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PRODUCERS 88-PAID UP  
Rocky Mountain  
Rev 3/03 Amend

RECORDING REQUESTED BY  
**Liberty Pioneer Energy Source, Inc.**

WHEN RECORDED MAIL TO  
**Liberty Pioneer Energy Source, Inc.**  
1411 E. 840 North  
Orem, UT 84097

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

## OIL AND GAS LEASE

AGREEMENT, Made and entered into the 2<sup>nd</sup> day of June, 2009, by and between Tuleview Farms, LC, Jeffrey A. Hardy, managing member, and Tuleview Holsteins', LC, Brian D. Hardy, managing member, whose post office address is 3021 North 2800 West, Brigham City, Utah 84302, hereinafter called Lessor (whether one or more) and Liberty Pioneer Energy Source, Inc., whose post office address is 1411 E. 840 North, Orem, UT 84097, hereinafter called Lessee

WITNESSETH, That the Lessor, for and in consideration of Ten Dollars (\$10.00) and other valuable consideration, cash in hand paid, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipe lines and erection of structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of Box Elder, State of Utah, described as follows, to-wit:

### SEE EXHIBIT A

Containing 364.49 acres, more or less.

1. It is agreed that this lease shall remain in force for a term of Five (5) years from this date and so long thereafter as oil or gas of whatsoever nature or kind is produced from said leased premises or on acreage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith but Lessee is then engaged in drilling or re-working operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the lease premises or on acreage pooled therewith; and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If, after discovery of oil or gas on said land or on acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or re-working operations within ninety (90) days from date of cessation of production or from date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage pooled therewith.

2. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.

3. In consideration of the premises the said Lessor covenants and agrees:

1<sup>st</sup>. To deliver to the credit of Lessor, free of cost, in the pipe line to which Lessee may connect wells or said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2<sup>nd</sup>. To pay Lessor one-eighth (1/8) of the gross proceeds each year, payable quarterly, for the gas from each well where gas only is found, while the same is being used off the premises, and if used in the manufacture of gasoline a royalty of one-eighth (1/8) payable monthly at the prevailing market rate for gas.

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3<sup>rd</sup>. To pay Lessor for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product a royalty of one-eighth (1/8) of the proceeds, at the mouth of the well, payable monthly at the prevailing market rate.

4. Where gas from a well capable of producing gas is not sold or used, Lessee may pay or tender as royalty to the royalty owners One Dollar per year per net royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of 90 days from the date such well is shut in and thereafter on or before the anniversary date of this lease during the period such well is shut in. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease.

5. If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

6. Lessee shall have the right to use free of cost, gas, oil and water produced on said land for Lessee's operation thereon, except water from the wells of Lessor.

7. When requested by Lessor, Lessee shall bury Lessee's pipe line below plow depth.

8. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of Lessor.

9. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

10. 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.

11. The rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership or Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

12. Lessee, at its option, is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas or separately for the production of either, when in Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or re-working operations or a well shut in for want of a market anywhere on a unit which includes all or a part of this lease shall be treated as if it were production, drilling or re-working operations or a well shut in for want of a market under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on production from the unit so pooled royalties only on the portion of such production allocated to this lease; such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, Lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any government authority and, from time to time, with the approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plans of development or operation and particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to Lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to Lessor shall be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any government agency by executing the same upon request of Lessee.

13. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

14. Lessor agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described lands in the event of default or payment by Lessor and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns hereby surrender and release all right

of dower and homestead in the premises described herein, insofar as said right of dower or homestead may in any way affect the purposes for which this lease is made as recited herein.

15. Should any one or more of the parties hereinabove named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The work "Lessor," as used in this lease shall mean any one or more or all of the parties who execute this lease as Lessor. All the provisions of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessee.

16. Prior to the expiration of the primary term of this lease, or if operations are being conducted on said lease or land pooled therewith at the expiration of the primary term in such manner as to maintain this lease in force, within thirty (30) days after the completion of a dry hole resulting from such operations, lessee may extend the primary term of this lease as to all or any part of acreage then covered hereby, for an additional five (5) years beyond the initial primary term by written notification of action taken and by making payment to lessor or to lessor's successor in interest, or to the credit of lessor or such successor in interest in any depository bank named herein or in any amendatory instrument in the sum of an amount equal to the original consideration per net mineral acre paid for the execution of this lease for each net acre as to which the lease is so extended. If this option is exercised by lessee, the lease as extended will thereafter be treated as if the original primary term had been five (5) years longer.

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

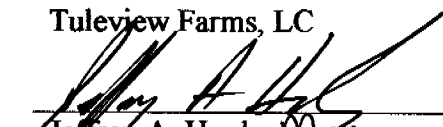
LESSOR:

Tuleview Holsteins, LC

  
\_\_\_\_\_  
Brian D. Hardy, Managing Member

LESSOR:

Tuleview Farms, LC

  
\_\_\_\_\_  
Jeffrey A. Hardy, Managing Member

**ACKNOWLEDGMENT**

STATE OF UTAH                    }  
  } ss  
County of Box Elder            }

On this 2<sup>nd</sup> day of June, 2009, before me personally appeared **Jeffrey A. Hardy**, who, being by me duly sworn, did say that he is the *Managing Member* of **Tuleview Farms, LC**, and that said instrument was signed in behalf of said entity, and said **Jeffrey A. Hardy** acknowledged said instrument to be free act and deed of said entity.  
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year above written.



*[Handwritten Signature]*  
\_\_\_\_\_  
Notary Public

**ACKNOWLEDGMENT**

STATE OF UTAH                    }  
  } ss  
County of Box Elder            }

On this 2<sup>nd</sup> day of June, 2009, before me personally appeared, **Brian D. Hardy**, who, being by me duly sworn, did say that he is the *Managing Member* of **Tuleview Holsteins, LC**, and that said instrument was signed in behalf of said entity, and said **Brian D. Hardy** acknowledged said instrument to be free act and deed of said entity.  
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year above written.



*[Handwritten Signature]*  
\_\_\_\_\_  
Notary Public

## EXHIBIT A

Attached to and made a part of that certain Oil and Gas Lease dated June 2, 2009, by and between **Tuleview Farms, LC, Jeffrey A. Hardy, managing member, and Tuleview Holsteins', LC, Brian D. Hardy, managing member,** as Lessor, and Liberty Pioneer Energy Source, Inc. as Lessee.

Those certain parcels located in Box Elder County, Utah being more particularly described as:

### **Township 9 North, Range 2 West, Salt Lake Base and Meridian**

Section 4: Beginning at a point 41.64 rods North of the Center of Section 4, Township 9 North, Range 2 West, Salt Lake Base and Meridian, running North 62-1/4 rods, thence West 77 rods, thence South 62-1/4 rods, thence East 77 rods to the point of beginning. (03-068-0004) ✓

### **Township 10 North, Range 2 West, Salt Lake Base and Meridian**

Section 6: Commencing at the Railroad Spike Monument found at the Northeast Corner of Section 6, Township 10 North, Range 2 West, Salt Lake Base and Meridian, thence South 39'26" East along the East line of said Section as currently monumented 1320 feet (1325.9 feet by record) to true point of beginning, thence North 89°38'40" West (West by record) 1305.14 feet to a point on the East Bank of existing ditch and part of non tangent curve the radius part of which bears South 71°20'9" East 187.37 feet, thence Northeasterly along said ditch bank 83.03 feet along the arc of 187.37 foot radius curve to right through central angle of 25°23'23" and long chord that bears North 31°21'33" East 82.35 feet, leaving said ditch bank North 89°20'34" East 1261.27 feet to point on the East line of said Section, thence South 39'26" East along said Section line 92.89 feet to the point of beginning. Containing 2.41 Acres more or less. (04-023-0031) ✓

Section 20: Beginning at a point on the West right of way line of 2800 West Street located South 912 feet along the East line of the said Northeast Quarter and West 33 feet from the Northeast Corner of said Northeast Quarter, thence South 338.69 feet along the said right of way line to the North right of way line 4600 North Street, thence South 89°36'32" West 290.85 feet along the said North right of way line, thence North 340.68 feet, thence East 290.84 feet to the point of beginning. Containing 2.3 Acres more or less. (04-033-0043) ✓

Section 20: Beginning point on the West right of way line of 2800 West Street located South 660 feet along the East line of the said Northeast Quarter and West 33 feet from the Northeast Corner of said Northeast Quarter of Section 20, Township 10 North, Range 2 West, Salt Lake Base and Meridian, thence South 252 feet along the said right of way line, thence West 506 feet to the East Band of Salt Creek, thence

North 30°25' East 292 feet along said East Bank, South 89°45' East 358.04 feet to the point of beginning. Containing 2.5 Acres more or less. (04-033-0041) ✓

- Section 32: Beginning at a point 49-1/2 feet West and 585.8 feet South of the Northeast Corner of the Southeast Quarter of Section 32, Township 10 North, Range 2 West, Salt Lake Base and Meridian, thence South 717.7 feet, thence West 470.5 feet, thence North 717.7 feet, thence 470.5 feet to the point of beginning. (04-045-0020) ✓
- Section 32: Beginning at a point 49-1/2 feet West and 15 feet South of the Northeast Corner of the Southeast Quarter of Section 32, Township 10 North, Range 2 West, Salt Lake Base and Meridian, thence South 570.8 feet, thence West 470.5 feet, thence North 570.8 feet, thence East 470.5 feet to the point of beginning. (04-045-0019) ✓
- Section 32: Beginning at a point 1336.5 feet North and 660 feet West of the Southeast Corner of Section 32, Township 10 North, Range 2 West, Salt Lake Base and Meridian, thence running West 1870.7 feet, thence North 23°30' East 763 feet, thence North 72°5' East 508.86 feet, thence North 56°8' East 495 feet, thence North 41°50' East to the North line of Lot 42, thence East to the Northeast Corner of Lot 41, thence South to the point of beginning. Also one rod strip on the West side of grantor's land beginning near the Southwest Corner of Lot 63, thence Northeasterly through Lots 63, 45, 44, 43, and 42, to a point in the North line of Lot 42. Also Beginning 520 feet West and 2625 feet South of the Northeast Corner of said Section, thence South 1303.8 feet to the South boundary of Lot 40, Tract B, Bear River Bank Tract, thence West 140 feet, thence North 1303.8 feet, thence East 140 feet to the point of beginning. Excepting therefrom the parcel known as Hardy Estates Subdivision, according to the official plat thereof, filed with the Box Elder County, Utah Recorder. (04-045-0018) ✓
- Section 32: Beginning at a point 1602-1/2 feet South and 49-1/2 feet West of the Northeast Corner of Section 32, Township 10 North, Range 2 West, Salt Lake Base and Meridian, thence South 1 rod, thence West 182 feet, thence South 45°32' West 600 feet, thence South 584 feet, thence West 541.2 feet, thence North 42° East 808 feet, thence North 45°32' East 600 feet, thence East 188 feet to the point of beginning. Also beginning 49.5 feet West and 1508.3 feet South of the Northeast Corner of said Section 32, thence South 94.2 feet, thence West 188 feet, thence South 45°32' West 112 feet, thence North 52°55' West 106.5 feet, thence North 38°5' East 139 feet, thence East 268 feet to the point of beginning. Also Beginning 49.5 feet West and 1619 feet South of the Northeast Corner of said Section 32, running thence South 1006 feet, thence West 610.5 feet, thence North 584 feet, thence North 45°32' East 600 feet, thence East 182 feet to the point of beginning. Also Beginning at a point 318.5 feet West and 1682.5 feet South of the Northeast Corner of said Section 32, thence running South 45°32' West 477.5 feet, thence North 78.5 feet, thence North 38°5' East 411 feet, thence South 52°55' East 106.5 feet to the point of beginning. Less Beginning at a point on the West right of way of 2800 West located South along the Section line 1508.3 feet and West 49.5 feet from then Northeast Corner of said Northeast Quarter and running

thence South along said right of way line 156.92 feet, thence West 95.09 feet, thence North  $1^{\circ}19'39''$  East 17.57 feet, thence North  $89^{\circ}26'58''$  West 133.82 feet, thence North 138.07 feet, thence East 228.5 feet to the point of beginning.  
(04-045-0016) ✓

Section 33: Beginning at a point 70 rods East and  $53\frac{1}{3}$  rods South of the Northwest Corner of the Southwest Quarter of Section 33, Township 10 North, Range 2 West, Salt Lake Base and Meridian, thence East 90 rods, thence South 10 rods, thence West 90 rods, thence North 10 rods to the point of beginning.  
(04-046-0032, 04-046-0033) ✓

Section 33: Beginning at a point 70 rods East of the Northwest Corner of the Southwest Quarter of Section 33, Township 10 North, Range 2 West, Salt Lake Base and Meridian, running thence East 90 rods, thence South  $53\frac{1}{3}$  rods, thence West 90 rods, thence North  $53\frac{1}{3}$  rods to the point of beginning. Less Beginning at a point 160 rods East and  $53\frac{1}{3}$  rods South of the Northwest Corner of the Southwest Corner of Section 33, said point being the Southeast Corner of the above described tract and running thence North 125 feet, thence West 280 feet, thence South 125 feet, thence East 280 feet to the point of beginning.  
(04-046-0031) ✓

Section 33: Beginning at the Northwest Corner of the Northeast Quarter of Section 33, Township 10 North, Range 2 West, Salt Lake Base and Meridian, running thence South 99.5 rods, thence East 107 rods, thence North  $4^{\circ}$  West 102 rods more or less to the North line of said Section 33, thence West 87 rods to the point of beginning. Less Utah Power and Light Company property described as follows: Beginning at a point 43 rods East of the point 99.5 rods South of the North Quarter Corner of Section 33, Township 10 North, Range 2 West, Salt Lake Base and Meridian, thence West 100 feet, thence North 50 feet, thence East 100 feet, thence South 50 feet to the point of beginning. Less any portion lying within the Missouri Pacific Railroad right of way. Less any portion lying within the I-15/84 right of way. Less any portion lying within 3000 North Street.  
(04-046-0014, 04-046-0028) ✓

Section 33: Beginning 49 rods North of the Southwest Corner of the Southwest Quarter of Section 33, Township 10 North, Range 2 West, Salt Lake Base and Meridian. thence East 160 rods, thence North 27.66 rods, thence West 160 rods, thence South 27.66 rods to the point of beginning. Less the road on the East side (2400 West). Also less beginning at a point 49 rods North and 160 rods East and 12 rods North of the Southwest Corner of the Southwest Quarter of Section 33, said point being on the West line of a county road, thence running thence North 10 rods along said West line of road, thence West 16 rods, thence South rods, thence East 16 rods to the point of beginning. (04-046-0010) ✓

Section 33: Beginning at a point 3 rods East of the Northwest Corner of the Southwest Quarter of Section 33, Township 10 North, Range 3 West, Salt Lake Base and

Meridian, running thence East 67 rods, thence South 26-2/3 rods, thence 67 rods, thence North 26-2/3 rods to the point of beginning. (04-046-0006) ✓

Section 33: Beginning 1194 feet South of the Northwest Corner of Section 33, Township 10 North, Range 2 West, Salt Lake Base and Meridian, thence North 534 feet, thence East 160 rods, thence South 538.5 feet, thence North 88°38' West 160 rods to the point of beginning. (04-046-0002) ✓

Section 33: Beginning at a point 1194 feet South and 50 feet East of the Northwest Corner of Section 33, Township 10 North, Range 2 West, Salt Lake Base and Meridian, thence South 89°38' East 2590 feet, thence along the North bank of a ditch to the One Half Section line, thence South along the Section line 373 feet, thence West 2590 feet more or less, thence North 392 feet more or less to the point of beginning. Containing 22.4 acres more or less. (04-046-0003) ✓

Section 33: Beginning at the Southeast Corner of the Northwest Quarter of Section 33, Township 10 North, Range 2 West, Salt Lake Base and Meridian, thence West 160 rods, thence North 60 rods, thence East 160 rods, thence South 60 rods to the point of beginning. Containing 58.49 acres more or less. (04-046-0005) ✓

Section 33: Beginning at a point 76-2/3 rods North of the Southwest Corner of Section 33, Township 10 North, Range 2 West, Salt Lake Base and Meridian, running thence North 20 rods, thence East 160 rods, thence South 20 rods, thence West 160 rods to the point of beginning. Less beginning at a point 96-2/3 rods North and 160 rods East of the Southwest Corner of Section 33, thence South 10 rods, thence West 16 rods, thence North 10 rods, thence East 16 rods to the point of beginning. Containing 18.75 acres more or less. (04-046-0009) ✓

Lessor does hereby lease and let exclusively unto Lessee all lands and minerals owned or claimed by Lessor in the within named Section 4 T9N-R2W and Sections 6, 20, 32 and 33, T10N-R2W

### **No Operations Without Surface Agreement**

Lessor and Lessee hereby agree that no operations of any type will be conducted on the leased premises before a surface use agreement and reclamation requirements, including interim and final re-vegetation requirements with a prime contractor, is entered into by both parties.

### **Water**

Lessor does not agree to furnish water rights to Lessee under this lease, and Lessee agrees not to interfere with production of water by Lessor under any of Lessor's water rights. Lessee shall not use any spring, well, or surface water without the written consent of Lessor. Any and all currently discovered or newly discovered water shall be retained by Lessor and Lessee shall have no claims to such water.



**Pugh Clause**

In the event a portion of the land herein leased is pooled or unitized with other land so as to form a pooled unit or units, operations on or production from such unit or units, will maintain this lease in force only as to the land included in such unit or units but in no case will it maintain less than 160 acres per well. The lease may be maintained in force as to any land covered hereby and not included in such unit or units in any manner provided for herein, including operations thereon or production therefrom, or during the primary term of the lease.

Notwithstanding the termination of this lease in part under the above provision, it is agreed that Lessee shall have and retain such easements of ingress and egress over the remainder of the lands originally covered by this lease, as shall be necessary to enable Lessee to develop and operate the portion or portions of this lease then in effect for the production of oil or gas therefrom, and Lessee shall not be required to move or relocate any pipelines, tanks separators or other equipment or machinery used in connection with such production of oil or gas.