

181480

Form OK-500 (Prod. Proving) Oklahoma (OP) (Pub. Util. 10)  
Mailing Address: 2601 N.W. Expressway, Suite 301 W., Oklahoma City, OK 73112

**OIL AND GAS LEASE**  
(PAID UP)

Widow Jane  
AGREEMENT Made and entered into the 10th day of January, 2003 by and between  
Bonnie Lou Karst, a divorced woman dealing in her separate property, 521 Eagle Crest Drive, Brownsburg, IN 46112 party of  
the first part, hereinafter called Lessor (whether one or more) and Cleary Petroleum Corporation party 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 and by these presents does grant, demise, lease and let unto the said Lessee for the purposes 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" injecting gas, water, other fluids, air and other gaseous substances into subsurface strata, laying pipelines, 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 products manufactured therefrom the following described land together with any reversionary rights and after acquired  
interest therein situated in the County of Fureka State of Nevada to wit:

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 27 North, Range 52 East, and containing 400 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:  
1<sup>st</sup> To deliver to the credit of lessor free of cost in the pipeline 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.

2<sup>nd</sup> 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 so 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 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.

3<sup>rd</sup> 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 terms 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 last 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 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 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.  
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 the  
lease except that the royalty on production from the unit shall be as before provided, and except that in calculating the amount of any shut in gas  
royalty 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, he hereby stipulates that when titled by him or his  
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 for its operations thereon, except water from wells of  
Lessor.

When requested by the Lessor, Lessee shall bury the pipe line to the flow line.  
No well shall be drilled nearer than 200 feet to the house or barn or on said premises without the written consent of the Lessor.  
Lessee shall pay for all damages caused by its operations or 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.  
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 land in the same area.

If the estate of either party hereto is assigned and the privilege of assignment in whole or in part is expressly allowed, the covenant hereof shall  
extend to their heirs, executors, administrators, successors or assigns. However, no lump sum or division in own right of the unit or royalty shall entitle  
the obligee or diminish the right 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 the  
lessee shall not be deemed to be in violation of any such Law, Order, Rule or Regulation in damages for failure to comply therewith if compliance is provided by or such  
measure is the result of any such Law, Order, Rule or Regulation.

This lease shall be effective as to each acre on the location thereof as to his or her interest and shall be binding on those assigning, notwithstanding  
some of the lessors above named may not part of the executor hereof. The word "lessor" as used in this lease means the party or parties who execute  
this lease as Lessor, all such not named above.

Lessee may at any time and from time to time utilize the leased premises or any portion or portions thereof by delivering or mailing a notice  
thereof to lessor or by placing a release of record in the proper county.

Lessor hereby warrants and agrees to defend the use of the lands hereon described, and agrees that the lessee shall have the benefit of any laws  
to redeem for lessor by payment any mortgages, taxes or other liens on the above described lands, in the event of default of payment of any such lien and be  
subrogated to the rights of the holder thereof.

IN TESTIMONY WHEREOF we sign this 14 day of January, 2003

Bonnie Lou Karst  
Bonnie Lou Karst  
SSN: [REDACTED]

ACKNOWLEDGEMENT



STATE OF INDIANA  
COUNTY OF HENDRICKS

This instrument was acknowledged before me on the 14<sup>th</sup> day of January, 2001  
by Bonnie Lou Karst

Kimberly J. Keess  
Notary Public

My commission expires 10/7/10

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2005  
by \_\_\_\_\_

\_\_\_\_\_  
Notary Public

My commission expires \_\_\_\_\_

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2005  
by \_\_\_\_\_

\_\_\_\_\_  
Notary Public

My commission expires \_\_\_\_\_

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2005  
by \_\_\_\_\_

\_\_\_\_\_  
Notary Public

My commission expires \_\_\_\_\_

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2005  
by \_\_\_\_\_

\_\_\_\_\_  
Notary Public

My commission expires \_\_\_\_\_

CORPORATE ACKNOWLEDGEMENT

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2005  
by \_\_\_\_\_ is \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_  
Notary Public

My commission expires \_\_\_\_\_

BOOK 359 PAGE 392  
OFFICIAL RECORDS  
RECORDED AT THE REQUEST OF  
*Clary Petroleum*  
2003 MAR 25 PM 1:58

EUREKA COUNTY NEVADA  
4th REG. RECORDER  
FILING FEES 16.00

181480

COPY