises.

A-13 The parties understand and agree that the leased premises are used primarily by the SLAGOWSKI RANCHES, INC. for the ranching and raising of livestock which is more important to them than the activities of MAXWELL PETROLEUM, INC. under this lease. Accordingly, SLAGOWSKI RANCHES, INC. reserves the right to the use of the surface of all leased lands or all ranching and livestock producing purposes and expressly reserves and excepts from this lease all water rights of SLAGOWSKI RANCHES, INC. and waters being used by SLAGOWSKI RANCHES, INC. and all rights, privileges, preferences, licenses and permits to graze livestock upon the public lands and National Forests. MAXWELL PETROLEUM, INC. agrees to conduct its operations upon the leased premises in such manner as to cause the least possible amount of interference with and damage to the ranching and livestock operations of the SLAGOWSKI RANCHES, INC. It is agreed that if the acts, omissions, or operations of MAXWELL PETROLEUM, INC., or any person or entity acting by, through or under it, result in the pollution of any of the domestic, irrigation or livestock waters used by the SLAGOWSKI RANCHES, INC. or damage any areas of the SLAGOWSKI RANCHES, INC.'s meadows or other farming or crop producing areas or other lands of the SLAGOWSKI RANCHES, INC. other than those SLAGOWSKI RANCHES, INC. has expressly given prior approval to MAXWELL PETROLEUM, INC. for use in drilling operation, or result in the loss, injury or death of more than percent of the SLAGOWSKI RANCHES, INC. shall have the right to terminate this lease if the condition is not cured within thirty (30) days after the notice is provided in Paragraph A-16.

A-14 MAXWELL PETROLEUM, INC. understands that water rights are of paramount interest to the SLAGOWSKI RANCHES, INC. Accordingly, MAXWELL PETROLEUM, INC. agrees that it shall not attempt to use, apply for or appropriate any waters or water rights which would conflict with the SLAGOWSKI RANCHES, INC.'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. MAXWELL PETROLEUM, INC. agrees that it shall not in any way pollute any ground or surface waters usable or being used by the SLAGOWSKI RANCHES, INC. or any other persons using the same water sources. MAXWELL PETROLEUM, INC. 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 MAXWELL PETROLEUM, INC. 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. MAXWELL PETROLEUM, INC. agrees that it shall not, without prior approval of the SLAGOWSKI RANCHES, INC., interfere with or damage the SLAGOWSKI RANCHES, INC.'s ditches, wells, or irrigation systems and irrigation methods.

A-15 MAXWELL PETROLEUM, INC. agrees that it shall, if requested by the SLAGOWSKI RANCHES, INC., fence off any of MAXWELL PETROLEUM's facilities, storage areas, drill sites, sumps, ditches, camps, housing areas, or other structures or developments on the leased lands with a livestock fence built to Bureau of Land Management standards in the area with such gates and cattle guards as SLAGOWSKI RANCHES, INC. shall specify. The SLAGOWSKI RANCHES, INC. shall designate the area which shall be no more than reasonably necessary to protect SLAGOWSKI RANCHES, INC.'s livestock from MAXWELL PETROLEUM, INC.'s activities, and the fence lines shall be as designated by the SLAGOWSKI RANCHES, INC. Construction of these facilities shall be completed by MAXWELL PETROLEUM, INC. within thirty(30) days after SLAGOWSKI RANCHES, INC.'s request, subject to weather and availability of labor and materials.

A-16 Upon the violation by MAXWELL PETROLEUM, INC. of any other terms, covenants or conditions of this lease, and the failure of MAXWELL PETROLEUM, INC. to remedy the default within thirty (30) days after written notice from SLAGOWSKI RANCHES, INC. to MAXWELL PETROLEUM, INC., specifying the default, then, at the option of the SLAGOWSKI RANCHES, INC., this lease shall forthwith cease and terminate and all rights of MAXWELL PETROLEUM, INC. in and to said land shall be at an end as to all said lands, except that MAXWELL PETROLEUM, INC. shall have the right to retain and hold under this lease the area surrounding 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 SLAGOWSKI RANCHES, INC. of any breach of any covenant or condition hereof shall not be a waiver of any other or subsequent breach hereof, nor of any other covenant or condition hereof.

A-17 It is further expressly agreed and understood that in the event MAXWELL PETROLEUM, INC. pools or unitizes less than all of the leased lands, this lease shall be deemed severed and shall be considered separate and distinct leases on the pooled or unitized acreage and on the remainder, and all provisions of this lease shall apply to both leases. Production of oil or gas on pooled or unitized lands which include less than all of the leased lands shall not operate to place this lease in the secondary term as to any lands outside the pooled or unitized acreage, and any part of the leased land not so pooled or unitized shall remain subject to the terms and conditions of this lease and shall not be affected by the pooling or unitization of any other portion of the leased lands. In addition, in the event MAXWELL PETROLEUM, INC. pools or unitizes less than all of the leased lands and production of oil or gas is commercial on such pooled or unitized lands, MAXWELL PETROLEUM, INC. shall either (a) forthwith re-lease as to said lands outside the unit to the SLAGOWSKI RANCHES, INC. and cancel this lease as to said lands except as to covenants and terms herein which by their nature survive termination, or (b) covenant in writing, to commence bona fide drilling operations on the said remaining lands within 180 days of the commencement of said production of the pooled or unitized lands.

A-18 MAXWELL PETROLEUM, INC. shall keep an accurate log and casing record showing the progress of drilling, character of formations encountered or drilled through, and casing in each well in which drilling shall have been done on the leased premises, and furnish SLAGOWSKI RANCHES, INC. a copy thereof upon the completion of or the abandonment of each well, and a true copy of all surface location and sub-surface directional surveys made, if any, of each well drilled under the Lease. MAXWELL PETROLEUM, INC. will pay all costs in reproducing said logs and records. Said logs and records, etc. will be provided at the time of publicly required release as governed by the Nevada Oil, Gas and Mining Division. MAXWELL PETROLEUM, INC. will furnish all reasonable facilities for making such observations, and measurements as the SLAGOWSKI RANCHES, INC. may desire, and SLAGOWSKI RANCHES, INC. is duly appointed agents and representatives shall have free and full access to all of the wells and works and to all property in and upon said leased premises, but SLAGOWSKI RANCHES, INC. must obtain written approval prior to any inspection. Inspection will be withheld only if it may conflict with confidential operations and/or data.

A-19 Upon violation by the MAXWELL PETROLEUM, INC. of any of the terms, covenants or conditions of this Lease, and the failure of MAXWELL PETROLEUM, INC. to remedy the default within thirty (30) days after written notice from SLAGOWSKI RANCHES, INC. to MAXWELL PETROLEUM, INC. specifying the default, then, at the option of the SLAGOWSKI RANCHES, INC., this Lease shall forthwith cease and terminate and all rights of the lessee in and to said land shall be at an end as to all said lands.

The waiver by SLAGOWSKI RANCHES, INC. of any breach of any covenant or condition hereof shall not be a waiver of any other or subsequent breach hereof, nor of any other covenant or condition hereof.

A-20 The MAXWELL PETROLEUM, INC. agrees to keep full and accurate record of the operations upon and production and sales of all oil, gas and other substances from the leased premises, independently of and separate from any other premises operated by the MAXWELL PETROLEUM, INC.: to notify SLAGOWSKI RANCHES, INC. promptly of discovery of any of said substances in or on the leased premises and to furnish quarterly to SLAGOWSKI RANCHES, INC. a true statement of all production, deliveries and deductions in a form satisfactory to the SLAGOWSKI RANCHES, INC. All records of the operations and productions and sales of said substances from the leased premises shall, at all reasonable times, be open to inspection of SLAGOWSKI RANCHES, INC.'s agents and representatives.

A-22 Notwithstanding anything to the contrary herein contained, if LESSEE has obtained production on this lease, at the end of three (3) years from date of this lease, LESSEE shall release all lands that are not included in a producing unit or units established under paragraph nine (9) of said lease. This lease shall remain in force only as to those lands included in such unit or units.

A-23 WHEREVER the term one-eighth (1/8th) appears in this lease, it is hereby amended to read fifteen percent (15%).

DATED March 4, 1994

MAXWELL PETROLEUM, INC.

by

Pat Keating, President

SLAGOWSKI RANCHES, INC.

by

Floyd Slogowski, President

ATTEST:

by

Billie Sue Slogowski, Secretary

BOOK 268 PAGE 452
152519
EUREKA COUNTY, NEVADA
M.N. REBALANCE, RECORDER
FILE NO. FEE \$1400
94 MAY -2 AM 1:43
Harold J. Anderson
RECORDED AT THE REQUEST OF
OFFICIAL RECORDS
BOOK 268 PAGE 445

EXHIBIT #1

BOOK 156 PAGE 285

