

*Surrender & GC in Ab 4 21 pg 158-ml.* OIL AND GAS LEASE

AGREEMENT, Made and entered into this 10th day of March, 1977, by and between  
FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, as Trustee Bank under Trust Agreement and  
Conveyance in Trust dated May 29, 1962, between Val A. Browning et al, First Security Bank of  
Utah, National Association, and Matt S. Browning, party of the first part, hereinafter called lessor (whether one or more)  
and FILON EXPLORATION CORPORATION, 1700 Broadway, Denver, Colorado 80290, party of the second part, lessee.

WITNESSETH: That the lessor for and in consideration of Ten and more (\$10.00+) Dollars,  
in hand paid, receipt of which is hereby acknowledged, of the royalties herein provided, and of the agreements of lessee herein contained, hereby grants, leases  
and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas, casinghead gas, and all  
other minerals, laying pipe lines, building tanks, power stations, telephone lines and other structures thereon to produce, save, take care of, treat, transport,  
and own said products, and housing its employees, the following described land in Box Elder County,  
State of Utah, to-wit:

Township 8 North, Range 7 West, SLM Township 9 North, Range 6 West, SLM  
Section 1: Lots 1,2,3,4 (All) Section 7: Lots 1,2,3,4, E $\frac{1}{2}$ W $\frac{1}{2}$  (W $\frac{1}{2}$ )  
Section 3: Lots 1,2,3,4,5,6, S $\frac{1}{2}$ N $\frac{1}{2}$ , SW $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$  (All) Section 19: Lots 1,2,3,4, E $\frac{1}{2}$ W $\frac{1}{2}$  (W $\frac{1}{2}$ )  
Section 9: Lots 1,2,3,4,5,6,7,8,9,10,11,12,13,14,15,16,17,18,19,20,21,22,23,24,25,26,27,28,29,30,31,32,33,34,35,36,37,38,39,40,41,42,43,44,45,46,47,48,49,50,51,52,53,54,55,56,57,58,59,60,61,62,63,64,65,66,67,68,69,70,71,72,73,74,75,76,77,78,79,80,81,82,83,84,85,86,87,88,89,90,91,92,93,94,95,96,97,98,99,100, SW $\frac{1}{4}$  Section 33: SW $\frac{1}{4}$

RECORDER NO: 55459H RECORDED: APR 18 1977  
FEE \$20.50 TIME 3:30PM BOOK 291 PAGE 456  
Margaret R. Evans, Box Elder Co. Recorder

Containing five 2114.56 acres, more or less.

TO HAVE AND TO HOLD the same (subject to the other provisions herein contained) for a term of 25 years from this date (called "primary term")  
and as long thereafter as oil or gas or casinghead gas or either or any of them, is produced therefrom; or as much longer thereafter as the lessee in good faith  
shall conduct drilling operations thereon and should production result from such operations, this lease shall remain in full force and effect as long as oil or gas or  
casinghead gas, shall be produced therefrom.

- In consideration of the premises it is hereby mutually agreed as follows:
1. The lessee shall deliver to the credit of the lessor as royalty, free of cost, in the pipe line to which lessee may connect its wells, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises, or at the lessee's option, may pay to the lessor for such one-eighth (1/8) royalty the market price for oil of like grade and gravity prevailing in the field where produced on the day such oil is run into the pipe line, or into storage tanks.
  2. The lessee shall pay lessor, as royalty, one-eighth (1/8) of the proceeds from the sale of the gas, as such, for gas from wells where gas only is found, and where not used or sold shall pay lessor, as royalty, one-eighth (1/8) of the proceeds per annum as royalty from each such well, and while such royalty is so paid such well shall be held to be a producing well. The lessor to have gas free of charge from any gas well on the leased premises for stoves and inside lights in the principal dwelling house on said land by making his own connections with the well, the use of said gas to be at the lessor's sole risk and expense.
  3. To pay lessor for gas produced from any oil well and used off the premises or in the manufacturing of gasoline or any other product a royalty of one-eighth (1/8) of the market value, at the mouth of the well, payable monthly at the prevailing market price.
  4. If operations for the drilling of a well for oil or gas are not commenced on said land on or before one year from this date, this lease shall terminate as to both parties, unless the lessee shall, on or before one year from this date, pay or tender to the lessor or for the lessor's credit in First Security Bank of Utah, National Association Bank at Ogden, Utah or its successor or successors, which bank and its successors are lessor's agents and which shall continue as the depository regardless of changes in the ownership of the land, the sum of Two Thousand One Hundred Fourteen and 56/100 (\$2,114.56) Dollars, which shall operate as a rental and cover the privilege of deferring the commencement of operations for the drilling of a well one year from said date. In like manner and upon like payments or tenders the commencement of operations for the drilling of a well may be further deferred for like periods successively during the primary term of this lease. And it is understood and agreed that the consideration first recited herein, the down payment, covers not only the privileges granted to the date when said rental is payable as aforesaid, but also the lessee's option of extending that period as aforesaid, and any and all other rights conferred. All payments or tenders may be made by check or draft of lessee or any assignee thereof, mailed or delivered on or before the rental paying date. Lessee may at any time execute and deliver to lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered herein is reduced by said release or releases. Notwithstanding the death of the lessor, or his successor in interest, the payment or tender of rentals in the manner provided above shall be binding on the heirs, devisees, executors and administrators of such persons.

6. If at any time prior to the discovery of oil or gas on this land and during the term of this lease, the lessee shall drill a dry hole, or holes, on this land, this lease shall not terminate, provided operations for the drilling of a well shall be commenced by the next ensuing paying date, or provided the lessee begins or resumes the payment of rentals in the manner and amount above herein provided; and in this event the preceding paragraphs hereof governing the payment of rentals and the manner and effect thereof shall continue in force.

7. Lessee shall have the right to use, free of cost, gas, oil, and water produced on said land for its operation thereon, except water from wells of lessor. Lessee shall bury his pipe lines below plow depth. No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without the written consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops on said land. Lessee shall have the right at any time to remove all improvements, machinery, and fixtures placed or erected by lessee on said premises, including the right to pull and remove casing.

8. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas or either of them, be found in paying quantities, this lease shall continue and be in force, with the like effect as if such well had been completed within the terms of years herein first mentioned.

9. If the estate of either party hereto 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 the rentals or royalties shall be binding on the lessee until after notice to the lessee and it has been furnished with the written transfer or assignment or a certified copy thereof, and in case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

10. If the lease premises shall hereafter be owned in severalty, or in separate tracts, the premises, nevertheless, shall be developed and operated as one acreage owned by each such separate owner bears to the entire leased acreage. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may be hereafter divided by sale, devise or otherwise, or to furnish separate measuring or receiving tanks. It is hereby agreed that, in the event this lease shall be assigned as to a part or as to parts of the above described lands, and the holder or owner of any such part or parts shall fail or make default in the payment of the proportionate part of the rent due from him or them, on an acreage basis, such default shall not operate to defeat or affect this lease in so far as it covers a part or parts of said lands upon which the said lessee or any assignee hereof shall make due payment of said rentals.

11. If at any time there be as many as six parties (or more) entitled to receive royalties under this lease, lessee may withhold payment thereof unless and until all parties designated in writing in a recordable instrument to be filed with the lessee a Trustee to receive all royalty payments due hereunder and to execute division and transfer orders on behalf of said parties and their respective successors in title.

12. Lessee shall have the right to unitize, pool, or combine all or any part of the above described lands with other lands in the same general area, 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 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 such unit plan of development or operation adopted by lessee and approved by any governmental agency by executing the same upon request of lessee.

13. In the interest of conservation, the protection of reservoir pressures and the recovery of the greatest ultimate yield of oil, gas and other minerals, lessee shall have the right to combine the leased premises with other premises in the same general area for the purpose of operating and maintaining repressuring and recycling facilities, and for such purpose may locate such facilities, including input wells, upon the leased premises, and no royalties shall be payable hereunder upon any gas used for repressuring and recycling operations benefiting the leased premises.

14. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge any taxes, mortgage, or other liens existing, levied, or assessed on or against the above described lands and, in event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder.

15. All rental payments which may fall due under this lease may be made to SAME AS PARAGRAPH NO. 4 one of the above named lessors, in the manner herein stated.

16. If within the primary term of this lease production on the leased premises shall cease from any cause, this lease shall not terminate provided operations for the drilling of a well shall be commenced before or on the next ensuing rental paying date; or, provided lessee begins or resumes the payment of rentals in the manner and amount hereinbefore provided. If, after the expiration of the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided lessee resumes operations for drilling a well within sixty (60) days from such cessation, and this lease shall remain in force during the prosecution of such operations and, if production results therefrom, then as long as production continues.

17. It is agreed that this lease shall never be forfeited or cancelled for failure to perform in whole or in part any of its implied covenants, conditions, or stipulations until it shall have first been finally judicially determined that such failure exists, and after such final determination, lessee is given a reasonable time therefrom to comply with any such covenants, conditions, or stipulations.

18. All expressed and implied covenants of this lease shall be subject to all federal and state laws, executive orders, rules and regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damage 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, or if such compliance is prevented by or if such failure is the result of inability of lessee through no fault of its own, to obtain sufficient and satisfactory material and equipment to justify the commencement of drilling operations, or to continue production of oil or gas from the leased premises.

19. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor or lessees.

20. With respect to and for the purpose of this lease lessor, and each of them if there be more than one, hereby release and waive the right of homestead.

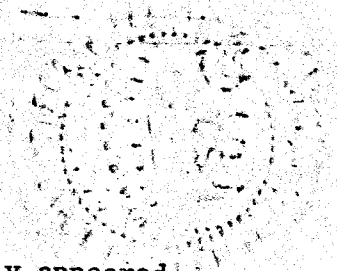
WHEREOF witness our hands as of the day and year first above written.  
FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, as Trustee Bank under Trust Agreement and Conveyance in Trust dated May 29, 1962, between Val A. Browning et al, First Security Bank of Utah, National Association, and Matt S. Browning.

*For extension see Ab 34388 84) m.e. For assignment see Ab 351 pg 547 m.e.*

*For assignment see Ab 373-9534) m.e. For assignment of interest see Ab 333 pg 235) m.e. For assignment of interest see Ab 374 8531) m.e. For assignment of interest see Ab 376 pg 639) m.e. For assignment see Ab 349 pg 403) m.e.*

By: *J. D. Lampros* By: *[Signature]*  
J. D. LAMPROS, VICE PRESIDENT & TRUST OFFICER

STATE OF UTAH )  
                  ) ss.  
COUNTY OF WEBER )



On this 10th day of March, 1977, before me personally appeared

J. D. LAMPROS, to me personally known, who, being by me duly sworn, did say that he is the Vice President & Trust Officer of FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION 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

J. D. LAMPROS acknowledged said instrument to be the free act and deed of said corporation.

Witness my hand and official seal.

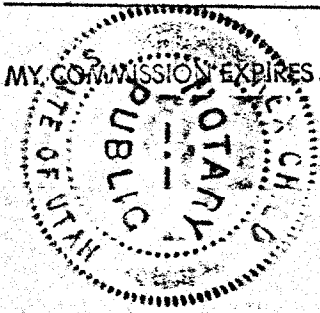
My commission expires:

Notary Public

REX CHILD

MY COMMISSION EXPIRES JANUARY 25, 1981

*Handwritten notes:*  
P. 4 Sec - 497  
2 of Sec - 281, 282, 13  
ASSTD. IN BOOK 13 OF Sec. PAGE 189  
10 of Sec - 361, 418-1



MONTANA ACKNOWLEDGMENT

STATE OF \_\_\_\_\_ }  
County of \_\_\_\_\_ } ss.

*Index ✓*

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me \_\_\_\_\_ a notary public, personally appeared \_\_\_\_\_

Known to me to be the person \_\_\_\_\_ whose name \_\_\_\_\_ subscribed to the within instrument, and acknowledged to me that \_\_\_\_\_ executed the same.

Witness my hand and official seal.

My Commission Expires \_\_\_\_\_ Notary Public within and for the State of \_\_\_\_\_  
Residing at \_\_\_\_\_

COLORADO ACKNOWLEDGMENT

STATE OF \_\_\_\_\_ }  
County of \_\_\_\_\_ } ss.

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by \_\_\_\_\_

Witness my hand and official seal.

My Commission Expires \_\_\_\_\_ Notary Public.

P. O. \_\_\_\_\_

No. \_\_\_\_\_  
OIL AND GAS LEASE  
FROM \_\_\_\_\_

TO \_\_\_\_\_

State of \_\_\_\_\_ }  
County of \_\_\_\_\_ } ss.

This instrument was filed for record on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, at \_\_\_\_\_ o'clock, \_\_\_\_\_ M., and duly recorded in Book \_\_\_\_\_, Page \_\_\_\_\_ of the records of this office.

County Clerk—Register of Deeds.

Deputy.

When recorded return to

FILON EXPLORATION CORPORATION  
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