OIL AND GAS LEASE

Billings Blue Print Billings, Mantana

Producers 88-1959	OIL AITE	AS ELASE		
THIS AGREEMENT, made and e	entered into this 30th day of S	eptember	., 19.79 by and between	
R.P. Flynn and Sons,	a Nebraska Partnership;	W. Eugene Flynn,	Attorney in Fact,	and
W. Eugene Flynn & Kat	hleen.O. Flynn, husban	d & wife, of 1138	Adams St., Blair,	Nebraska
hereinafter called lessor (whether one	or more) and Lochfayne Reso	urces, Inc., P.O.	Вох 20737.	·····
Billings, Montana 591	<u>04 </u>	ereinafter called lessee:		
and of the covenants and agreements and by these presents does grant, dem methods and operating for and produ- and bearding employees, building tan said products and the exclusive surface	hereinafter contained on the part of the size, lease and let exclusively unto said les cing therefrom oil and all gas of whatsoo ks, power stations, passing plants, power and subsurface rights and privileges refor convenient for the economical operat	see, with the exclusive right of ever nature or kind, and laying of roadways, and structures there ated in any manner to any and	of mining, exploring by geophysic pipe lines, telephone and eon to produce, save, market and all such operations and any and a	cal and other take care of all other rights
tract or tracts of land situated in the	County of Washington	General Net	oraska describedas fo	allows, to-wit:
Township 18 North, Ra	nge 11 East	Numerical Photos	To Hou	TI
Section 1: Sassai; W	2 2	Photostat	3	نشدین جمعیتس
Section 2: $E_{\frac{1}{2}}^{\frac{1}{2}}NE_{\frac{1}{4}}^{\frac{1}{4}}$			2	1
Township 19 North, Ra Section 29: E2SW4; W	nge 11 East 2NW4SE4; SW4NW4 lying S ying South of road 214	outh of road 214;		
Section 35: NaSEASEA	except the North 10 ac	res. Section 3	6: Tax Lot 2	•
2. It is agreed that this lease shall either of them is produced from said oil or gas on said land, or on acreage should cease for any cause, this leas or (if it be within the primary term) piration of three (3) months from to oil or gas is not being produced on or lease shall continue in force so long velopment or operating unit which in if not more than sixty days shall elap of another well. If oil or gas shall be the primary term of this lease, this lease	remain in force for a term of the years fland or premises pooled therewith or drie pooled therewith, lessee should drill a dependent of the shall not terminate if lessee commences commences or resumes the payment or the date of completion of a dry hole or commences and a dry hole or commences and description of a dry hole or commences and description of a dry hole or commences and description of a dry hole or commences and description or reworking operated where the completion or abandonmes of discovered and/or produced from any states shall continue in force so long therea	rom date and as long thereafter lling operations are continued a ry hole or holes thereon, or if als additional drilling or reworkin render of rental on or before the essation of production. If, at the nt lessee is then engaged in dri- tions are being continuously pr- rilling or reworking operations sl nt of one well and the beginn such well or wells drilled being	as oil, or gas of whatsoever natus hereinafter provided. If prior to fter discovery of oil or gas producing operations within sixty (60) de rental-paying date next ensuing the expiration of the primary term illing or reworking operations there osecuted on said land or on a chall be considered to be continuouing of operations for the drilling drilled or reworked at or after the	are or kind, or o discovery of etion thereafter lays thereafter, after the exof this lease, reon, then this drilling or deasy prosecuted or reworking expiration of
3. In consideration of the premises t (a) To deliver to the credit of 1	the said lessee covenants and agrees:	ich lessee may connect his well	s, the equal one-eighth part of al	l oil produced
gravity prevailing on the day such of	or at the lesses's option, may pay to the il is run into the pipe line or into storage that soever nature or kind produced and s	e tanks.	-	
therefrom, one-eighth, at the market a well producing gas only is not sold or tender to be made on or before the thereafter on or before the anniversa rental depository bank herein design lease.	price at the well for the gas sold, used of l or used, lessee may pay or tender as ro le anniversary date of this lease next ensui ry date of this lease during the period s ated. If such payment or tender is mad	if the premises, or in the mant yalty One Dollar per year per neng after the expiration of 90 uch well is shut in, to the royal e, it will be considered that ga	days from the date such well is ty owners or to the royalty owners s is being produced within the m	such payment s shut in and s' credit in the neaning of this
4. If operations for the drilling of a therewith as hereinafter provided on	well for oil or gas are not commenced of or before one year from the date hereo	t, this lease shall terminate as	to both parties, unless the lessee	e on or below
	ssor or to the lessor's credit in the Was			
Blair, Nebraska 68008	or its successor	ers, which shall continue as the	depository for rental regardless of	changes in the
ownership of said land, the sum of	Six Hundred Seventy and	1 00/100	Annexes A	DOLLARS
for twelve months from said date. I deferred for like periods of the same mailed or delivered on or before the only the privilege granted to the date and all other rights conferred. Show	ch shall operate as a rental and cover the like manner and upon like payments of number of months successively. All paymental paying date. It is understood and a e when said first rental is payable as afor the depository bank hereafter close with with the first named bank, due notice	or tenders the commencement of tents or tenders may be made by agreed that the consideration fir resaid, but also the lessee's right thout a successor, lessee or its	operations for drilling of a well is y check or draft of lessee or any a st recited herein, the down paymet of extending that period as afor assigns may deposit rental or re	may be further asignee thereof, ent, covers not resaid, and any
5. Lessee, at its option, is hereby as to all or any part of the land de the mineral estate covered by this the production of either, when in I with respect to such other land, lest to exclude such non-producing for declaration of such unitization or fore been completed or upon which shut in for want of a market any reworking operations or a well shug gas royalties, lessor shall receive of allocation shall be that proportion to the total number of surface acrepant of the above described lands a operative or unit plan of developmentage or terminate any such plan conform to the terms, conditions, and development requirements of the such plan or agreement, and this is lands or any part thereof, shall he therefrom is allocated to different the purpose of computing the royal which it is allocated and not to an only as so allocated. Lessor shall and approved by any governmental	given the right and power at any time a scribed herein and as to any one or mo lease with other land, lease or leases in sesse's judgment it is necessary or advisuse or leases. Likewise, units previously mations. The forming or reforming of a reformation, which declaration shall de h operations for drilling have theretofowhere on a unit which includes all or at in for want of a market under this least in production from the unit so pooled to the unit production that the total nues in such unit. In addition to the forest to one or more of the formations therent or operation approved by any, gove or agreement and, in such event, the tend provisions of such approved cooperabis lease, express or implied, shall be satisfied by the sease shall not terminate or expire during reafter be operated under any such cooperations of the land covered by said publics to be paid hereunder to lessor, be to mailly express lessor's consent to an all agency by executing the same upon re	n from time to time as a recure of the formations hereunde the immediate vicinity for the able to do so, and irrespective formed to include formation my unit shall be accomplished scribe the unit. Any unit may be been commenced. Production part of this lease shall be asse. In lieu of the royalties onyalties only on the portion of more of surface acres covered going, lessee shall have the recunder with other lands in the termental authority and, from the strength of the conditions, and provision tive or unit plan of developm tisfied by compliance with the generative or unit plan of developm the life of such plan or agree perative or unit plan of developm. The termental authority plan of developm the life of such plan or agree perative or unit plan of developm the production allocated as having been propayments to be made hereun by cooperative or unit plan of quest of lessee.	arring right, either before or after, to pool or unitize the leasehore production of oil and gas, or see of whether authority similar is not producing oil or gas, may by lessee executing and filing include land upon which a welfor, drilling or reworking operative ated as if it were production elsewhere herein specified, included in the four production allocated to the production allocated to the production allocated to the production allocated to the same general area by entering the to unitize, pool, or combine to time, with like approvement of this lease shall be deemed and production and, particular the drilling and development referent. In the event that said allopment or operation whereby the total conduced from the particular tract of lessor shall be based up the development or operation adopted to lessor shall be based up the development or operation adopted the development or op	old estate and separately for to this exists to this exists to be reformed g of record a li has theretoions or a well more did in a state of the control of
liabilities thereafter to accrue, as to shall be reduced proportionately.	this lease as to any stratum or strata an the lands released, shall cease and determ	ine. In the event of a partial r	release, the annual delay rental ab	pove mentioned
When requested by the lessor, lessor well shall be drilled nearer to Lessee shall pay for damages on	essee shall bury its pipe lines on cultivate than 200 feet to the house or barn now coused by his operation to growing crops of the time to remove all machinery and fix	on said lands. INCLUDIA	TO A MINIMUM DEP ritten consent of the lessor. US SURFALE.	OTH OF S FEE
8. If the estate of either party here or division in ownership of the land	to is assigned, and the privilege of assign , rentals or royalties, however accomplishe their heirs, executors, administrators, suc	ing in whole or in part is expresed, shall operate to enlarge the	ssly allowed, although it is agreed to obligations or diminish the rights	that no change of the lessee,

the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until after the lessee has been furnished with certified copies of muniments of title deraigning title from lessor; and it is hereby agreed in the event this lease shall be assigned as to a part or parts of the above-described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the rents due from him or them, such default shall not operate to defeat or affect this lease insofar as it covers a part or parts of said lands as to which the said lessee or any assignee thereof shall make due payment of said rental. In the event of death of any person entitled to rentals hereunder, lessee may pay or tender such rentals to the credit of the deceased or the estate of the deceased until such time as lessee is furnished with proper evidence of the appointment and qualification or an executor or administrator of the estate, or if there be none, then until lessee is furnished with evidence satisfactory to it as to the heirs or devisees of the deceased.

9. 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 pay for lessor, any mortgage, taxes or other liens on the above-described lands in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and lessor hereby agrees that any such payments made by the lessee for the lessor may be deducted from any amounts of money which may become due the lessor under the terms of this lease.

10. If said lessor owns a less interest in the above-described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid the lessor only in proportion which his interest bears to the whole and undivided fee. Any interest in the production from the lands herein described to which the interest of lessor may be subject shall be deducted from the royalty herein reserved.

10 (A) Lessee may not enter the surface of the above land with the prior written consent of lessor. of lessor... 4694

11.74

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 or regulation enacted or issued by any such Governmental body. In determining the residence of lessor for purposes of complying with such laws, or regulation status of lessor nor an error, in the payment of any sums of money due or payable to lessor. Neither any error in the determination of the residence or as a result of lessee's good faith efforts to comply with any such laws or regulations shall terminate this lease which is made during the course of against lessee. All of lessee's obligations and covenants hereunder, whether express or implied, shall be suspended at the time or from time to time as compliance 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 liable in damages for failure to comply with any such obligations or covenants if compliance thereforilling or reworking operations during the primary term of this lease, under the contingencies above stated, shall be prevented from conducting lease; provided, however, that delay rentals as herein provided shall not be suspension of the suspension of operations and if this lease is extended and in 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.

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

IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written.

R.P. Flynn & Sons, A Nebraska Partner R.P. Hynn & Sons Cry W Eugene	lum	
Kathlew O. Flyn	1159.00.0011	
Kathleen O. Flynn	W. Eugene Flynn	,
AC	CKNOWLEDGMENTS	
Mohana La		
STATE OF Nebraska COUNTY OF Washington ss.	INDIVIDUAL, North Dakota, South Dakota, Neb	
On this day of Octo		100
W. Eugene Flynn & Kathloon O. El-	ber 1979., before me, personally appeared	
instrument	to me known to be the person	cuted the foregoin
My commission expires:	ted the same as their free act and deed.	
3-/c - 8c	Rich Ba 2 00	9
en e	GENERAL NOTARY-state of Nebraska I	otary Public.
	My Comm. Exp. March 10, 1980	
STATE OF		
COUNTY OF	INDIVIDUAL, North Dakota, South Dakota, Nebi	
On this	, 19, before me, personally appeared	***************************************
	, to me known to be the person described in and who execu	uted the foregoing
nstrument, and acknowledged to me thatexecut My commission expires:	red the same as	
vy commission expires:	Section 2015	
	N	Notary Public.
•		
	duly duly Page	buty
Lease	and 2/15	2
	N. E. S.	return to
and Gas	S TO B SET S	E E
d	The street of th	ecorded
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Ö	Session of this of	When/
Ž O	Dated Aprox. No. Acres. No. Acres. Term. This instrument wa the 2 day of 6 day o	
	Dated Dated No. A No. A Library Library Control of Cont	<u>.</u>
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		* . *
FATE OF		
OUNTY OF	CORPORATE, North Dakota, South Dakota, Nebras	
On this day of	in the year, before me, a	. N.,
rsonally appeared	, before me, a	ı Notary Public,
own to me to be the	of the Corporation that is described in and that executed the within	,
knowledged to me that such Corporation executed the same.	that is described in and that executed the within	instrument and
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	1470a Not	tary Public.