

OIL, GAS AND MINERAL LEASE

802

Assigned 375/619

AGREEMENT. Made and entered into the 20th day of January, 1995, by and between

James Equinta, a single man

Whose post office address is c/o Carinda Equinta, 321 First West 100 South, Helper, Utah 35426, hereinafter called Lessor (whether one or more) and

River Gas Corporation

Whose post office address is 511 Energy Center Blvd., Northport, Alabama 35478, hereinafter called Lessee:

WITNESSETH. Lessor, in consideration of Ten and More (\$10.00+) DOLLARS, in hand paid, receipt of which is acknowledged, and of the covenants and agreements contained in this lease, including the royalty provisions herein provided, hereby grants, leases and lets exclusively unto Lessee the lands hereinafter described for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing and owning oil, gas of whatsoever nature or kind (including gas well gas, casinghead gas, methane and gas from coal seams, carbon dioxide, and other gas, whether of commercial value or not, hereinafter referred to as "gas"), together with all associated hydrocarbons produced in a liquid or gaseous form, and sulfur, all such substances are hereinafter referred to as the "leased substances", and for injecting waters and other fluids, gas, air, and other gaseous substances into subsurface strata, laying pipelines, establishing and utilizing facilities for surface or subsurface disposal of salt water or formation water, construction of roads and bridges, digging canals, storing oil, building tanks, power stations, telephone lines, and other structures and facilities thereon to produce, save, take care of, treat, process, store, and transport said leased substances and products manufactured therefrom, and when it relates to operations on or production from the leased premises or lands adjacent thereto, for the housing and care of Lessee's employees, contractors, subcontractors, and agents, said leased

premises are located in Carbon County, Utah and described as follows, to-wit:

Township 13 South, Range 9 East, 1/4 sm

Section 23: E 1/2 SW 1/4

Section 26: W 1/2 NE 1/4, E 1/2 NW 1/4, NE 1/4 SW 1/4, NW 1/4 SE 1/4

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ANN B. O'BRIEN-COUNTY OF CARBON
1995 JUL 25 13:52 PM FEE \$16.00 BY
REQUEST: RIVER GAS CORPORATION

NOTWITHSTANDING any other particular description, it is nevertheless the intention of Lessor to include within this lease and Lessor does hereby lease, let, and demise not only the lands described above, but also any and all future interests and after acquired interests of Lessor, these lands, together with all strips, gores, accretions, relictions, islands, submerged lands, and lands underlying roads, easements and rights-of-way which traverse or adjoin the described lands and which are owned or claimed by Lessor, and all other parcels of land, other than those constituting regular governmental subdivisions, adjoining or contiguous to the described land and owned or claimed by Lessor (all the foregoing lands, together with any lands communitized, unitized, or pooled therewith being hereinafter referred to as "said land" or the "leased premises").

The rights granted Lessee to investigate, explore, and prospect (whether by geophysical, seismic, or other means), to drill, mine for, and produce leased substances, and all other rights of Lessee, shall be exclusive, and no other person shall have the right to conduct similar activities on the leased premises during the term of this lease.

Said land shall be deemed to contain 320.00 acres, whether actually containing more or less, for purposes of calculating any payments due under the terms of this lease.

1. It is agreed that this lease shall remain in force for a primary term of Seven (7) years from this date and as long thereafter as leased substances are produced from the leased premises, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, leased substances are not being produced on the leased premises, but Lessee is then engaged in drilling or reworking operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises; 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 leased substances on the leased premises, the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or reworking operations within ninety (90) days from the date of cessation of production or from the date of completion of dry hole. If leased substances 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 leased substances are produced from the leased premises.

2. 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 Lessee covenants and agrees:

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

2nd. To pay Lessor on gas produced from said land (1) when sold by Lessee, one-eighth (1/8) of the net proceeds realized by Lessee at the well for such sale or (2) when used by Lessee in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth (1/8) of such gas; Lessor's interest, in either case, to bear one-eighth (1/8) of all post-production costs, including, but not limited to, costs of compressing, dehydrating and otherwise treating such gas to render it marketable or usable and one-eighth (1/8) of the cost of gathering and transporting such gas from the mouth of the well to the point of sale or use.

3rd. On all sulfur produced, mined, manufactured and marketed, the royalty shall be One Dollar (\$1.00) for each long ton (2,240 pounds) of sulfur when marketed.

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. Any payment or tender which is made in an attempt to make proper payment, but which is erroneous in whole or in part as to parties, amounts or depository shall nevertheless be sufficient to prevent the termination of this lease.

5. If said Lessor owns a less interest in the leased premises than the entire and undivided fee simple estate therein, then the rentals and 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. When requested by Lessor, Lessee shall bury Lessee's pipe line below plow depth.

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

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

9. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing.

10. The rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of 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.

11. 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 said land and as to any one or more of the formations hereunder, to pool, unitize, or communitize 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 nonproducing 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 reworking 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 reworking 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 governmental authority and, from time to time, with like 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 plan 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 land 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 governmental agency by executing the same upon request of Lessee.

In the event a well or wells is drilled and completed on said land, or on the lands pooled therewith, for the purpose of developing coalbed gas, the word "operations" shall mean, in addition to those matters covered in the preceding sentence, (1) operations of said wells to remove water or other substances from the coalbed, or to dispose of such water or other substances, even though such operations do not result in the production of hydrocarbons in paying quantities, or (2) shutting-in or otherwise discontinuing production from said wells to allow for surface or underground mining affecting the drillsite or wellbore.

12. 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.

13. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on said land, in the event of default of 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 and homestead may in any way affect the purposes for which this lease is made.

14. 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 word "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.

15. If operations are not conducted on said land on or before the first anniversary date hereof, this lease shall terminate as to both parties, unless Lessee on or before said date shall, subject to the further provisions hereof, pay

or tender to Lessor or to Lessor's credit in the First Security Bank - Carinda Equinta

Bank at 58 South Main, Helper, Utah 84526 or its successors, which shall

continue as the depository, regardless of changes in ownership of delay rental, royalties or other moneys, the sum of \$ 320.00 which shall operate as delay rental and cover the privilege of deferring operations for one year from said date. In like manner and upon like payments or tenders, operations may be further deferred for like periods of one year each during the primary term. If at any time that Lessee pays or tenders delay rental, royalties or other moneys, two or more parties are, or claim to be, entitled to receive same, Lessee may, in lieu of any other method of payment herein provided, pay or tender such rental, royalties or other moneys in the manner herein specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as Lessee may elect. Any payment hereunder may be made by check or draft of Lessee deposited in the mail or delivered to Lessor or to a depository bank on or before the last date of payment. Said delay rental shall be apportionable as to said land on an acreage basis, and a failure to make proper payment or tender of delay rental as to any interest therein shall not affect this lease as to any portion of said land or as to any interest therein as to which proper payment or tender is made. Any payment or tender which is made in an attempt to make proper payment, but which is erroneous in whole or in part as to parties, amounts or depository, shall nevertheless be sufficient to prevent termination of this lease and to extend the time within which operations may be conducted in the same manner as though a proper payment had been made, provided, however, Lessee shall correct such error within thirty (30) days after Lessee has received written notice thereof from Lessor. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest. If this lease is so released as to all minerals or horizons under a portion of said land, the delay rental and other payments computed in accordance therewith shall thereupon be reduced in the proportion that the acreage bears to the acreage which was covered by this lease immediately prior to such release.

16. Any coal mining lease, whether it be for surface mining operations or underground operations, executed during the term of this lease, shall be expressly subject to the rights granted Lessee by this lease, especially those set forth in Section 18. Furthermore, any subsequent coal mining lease shall expressly include natural gas or methane seams. Lessee expressly agrees to cooperate with such operations in an effort to maximize the development of natural resources in the premises.

17. It is understood and agreed that in order to obtain maximum efficient recovery of coalbed gas, Lessee may treat and stimulate coal seams and...

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

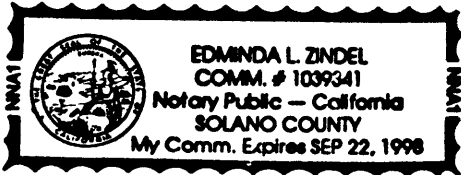
James Eaquina

ACKNOWLEDGMENT - INDIVIDUAL (Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah, Nebraska, North Dakota, South Dakota)

STATE OF CALIFORNIA)
) SS.
COUNTY OF SOLANO)

On 25 JANUARY 1995, before me, EDMINDA L. ZINDEL, Notary Public, personally appeared JAMES EAQUINTA personally known to me OR y proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal. Edminda L. Zindel EDMINDA L. ZINDEL



identical person described in and who executed the within and foregoing instrument of writing and acknowledged to me that duly executed the same as free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

My commission expires: Notary Public Address:

ACKNOWLEDGMENT - CORPORATE

STATE OF)
) ss.
COUNTY OF)

On this day of A.D. 19 before me personally appeared to me personally known, who, being by me duly sworn, did say that he is the of and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said acknowledged said instrument to be free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

My commission expires: Notary Public Address:

Vertical lines for recording details: No., From, To, Dated, No. Acres, County, Term, This instrument was filed for record on the day of 19 at o'clock, M, and duly recorded in Vol. Page of the records of this office. By: County Clerk Deputy. When recorded return to: 803