

OIL AND GAS LEASE

167627

AGREEMENT, Made and entered into this 8th day of May, 1997

By and between **Bradley P. Youngman, a married man dealing in his separate property**

805 Duncardine Way

Sunnyvale, CA 94087

and **Clary Exploration, LLC, 5821-A N.W. Grand, OKC 73118**

Party of the first part, hereinafter called lessor (whether one or more) of the second part, hereinafter called lessee.

WITNESSETH: That the said lessor, for and in consideration of

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,

and other methods, mining and operating for oil (including but not limited to dilute and condensate) gas (including casinghead gas and helium and all other constituents), and

for laying pipe lines, and building tanks, power, 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, as 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 **XXXX**, 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 lessee 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 other 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 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 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 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 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 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 **X-SUNNYVALE, CA 94087**

at **X WELLS FARGO BANK** or any successor bank, the sum of **Four hundred seven and 10/100** Dollars, (\$ **407.10**)

hereinafter called "rental" which shall extend for twelve months the time within which drilling operations or mining operations may be

commenced. Thereafter, annually, in like manner and upon like payments or tenders the commencement of drilling operations or mining operations may be

for periods of twelve months each during the primary term. Payment or tender of rental may be made by check or draft of 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 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, as hereinafter provided have been designated as depository) should fail or liquidate 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 Lessee 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 shall be deemed to have been designated as depository for the purpose of this lease. The above named or successor bank or any other bank which may be

premier or when the first work, 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 rental, in the same amount and in the same manner as

herebefore provided, and it is agreed that upon the resumption of the payment of rental as above provided, that the provisions, hereof governing the payment of rental and

the effect thereof, shall continue in force just as though there had been no interruption in the rental payments. If the lessee shall commence to drill a well or commence

working 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 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 any stratum or strata, for the production primarily of oil or primarily of gas with or without distillate. However,

no unit for the production of oil or gas 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 production 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, and except that in calculating the amount of any lease

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 lease

or that in gas royalties, only that 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 therein, then the royalties and rentals herein provided shall

be paid to the lessor only in the proportion which his interest bears to the whole and undivided fee, however, such rental shall be increased at the next succeeding rental

anniversary after any reversion occurs to cover the interest so acquired.

Lessee 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, 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.

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 or dividing 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 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 assignment of the land or assignment of royalties shall be binding on the lessee until after a written

transfer or assignment of a true copy thereof, and it is hereby agreed in the event this lease shall be assigned as to a part or parts of the above described lands and the assignee

or assigns of such part or parts shall pay or tender in the payment of the proportionate part of the rentals due from him or them, such default shall not operate to

defeat or affect this lease in so far as it covers a part or parts of the lands on which the said lessee or any assignee thereof shall make due payment of said rentals. In case

of default or assignment of such part or parts of the lands on which the said lessee or any assignee thereof shall make due payment of said rentals, 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

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 thereon 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 of the

interest.

IN WITNESS WHEREOF, we sign this the 8th day of May, 1997

Bradley P. Youngman
Bradley P. Youngman

SSN: X

IN WITNESS WHEREOF, we sign this the 8th day of May, 1997

BOOK 310 PAGE 432

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

PLEASE RETURN TO:

My commission expires... 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... A. D., 19... before me, the undersigned, a Notary Public, in and for the County and

(ACKNOWLEDGMENT FOR CORPORATION)

No. STATE OF OKLAHOMA, FROM TO Oil and Gas Lease No. of Acres Term No. of Acres Term STATE OF OKLAHOMA, County of 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... County Clerk Deputy Record and Mail to:

My commission expires... 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... personally appeared Before me, the undersigned, a Notary Public, in and for said County and State, on this... day of... 19... County of... STATE OF OKLAHOMA,

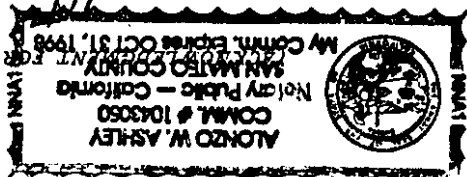
(ACKNOWLEDGMENT FOR INDIVIDUAL)

My commission expires... 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... personally appeared Before me, the undersigned, a Notary Public, in and for said County and State, on this... day of... 19... County of... STATE OF OKLAHOMA,

(ACKNOWLEDGMENT FOR INDIVIDUAL)

My commission expires... 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... personally appeared Before me, the undersigned, a Notary Public, in and for said County and State, on this... day of... 19... County of... STATE OF OKLAHOMA,

My commission expires... 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... personally appeared Before me, the undersigned, a Notary Public, in and for said County and State, on this... day of... 19... County of... STATE OF OKLAHOMA,



CALIFORNIA STATE OF OKLAHOMA, County of... X SAN MATEO

Notary Public X JUNE 19 97

Notary Public X October 31/1992

Notary Public

Notary Public

Notary Public

COPY

BOOK 310 PAGE 432
OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
Clark W. Nye
97 AUG 12 PM 2:12
EUREKA COUNTY NEVADA
M.N. REBAL EATL. RECORDER
FILE NO. 167627
FEES \$9.00