Producers 88-1959

OIL AND GAS LEASE

Billings Blue Print Billings, Bantona

THIS AGREEMENT, made and entered into this. 28th day of

June

14 80 by and between

Russell L. Detjens, an unmarried man

, of Route 2, Blair, Nebraska 68008

hereinafter called lessor (whether one or more) and Lochfayne Resources Inc.

P. O. Box 385, Blair, Nebraska 68008

I. WITNESSETH that the lessor, for and in completion of a TEN AND MORE and of the covenants and agreements become from the point of the basic to be and bept and sectioned best countries to be and by three presents does no not, drawed best countries to be finded and better the presents does not an advance to and producing the control of the countries of the section of the countries of the countr

tract or tracks of land situated in the Countries. WASHINGTON

State of NUBRASKA

described a College vitaget

TOWNSHIP 13 NORTH, RANGE IL EAST

SECTION 10: Th. 123 (being 16 acres, more or less, in NELSWA)

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or section mute or less.

2. It is agreed that this least shall remain in force for a term of the very from date and as long thereafter as oil, or gas of whatseever nature or kind, or oil or gas on said land, or on accrace pooled the ewith, lesse should thing operations are continued as hereinafter provided. If prior to discovery of oil or gas on said land, or on accrace pooled the ewith, lesse should thill a dry hole or boles thereon, or if after discovery of oil or gas production thereafter, or (if it be within the primary term) commences or resumes the payment or tender of relation or before the notal-paying date next ensuing after the exposure of oil or gas is not being produced on or from said load or said pooled parameter that it seeks then contained in the exposure of the primary term of this lease, oil or gas is not being produced on or from said load or said pooled parameters the exposure of produced on or from said load or said pooled parameters that every greater of the primary term of this lease, shall continue in force so long there there as dailing or a post of said land, and drilling or according operations shall be considered to be continuously prosecuted on said land or a past of said land, and drilling or nearly greations shall be considered to be continuously prosecuted of another well. If oil or gas shall be discovered and or produced from my such well or well drilling or tweeking of another well if oil or gas shall be discovered and or produced from my such well or well drilling, being dailed or rewelled at a stee the exposition of the exposures of the primary term of this lease, this lease shall continue in force so long thereafter as oil or gas is produced from the level premises or from any such unit which includes all or a part of said lands.

- In consideration of the premises the said lessee coverants and agrees
- (a) To deliver to the credit of lessor, free of cest in the pipe line to which lessor may connect his wills, the e-pid one-eighth part of all oil produced and saved from the leaved piemises, or at the lessors option, may pay to the lessor for such one-eighth toyalty, the rearket piece for oil of like grade and gravity prevailing on the day such oil is run into the pipe line or into storage tanks.
- (b) To pay lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth, at the market pine at the well for the gas sold, used off the premises or in the manufacture of products a well producing gas only is not sold or used, become a pay or tender a mosalty One Dollar per year per act cosalty are retained becomes, such payment therefore the anniversary data of this level next cosame after the explication of 90 days from the date such well is shift in and therefore the anniversary data of this level next cosame after the explication of 90 days from the date such well is shift in the results we arise to the rosalty women's cruft in the results we arise to the rosalty women's cruft in the lease.
- 4. If operations for the drilling of a well for oil or green or not commenced or if there is no oil or gas being produced on said land or on acreage peoled therewith as becommittee provided on or before one year from the date hereof, this lease of all ferminate as to both parties, unless the lesse on or before

that date shall pay or tender to the lessor or to the lessor's credit in the WASHINGTON COUNTY!

BLAIR, NEBRASKA 68008

on its successors, which shall continue as the depositors for rental regardless of changes in the

Bank at

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(\$\sigma 16.00 \cdots)) which shall operate as a rental and cover the purples of defering the commencement of operations for drilling of a well deferred for like periods of the same number of months in cosmols, and arrest the commencement of operations for drilling of a well may be further mailed or delivered on or before the rental paying date. It is understood and arrest that the consideration list incited herein, the down payment, covers not all other rights conferred, should the depositors bank hereiter close without a success, lessee or its assigns may deposit rental or royalties in any National bank located in the same county with the first named bank, due notice of such deposit to be mailed to lesson at last known address.

- and all other rights conferred, should the depositions bank him directions without a success of the same or its assigns may deposit rental or revalues in any National bank located in the same country with the first named hank, due notice of such deposit to be mailed to lesson at last known address.

 5. Lessee, all its option, is hereby given the right and power at any time an from time to time as a recurring right, either before or after production, as to all or any part of the land described herem and is to any one or more of the formations hereuniser, to pool or unitize the leasehold estate and the production of either, when in lessee's indement it is necessary or advisable here with a small respective of whether authority similar to this exist with respect to such other land, lease or lease. Edecates units previously formed to include formations not producing oil or gas, may be reforming of any unit shall be accomplished by lessee executing and filing of record a declaration of such initization of reformantion, which declaration shall describe the unit. Any unit may include land upon which a well has therefore been completed or upon which operation, for drilling have therefore been commenced. Production, drilling or recording 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 iterated as if it were production, drilling or recording operations or a well shut in for want of a market under this lease. In here of the royalities, elsewhere herein specified, including shut-resording operations of the unit production that the total number of such production allocated to this lease, such to the total number of surface acress covered by this lease and included in the unit bear part of the above described lands as to one or more of the formations three unity plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, conformed to the total plands and one or more of the formations the
- 6. Lessee may, at any time, release this lease as to any stratum or strata and as to put or all of the lands above described, after which all payments and shall be reduced proportionately.
- 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 ditches, pends, excepts of lessor.

- When requested by the lessor, lessee shall bury its pipe lines on cultivated portions below plow depth.

 No well shall be drilled nearer than 200 feet to the house or barn now on said premise, without the written consent of the lessor.

 Lessee shall pay for damages caused by his operation to prowing crops on said lands.

 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. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, fucluding the right too draw and remove casing.

 8. If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly dlowed, although it is agreed that no change the covenants hereof shall extend to their heirs, executors, adoministants, successors or axis ins, but no change of the event this less that he indiction the lessee has been formashed with certified copes of minimum to of the lend or assignment lessor; and it is hereby agreed in the event this lesse shall be absoluble based on the lessee has been formashed with certified copes of minimum to of the deraigning title from of such part or parts shall ful or make default in the payment of the proportionate part of the rents due from him or them, such default will not operate said rental. In the event of death of any person untiled to rotally become first of the decised on the existing of the decised on the color of the decised on the existing of the decised on the exist of the decised on the exist of the decised.

 9. Leave bench as a series of the existence of the appropriate and qualification of the decessed.

 10. Leave bench as a leave to be default at the existence of the decised of the decised.
- 9. Lessor hereby warrants and agrees to defend the title to the hards herein described, and onces that the lesser shall have the right at any time to pay for the holder thereof, and lessor hereby agrees that any such payments is the lesser to default of payment by lesser, and be submodated to the rights of may become due the lessor under the terms of the lease.
- If said lessor owns a less interest in the dose-described land than the estine and southwided fee story estate therein, then the mealths and restals in provided shall be paid the lessor only in proportion which her retest here see the whole and undit sed for Ans into a time the production from the scheduled to which the interest of lever may be subject shall be deducted from the revally herein reserved.

11. Lessee shall comply with all laws and regulations of any Governmental body purporting to exercise taxing authority over the lands covered by this lease of the person of the lessor between and in so complying lessee shall not be responsible for determining the legality, validity or constitutionality of any such law or regulation enacted or issued by any such Governmental body. In determining the resolution of lessor for purposes of complying with such laws or regulations lessee may rely upon the address of bessor between the last known address of lessor. Neither any error in the determination of the residence of respective purposes of complying with such laws or regulations lesser as a result of lessee's good faith efforts to comply with any such laws or regulations shall tenninate this lease which is made during the course of against lessee. All of lessee's obligations and covenants bereinder, whether express or implied, shall be suspended at the time or from time to time as compliance with any thereof is prevented or hindred by or is in conflict with Federal. State, County, or manageral laws, rules, regulations or Executive Orders ascreted as official by or under public authority claiming jurisdiction, or Act of God, adverse field, weather, or market conditions, inability to obtain materials in the not be terminated in whole or in part, nor lessee held hable in damages for failure to comply with any such obligations or covenants if compliance therefulling or reworking operations adming the primary term of this lease, indeed the contingences above stated, shall be prevented from conducting lease; provided, however, that delay renation of such suspension, lessee shall pay an annual delay renation the amount above stated by reason of such suspension, lessee shall pay an annual delay renation the amount above provided.

12. Should any person, firm or corporation have an interest in the above-described land not leased to lessee, or should any one or more of the parties named above as lessors not execute this lease, it shall nevertheless be binding upon the party or parties executing the same. named above as lessors not execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

13. The undersigned lessors for themselves and their heirs, successors and assigns, hereby expressly release and vaive all rights under and by virtue of the hemselved exemption laws of said state, insofar as the same may many way affect the purposes for which this lease is made as recited herein.

IN WILNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written. R Russell L. Detjens S\$#506-52-1878 **ACKNOWLEDGMENTS** STATE OF NEBRASKA COUNTY OF WASHINGTON INDIVIDUAL, North Dakota, South Dakota, Nebraska On this 28 day of , 1980 , before me, personally appeared Russell L. Detjens, an unmarried man , to me known to be the person - described in and who executed the foregoing instrument, and acknowledged to me that he executed the same as his free act and deed. My commission expires: 3-10-84 Notary Public. GENERAL NOTATION OF AN MODIFICATION OF THE PROPERTY OF THE PRO STATE OF INDIVIDUAL, North Dakota, South Dakota, Nebraska COUNTY OF On this day of , 19, before me, personally appeared , to me known to be the person — described in and who executed the foregoing instrument, and acknowledge I to me that executed the same as free act and deed. My commission expires: Notary Public. Gas Lease 9 and. in Buck This instrument When r 3 or this ž à. STATE OF CORPORATE, North Dakota, South Dakota, Nebraska COUNTY OF On this day of in the year . , before me, a Notary Public, personally appeared known to me to be the

Notary Public.

of the Corporation that is described in and that executed the within instrument and

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acknowledged to me that such Corporation executed the same

My commission expires