

OIL AND GAS LEASE
(PAID UP)

167614

AGREEMENT, Made and entered into this 20th day of March, 1997, by and between

Richard Clarkson, 5348 W. Hanna Ave., Indianapolis, IN 46241

and Cleary Exploration, LLC, 5821-A NW Grand Blvd, OKC 73118

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 unto the said Lessee, 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 production with oil or gas, hereinafter sometimes collectively referred to as "oil and gas," in-

cluding gas, waters, other fluids, air and other gaseous substances into subsurface strata, laying pipe lines, storing oil, building tanks, power stations,

telephone lines 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 interests, 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 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

thereafter as oil or gas, or either of them, is produced from said land by the Lessee.

In consideration of the said Lessor's 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 dissipated) 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 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 per 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 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 Lessee 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 Lessee's records at the time of such payment, and if such payment or deposit shall be erroneous in any regard,

Lessee 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 Lessee shall correct such erroneous payment within

thirty (30) days following receipt by Lessee of written notice from such royalty owner of the error accompanied by any documents and other evidence

necessary to enable Lessee 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 Lessee for the gas during the time such gas shall be used, said payments

to be made monthly.

If the Lessee 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 acreage pooled therewith, the Lessee shall have the right to drill such well to completion or complete reworking operations with reason-

able 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. 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.

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 dissipation. 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 dissipation 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 written unit designations in the county in which the leased premises are located. Operat-

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,

Lessee 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 herein whether stated hereinabove as

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:

Lessee shall have the right to use, free of cost, gas, 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 pay for all damages caused by its operations to growing crops on said land.

Any structures and facilities placed on the leased premises by Lessee 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 Lessee's operations on other lands in the same area.

If the estate of either part 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 or division in ownership of the land or royalties shall enlarge

the obligations or diminish the rights of Lessee. No change in the ownership of the land or royalties shall be binding on the Lessee until after the Lessee

has been furnished with a written transfer or assignment or a true copy thereof. In case 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 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 Lessee 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.

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.

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 28 day of March, 1997

Richard Clarkson SSN: X

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

PLEASE RETURN TO:

BOOK 310 PAGE 393

Lessor

STATE OF OKLAHOMA,
County of Marshall

ss. Richard Clarkson

(Individual Acknowledgment)

Before me, the undersigned, a Notary Public, in and for said County and State, on this 1 day of April, 1997, personally appeared Richard Clarkson

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

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

Henry J. Muecke
Notary Public

STATE OF OKLAHOMA,

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 he executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth.

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

Notary Public

STATE OF OKLAHOMA,

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 he executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth.

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

Notary Public

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.

County Clerk
By _____ Deputy
Record and Mail to: _____

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

STATE OF OKLAHOMA,

ss. _____

(Corporation 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 subscribed the name of the maker thereof to the foregoing as its _____ and acknowledged to me that he executed the same as _____ free and voluntary act and deed and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

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

Notary Public

COPY

167614

BOOK 310 PAGE 393
RECORDED AT THE REQUEST OF
Clark W. Myers
97 AUG 12 PM 2:00
EUREKA COUNTY NEVADA
M.N. REBAL EATL. RECORDER
FILE NO. _____ FEES 9.00