

production is allocated. Nothing herein contained shall constitute or effect any transfer of any title to any leasehold, royalty or other interest unitized pursuant hereto. Lessee's execution of such unit agreement shall be binding as to both lessor and lessee and their respective interests. Lessor, following such execution, shall furnish lessor with a copy of such unit agreement by mail to lessor's last known address as shown by lessor's records and shall give lessor written notice of approval of the same in the same manner within a reasonable time after lessee is notified of such approval.

Lessee shall have the right to use, free of cost, oil, gas and water produced on said land for its operations thereon except water from wells of 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. No part of the surface of the leased premises shall, without the written consent of lessor, be used, granted or licensed by lessor to any other party for the location, construction or maintenance of structures, tanks, pits, reservoirs, equipment, or machinery to be used for the purpose of exploring, developing or operating adjacent lands for oil, gas or other minerals.

Lessee shall bury below plow depth its pipelines on the leased premises when requested by a lessor owning an interest in the surface. No well shall be drilled nearer than 200 feet to any house or barn now on said premises without the written consent of the owner of the surface on which such house or barn is located. Lessor shall pay for damages to growing crops caused by its operations on said lands.

Lessor hereby warrants and agrees to defend the title to the lands herein described, but if the interest of lessor covered by this lease is expressly stated to be less than entire fee or mineral estate, lessor's warranty shall be limited to the interest so stated. Lessee may purchase or lease the rights of any party claiming any interest in said land and exercise such rights as may be obtained thereby but lessee shall not suffer any forfeiture nor incur any liability to lessor by reason thereof. Lessee shall have the right at any time to pay for taxes, any mortgages, taxes or other lien on said lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and any such payments made by lessee for lessor may be deducted from any amounts of money which may become due lessor under this lease.

All express provisions and implied covenants of this lease shall be subject to all applicable laws, governmental orders, rules and regulations. This lease shall not be terminated in whole or in part, nor lessee held liable in damages, because of a temporary cessation of production or of drilling operations due to breakdown of equipment or due to the repairing of a well or wells, or because of failure to comply with any of the express provisions or implied covenants of this lease if such failure is the result of the exercise of governmental authority, war, armed hostilities, lack of market, act of God, strike, civil disturbance, fire, explosion, flood or any other cause reasonably beyond the control of lessor.

This lease and all provisions thereof shall be applicable to and binding upon the parties and their respective successors and assigns. Reference herein to lessor and lessee shall include reference to their respective successors and assigns. Should one or more of the parties named above as lessors not execute this lease, it shall nevertheless be binding upon the party or parties who do.

IN WITNESS WHEREOF, this lease is executed as of the day and year first above written.

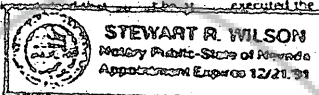
X Jacelyn O. Alves
Jacelyn O. Alves
S.S. [REDACTED]

X Maynard Alves
Maynard Alves
S.S. [REDACTED]

STATE OF Alameda SS. (Individual-Corporation Partnership-Sole Proprietor)
COUNTY OF Alameda

On the 17th day of May, A.D. 19 89, personally appeared
before me, a Notary Public Maynard Alves and Jacelyn O. Alves, husband and wife

who duly acknowledged that they executed the above instrument.



[Signature]
Notary Public

STATE OF Alameda

002-01076

Lessee is hereby given the option to extend the primary term of this lease for an additional three (3) years from the expiration of the original primary term. This option may be exercised by Lessee at any time during the last year of the original primary term by paying the sum of 7.50 per net mineral acre to the parties entitled to delay rentals according to Lessee's records. This payment shall be based upon the number of net mineral acres then covered by this lease, and all of the provisions of this lease relating to the payment of delay rentals shall apply equally to this payment including, but not limited to, the provisions regarding changes in ownership. If, at the time this payment is made, various parties are entitled to specific amounts of the delay rental according to Lessee's records, this payment may be divided between said parties and paid in the same proportion. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a primary term of six (6) years, except that no delay rental payment shall be required to maintain this lease for the first twelve (12) months of the extended term. In the event this lease is being maintained by any provision hereof at the expiration of the original primary term, Lessee shall have a period of thirty (30) days from the date this lease ceases to be so maintained within which to exercise this option.

Notary Public

STATE OF Alameda SS. (Certificate of Recording)
COUNTY OF Alameda

This instrument was filed for record on the 17th day of May, 19 89 at o'clock M
and recorded in Book at Page of the records of this office.

County Recorder

By

Deputy

AFTER RECORDING, RETURN TO:

BOOK 200 PAGE 18

RIDER

This Rider made a part of and attached hereto to that certain Oil and Gas Lease dated May 10, 1989, by and between MAYNARD ALVES and JACOLYN O. ALVES, husband and wife, Lessorss, and EXXON CORPORATION, Lessee.

Lessee agrees to pay the owner of the surface of the leased premises or to the surface tenant of record, as their interests may appear, a sum of money equal to the actual loss of value resulting from physical injury to free flowing springs, artesian wells, improvements, fences, crops or livestock located on the land, caused by the operations of Lessee under the terms of this lease. Such amount shall be the sole compensation due the surface owner or surface tenant for any damage or injury to said improvements, fences, crops, or livestock located on the land or for the use thereof. Lessee shall not be obligated to compensate the surface owner for any physical injury to said improvements, fences, crops or livestock located on the land which is promptly repaired or restored by Lessee to a condition of approximately equivalent value following completion of the activity which cause such injury.

Lessee agrees to consult with surface owner regarding the placement of all roads, pipelines, power lines, telephone lines and tank batteries and to locate all such items and other structures which it has a right to locate upon said land under the provisions of this lease at such locations as to reduce the interference with the surface use of said lands for farming and for ranching purposes insofar as it is reasonably practical to do so but it is understood that Lessee will not be prevented from exercising reasonable use of the surface in order to accomplish the purposes of this lease.

To accomplish that end, Lessee agrees to notify the surface owner, or to deliver written notice to the surface owner's last known address, of any proposed operation involving the construction of the aforementioned items. Such notice shall include a brief general description of the location of the proposed operation and road routes involved. The surface owner shall have ten (10) days from the date of actual personal notification or the date of mailing, whichever occurs earlier, to advise Lessee in writing of the surface owner's preferences as to routes and locations. Failure of the surface owner to advise Lessee in writing of the surface owner's preferences shall be deemed as the surface owner's acquiescence to Lessee's proposed location and routes.

The Lessee shall not allow its employees, agents, or independent contractors to remain overnight on Lessors' premises except in the course of conducting operations for the drilling of a well. Operations shall include, but shall not be limited to, any and all activities necessarily related to the drilling of a well, including site preparation and restoration, drilling, testing, equipping, building pipelines, tank batteries, and other activities related to exploration and development of the leased premises.

BOOK 200 PAGE 19

Should Lessee, its agents or independent contractors find water during any of their drilling operations, Lessee will promptly notify Lessors as to the whereabouts of said water. Should Lessee, its agents or independent contractors, drill and case any well upon the leased premises, Lessors shall have the option to retain said well and casing upon termination of the lease.

In the event Lessors elect to take over a well bore, Lessors shall pay to Lessee salvage value of the well bore and following such payment, Lessee shall turn over the well bore to Lessors. In taking over the well bore, Lessors accept the well bore "as is" and without warranty or representation, express or implied, as to its quality, condition, or serviceability.

Lessors further warrant and agree Lessors will plug and abandon the well bore at Lessors' sole expense and risk in accordance with applicable law at such time plugging and abandonment is necessary. Lessors further agree to hold harmless and indemnify Lessee for any claims, liabilities, or causes of action arising out of Lessors' operation or use of said well bore after the date of transfer from Lessee to Lessors.

Signed for Identification:

Maynard Alves
Maynard Alves

Jaclyn O. Alves
Jaclyn O. Alves

89050511.nsb

RECORDED AT THE REQUEST OF

BOOK 200 PAGE 017

Exxon Company, U.S.A.

IN FILED RECORDS
CLERK OF COUNTY OF NEVADA
MIN. FILED JUL 31 1980

FILE NO. 128634

SEE 5 800

BOOK 200 PAGE 020