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Section 13: W/2W/2N/4NE/4 A parcel of land located in the NE/4 of said Section, more particularly described as follows: Commencing at the East ¼ corner of said Section 13, thence N 60° 01' W 2630.54' to corner No. 1, the point of beginning, thence W 361.50' to corner No. 2, a point on the North South ¼ sectionline of said Section, thence S along said ¼ section line 1325.50' to corner No. 3, a point the Section line between Sections 12 and 13, thence E along Section line 361.50' to corner No. 4, thence South 1325.50' to corner No. 1, the point of beginning.

2. Without reference to the commencement, procurement or cessation at any time of drilling or other development operations and/or to the discovery, development or cessation at any time of production of oil or gas and without payment to the royalty owner of any proceeds or other consideration, anything else herein contained to the contrary, this lease shall be for a term of 30 years from this date (called "primary term") and no longer than to oil or gas is produced from said land or land with which said land is pooled hereunder.

3. The royalties to be paid by Lessee are: (a) on oil, one-eighth of that produced and saved from said land, the same to be delivered at the wells or to the credit of Lessor into the pipe line to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead gas or other gaseous substance, pro-

and from said land, and sold, or used off the premises or for the extraction of gasoline or other product therefrom, the market value at the well of one-eighth

c. The gas so sold or used, provided that on gas sold at the wells the royalty shall be one-eighth of the amount realized from such sale; while there is a gas well on this lease or on acreage pooled therewith but gas is not being sold or used, Lessee may pay or tender as royalty, on or before ninety (90) days after the date on which said well is shut in and thereafter at annual intervals the sum of \$1.00 per acre, and if such payment is made or tendered, this lease shall not terminate and it will be considered that gas is being produced from this lease in paying quantities. Payment or tender of said shut-in gas royalty may be made by check or draft of Lessee mailed or delivered to the parties entitled thereto on or before the date said payment is due. Lessee shall have free use of oil, gas, coal and water from said land, except water from Lessor's wells, for all operations hereunder, and the royalty on oil and gas shall be computed after deducting any so used.

[illegible]

5. If at the expiration of the primary term oil or gas is not being produced on said land, or from land pooled therewith but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 60 days after the expiration of the primary term, the lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil or gas so long thereafter as oil or gas is produced from said land, or from land pooled therewith. If after the expiration of the primary term of this lease and after oil or gas is produced from said land, or from land pooled therewith, the production thereon should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within 60 days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no consecutive cessation of more than 60 days after the commencement of such production, or so long as oil or gas is produced from said land or from land pooled therewith. Any leased land not designated by Lessee in accordance with the terms hereof, may be dissolved by Lessee by instrument filed for record in the appropriate records of the county in which the leased premises are situated at any time after the completion of a dry hole or the cessation of production on said unit. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within 660 feet of and draining the lease premises, or land pooled therewith, Lessee agrees to drill such offset well or wells as a reasonably prudent operator would drill under similar circumstances. Lessee may terminate this lease at any time execute and deliver to the owner of the leased premises a release of the lease, releasing the owner from all obligations of the lease described herein, and the drilling operations and be relieved of all obligations as to the acreage surrendered.

6. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred feet of any residence or barn now on said land without Lessor's consent.

7. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns, but no change or division in ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U. S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with comparable instrument executed by all such parties designating an agent to receive payment for all.

[illegible]

9. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land whether in whole or in part; and in event Lessee does so, it shall be authorized to such lien with the right to enforce same and to pay the amount thereof out of the proceeds of the sale of said land. In the event of failure of Lessee to exercise its right under the warranty in event of failure of title, it agrees that it shall be deemed to have accepted title as warranted and that Lessee shall be reduced to its original position as if no warranty had been made. If Lessee shall be reduced to its original position as if no warranty had been made, then the royalties or bonus paid by Lessee shall be reduced proportionately. Should any one or more of the parties named as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

10. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from exercising all or any thereof by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of federal or state law or of any order, rule or regulation of any governmental authority, then while so prevented, Lessee's obligation to comply with any such covenant shall be suspended, and Lessee shall not be liable for damages for failure to comply therewith; and this lease shall nevertheless remain in full force and effect, and Lessee's obligation to pay delay rentals shall not be suspended, and Lessee shall be deemed to be complying with any such covenant from conducting drilling or reworking operations on or from a then existing well on the leased premises; and if Lessee is prevented by any such cause from conducting drilling or reworking operations on or from a then existing well on the leased premises, anything in this lease to the contrary notwithstanding, the time while Lessee is so prevented shall not be counted against Lessee.

Josephine H. Smith, his wife

SS#

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Lesson

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

No. 5807

State of California

County of Sacramento

On 3/15/95 before me, Charlene D. Evans, Notary Public
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared Frank B. Smith, TR & Josephine H. Smith.
NAME(S) OF SIGNER(S)

☐ 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.

Charlene D. Evans
SIGNATURE OF NOTARY

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

- ☒ INDIVIDUAL
☐ CORPORATE OFFICER
TITLE(S)
- ☐ PARTNER(S) ☐ LIMITED
☐ GENERAL
- ☐ ATTORNEY-IN-FACT
☐ TRUSTEE(S)
☐ GUARDIAN/CONSERVATOR
☐ OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

Oil & Gas Lease
TITLE OR TYPE OF DOCUMENT

1
NUMBER OF PAGES

3/6/95
DATE OF DOCUMENT

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

nlc
SIGNER(S) OTHER THAN NAMED ABOVE

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OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
Yates Petroleum Corp
95 APR 10 AM 8:58

EUREKA COUNTY NEVADA
M.N. REBALEATI, RECORDER
FILE NO. FEES 9.00

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