

181481

Meeting Address: 2601 N.W. Expressway, Suite 801W, Oklahoma City, OK 73112

OIL AND GAS LEASE (PAID UP)

AGREEMENT Made and entered into this 10th day of January, 2003 by and between Letia Glazier, a married woman dealing in her separate property, 944 Charleston Drive, Bedford, TX 76022 party of the first part hereinafter called Lessor (whether one or more) and Clary 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 let 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 injecting gas waters other fluids air and other gaseous substances into subsurface strata laying pipelines storing oil building tanks power stations tele phone 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 reverentially rights and after-acquired interest therein situated in the County of Lurida 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 xxxxx 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 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 desulphate) 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 it 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 but want 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

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 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 is 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 stratum or strata with any other land as to all strata or stratum or strata for the production primarily of oil or portions thereof or 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 hold or allocate a producing allowable based on acreage per well then in 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 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 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 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 then in which the stated herein above 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 costs 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 pipelines below ground level 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

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 oil or fluids may also be used for Lessee's operations on other lands in the same area

If the lease of either party hereon is assigned and the privilege of acquiring in whole or in part is expressly allowed the covenant hereon shall extend to their heirs executors administrators or assigns However no part of this lease shall be assigned or otherwise transferred in whole or in part without the obligations or discharge the rights of Lessee The 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 of a true copy of the deed 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 and subsequent to the date of a written deed

All express or implied covenants of the lease shall be subject to all Federal and State Laws Executive Orders Rules and Regulations and the law shall not be terminated in whole or in part nor shall the obligations hereunder be terminated or modified by any such Law Order Rule or Regulation

This lease shall be effective as to each Lessor on execution hereof or to his or her interest and shall be binding on those signing notwithstanding some of the Lessor above named may not join in the execution hereof The word Lessor intended in this lease means the party or parties who execute the lease hereof although not named above

Lessee may at any time and from time to time surrender this lease to any part or parts of the leased premises by delivering or mailing a record thereof to Lessor or by placing a record of record in the proper County

Lessor hereby warrants and agrees to defend and pay the costs of the lands here described and agrees that the Lessee shall have the right at any time to redeem for Lessor by payment any mortgage 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 on the 10th day of January 2003

Letia Glazier

SSN - [REDACTED]

Fran W Cruson Notary

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ACKNOWLEDGEMENT

STATE OF TEXAS
COUNTY OF TARRANT

This instrument was acknowledged before me on the 14 day of January 2003
by Leta Glazier



Fran W. Cruson
Notary Public

My commission expires _____

STATE OF _____
COUNTY OF _____

This instrument was acknowledged before me on the _____ day of _____, 2003
by _____

Notary Public

My commission expires _____

STATE OF _____
COUNTY OF _____

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by _____

Notary Public

My commission expires _____

STATE OF _____
COUNTY OF _____

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by _____

Notary Public

My commission expires _____

STATE OF _____
COUNTY OF _____

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by _____

Notary Public

My commission expires _____

CORPORATE ACKNOWLEDGEMENT

STATE OF _____
COUNTY OF _____

This instrument was acknowledged before me on the _____ day of _____, 2003
by _____ of _____

Notary Public

My commission expires _____

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OFFICIAL RECORDS
RECORDED AT THE REQUEST OF
Clary Rothlum
2003 MAR 25 PM 2:01

EUREKA COUNTY NEVADA
TM REBALEATI. RECORDER
FM ENO FEE \$16
181481

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