

167611

OIL AND GAS LEASE

(PAID UP)

AGREEMENT, Made and entered into this 20th day of March, 1997, by and between Alma Mallock, a married woman dealing in her separate property

1328 S. Banner Ave. Indianapolis, IN 46241

and Cleary Exploration, LLC, 5821-A NW Grand Blvd, OKC 73118, part of the second part, hereinafter called lessor,

WITNESSETH, That the said lessor, for and in consideration of *Ten and More* DOLLARS, cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of lessor to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto the said lessor, for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and all gas of whatsoever nature or kind, including all associated hydrocarbons produced in a liquid or gaseous form, also including sulphur produced in association with oil or gas, hereinafter sometimes collectively referred to as "oil and gas," in-jecting gas, waters, other fluids, air and other gaseous substances into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines and other structures and things thereon to produce, save, take care of, treat, process, store and transport said oil and gas and other prod-ucts manufactured therefrom the following described land, together with any reversionary rights and after-acquired interest, therein situated in the

County of Eureka State of Oklahoma, to-wit: Section 8: N/2-NE/4 Section 9: SW/4-NW/4; E/2-SW/4 Section 15: S/2-SE/4 Section 22: N/2-NE/4 Section 23: W/2-NE/4; E/2-NW/4; NW/4-NE/4-SW/4

of Section XXXX Township 27N Range 52E and containing 600 acres, more or less. It is agreed that this lease shall remain in force for a term of Five(5) years from date (herein called primary term) and as long hereafter as oil or gas, or either of them, is produced from said land by the lessor.

In consideration of the premises the said lessor covenants and agrees: 1st. To deliver to the credit of lessor free of cost, in the pipe line to which it may connect its wells, the one-eighth (1/8) part of all oil (including but not limited to condensate and distillate) produced and saved from the leased premises.

2nd. To pay lessor for gas of whatsoever nature or kind (with all of its constituents) produced and sold or used off the leased premises, or used in the manufacture of products therefrom, one-eighth (1/8) of the gross proceeds received for the gas sold, used off the premises or in the manufacture of prod-ucts therefrom, but in no event more than one-eighth (1/8) of the actual amount received by the lessor, said payments to be made monthly. During any period (whether before or after expiration of the primary term hereof) when gas is not being sold or used and the well or wells are shut in and there is no current production of oil or operations on said leased premises sufficient to keep this lease in force, lessor shall pay or tender a royalty of One Dollar (\$1.00) per net acre royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of ninety (90) days from the date of such well is shut in and thereafter on the anniversary date of this lease during the period such well is shut in, to the royalty owners. When such payment or tender is made it will be considered that gas is being produced within the meaning of the entire lease.

If lessor shall, on or before any shut-in payment date, make a bona fide attempt to pay or deposit a shut-in payment to a royalty owner entitled thereto under this lease according to lessor's records at the time of such payment, and if such payment or deposit shall be erroneous in any regard, lessor shall be obligated to pay to such royalty owner the shut-in payment properly payable for the period involved, but this lease shall be maintained in the same manner as if such erroneous payment or deposit had been properly made, provided that lessor shall correct such erroneous payment within thirty (30) days following receipt by lessor of written notice from such royalty owner of the error accompanied by any documents and other evidence necessary to enable lessor to make proper payment.

3rd. To pay lessor for gas produced from any oil well and used off the premises, or for the manufacture of casing-head gasoline or dry commercial gas, one-eighth (1/8) of the gross proceeds, at the mouth of the well, received by lessor for the gas during the time such gas shall be used, said payments to be made monthly.

If the lessor shall commence to drill a well or commence reworking operations on an existing well within the term of this lease or any extension thereof, or on an acreage therewith, the lessor shall have the right to drill such well to completion or complete reworking operations with the effect as if such well had been completed within the term of years first mentioned. Drilling operations or mining operations shall be deemed to be commenced when the first material is placed on the leased premises or when the first work, other than surveying or staking the location, is done thereon which is necessary for such operations.

Lessor is hereby granted the right at any time and from time to time to utilize the leased premises or any portion or portions thereof, as to all strata or any stratum or strata, with any other lands as to all strata or any stratum or strata, for the production primarily of oil or primarily of gas with or without distillate. However, no unit for the production primarily of oil shall embrace more than 40 acres, or for the production primarily of gas with or without distillate more than 640 acres; provided that if any governmental regulation shall prescribe a spacing pattern for the development of the field or allocate a producing allowance based on acreage per well, then any such unit may embrace as much additional acreage as may be so prescribed or as may be used in such allowance of allowable. Lessor shall file written unit designations in the county in which the leased premises are located. Opera-tions upon and production from the unit shall be treated as if such operations were upon or such production were from the leased premises whether or not the well or wells are located thereon. The entire acreage within a unit shall be treated for all purposes as if it were covered by and included in this lease except that the royalty on production from the unit shall be as below provided, and except that in calculating the amount of any shut in gas royalties, only the part of the acreage originally leased and then actually embraced by this lease shall be counted. In respect to production from the unit, Lessor shall pay Lessor, in lieu of other royalties thereon, only such proportion of the royalties stipulated herein as the amount of his acreage placed in the unit, or his royalty interest thereon, on an acreage basis bears to the total acreage in the unit.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein which his interest bears to the whole and whole or partial interest, then the royalties herein provided shall be paid to the lessor only in the proportion which his interest bears to the whole and undivided fee.

Lessor shall have the right to use, free of cost, gas, oil and water produced on said land for its operations thereon, except water from wells of lessor. When requested by the lessor, lessor shall bury his pipe lines below plow depth. No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without the written consent of the lessor. Lessor shall pay for all damages caused by its operations to growing crops on said land.

Lessor shall have the right to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing. Any structures and facilities placed on the leased premises by lessor for operations hereunder and any well or wells on the leased premises drilled or used for the injection of salt water or other fluids may also be used for lessor's operations on other lands in the same area. If the estate of either party hereof is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall ex-tend to their heirs, executors, administrators, successors or assigns. However, no change in ownership of the land or royalties shall enlarge the obligations or diminish the rights of Lessor. No change in the ownership of the land or royalties shall be binding on the lessor until after the lessee has been furnished with a written transfer or assignment or a true copy thereof. In case lessor assigns this lease, in whole or in part, lessor shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules and Regulations, and this lease shall not be terminated, in whole or in part, nor lessor held liable in damages, for failure to comply therewith, if compliance is prevented by, or such failure is the result of any such Law, Order, Rule or Regulation. This lease shall be effective as to each lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the lessors above named may not join in the execution hereof. The word "Lessor" as used in this lease means the party or parties who execute this lease as Lessor, although not named above.

Lessor may at any time and from time to time surrender this lease as to any part or parts of the leased premises by delivering or mailing a release thereof to lessor, or by placing a release of record in the proper County. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof.

IN TESTIMONY WHEREOF, we sign this the 27 day of March, 1997, Alma Mallock, SSN: X [redacted]

PLEASE RETURN TO:

CLARK W. NYE 5805 N. W. GRAND BLVD., SUITE C OKLAHOMA CITY, OK 73118-1229

STATE OF OKLAHOMA,

County of X MADISON

ss.

(Individual Acknowledgment)

Before me, the undersigned, a Notary Public, in and for said County and State, on this X 27th day of X MARCH, 1907

personally appeared X ALMA MATTACK

to me known to be the identical person who executed the within and foregoing instrument, and acknowledged to me that same as her

IN WITNESS WHEREOF, I hereunto set my official signature and affixed my notarial seal the day and year last above written.

My commission expires X 2-19-2000

STATE OF OKLAHOMA,

County of _____

ss.

(Individual Acknowledgment)

Before me, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 19____

personally appeared _____

to me known to be the identical person who executed the within and foregoing instrument, and acknowledged to me that same as _____

IN WITNESS WHEREOF, I hereunto set my official signature and affixed my notarial seal the day and year last above written.

My commission expires _____

STATE OF OKLAHOMA,

County of _____

ss.

(Individual Acknowledgment)

Before me, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 19____

personally appeared _____

to me known to be the identical person who executed the within and foregoing instrument, and acknowledged to me that same as _____

IN WITNESS WHEREOF, I hereunto set my official signature and affixed my notarial seal the day and year last above written.

My commission expires _____

Oil and Gas Lease

No. _____

FROM

TO

Date _____ 19____

Section _____ Township _____ Range _____

No. of Acres _____ Term _____

STATE OF OKLAHOMA,

County of _____

ss.

This instrument was filed for record on the _____ day

of _____, 19____

at _____ o'clock _____ M., and duly recorded

in book _____ page _____ of the

records of this office.

County Clerk

By _____

Deputy

Record and Mail to:

Burkhardt's Legal Forms
2648 E. 11th Street
Tulsa, OK 74104

D

Given under my hand and seal the day and year last above written.

corporation, for the uses and purposes therein set forth.

to me known to be the identical person who subscribed the name of the maker thereof to the foregoing as its

personally appeared _____

Before me, the undersigned, a Notary Public, in and for said County and State on this _____ day of _____, 19____

(Corporation Acknowledgment)

COPY

167611

BOOK 310 PAGE 384
OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
Clark & Mc
97 AUG 12 PM 2:01
EUREKA COUNTY NEVADA
M.N. REBAL EATL. RECORDER
FILE NO. [illegible] FEES 9.00