

## OIL AND GAS LEASE

4 pg.

THIS AGREEMENT made and entered into this 12 day of April, 2001, by and between L. Derral Christensen and Barbara Christensen, Husband and Wife, doing business as C + Land & Cattle Co. of Delta, Millard County, State of Utah, hereinafter called the lessor (whether one or more), whose Post Office address is Box 477, Delta, Utah 84624 and Earth Energy, LLC of Utah, hereinafter called the lessee, WITNESSETH:

(1). That said lessor for and in consideration of the sum of Ten and More Dollars in hand paid by the lessee, the receipt of which is hereby acknowledged, and of the covenants and agreements herein contained on the part of the lessee to be paid, kept and performed, by these presents does grant, demise, lease and let exclusively unto the lessee, its successors and assigns, for the purpose of mining and operating for and producing oil, gas and other hydrocarbons (including the exclusive right to make any kind or character of geological or geophysical surveys or tests) and of laying pipe lines, constructing tanks, erecting buildings and other structures, and all other rights and privileges necessary, incident, or convenient for the economical operation of said lands, alone or co-jointly with neighboring lands, the following described premises situate in Township 38S, Range 5W, County of Kane, State of Utah, to wit: 38S 6W

See Exhibit "A" attached hereto and made a part of this Oil and Gas Lease.

containing .7,841 acres, more or less, hereby releasing and waiving all rights under and by virtue of the Homestead Exemption Laws of this State.

(2). This lease shall remain in force for a term of ten (10) years from this date and as long thereafter as oil or gas is or can be produced from said lands by the lessee. The consideration above stated is paid to and accepted by lessor as a good and sufficient consideration for all rights and privileges herein granted to lessee, its successors or assigns.

(3). The lessee shall pay to the lessor as royalty the proceeds from one-eighth (1/8) of all the oil and gas and other hydrocarbons produced and sold from the leased premises at the prevailing market price therefor at the wells.

(4). If operations for the drilling of a well are not commenced on said lands on or before one year from the date hereof this lease shall terminate unless the lessee shall, on or before one year from the date hereof, pay or tender to the lessor or for the lessor's credit in the

Bank, at     , or its successors, which bank, or its successors, shall be the lessor's agent and shall continue as the depository of any and all sums payable under this lease, regardless of changes of ownership in said lands or in the oil and gas, or in the rentals to accrue thereunder, the sum of Seventy Eight Hundred Forty One & No/100 Dollars (\$7,841.00) which shall operate as rental and cover the privilege of deferring the commencement of drilling operations for the further period of one year. In like manner and upon like payments, or tenders, the commencement of drilling operations may be further deferred for like periods successively. All payments or tenders may be made by check of lessee, or any assignee thereof, mailed to the post office address of the lessor as hereinabove set forth or delivered on or before the rental paying period. Provided, however, the lessee shall be granted a thirty (30) day grace period within which to make such payments and this lease shall not be forfeited if such payments are made within said thirty (30) day grace period after the time for payment as provided in this paragraph. If at any time more than six persons shall be entitled to participate in the rentals or royalties hereunder, lessee at its election may pay all rentals and royalties thereon accruing, to the credit of this lease in the depository bank last designated by lessor as herein provided, or lessee may withhold payment unless and until such persons shall designate, in a recordable instrument to be filed with the lessee, a common agent or trustee to receive all payments hereunder, and to execute and deliver rental receipts, division orders and/or transfer orders on behalf of said persons and their respective successors in interest.

(5). Subject to the provisions of Section 6 hereof, it is agreed that: (a) If during the primary term lessee shall, prior to obtaining production, drill a dry hole, or if after discovery production shall cease from any cause, this lease shall not terminate, provided (1) production shall be resumed or operations for the drilling of a well shall be commenced on or before the next ensuing rental paying date, or (2) lessee begins or resumes the payment of rentals in the manner and amount above provided, on or before the rental paying date next ensuing after the expiration of three months from date of completion of dry hole or cessation of production; (b) If, at or after the expiration of the primary term, oil, gas or other hydrocarbon cannot be or is not being produced on said land, or lands unitized therewith, for any cause, but lessee is then engaged in drilling or reworking operations thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than sixty consecutive days, and, if they result in the production of oil, gas or other hydrocarbon, so long thereafter as oil, gas or other hydrocarbon is or can be produced.

(6). It is agreed that the times for beginning or for performing any work or operations under this lease shall be suspended or extended during such periods of time as such work or operations shall be delayed, interrupted or prevented by any cause of whatever kind or nature beyond the reasonable control of the lessee. If, after production has been obtained, operations under this lease are delayed interrupted or prevented by lack of reasonable market, or by any cause of whatever kind or nature beyond the reasonable control of the lessee, this lease shall not terminate or be forfeited and no right of damages shall exist against lessee by reason thereof, provided operations are commenced or resumed within a reasonable time after removal of such cause. If at any time within three months prior to the expiration of the primary term of this lease, production has not been obtained and the commencement or continuance of operations for the drilling of a well on said lands is delayed or prevented by any of the causes mentioned in this paragraph, the said primary term and all other terms of this lease may be extended for successive periods of time while such cause or causes exist, by continuing the payment or tender of delay rentals in the manner and amount and for the periods of time as provided in Section 4 of this lease for deferral of the commencement of drilling operations during the said primary term.

(7). Lessee, free of cost, may use oil, gas, or water found on said lands for operating purposes, but not water from lessor's wells; lessor to have free gas for stoves and inside lights in the principal dwelling house on said lands, from any well thereon producing gas only, by making his own connections therewith, the use of such gas to be at the sole risk and expense of the lessor. Gas, including casinghead gas and residue gas, produced from any oil or gas well unavoidably lost, or which may be used by lessee in any process for recovering oil or other liquid hydrocarbons from the leased premises, or returned to the ground, whether through wells located on leased premises or elsewhere, shall not be deemed to have been sold or used off the premises within the meaning, express or implied, of any part of this lease. When requested by the lessor, the lessee shall bury its pipe lines below plow depth and also pay for damages caused by its operations to growing crops on said land. No well shall be drilled nearer than two hundred (200) feet to the house or barn now on said premises, without the consent of the lessor. Lessee shall have the right at any time during or within a reasonable time after the expiration or cancellation of this lease to remove all machinery, fixtures, houses, buildings, and any and all other structures placed on said premises, including the right to draw and remove all casing.

(8). If the estate of either party hereof is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to their heirs, executors, administrators, successors and assigns, but no change of ownership in the land or in payment is due, with the original recorded transfer or assignment or a certified copy thereof. If lessee assigns this lease, in whole or as owners ratably according to their respective interests therein, the obligation, if any, to pay rentals shall be apportioned as between the several lease not affect the validity of the lease on the portion of said lands or mineral interest therein upon which pro rata rentals are duly paid or tendered. Upon any assignment by lessee, it shall thereafter be relieved of all future expressed or implied obligations as to the portion or part assigned.

(9). The rights of either party hereunder may be assigned, in whole or in part, and the provisions hereof shall extend to the heirs, successors and assigns of the parties hereto, but no change or division in ownership of the land, rentals, or royalties, however to offset wells on separate tracts into which the land covered by this lease is now or may hereafter be divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks.

(10). Lessor hereby warrants and agrees to defend the title to the lands herein described and agrees that the lessee, at its option, may pay and discharge any judgments, taxes, mortgages, or other liens on or against the above described lands, and may also redeem said holder or holders thereof and may reimburse itself by applying to the discharge of any such judgment, tax, mortgage or other lien, any royalty or rentals accruing hereunder. The lessee may become purchaser at any and all tax or foreclosure sales of the above lands. Lessor agrees to pay one-eighth (1/8) of all taxes of whatsoever kind or character now or hereafter levied by any duly constituted taxing authority upon the oil, gas, and other hydrocarbons produced from the premises hereinabove described, but the lessee shall have the right to pay such tax and to deduct the lessor's proportionate share thereof from any royalty payments accruing hereunder. In case the lessor owns a less interest in the above described premises than the entire and undivided fee simple mineral estate therein, then the royalties and rentals in this lease provided for shall be paid to the lessor only in the proportion which his interest bears to the whole and undivided mineral fee.

ENTRY NO. 105717 RECORDED AT REQUEST OF LEGEND ENERGY, FEE \$ 74.00  
 DATE APRIL 23, 2001 AT 11:15AM BY JH KANE COUNTY RECORDER  
 BY LEGEND ENERGY, INC. BOOK 9006 PAGE 664-667  
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**EXHIBIT "A"**

EXHIBIT "A" TO THAT CERTAIN OIL AND GAS LEASE ENTERED INTO UPON THIS DAY OF APRIL, 2001 BY AND BETWEEN L. DERRAL CHRISTENSEN & BARBARA CHRISTENSEN, HUSBAND AND WIFE, DOING BUSINESS AS C + LAND AND CATTLE COMPANY AS LESSORS, AND EARTH ENERGY LLC OF UTAH AS LESSEE.

**Township 38 South, Range 5 West, Salt Lake Base and Meridian, Kane County, Utah**

Section 18 8-5-18-2, 8-5-18-3, 8-5-18-4, 8-5-18-5, 8-5-18-8, 8-5-18-22, 8-5-18-23 Lots 1-4, East Half of the West Half, West Half of the East Half of Section 18, Township 38 South Range 5 West Salt Lake Base and Meridian. Containing 480 acres, more or less. All interest owned in unto the above described 480 acre tract.

Section 19 8-5-19-2, 8-5-19-2A, 8-5-19-3, 8-5-19-4, 8-5-19-6, 8-5-19-8, 8-5-19-13, 8-5-19-14 Lots 1-4, East Half of the West Half of Section 19, Township 38 South Range 5 West Salt Lake Base and Meridian. Containing 320 acres, more or less. All interest owned in unto the above described 320 acre tract.

**Township 38 South, Range 6 West, Salt Lake Base and Meridian, Kane County, Utah**

Section 3: The South Half of the Northeast Quarter, Southeast Quarter of the Northwest Quarter, Northeast Quarter of the Southwest Quarter, Southwest Quarter of the Southwest Quarter of Section 3, Township 38 South, Range 6 West, SLB&M. Containing 200 acres, more or less. All interest owned in unto the above described 200 acre tract. 8-6-3-2

Section 4: The Southeast Quarter of the Southeast Quarter of Section 4, Township 38 South Range 6 West SLB&M. Containing 40 acres, more or less. All interest owned in unto the above described 40 acre tract. 8-6-4-2

Section 9: All of Section 9, Township 38 South, Range 6 West, SLB&M. Containing 640 acres, more or less. All interest owned in unto the above described 640 acre tract. 8-6-9-1, 8-6-9-2, 8-6-9-2A  
4NP SWBD. 220, 247, 283, 325

Section 10: The South Half of Section 10, Township 38 South, Range 6 West, SLB&M. Containing 320 acres, more or less. All interest owned in unto the above described 320 acre tract. 8-6-10-2

Section 13: The East Half, East Half of the West Half, Northwest Quarter of the Northwest Quarter of Section 13, Township 38 South, Range 6 West, SLB&M. Containing 520 acres, more or less. All interest owned in unto the above described 520 acre tract. 8-6-13-1, 8-6-13-2, 8-6-13-2A, 8-6-13-4  
8-6-13-6, 8-6-13-7, 8-6-13-8, 8-6-13-9, 8-6-13-13, 8-6-13-18

Section 14: The Northeast Quarter of the Southeast Quarter of Section 14, Township 38 South, Range 6 West, SLB&M. Containing 240 acres, more or less. All interest owned in unto the above described 240 acres, more or less. 400 8-6-14-6

Section 15: The East Half, North Half of the Northwest Quarter, Southwest Quarter of Section 15 Township 38 South, Range 6 West, SLB&M. Containing 560 acres, more or less. All interest owned in unto the above described 560 acre tract.

Section 16: All of Section 16 Township 38 South, Range 6 West SLB&M. Containing 640 acres, more or less. All interest owned in unto the above described 640 acre tract.

Section 21: All of Section 16 Township 38 South, Range 6 West SLB&M. Containing 640 acres, more or less. All interest owned in unto the above described 640 acre tract.

Section 22: The North Half of the Northeast Quarter, Southwest Quarter of the Northeast Quarter, Southeast Quarter of the Northwest Quarter, Southeast Quarter of the Northeast Quarter, Southeast Quarter of Section 22 Township 38 South, Range 6 West, SLB&M.

LESS: Any portion lying within the following described parcels:

Parcel I: That portion of Section 22, Township 38 South, Range 6 West of the SLB&M described as follows: Beginning at a point 1143.7 feet South and 1399.8 feet West from the East quarter corner of said Section 22; this being the Northeast corner of the State of Utah shed site property; thence South 50 degrees 2 minutes West 488.5 feet; thence South 47 degrees 00 minutes West 100 feet to a point on the

Eastern line of the State property, thence East Approximately 528.20 feet to the point of intersection with the North-South quarter-quarter line; thence North along the quarter-quarter line 380.90 feet, thence west 79.80 feet to the point of beginning.

Parcel II: That portion of Section 22, Township 38 South, Range 6 West of the Salt Lake Base and Meridian described as follows: Commencing at the center of said Section 22 thence South along an existing fence line to a point of beginning; thence Southeasterly along said Northerly right of way line a distance of 340 feet to a point where it intersects the Westerly right of way line of U.S. Highway 89; thence Northeasterly along said right of way line a distance of 340 feet; thence Southwesterly 520 feet more or less to the true point of beginning. AND EXCEPT any portion lying within the following described parcel; That portion of the West half of the Southeast Quarter of Section 22, Township 38 South, Range 6 West of the Salt Lake Base and Meridian described as follows: Beginning at a point 1143.7 feet South and 1399.8 feet West from the East quarter corner of said Section 22; thence South 50 degrees 12 minutes 12 seconds West 488.5 feet; thence South 47 degrees 00 minutes West 1027.4 feet to a point on the Easterly right of way line of existing U.S. Highway No. 89, which point is 66.0 feet radially distant Easterly from the center line of said highway at Engineer Station 155+75; thence Northerly 350.71 feet along the arc of a 5663.58 foot radius curve to the right to a point 66.0 feet radially distant Southeasterly from said center line at Engineer Station 152+25; (Note: Tangent to said curve at is point of beginning bears South 15 degrees 55 minutes 20 seconds West): thence South 70 degrees 31 minutes 45 seconds East 100.0 feet; thence North 41 degrees 42 minutes West 515.46 feet; thence North 73 degrees 01 minutes West 276.15 feet to a point on said Easterly right of way line; thence Northeasterly 100.91 feet along the arc of said 5663.58 foot radius curve to the right; thence South 73 degrees 01 minutes East 234.61 feet; thence North 66 degrees 40 minutes 30 seconds East 274.67 feet; thence North 49 degrees 45 minutes 45 seconds West 330.0 feet; thence North 40 degrees 14 minutes 15 seconds East 180.91 feet; thence North 66 degrees 53 minutes 45 seconds East 133.25 feet; thence South 49 degrees 45 minutes 45 seconds East 446.38 feet to the point of beginning.

Containing 340 acres, more or less. All interest owned in unto the above described 340 acre tract.

Section 23: The Northwest Quarter of the Northwest Quarter, Southeast Quarter of the Northeast Quarter, South Half, Northeast Quarter of the Northeast Quarter of Section 33 Township 38 South Range 6 West SLB&M. Containing 440 acres, more or less. All interest owned in unto the above described 440 acre tract.

Section 24: The North Half, North Half of the South Half, South Half of the Southeast Quarter of Section 24 Township 38, South Range 6 West, SLB&M. Containing 560 acres, more or less. All interest owned in unto the above described 560 acre tract.

Section 25: The Northeast Quarter, West Half of the Northwest Quarter, Northwest Quarter of the Southeast Quarter, Southwest Quarter of Section 25 Township 38 South, Range 6 West, SLB&M. LESS: Beginning 145 feet East of the Southwest corner of Section 25, and running thence East 2495.0 feet to the Southeast corner of the Southwest Quarter of said Section 25; thence North 600 feet; thence South 7759' West 200 feet; thence South 7121' West 690 feet; thence South 8756' West 200 feet; thence North 8938' West 594 feet; thence South 7725' West 149 feet; thence South 86 25' West 149 feet; thence South 8627' West 169 feet; thence South 4427' West 153 feet; thence South 5755' West 272 feet; thence South 8758' West 219 feet; thence South 17 feet to beginning. Containing 18.32 acres, more or less. All interest owned in unto the above described 421 acre tract.

Section 26: The North Half of Section 26, East Half of the Southeast Quarter; Southwest Quarter, West Half of the Southeast Quarter of Township 38, South Range 6 West, SLB&M. Containing 640 acre tract, more or less. All interest owned in unto the above described 640 acre tract.

Section 27: North Half of the Northeast Quarter; West Half of the Northwest Quarter, South Half of the Northeast Quarter, North Half of the Southeast Quarter, Southwest Quarter of Section 27 the Southeast Quarter of Township 38 South Range 6 West, SLB&M. Containing 360 acres tract, more or less. All interest owned in unto the above described 360 acre tract.

Section 28: The North Half of Section 28 Township 38 South, Range 6 West, SLB&M. Containing 320 acres, more or less. All interest owned in unto the above described 320 acre tract.

Section 35: The North Half of the North Half of Section 35 Township 38 South, Range 6 West, SLB&M. Containing 160 acres, more or less. All interest owned in unto the above described 160 acre tract.

**TOTAL MINERAL ACREAGE LEASED FROM LESSORS 7841.**