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**AFFIDAVIT OF NONDEVELOPMENT  
AND NONPAYMENT OF RENTAL**

**165906**

STATE OF Ca. }  
COUNTY OF Alameda } ss.

J.D. RANCH PARTNERSHIP, a California General Partnership

being first duly sworn, deposes and says:

That they

are the present owner of that certain real property located in the County of Eureka, State of Nevada, more particularly described as follows:

SEE ATTACHED EXHIBIT "A"

Said land is described in an oil and gas ~~mining~~ lease/ <sup>disclosed in a Notice of Non-Responsibility</sup> executed on the 23rd day of August, 19 68, by Charles Damele, Leo J. Damele and John V. Damele, a co-partnership DBA Stephon Damele & Sons as Lessors, and MODOC MINERAL AND OIL CO., INC., a Nevada corporation as Lessee, recorded in Book 25, Page 418, in the Office of the County Recorder of said County.

That since the date of said lease there has been no well drilled upon said land, nor any oil or gas produced therefrom, and that none of the rentals accruing under and by virtue of the terms of said lease have been paid or tendered to affiant or said Lessors, or to any bank for their credit, by the Lessee, or his agents or assigns since 4-7-89, and further that the Lessee and his assigns had actual notice that rentals were payable to affiant under said lease. Affiant states that he has not at any time executed any extension of said original lease, and that the same has expired.

Affiant further states that by reason of the noncompliance with the terms of said lease by Lessee and his assigns, affiant hereby declares said lease forfeited, and will not, by acceptance of rentals, or in any other manner, recognize the same as a valid or existing lease.

EXECUTED this 15<sup>th</sup> day of Jan., 1997.

J.D. RANCH PARTNERSHIP  
BY: [Signature]

Subscribed and sworn before me  
this      day of     , 19    .

NOTARY PUBLIC

STATE OF CALIFORNIA

COUNTY OF Sacramento

On Jan 15, 1997 before me, Carolyn K. Wolfram  
a Notary Public in and for said State, personally appeared  
Angela K. Tsakopoulos and William C Cummings  
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: Carolyn K. Wolfram  
Name :



NOTICE OF NON-RESPONSIBILITY

Notice is hereby given to all persons that we, CHARLES DAMELE, LEO J. DAMELE and JOHN V. DAMELE, a co-partnership doing business under the name of STEPHEN DAMELE & SONS, are the owners of the property located in the County of Eureka, State of Nevada, known and described as follows:

See Exhibit A attached hereto and incorporated herein by reference.

Said property is presently being leased and operated by MODOC MINERAL AND OIL CO., INC., a Nevada Corporation, for the purpose of Oil and Gas development pursuant to a lease, the parties thereto being, CHARLES DAMELE, LEO J. DAMELE and JOHN V. DAMELE, a co-partnership doing business under the name of STEPHEN DAMELE & SONS, Lessors; and MODOC MINERAL AND OIL CO., INC., a Nevada Corporation, Lessee, said Lease is now in force and effect and will so continue until and including the 8th day of December, 1970, and as long thereafter as any of the products covered therein are produced from said land by Lessee.

The undersigned is not operating or working upon the above mentioned premises, nor any part thereof, in such development and does not intend to operate said premises or any part thereof in such development, nor to purchase any supplies whatsoever during the life of said Lease; that by reason of said circumstances above mentioned, said undersigned disclaims any responsibility for supplies, materials or labor furnished for

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or upon the above mentioned premises.

Charles Damele  
CHARLES DAMELE

Leo J. Damele  
LEO J. DAMELE

John V. Damele  
JOHN V. DAMELE

STATE OF NEVADA, )  
COUNTY OF Washoe ) SS

On August 23, 1968, personally appeared before me,  
a Notary Public, CHARLES DAMELE, LEO J. DAMELE and JOHN V.  
DAMELE, who acknowledged to me that they executed the foregoing  
instrument.

Willis A. DePaoli  
NOTARY PUBLIC

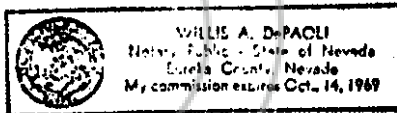


EXHIBIT "A"

PARCEL I

In T. 23 1/2 N., R. 49 E., M.D.B. & M.

Section 1: NW 1/4 (Lot 3)

In T. 24 N., R. 49 E., M.D.B. & M.

- Section 9: NW 1/4; SE 1/4 NW 1/4; SW 1/4 NE 1/4
- 10: SE 1/4 SW 1/4; SW 1/4 SE 1/4
- 12: SW 1/4 SE 1/4; NE 1/4 SE 1/4
- 13: NE 1/4 NW 1/4; SW 1/4 NW 1/4; NW 1/4 SW 1/4
- 14: SE 1/4 SE 1/4
- 15: NW 1/4 NW 1/4
- 23: NE 1/4 NE 1/4; SW 1/4 NE 1/4; W 1/2 SE 1/4
- 26: W 1/2 E 1/4; NE 1/4 NW 1/4
- 35: E 1/2 W 1/2

In T. 24 N., R. 50 E., M.D.B. & M.

- Section 2: Lot 3; SE 1/4 NW 1/4
- 7: Lot 2
- 20: W 1/2 SW 1/4
- 30: NW 1/4 NW 1/4

In T. 25 N., R. 50 E., M.D.B. & M.

- Section 24: SE 1/4 NW 1/4; NW 1/4 SW 1/4
- 25: S 1/2 SW 1/4; SE 1/4
- 28: W 1/2 NE 1/4; SE 1/4 NW 1/4; S 1/2 SW 1/4
- 32: SE 1/4 NE 1/4; NE 1/4 SE 1/4; SW 1/4 SE 1/4
- 33: NW 1/4 NW 1/4
- 35: E 1/2 NE 1/4; SW 1/4 NE 1/4; E 1/2 SW 1/4; SE 1/4
- 36: NW 1/4 NE 1/4; NW 1/4; NW 1/4 SW 1/4

In T. 26 N., R. 50 E., M.D.B. & M.

- Section 1: SE 1/4 NE 1/4; W 1/2 SW 1/4; E 1/2 SE 1/4
- 11: NE 1/4 NE 1/4
- 12: E 1/2 NE 1/4; NE 1/4 SE 1/4
- 24: E 1/2 SE 1/4

In T. 25 N., R. 51 E., M.D.B. & M.

- Section 6: Lots 3, 4, 5, 6, & 7; SE 1/4 NW 1/4; E 1/2 SW 1/4
- 7: E 1/2 NW 1/4
- 19: SE 1/4 SW 1/4
- 30: NW 1/4 NE 1/4; E 1/2 NW 1/4; Lots 2 and 3

In T. 26 N., R. 51 E., M.D.B. & M.

- Section 6: Lots 3, 4, 5, 6, & 7; SE 1/4 NW 1/4; E 1/2 SW 1/4
- 7: Lots 1, 2, 3 & 4
- 18: Lots 1, 2, 3 & 4
- 19: Lots 1, 2, 3 & 4
- 30: Lots 1, 2, 3 & 4; E 1/2 SW 1/4
- 31: NW 1/4 NE 1/4; E 1/2 W 1/2; Lot 4; SW 1/4 SE 1/4

KENNETH L. MANN  
LAWYER  
315 CROFT STREET  
ELKO, NEVADA 89601

EXHIBIT "A" - continuedIn T. 27 N., R. 51 E., M.D.B. & M.

Section 30: S½NE¼; NE½SW¼; S½SW¼; N½SE¼  
 31: NW½NW¼

PARCEL IIIn T. 24 N., R. 50 E., M.D.B. & M.

Section 14: SW½NE¼; SE½NW¼ SW¼; W½SE¼  
 22: NE¼  
 23: NW¼

PARCEL IIIIn T. 28 N., R. 50 E., M.D.B. & M.

Section 24: SE½SW¼  
 25: NW½NE¼; NE½NW¼

In T. 28 N., R. 51 E., M.D.B. & M.

Section 3: All  
 15: All  
 18: NE¼  
 21: SW½NE¼; E½NW¼; NW½NW¼

In T. 29 N., R. 51 E., M.D.B. & M.

Section 33: All

TOGETHER with the sole and exclusive right of prospecting for, mining and producing oil and gas, casinghead gas and gasoline, laying pipeline, building tanks, storing oil, building power stations, telephone lines and other structures thereon to produce, save, take care of and market all of the substances as is economically necessary for the production thereof, all in accordance with the best methods of producing such oil and gas. Lessee shall have the right to erect housing and buildings for its employees, with right for such purposes to the free use of oil, gas or water from said lands, subject to those provisions hereinafter contained. It shall be the purpose of the parties hereto to demise and let to the Lessee the mineral rights to all oil, gas, casinghead gas or gasoline in connection with the above property, and the rights to such of the surface as is necessary to carry out the production and marketing thereof. The Lessors shall otherwise retain the right to the free use of said property.

EXCEPTING, HOWEVER, from said lease, all meadow lands included within the above described property

EXHIBIT "A" - continued

that are now used by the Lessors in cutting, harvesting and storing hay or other forage crops. This exception extends to the use of such property by the Lessee for the purpose of drilling oil wells thereon, and does not authorize the Lessors to lease such property for the purposes set forth hereinabove in the immediately preceding paragraph, to any other person, persons or corporations.

It is understood and agreed that in the event that the Lessee discovers oil, gas, casinghead gas, or gasoline or other petroleum products, on the above-described property in marketable quantities, that subsequent wells may be drilled on meadow lands where necessary to drain oil or gas reservoirs or to produce such minerals, subject to the provisions set forth in the lease regarding payment to the Lessors for all interference or damage to their hay, forage crops and ranching operations.

RECORDED AT THE REQUEST OF John Damsie  
on AUG. 23, 1968, at 10 min. past 10 A. M. in  
Book 25 of OFFICIAL RECORDS, page 418-422 RECORDS OF  
EUREKA COUNTY, NEVADA William G. McPaul Recorder.  
File No. 47635 Fee \$7.00

BOOK 305 PAGE 51  
OFFICIAL RECORDS  
RECORDED AT THE REQUEST OF  
Stewart Title Co  
97 JAN 17 PM 2:54

EUREKA COUNTY NEVADA  
M.N. REBALEATI, RECORDER  
FILE NO. FEES 13.00

KENNETH L. MANN  
LAWYER  
625 COURT STREET  
EUREKA, NEVADA 89501

165906

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