

Lincoln County

STATE OF COLORADO)
)
) ss.
CITY AND COUNTY OF DENVER)

AFFIDAVIT

William B. Collister, of lawful age, having first been duly sworn,
deposes and says:

1. That he is familiar with the following executed instruments:
 - a. An agreement between Energy Methods Corporation and A. G. Andrikopoulos, entitled "Sale of Leases", dated August 11, 1981, (herein "August 11 Agreement"). A copy of the August 11 Agreement with the original Exhibit "Y" and Exhibit "X" is attached to this Affidavit as Exhibit 2. The August 11 Agreement has an attachment designated as Exhibit "X" which is a mortgage. In the August 11 Agreement, Energy Methods Corporation agrees to mortgage to A. G. Andrikopoulos the leasehold interests described in the paragraph II of the August 11 Agreement. The description of the mortgaged property is attached to this Affidavit as Exhibit "A".
 - b. An Addendum to Sale of Leases between Energy Methods Corporation and A. G. Andrikopoulos, dated September 15, 1981, (herein "Addendum"). A copy of the Addendum is attached to this Affidavit as Exhibit 3.

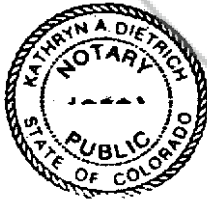
Dated April 2, 1982

William B. Collister
WILLIAM B. COLLISTER

Sworn to before me and subscribed in my presence by William B. Collister, to me known and known to me to be the same person who executed the foregoing instrument, and as such person duly acknowledged the execution of the same this April 2, 1982.

My Commission Expires August 13, 1983.

Kathryn A. Dietrich
Notary Public
Residing at 5675 S. Lowell Blvd.
Littleton, CO 80123



NOTICE TO CLERK AND RECORDER:
Please record the entire instrument
with all exhibits. After recording,
please return to:

William B. Collister
3120 Security Life Building
Denver, Colorado 80202

Please indicate recording fee _____

Lincoln County

5.

Exhibit A

Lease Name/Number	Legal Description	County	State	Acres Gross	Acres Net	ORR to be Retained	Interest to be Assigned Record Title or Operating Rights	Lease Date/Term
N-8150-A	T. 5 N., R. 61 E. Sec. 13: All	Nye	NV	640.00	640.00	5%	R.T.	7-1-74 10 yrs.
N-9967-A	T. 27 N., R. 58 E. Sec. 2: L. 1, 2, SE/4NE/4, SE/4, E/2SW/4, SW/4SW/4	Elko	NV	1,038.29	1,038.29	5%	R.T.	1-1-75 10 yrs.
N-9974	T. 32 N., R. 62 E. Sec. 33: All Sec. 34: All Sec. 35: All Sec. 36: All	Elko	NV	2,560.00	2,560.00	5%	R.T.	1-1-75 10 yrs.
N-9975-A	T. 32 N., R. 63 E. Sec. 10: All Sec. 15: All	Elko	NV	1,280.00	1,280.00	5%	R.T.	1-1-75 10 yrs.
N-10021	T. 25 N., R. 58 E. Sec. 19: L. 1, 2, 3, 4 E/2N/2, E/2 Sec. 20: All Sec. 29: All Sec. 30: L. 1, 2, 3, 4, E/2N/2, E/2	White Pine	NV	2,519.36	2,519.36	5%	R.T.	1-1-75 10 yrs.
N-9961-A	T. 26 N., R. 58 E. Sec. 3: L. 1, 2, 3, 4, S/2N/2, S/2 Sec. 4: L. 1, 2, S/2NE/4, SE/4	Elko	NV	961.76	961.76	5%	R.T.	3-1-75 10 yrs.
N-9962-A	T. 25 N., R. 62 E. Sec. 19: L. 1, 2, 3, 4, E/2N/2, E/2	White Pine	NV	616.20	616.20	5%	R.T.	11-1-75 10 yrs.
N-9962-B	T. 25 N., R. 62 E. Sec. 18: L. 3, 4, E/2SW/4, SE/4	White Pine	NV	307.63	307.63	5%	R.T.	11-1-75 10 yrs.

Lincoln County

6.

Lease Name/Number	Legal Description	County	State	Gross Acres	Net Acres	CCR to be Retained	Interest to be Assigned Record Title or Operating Rights	Lease Date/Term
N-9963-A	T. 25 N., R. 62 E. Sec. 30: L. 1, 2, 3, 4, E/2N/2, E/2	White Pine	NV	617.24	617.24	5%	R.T.	11-1-75 10 yrs.
N-9964-A	T. 25 N., R. 61 E. Sec. 16: All Sec. 17: All	White Pine	NV	1,280.00	1,280.00	5%	R.T.	11-1-75 10 yrs.
N-9966	T. 26 N., R. 61 E. Sec. 25: All Sec. 26: All Sec. 35: All Sec. 36: All	White Pine	NV	2,560.00	2,560.00	5%	R.T.	11-1-75 10 yrs.
N-9983-A	T. 23 N., R. 60 E. Sec. 5: L. 1, 2, 3, 4, S/2N/2, S/2 Sec. 8: All Sec. 17: All	White Pine	NV	1,921.04	1,921.04	5%	R.T.	11-1-75 10 yrs.
N-10013-A	T. 19 N., R. 56 E. Sec. 27: All	White Pine	NV	640.00	640.00	5%	R.T.	11-1-75 10 yrs.
N-10030-A	T. 23 N., R. 60 E. Sec. 20: All Sec. 29: All	White Pine	NV	1,280.00	1,280.00	5%	R.T.	11-1-75 10 yrs.
N-15884	T. 40 N., R. 55 E. Sec. 22: SE/4 Sec. 23: N/2 Sec. 24: NW/4 Sec. 26: W/2 Sec. 27: E/2 Sec. 34: E/2 Sec. 35: All	Elko	NV	2,240.00	2,240.00	5%	R.T.	1-1-77 10 yrs.

Lincoln County

7.

Lease Name/Number	Legal Description	County	State	Acres	Net	GRR to be Retained	Interest to be Assigned Record Title or Operating Rights	Lease Date/Term
N-15686	T. 41 N., R. 55 E. Sec. 3: L. 1, 2, 3, 4, S/2N/2, S/2 (All) Sec. 4: L. 1, 2, 3, 4, S/2N/2, S/2 (All) Sec. 5: L. 1, 2, 3, 4, S, 6, 7, SW/4NE/4, SE/4NW/4, W/2SE/4 Sec. 8: L. 1, NW/4NE/4 Sec. 9: All	Elko	NV	2,284.64	2,284.64	5%	R.T.	1-1-77 10 yrs.
N-11195	T. 7 N., R. 63 E. Sec. 28: All Sec. 33: All T. 6 N., R. 63 E. Sec. 4: L. 1, 2, 3, 4, S/2N/2, S/2	Lincoln	NV	1,921.36	1,921.36	5%	R.T.	2-1-77 10 yrs.
N-16172	T. 29 N., R. 64 E. Sec. 32: N/2, N/2SE/4, S/2SW/4 Sec. 34: All Sec. 36: All	Elko	NV	1,760.00	1,760.00	5%	R.T.	9-1-77 10 yrs.
N-10029-A	T. 22 N., R. 60 E. Sec. 20: All Sec. 21: S/2 Sec. 28: All Sec. 33: All	White Pine	NV	2,240.00	2,240.00	5%	R.T.	10-1-77 10 yrs.
N-14487	T. 24 N., R. 59 E. Sec. 9: All Sec. 10: All Sec. 11: All Sec. 15: All	White Pine	NV	2,560.00	2,560.00	5%	R.T.	10-1-77 10 yrs.

Lincoln County

SALE OF LEASES

ORIGINAL

EXHIBIT
2

I. Parties.

A. G. Andrikopoulos
P. O. Box 788
Cheyenne, Wyoming 82001
Herein "Andrikopoulos"

and

Energy Methods Corporation
2850 Security Life Building
1616 Glenarm Place
Denver, Colorado 80202
Herein "Energy"

II. Leasehold.

The Leasehold is the oil and gas leasehold (working) interest owned by Andrikopoulos, described on Exhibit "A". The Leasehold will cover a minimum of 100,000 net leasehold acres. This acreage is referred to herein as the "Leasehold". The Leasehold is subject to the overriding royalties set forth on Exhibit "A". If the actual working interest owned by Andrikopoulos in any lease shown on Exhibit "A" is less than 100%, this lesser interest is indicated on Exhibit "A".

III. Purchase and Sale of Leasehold.

Subject strictly to the further terms and conditions of this agreement, Andrikopoulos agrees to sell and Energy agrees to buy the Leasehold for \$3,600,000, which includes the interest.

IV. Payments for Leasehold.

A. Payments for the Leasehold shall be made as follows:

1. The sum of \$600,000 payable on or before September 15, 1981.

2. The sum of \$1,500,000 which includes all accrued interest at the rate of 15% simple, in cash or certified funds on January 5, 1982.

a. The January 5, 1982 payment may be extended to April 5, 1982 at the option of Energy, if there is paid to Andrikopoulos a sum (computed by the First National Bank of Denver) equal to Andrikopoulos' total cost of borrowing \$1,500,000 from January 5, 1982 until the \$1,500,000 payment is received.

3. The sum of \$1,500,000 which includes all accrued interest at the rate of 15% simple, in cash or certified funds on January 5, 1983.

B. The two payments under subparagraphs 2 and 3 above totaling \$3,000,000, are to be paid by Energy executing a Note on a form attached as Exhibit "w" and a Mortgage on a form attached as Exhibit "x". The exhibit to the Mortgage will be the same as Exhibit "A" referred to in paragraph II hereof.

V. Assignment.

The Leasehold will be assigned to Energy as soon as possible after August 11, 1981, but in no event later than October 31, 1981.

Lincoln County

VI. Title Examination by Energy.

A. Prior to September 15, 1981, Energy, at Energy's expense, may examine title to the Leasehold. At any time prior to September 15, 1981, Energy, at Energy's option, may reject title to the Leasehold, and both Energy and Andrikopoulos shall be released from any further obligations under the terms of this agreement.

B. If title is not rejected by Energy, it shall be presumed that title has been accepted by Energy.

VII. General.

A. Notices required under the terms of this agreement shall be given to the parties at the addresses shown in paragraph I hereof.

B. Time is of the essence herein.

C. There is consideration for this agreement.

D. This is a Colorado contract.

E. This agreement is binding upon the successors and assigns of the parties.

F. All assignments made under the terms of this agreement shall:

1. be with a special warranty of title, warranting title against claims arising by, through or under Andrikopoulos, but not otherwise.

2. assign only operating rights as required if an assignment of operating rights will prevent a lease or a portion thereof from being segregated by assignment.

G. All assignments shall contain the following reassignment clause:

"If Assignee desires to surrender or let expire all or any part of its interest in the lease, a portion of which is herein assigned, it shall give Assignor written notice by certified mail at least 60 days in advance of the next ensuing anniversary date of the lease. Assignor shall have 30 days after receipt of such notice to elect to take an assignment of the interest to be surrendered or let expire. Assignee shall promptly thereafter give Assignor an assignment of the interest to be surrendered, which assignment shall be free of any burdens, encumbrances and outstanding interests other than those existing as of the date hereof.

Assignee agrees, if requested by Assignor in writing by certified mail, to reassign promptly to Assignor all of the interest herein assigned at least 60 days before the expiration of the ~~primary~~ term, if at that time there is no shut-in gas well, producing well, drilling well or other event occurring as to such lease which would extend the term of the lease. Assignee's liability in failure to comply with the terms of this reassignment paragraph shall be limited to the amount paid as cash consideration for this lease."

H. All exhibits attached to this agreement are incorporated into this agreement by reference.

I. All payments required under the terms of this agreement shall be made in United States dollars.

J. This agreement will become null and void unless a copy of this agreement executed by Andrikopoulos is received by Energy on or before August 27, 1981.

Lincoln County

EXHIBIT "W"

PROMISSORY NOTE

\$3,000,000.00

Denver, Colorado
August 11, 1981

On or before January 5, 1983, for value received,

Energy Methods Corporation
2850 Security Life Building
1616 Glenarm Place
Denver, Colorado 80202

promises to pay to the order of

A. G. Andrikopoulos
P. O. Box 788
Cheyenne, Wyoming 82001,

or order, the sum of \$3,000,000.00, in installments as follows:

1. The sum of \$1,500,000.00 which includes all accrued interest in cash or certified funds on January 5, 1982.

a. The January 5, 1982 payment may be extended to April 5, 1982 at the option of Energy Methods Corporation, if there is paid to A. G. Andrikopoulos a sum (computed by the First National Bank of Denver) equal to A. G. Andrikopoulos' total cost of borrowing \$1,500,000.00 from January 5, 1982 until the \$1,500,000.00 payment is received.

2. The sum of \$1,500,000.00 which includes all accrued interest in cash or certified funds on January 5, 1983.

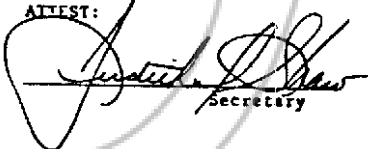
The failure to pay any installment when due shall cause the whole Note to become due and collectible at once, and any installments not paid when due shall draw interest at the rate of 24% per annum until paid. In the event a judgment is taken on this Note, the interest shall be paid at the rate of 24% on the amount of the judgment.

No delay or omission on the part of the holder in exercising any right hereunder shall operate as a waiver of such right or of any other right under this Note. A waiver on any one occasion shall not be construed as a bar to or waiver of any such right and/or remedy on any future occasion.

Every maker, endorser and guarantor of this Note waives presentment for payment and notice of dishonor, assents to any extension or postponement of the time of payment or any other indulgence and/or to the addition or release of any other party or person primarily or secondarily liable.

The undersigned will pay on demand all costs of collection and reasonable attorneys' fees incurred or paid by the holder in enforcing this Note on default.

ATTEST:


Secretary

ENERGY METHODS CORPORATION

By: _____
President

L-15,622

Lincoln County

EXHIBIT "X"

MORTGAGE

This Mortgage made this August 11, 1981, by

Energy Methods Corporation
2850 Security Life Building
1616 Glenarm Place
Denver, Colorado 80202

herein "Mortgagor", to

A. C. Andrikopoulos
P. O. Box 788
Cheyenne, Wyoming 82001

herein "Mortgagee".

The Mortgagor hereby mortgages to Mortgagee the land described on Exhibit "A" attached, signed for identification and incorporated herein by reference, as security for the payment to said Mortgagee of the principal sum of \$3,000,000.00, according to a certain promissory note bearing even date herewith.

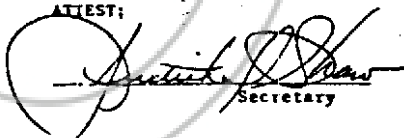
Mortgagor hereby warrants that it is the owner in fee of said premises, and that the same are free from all encumbrances. In case of default in the payment of said principal sum of money or any part thereof at the time or times specified for payment thereof, or of breach of any covenant or agreement herein contained, then and in either case, the whole principal of said note shall at the option of the holder thereof, immediately become due and payable, and this mortgage may be foreclosed by action or by advertisement as provided by statute or the rules of practice relating thereto, and this paragraph shall be deemed as authorizing and constituting a power of sale as mentioned in said statutes or rules and any amendatory thereof.

General

- A. Notices required under the terms of this Mortgage shall be given to the parties at the addresses shown above.
- B. Time is of the essence herein.
- C. There is consideration for this agreement.
- D. This agreement is binding upon the successors and assigns of the parties.
- E. All exhibits attached to this agreement are incorporated into this agreement by reference.
- F. All payments required under the terms of this agreement shall be made in United States dollars.

Dated August 11, 1981.

ATTEST:


Secretary

ENERGY METHODS CORPORATION

By: _____
President

Lincoln County

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me on ^{Sept. 2} August 11, 1981,
by C. Andrew Grehem the President of ENERGY METHODS CORPORATION.

WITNESS my hand and official seal.

My Commission Expires 8/25/84


Notary Public

Lincoln County

ADDENDUM TO
SALE OF LEASES

ORIGINAL
EXHIBIT
3

I. Parties.

A. G. Andrikopoulos
P. O. Box 788
Cheyenne, Wyoming 82001
Herein "Andrikopoulos"

and

Energy Methods Corporation
2850 Security Life Building
1616 Glenarm Place
Denver, Colorado 80202
Herein "Energy"

II. Purpose of Addendum.

To clarify certain rights, duties and obligations of the parties under that certain "Sale of Leases" dated August 11, 1981 (herein the "Agreement").

III. Consideration.

Energy proceeding with the first payment of \$600,000.00 by a note dated September 15, 1981 under the Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by both parties.

IV. Substitution.

If, prior to January 5, 1982, it is determined that title to any lease or portion thereof included within the Leasehold is less than "good", then Andrikopoulos shall assign to Energy oil and gas leasehold interests of equal value at the time it is discovered that title is less than good. The purpose of this provision is to make certain that Energy shall receive good title to 100,000 net lease acres ± 5,000 net lease acres.

V. Overriding Royalties.

The leases included within the Leasehold are subject to existing overriding royalties, production payments or similar burdens in amounts equal to, or less than, the amounts set forth on Exhibit A. If such leases are subject to overriding royalties, production payments or similar burdens in amounts less than set forth on Exhibit A, Andrikopoulos shall reserve overriding royalties in an amount which when combined with the existing overriding royalties equal the amount set forth on Exhibit A; provided, however, if Andrikopoulos assigns less than the entire leasehold estate with respect to any lease or if the leasehold estate covers less than the full mineral interest in the lands covered thereby, the overriding royalty shall be proportionately reduced.

VI. General.

A. Terms used in this Addendum shall have the same meaning as in the Agreement.

