

Return to:
Texas American Oil Corp.
300 W. Wall, Suite 400
Midland, Texas 79701

3176

PRODUCERS REVENUE ACT (A-673)

252134

THIS AGREEMENT made and entered into this 4th day of October, 1953, between

Dorothy Ann Niemeyer, Trustee for the Niemeyer family Trust

DeWitt, Nebraska 68341

MAGNESS PETROLEUM CORPORATION and TEXAS AMERICAN OIL CORPORATION

hereinafter called "Lessor", whether one or more, and

WITNESSETH: That for and in consideration of the sum of One and no/100 Dollars

1.00 receipt of which is hereby acknowledged, and of the royalties herein provided and the agreements of Lessee herein contained, Lessor does hereby grant, lease and let exclusively unto Lessee, its successors and assigns, all of the land hereinafter described, together with any reversionary rights therein for the purpose of exploring for geophysical, geophysical and all other minerals or substances, whether mineral or non-mineral, that may be produced from any well or mine on the leased premises, including other hydrocarbons, and all other minerals or substances, whether mineral or non-mineral, and all other methods, whether now known or unknown, with all incidental rights primary, secondary, tertiary, cycling, pressure maintenance methods, disposal of salt water, and to construct, maintain and remove madways, tanks, pipelines, thereto, and to establish and utilize facilities for surface and subsurface disposal of salt water, and to produce, store, transport, treat and remove all substances described above, and electric power and telephone lines, power stations, machinery and structures thereon, together with the right of ingress and egress to and from said land across any other land now or hereafter owned by Lessor. The land hereby leased is situated in the County of Gage State of Nebraska, to wit:

Township 5 North, Range 5 East, 6th P. M.
Section 1: SW 4
Section 12: N 2 W 1/4

This lease covers all of the land described above, including any interests therein that any signatory hereto has the right or power to lease, and in addition it covers, and there is hereby granted, leased and let, upon the same terms and conditions as herein set forth, all lands now or hereafter owned or claimed by Lessor, adjacent, contiguous, or a part of the tract or tracts described above, whether such additional lands be owned or claimed by deed, limitation, or otherwise, or are leased or unleased, and whether such lands are inside or outside of the metes and bounds description set forth above, or are in the named survey, or other survey or surveys. The bonus money paid for this lease is in gross, and not by the acre, and shall be effective to cover all such land irrespective of the number of acres contained therein, but the land included within this lease is estimated to comprise 240 acres, whether actually more or less, and such land is hereinafter referred to as the "leased premises". TO HAVE AND TO HOLD the leased premises for a term of 10 years from the date hereof, hereinafter called the "primary term", as to oil, gas or other hydrocarbons, or other minerals or leased substances, or either or any of them, are produced therefrom, and to the extent of the royalties or from lands with which the leased premises are pooled or unitized.

1. Royalty On Oil. Lessee shall deliver to Lessor, at the well or to the credit of Lessor in the banking institution of Lessee's choice, 1/8 of all oil and other liquid hydrocarbons produced and saved from the leased premises, or Lessee, at its option, may buy or lease, or may cause to be bought or leased, any interest in either case shall bear its proportion of any expenses for transporting and treating oil to make it marketable as produced. Royalty and pay Lessor the market interest in either case shall bear its proportion of any expenses for transporting and treating oil to make it marketable as produced. 2. Royalty On Gas. Lessee shall pay to Lessor as royalty on gas, including casinghead gas or other gaseous substances produced from said land and sold on or off the premises, 1/8 of the net proceeds at the well received from the sale thereof, provided that on gas used off the premises or by Lessee in the manufacture of gasoline or other products therefrom, the royalty shall be the market value at the well of 1/8 of the gas so used; as to all gas sold by Lessee under a written contract, the price received by Lessee for such gas shall be conclusively presumed to be the net proceeds at the well or the market value at the well for the gas so sold. 3. Royalty On Other Substances. Lessee shall pay to Lessor, as royalty on any substances covered by this lease other than oil and gas and the products thereof which Lessee may elect to produce, save and market from the leased premises, 1/8th of the proceeds received by Lessee from the sale thereof after deducting the processing costs, except that if at any time, or from time to time, either before or after the expiration of the primary term of this lease, there is any gas well on the leased premises or on lands with which the leased premises are pooled or unitized and which is capable of producing in paying quantities, but which is shut in before or after production therefrom, such well shall be considered under all provisions of this lease as a well producing gas in paying quantities and this lease shall remain in force in like manner as though gas therefrom was actually being sold or used. In such event, Lessee covenants and agrees to pay Lessor, as royalty, the sum ~~xx~~ equal to the rental on the date such well is actually shut in, unless this lease is being maintained in force and effect by some other provision hereof, in which event, such period shall commence on the date this lease ceases to be maintained in full force and effect by some other provision hereof. Payment or tender shall be made to Lessor, or deposited to the credit of Lessor in the depository bank named in this lease. The first payment shall be due and payable on or before ninety (90) days after the date such well is shut in, or ninety (90) days from the date this lease ceases to be maintained in force by some other provision hereof. Unless gas from such well is produced and sold, or used prior thereto, except temporary sales, or use for lease operations, subsequent payments shall be due annually thereafter on the anniversary date of the period for which such prior payment was made. No additional payments shall be required if there is more than one shut-in gas well on the leased premises or on lands with which the leased premises are pooled or unitized. The term "gas well" shall include wells capable of producing natural gas, condensate, or any gaseous substance, and wells classified as gas wells by any governmental authority having jurisdiction. 4. Delay Rental. If operations for drilling or mining on the leased premises, or on lands with which the leased premises are pooled or unitized, are not commenced on or before one (1) year from the date of this lease, as set forth above, this lease shall terminate as to both parties unless, on or before one (1) year from the date of this lease, Lessee shall pay or tender to the Lessor a rental of Two Hundred forty and no/100 Dollars (\$240.00), which shall cover the privilege of deferring commencement of such drilling or mining operation for a period of twelve (12) months from the expiration of said one (1) year period. In like manner and upon like payments or tenders annually, the commencement of such operations may be deferred for successively, for the same number of months, during the primary term of this lease, until the expiration of the term of this lease. Bank at Uchovona, Nebraska 68920

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12. Lessor's Interest Clause If Lessor does not own, or have the right to lease, the entire mineral interest in the land described above, then the royalties, benefits and any other sums payable hereunder, shall be reduced and payable only in the proportion that the interest covered by this lease bears to the entire mineral interest in the above described land. If the mineral interest covered hereby is subject to an outstanding nonparticipating royalty, such royalty shall be deducted from the royalties payable to Lessor hereunder.

13. Warranty 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 of any purchase price, taxes or other liens on the leased premises in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof, and such purchase price and taxes shall have the right at any time, to surrender this lease, in whole or in part, by delivering or mailing a release to the Lessor or by placing a release of record in the county or counties in which the leased premises are situated, and thereupon, Lessee shall be relieved from all obligations expressed or implied, of this lease as to the acreage so surrendered.

14. Surrender Lessee, its successors and assigns shall have the right at any time, to surrender this lease, in whole or in part, by delivering or mailing a release to the Lessor or by placing a release of record in the county or counties in which the leased premises are situated, and thereupon, Lessee shall be relieved from all obligations expressed or implied, of this lease as to the acreage so surrendered.

15. Parties Bound This lease and all of the rights, obligations and conditions hereof shall be binding upon each party executing this instrument and his heirs, devisees, successors and assigns. Should any party named above as Lessor fail to execute this lease, or should any party execute this lease who is not named above as a Lessor, it shall nevertheless be binding upon the party or parties executing the same.

16. Headings For Convenience. The paragraph headings herein are for convenience only and shall not be considered or construed to limit the subject matter of any paragraph.

IN WITNESS WHEREOF, this instrument is executed this day and year first above written.

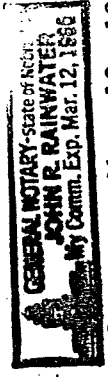
Dorothy Ann Niemeyer, Trustee
Dorothy Ann Niemeyer, Trustee

THE STATE OF Nebraska
County of Gage

Before me, the undersigned authority, on this day personally appeared Dorothy Ann Niemeyer, Trustee

known to me to be the identical person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the 4th day of October, A. D. 1982



John R. Rainwater
John R. Rainwater
Notary Public in and for _____ County,
State of _____

THE STATE OF _____
County of _____

Before me, the undersigned authority, on this day personally appeared _____

known to me to be the identical person whose name _____ are/is subscribed to the foregoing instrument, and acknowledged to me that _____ he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the _____ day of _____, A. D. 19 _____

THE STATE OF _____
County of _____

Notary Public in and for _____ County,
State of _____

Before me, the undersigned authority, on this day personally appeared _____

known to me to be the identical person whose name _____ are/is subscribed to the foregoing instrument, and acknowledged to me that _____ he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the _____ day of _____, A. D. 19 _____

Oil, Gas and Mineral Lease form with fields for No., Nebraska, and other details.

Recorded information section including fields for Recorded, in, County, Book, Page, Record of, County Clerk, Deputy, and Fee: \$6.50 Paid & Return: Texas American Oil Corporation, 300 West Wall, Suite 400, Midland, Texas 79701.