

167612

OIL AND GAS LEASE

8th May 19 97 day of

AGREEMENT, Made and entered into this

Nancy King, heir of Florence T. Moore and Clary Exploration, LLC, 5821-A NW Grand, OKC 73118 Party of the first part, hereinafter called lessor (whether one or more) and part Y of the second part, hereinafter called lessee.

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 lessee to be paid, kept and performed, has granted, demised, leased and let unto the said lessor, for the sole and only purpose of exploring by geophysical and other methods, mining and operating for oil (including but not limited to distillate and condensate), gas (including casinghead gas and helium) and all other constituents, and for laying pipe lines, and building tanks, powers, stations and structures thereon, to produce, save and take care of said products, all that certain tract of land, together with any reversionary rights therein, situated in the County of Eureka Nevada State of Oklahoma described as follows, to-wit:

SECTION 11: Lots 2, 3, 4 and NE/4 SW/4 SECTION 14: Lot 2 and SW/4 NE/4 and Lots 6, 7 SECTION 21: SE/4 NE/4 and N/2 SE/4

of Section XXX Township 27 North Range 52 East, and containing 407.10 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 thereafter as oil or gas, or either of them is produced from said land by the lessee.

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 products therefrom, but in no event more than one-eighth (1/8) of the actual amount received by the lessee, 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, lessee shall pay or tender a royalty of one dollar (\$1.00) per year net 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 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 or to the royalty owner's credit in the rental depository bank hereinafter designated. When such payment or tender is made it will be considered that gas is being produced within the meaning of the entire lease. Lessor shall have the privilege at his risk and expense of using gas from any well, producing gas only, on the leased premises for stoves and inside lights in the principal dwelling thereon out of any surplus gas not needed for operations hereunder.

3rd. To pay lessor for gas produced from any oil well used and used off the leased 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 lessee for the gas during the term such gas shall be used, said payments to be made monthly. If drilling operations or mining operations are not commenced on the leased premises on or before one year from this date, this lease shall then terminate as to both parties unless Lessee on or before the expiration of said period shall pay or tender to Lessor, or to the credit of Lessor in bank WEST AMERICA BANK Acct # 515110906 1501 RAFAEL CH Four hundred seven and 10/100 *** or any successor bank, the sum of \$407.10, hereinafter called "rental," which shall extend for twelve months from the time within which drilling operations or mining operations may be commenced. Thereafter, annually, in like manner and upon like payment or tender the commencement of drilling operations or mining operations may be further deferred for periods of twelve months each during the primary term. Payment or tender of rental may be made by check or draft or Lessee delivered or mailed to the authorized depository bank or Lessor (at address last known to Lessee) on or before such date for payment, and the payment or tender will be deemed made when the check or draft is so delivered or mailed. If said named or successor bank (or any other bank which may hereinafter be provided) has failed or liquidated or for any reason refuse or fail to accept rental, Lessee shall not be held in default for failure to make such payment or tender of rental until thirty days after Lessor shall deliver to Lessee a proper recordable instrument naming another bank to receive such payments or tenders. The above named or successor bank or any other bank which may be designated as depository or when the first well, other than surveying or staking the location, is done thereon which is necessary for such operations. Should the first well drilled on the above described land, or on acreage pooled therewith, be a dry hole, then, and in that event, if a second well is not commenced on said land, or on acreage pooled therewith, within twelve months from the expiration of the last rental period for which rental has been paid, this lease shall terminate as to both parties, unless the lessee on or before the expiration of said twelve months shall resume the payments of rentals, in the same amount and in the same manner as hereinbefore provided. And it is agreed that upon the resumption of the payment of rentals as above provided, that the provisions, hereof governing the payment of rentals and reworking operations on an existing well within the term of this lease or any extension thereof, or on acreage pooled therewith, the lessee shall have the right to drill such well to completion or complete reworking operations with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned.

Lessee 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 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 allowable 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 allocation of allowable. Lessee shall file the written unit designations in the county in which the leased premises are located. Operations 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 rentals or shut-in gas royalties, only that part of the acreage originally leased and then actually leased and then actually engaged by this lease shall be counted. In respect to production from the unit, Lessee or shut-in gas royalties, in other than gas royalties, only such proportion of the royalties stipulated herein as the amount of his acreage placed in the unit, or his royalty interest therein 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, then the royalties and rentals herein provided shall be paid to the lessor in the proportion which his interest bears to the entire and undivided fee, however, such rental shall be increased at the next succeeding rental anniversary after an operation occurs to cover the interest so acquired. Lessee shall have the right to have free of cost, free of oil and water produced on said land and for its operations thereon, except water from wells of Lessor. When requested by the Lessor, Lessee 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. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing. 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 or assigns. However, no change or divestiture in ownership of the lands, rentals or royalties shall enlarge the obligations or diminish the rights of Lessee. No change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessor until after the lessee has been furnished with a written transfer or assignment of a true copy thereof, and it is hereby agreed that the above described lands and the assignments of rentals or royalties shall not operate to transfer or assignment of such lands or parts thereof, and it is hereby agreed that the above described lands and the assignments of rentals or royalties shall not operate to affect or affect the payment of such rentals or shut-in gas royalties, or the operation of this lease, except as to the part of the lands or parts of the lands so assigned. Lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of Lessee assigns this lease in whole or in part, Lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment. All express and 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 shall it be subject to 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 or operation 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 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. Lessee 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. After a partial surrender, the rentals specified above shall be proportionately reduced on an acreage basis. 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.

Nancy King, heir of Florence T. Moore and Clary Exploration, LLC, 5821-A NW Grand, OKC 73118 Party of the first part, hereinafter called lessor (whether one or more) and part Y of the second part, hereinafter called lessee.

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

PLEASE RETURN TO:

BOOK 310 PAGE 387

SSN: X

Nancy King

19 97 day of May

WITNESSETH WHEREBY WE SIGN THIS...

My commission expires _____
 Notary Public _____

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

act and deed of such corporation, for the uses and purposes therein set forth.
 and acknowledged to me that _____ executed the same as
 free and voluntary act and deed and as the free and voluntary
 to me known to be the identical person, who subscribed the name of the maker thereof to the foregoing instrument as its
 State aforesaid, personally appeared _____

On this _____ day of _____, 19____, before me, the undersigned, a Notary Public, in and for the County and
 A. D., 19____, _____

(ACKNOWLEDGMENT FOR CORPORATION)

STATE OF OKLAHOMA, _____
 County of _____ ss. _____

Oil and Gas Lease

FROM _____
 TO _____

Date _____, 19____
 Section _____, Township _____, Range _____, County, Oklahoma
 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.

By _____ Deputy
 _____ County Clerk

Record and Mail to: _____

My commission expires _____
 Notary Public _____

IN WITNESS WHEREOF, I have hereunto set my official seal and affixed my official seal the day and year first above written.

executed the same as _____ free and voluntary act and deed, for the uses and purposes therein set forth.
 personally known to me to be the identical person, who executed the within and foregoing instrument, and acknowledged to me that _____

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

(ACKNOWLEDGMENT FOR INDIVIDUAL)

STATE OF OKLAHOMA, _____
 County of _____ ss. _____

My commission expires _____
 Notary Public _____

IN WITNESS WHEREOF, I have hereunto set my official seal and affixed my official seal the day and year first above written.

executed the same as _____ free and voluntary act and deed, for the uses and purposes therein set forth.
 personally known to me to be the identical person, who executed the within and foregoing instrument, and acknowledged to me that _____

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

(ACKNOWLEDGMENT FOR INDIVIDUAL)

STATE OF OKLAHOMA, _____
 County of _____ ss. _____

My commission expires _____
 Notary Public _____

IN WITNESS WHEREOF, I have hereunto set my official seal and affixed my official seal the day and year first above written.

executed the same as _____ free and voluntary act and deed, for the uses and purposes therein set forth.
 personally known to me to be the identical person, who executed the within and foregoing instrument, and acknowledged to me that _____

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

(ACKNOWLEDGMENT FOR INDIVIDUAL)

STATE OF CALIFORNIA, _____
 County of _____ ss. _____

BOOK 310 PAGE 388

COPY

167612

BOOK 310 PAGE 387
OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
Clark W. Hays
97 AUG 12 PM 2:02
EUREKA COUNTY, NEVADA
M. M. REBELEATI, RECORDER
FILE NO. _____
FEES \$9.00