Prod. 86 Řev. - Fooling Stendard Lause Sri 80

OIL AND GAS LEASE

THIS AGREEMENT, made this	- 1
by and between William Mull and Connie Mull, busband and wife	••••
P. O. Box 47D	• • • •
Panaca, Nevada 89042	
herein called "Lassor" (whether one or more), and	۱.
12600 West Colfax Ave., Suite C-450	
Lakewood, Colorado 80215, herein celled "Lessee", WITHESSETH TI	
1. The learner for and in assett and the second sec	- 1
is hereby acknowledged, and of the covenants and agreements hereinefter conteined, does hereby grant, demise, lease and let exclusively unto Let assures and assigns, the hereleafter described land, for the purpose and with the associatively grant, demise, lease and let exclusively unto Let assures are assigns, the hereleafter described land, for the purpose and with the associative right of investigating, expering, prespecting including repressuring and pressure maintenance of subsurface formations with the associative right of investigating, expering, prespecting including repressuring and pressure maintenance of subsurface formations with tide or gases), saving, sating, owning, storing, tressing, and gases hydrocarbons, subplut, and all substances prosduced the reserved in a gaseous sizes), unsingled gas, condensate, all other and other substances being herein referred to as oil, gas, and other based substances or simply as leased substances), together with rights of stelling power houses and extreme, tanks and reservoirs for storing els and eath test and other substances produced from saticland or land pooled there gaseline plants, pressure and repressure and recycling plants, and all other machinery, factures, equipment and structures deemed necessary or convenient for or in connection with the purposes bereaf	tees, g (by table raing leuts treed
the exercise of Lessee's rights hereunder; said land being described as follows, situated in the County of	-
State of	•••
TOWNSHIP 9 NORTH, RANGE 63 EAST, M.D.B.& M.	
Section 12: SESWE	
TOWNSHIP 9 NORTH, RANGE 64 EAST, M.D.B.& M.	
Section 4: Lots 1(39.90), 2(39.98), SWISWI	
Section 5: Sisti, Stiswi	
Section 6: Lots 2(40.08), 3(40.05), 4(37.20), 5(37.31), SEANWA, SWANEA, MASEA, NEASWA Section 8: NEANWA, SANWA, NEA, NASA, SEASWA, SWASEA	
Section 9: Withing, Mulshi	
Section 15: Swinni, nwiswi	
Section 16: Mulhmul, Simi, Si	
Section 17: WANEA, NASEA, SEASEA	
Section 20: NEANEA	
Section 21: MMANMA	
containing 2.194.52 pages containing	
containing 2.194.52, acres, more or less; and for the purpose of calculating rental payments hereunder said land shall be desmed to con exactly that number of sores, whether it actually contains more or less, Lessor Intends to and hereby lesses not only the above described lend, all lands owned or claimed by Lessor adjacent to said land up to the beforedering and the property lesses not only the above described lend,	taln
all lands owned or claimed by Lessor adjacent to said land up to the boundaries of the adjoining owners. 2. This lesse shall be effective on and including the date hereof (herein called the "effective date"), and in addition thereto and subject to	
other provisions hereof this tease shall be for a term of Five. (5) years from and after the effective data hereof (herein called "primary term") and as long theresiter as oil, gas and other lessed substances or any oil them are produced from said land hereunder or land poor therewith, or operations (as hereighter deliber of the second poor	the
3. If operations for the drilling of a well are not commenced on said lend or on land pooled therewith on or before one year from and at the effective date hereof, this lease shall terminate as to both parties, unless on or before one year from and after the effective date hereof the Lease shall remine the same of the lease shall remain the same of the lease shall remine the same of the lease shall remain the same of the lease shall	
shall pay or tender to the Lessor a rental ofTWO_THOUSAND_ONE_HUNDRED_NIMETY_FOUR_and_52/100	i2) s or the
primary term. Payment or tender may be made to the Lessor or to the credit of Lessor in Nevada Bank & Trust	
at P. O. Box 658, Elv. Nevada 89301	.he
agent for the Lessor, and Lessor's successors and easigns. If such bank (or any successor bank), shall fall inquidate, or be successed by enother to or for any reason fail or refuse to accept rental. Lesses shall not be held in detault until thirty (30) days after Lessor shall deliver to Lesses a record instrument, making provision for enother method of payment, or tender, and any depository charge shall be a liability of the Lessor. The payment tender of rental may be made by check or draft of Lesses, mailed or delivered to said bank or lessor, on or before the rental paying data. If Less shall, ingood faith and with reasonable diligence, attempt to pay any rental, but shall fall to pay or incorrectly pays some portion thereof, this is shall not terminate unless Lesses, within thirty (30) days after written notice from the Lessor of its error or tallure, shall fall to excitly the same.	bio t or

shall not terminate unless Lessee, within thirty (30) days after written notice from the Lessor of the stror of rathers, small the co-computer and other figuid hydrocarbons which are produced at the well in liquid form by ordinary production methods, one-eighth (1/8) of that produced and saved from said land, same to be delivered in kind to Lessor at the well in lanks or facilities provided by Lessor, or in kind to the credit of Lessor into the pipe line or other transportetion facility connected to or otherwise utilized in transporting oil from the wells. Lessee may from time to time purchase any royalty oil and other liquid hydrocarbons in its possession, paying therefor the net market price thereof (see delined below), computed at the well. In either case the Lessor's interest shall bear its proportion of the cost of treating the oil to make it marketable and of transporting it from the wells to point of delivery to the purchaser.

and of transporting it from the wells to point of delivery to the purpheser.

B. On pas, including castinghead gas and other geacous authatances produced and served from said land, the royalty shall be: (1) in case Lesses shall listed gas in the extraction of geacline, distillate or other products therefrom, one-sight (1/8) of the nat proceeds (as defined below) received by Lesses from the sale of the geacline, distillate and other products extracted therefrom and which are saved and marketed; and one-sighth (1/8) of the nat proceeds received by Lesses from the sale of residue gas remaining after such extraction; being in each case the nat proceeds computed at the sali gate of the plant after such extraction; can be said to the received by Lesses from the sale thereof, computed at the well; (3) in all other cases when gas is sold at the wells, one-sighth (1/8) of the net proceeds received by Lesses from the sale thereof at the well; and (4) in case Lesses shall not each but shall use gas for operations other than operations under this lesse, one-sighth (1/2) of the net proceeds received by Lesses from the sale thereof into the market price thereof, computed at the well, in either case the Lesser's interest shall bear its proportion of the cost of residing, generally in the point of delivery to the purchaser or user.

(given)

C. On all other lessed substances produced and saved, including substances produced with or incidental to the production of hydrocarboi and sulpher from seld land, and saved, the rejulty shall be one-eighth (1/8) of the net proceeds received by Lesses from the self thereof compute at the well; and when not sold but used by Lesses for operations other then operations under this lesse, the royalty shall be one-eighth (1/8) of the net market price of such substances so used, computed at the well, except that on sulpher the royalty shall be One Boiler (\$1.00) per long ten.

with the

- D. No royalty shall be payable on oil, goe and other leased substances, or products thereof, or residue cas, produced from said land, or disposed of for no consideration (c Leases either through unavoidable loss or leakage, or in order to
- produce or recover issued sustances, or returned to a superimore retrietion.

 E. The term 'net instant price' as used in this term means the price prevailing in the field where said land is located of substances of the same or substantially the same kind, quality, quartity and characteristics as leased substances or products thereof, as determined by comparable sales or governmental price controls, such price as determined by Lesses to be fair and reasonable; less like reasonable cost of treating, gethering, processing (including compressing gas and extracting the products thereof), as mend in this lesse means proceeds received by Lesses said in this lesse means proceeds received by Lesses from sales of tensed substances or products thereof, less costs mentioned above in this paragraph.
- F. It is the infention of the parties hende (except as these deliberance or products thereof, less costs mentioned above in this paragraph.

 F. It is the infention of the parties hende (except as the lessed substances or products thereof, less costs mentioned above in this paragraph, mental regulations and price controls, that the Lessee shelf have and is granted the sole and unlettered right to sell the lessed substances for such contract of sale is made by Lessee in good faith as a prudent operator, at erm's length (or se favorable to Lessor as if at arm's tength), and is faith from any such sale or contract of sale, or on net mental price as determined hereunder, will satisfy the provisions of this lesse with respect to the powers of roystly hereunder.
- of royalty horsewider.

 5. If Leases obtains production of oil, gas or other leased substances on said land or on land with which the leased premises or say portion thereof has been pooled, and if, during the life of this lease either before or after the expiration of the primary term, all the wells are shut in before or after production therefrom because of the lack either of a market at the well or wells or of an evaluable pipe line outlet or capacity in the leafs, as before because in Leases's good faith judgment it is not advisable to produce and sell such production for the time being, this lease shall not terminate but shall continue in effect during such shut-in period as though production were actually being obtained on the premises within the meaning of Paragraph of the effective date hereof next ensuring after the expiration of ninety (90) days from the date all such production annually thereafter on or before such annual-versary date as tong as all such production is shut in and not commenced or re-commenced on or before any such succeeding royalty, on amount equal to the annual delay rental that would then be payable as provided in Paragraph 3 hereof. Such payment or tender may be used to delay of Leases, stailed or delivered to said bank or royalty owners or or before said anniversary date. The owners of the royalty as of the date of such payment shall be entitled therets in proportion to their ownership of the royalty. The provisions of this paragraph shall be recurring or in part, or to otherwise maintain this lease is elemented maintained in force and effect.

 6. If before commencement of production of eil, gas ar other leased substances on said land or on land pooled therewith. Leases should drill as the force operation of eil, gas ar other leased substances on said land or on land pooled therewith. Leases should drill as the store operation of eil, gas ar other leased substances on said land or on land pooled therewith. Leases should drill as the store operation of eil, gas ar other leased sub
- or in part, or to exteriors supriain trial sease in terce and effect.

 6. If before commencement of production of oil, gas or other leased substances on said land or on land pooled therewith. Leasee should drill a dry hole or holes thereon, or should abendon the drilling of a hole or holes thereon, or lit, after the commencement of production of oil, gas or other leased substances thereon, or should abendon the drilling of a hole or holes thereon, or lit, after the commencement of production of oil, gas or other leased substances thereon, the production thereof should cease from any cause, this lease shall not be terminated thereby If Leasee challed the commences or resumes operations or production within ninety (90) days thereafter on said land or on land pooled therewith; or (if if the within the primary term) the therewith prior to the expiration of the primary term, (8) if there be a rential paying date thereafter, commences or resumes or resumes the payment or tender of rentals or commences or resumes operations or production on said land or on land pooled therewith on or before the ensuing rental paying date after the expiration of interly (90) days from the date of shandoment of such hole or the ceased substances or any of them are not being produced on said and or on land pooled therewith but Lease is then emagged in operations thereon, or if Leasee shall have caused operations or production on said and or on land pooled therewith but Lease is then emagged in operations thereon, or if Leasee shall have caused operations or production and produced on said land or on land pooled therewith but Lease is then emagged in operations thereon, or if Leasee shall have caused operations or production on said land or on land pooled therewith but Lease is then emagged in operations thereon, or if Leasee shall have caused operations or production on said land or on land pooled therewith within ninety (90) days prior to expiration of the primary term, the leases shall remain in force so long thereafter as the same or
- or not in paying quantities. All operations beaunder shell be deamed to be continuously prosecuted if nor more than ninety (90) consecutive days elapse between the completion of all operations at the same or another well or location.

 7. Lesses is hereby granted the right and power at any time and from time to time, without Lessor's pointer, to pool, combine or unitize this strate or formellons, with any other land, less or lesses, royely or mineral estate and covered hereby, and as to any one or more subsurface strate or formellons, with any other land, less or lesses, royely or mineral estate and covered hereby, and as to any one or more subsurface thereunder, regardless of the ownership thereof, so as to create one or more pooled units or or primors thereof or subsurface strates or formellons, and the second of the subsurface strates or formellons. It is not to the subsurface substances, person (10%) thereof, and each such unit created for gas, including cassippleed gas, shell contain not more than eight gas a total contain not more than a substance. It any drilling, spacing, proreston, conservation, production or other laws, or other, or other governments, if any drilling, spacing, proreston, conservation, production or other laws, or other, or other governments, if any drilling, spacing, proreston, conservation, production or other laws, or other, or other governments, if any drilling, spacing, proreston, conservation, production or other laws and regulations of any Federal, units larger than those specified nearly having or claiming jurisdiction has betterdore or shell at any time hereafter prescribe or permit the creation of case may be, not more than the maximum members and units of the production of the second or other than any contains, set the specifically suthorized and empowered but not obligated to creat prescribed or permitted, plus any prescribed or permitted tolerance; the Lessee being from any well or wells. Production is obtained on that portion of the country is a second or production of the
- B. If 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 Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.
- rentals herein provided shall be paid to Lessor only in the proportion which Lessor's interest bears to the whole and undivided ree.

 9. Lesses shall have free use of oil, gas, other lessed substances and water from said land, except water from Lessor's wells, for all operations hereunder, including repressuring, pressure swaterneance and recycling, and the royality shall be computed after deducting any so used. Lesses that have the right at any time during or effect the expiration of this lesse to remove all property and fixtures placed by Lessee on said land, including within two hundred (200) feet of any residence or barn now on said land, without selections of the event a well on well shall be drilled cashinghed gas or condensate in paying quantities should be brought in on adjacent lands not owned by the Lessor and within one hundred first (150) feet of and drishing the lessed premises, Lesses agrees to drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances.

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10. The rights of aither party hereunster may be assigned in whole or part and the provisions hereof shall extend to their heirs, elecutors, administrators, assessors and assigns. No change or division in ownership of the lend, rentals, or coyalites, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lesses, or chall be inhuling upon Lesses for any purposs, until strity (60) days after the person sequiring any interest or affected by such change or division has furnished Lesses, at its principal place of business, with the instruments have preventioned as a sepregated portion of said lend, or as to an undivided interest therein, the rectain psyable hersunder shall be appartitured as to a sepregated portion of said lend, or as to an undivided interest therein, the rectain psyable hersunder shall be appartitured as between the several shall not strict the rights of other issached owners hersunder. An assignment of the team, in whole or in part, shall, to the extent of such assignment, of the proportionate part of the rentals due from such Lesses, or assignment of the lease, in whole or in part, shall, to the extent of such assignment of the proportionate part of the rentals due from such Lesses, or assignes of part or parts hersof shall fall or make detail fall or the independent of the proportion of the proportion of the defaulting party and shall not be in default and shall make psyment of said rentals. Lesses may at any time essecute and deliver to Lesser or to the depository above to such or release or releases covering any portion or porti

11. In case of suit, adverse claim, dispute or question as to the ownership of the rentals or royalties (or some part thereof) payable under this lease, shall not be held in delault in payment of such randle or rayables (or the part thereof in doubt) until such suit, claim, dispute or question has been (inally disposed of, and Lesses shall have sixty (60) days after being furnished with the original insumment or instruments disposing of such serial copy or copies thereof), or after being furnished with the original insumment or instruments disposing of such serial copy or copies thereof), or after being furnished with proof and information sufficient, in Lesses's opinion, to determine serial day Lesser, or any other person, the time covered by the pendency of such dispute shall not be counted against Lesses either as affecting of such dispute or for any other purpose, and Lesser may suspend all payments without interest until there is a final adjudication or other determination of such dispute.

12. When drilling, reworking, production or other operations are delayed or interrupted by force majeure, that is, by storm, flood or other acts of Glod, fire, war, rebellien, insurrection, riot, strikes, differences with workmen, or failure of carriers to transport or formats facilities for transportantion, or as a result of some law, order, rule, regulation, requisition or necessity of the generatives. Federal or State, or as a result of any cause windsoever beyond the control of the Lessee, the lime of such delay or interruption shelf not be counted against Lessee, anything is this lesse to the contrary reworking or other operations, or producing oil, gas, or other lessed autostaces from the premises.

13. It is expressly understood and agreed that there shall be no obligation on the part of Lauses to offset wells on separate tracks into which the land covered by this lease may be now or hereafter divided by sele, derise or otherwise, or to furnish separate measuring or receiving tanks therefor.

Leases may at any time or times pay or tender all rentals or other sums accruing hereunder to the joint credit of Leases.

Lessee may at any time or times pay or tender all rentals or other sums accruing Receunder to the joint credit of Lessor.

14. Notethistanding the death of any Lessor, or his successors in interest, the payment or tender of rentals and other emounts hersunder in the manner provided shows, shall be binding on the hoirs, devises, executors and administrators of such person. After receiving notice of the death of any Lessor or his successor in interest, the Lessee may continue making payments in the manner set forth above to the estate of the decassed party, or to the credit of such estate in the depository set forth above until sixty (60) days after the Lessee shall have been furnished with certified copies of the court in court, until sixty (60) days after the Lessee shall have been furnished with evidence to the decassed party.

15. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessor at its option shall have the and be subrogated to the right of the holder thereof, in case or other liens on the subrogated to the right of the holder thereof, in case of payment of any such mortgage, taxes or other liens by Lessor, of subrogated to the right so the holder thereof, in case of payment of any such mortgage, taxes or other liens by Lessoe, in addition to the right thereform, and the retention of such rentals or royalties by Lessoe shall have the same affect as if paid to the Lessor in whose behalf payment of any such mortgage, taxes or other liens was made.

16. This lease shall be binding upon all who execute it, whether or not named in the body hereof as Lessor, and without regard to whether this same instrument, or any copy thereof, shall be executed by any other Lessor named above. Each Lessor executes this lease individually and in his own right and also for and on behalf of all parties for whom he is authorized and empowered to lease said land.

17. For the above consideration, Lease is greated the option to renew this lease under the same provisions for a scoond arisant term of years from the end of the primary term hereof, and as long thereafter as nit no use to produced from said land or land pooled therewith. Lessee may exercise this option by paying or tandesing to the testor or Lessor's credit in the above-named depository bank, the sum of the first year of said according to the first year of said according to the testor of the expiration of the primary term hereof. No rental shall be

IN WITNESS WHEREOF, this instrument is executed as of the date first above written.

Lessor

William Mull

S.S. Manual

Connife Mull

BOOK 117 MGE 10

•	ACKNOWLE	DGMENT	
The State of Nevada	 }		Α.
County of Mhite Pine	}		/\
Selore me, the undereigned authority, or	this day personally appeared	filliam Mull and Connie Mull	, husband and wife
known to me to be the person 5	whose seems 5		\
	scuted the same for the purposes	and consideration therein express	md.
Given under my hand and seal o		November , A.D	. 10 _95
My Commission Expires:	A	Dura bill	tok
6-15-49	THE PROPERTY OF THE PERTY OF TH	N <u>or</u> Notary Public in and for <u>lift</u>	nite Pine County, Nevade
	CORPORATE ACKN	OWLEDGMENT	
he State of			
county of			\
elore me, the undereigned authority, on	this day personally appeared	/	\ \
President of		<	
Corporation, known to me to be the see	on whose name is subscribed to the	e foregoing instrument	what mad be seen to the seen to
£		herein stated and as the act and de	resuges to me that he executed the red of said corporation.
Given under my hand and seet of	office on this day of _	A.D.	11,/
My Commission Expires:			
	_	Notary Public in end for	County,
/			Johny,
Oil and Gas Lease	Request By HSC Services Account State of Nevada County of Lincoln This instrument was filed for record on the 12th	day of Janaury 19 96 at 1:01 o'clock, P.M., and duly recorded in Book 117 page 08 of the Official recorde of this office. Yuriko Setzer County Clerk-Register of Deeda.	When received marin to LAND ADMINISTRATION 1445 RCSS at FIELD SUITE 1700 DALLAS, TEXAS 75202-2785 ATTN: LEVERNE HEARN
e State of	ACKNOWLED	GMENT	
unty of			
ore me, the undersigned authority, on t	ils day personally appeared		
wn to me to be the person	whose name	_ subscribed to the foregoing inst	rument, and acknowledged to
pe axec	uted the same for the purposes a	nd consideration therein expressed	1.
Given under my hand and sest of o	ffice on this day of	, A.D. 1	·
My Commission Expires:	·		
•			
	_	Notary Public in and for	BOOK 117 MEE 11