

poled area bears to the amount of the surface acreage of the entire poled area. Nothing herein contained shall authorize or effect any transfer of any title to any leasehold, royalty or other interest pooled pursuant hereto. The commencement of a well, the conduct of other drilling operations, the completion of a well or of a dry hole, or the operation of a producing well on the poled area, shall be considered for all purposes (except for royalty purposes) the same as if said well were located on, or such drilling operations were conducted upon, the lands covered by this lease whether or not such well is located upon, or such drilling operations are conducted thereon, said lands. Lessee may terminate any pooling effected pursuant hereto at any time by executing and filing of record in the county or counties in which the poled area is located a written declaration of the termination of such pooling, provided that the pooling of all interests not covered by this lease which the poled area is located a written declaration of the termination of such pooling, provided that the pooling of all interests not covered by this lease which comprise a part of such pooled unit be also terminated in some effective manner. operations thereon except water from wells or lesser Lessee shall have the right to use, free of cost, oil, gas and water produced on said land for operations thereon except water from wells or lesser Lessee shall have the right to use, free of cost, oil, gas and water produced on said land for operations thereon except water from wells or lesser No part of the surface of the leased premises shall, without the written consent of lessee, be let, granted or licensed by lessor to any other party for the location, construction or maintenance of structures, tanks, pits, reservoirs, equipment, or machinery to be used for the purpose of exploring, developing or operating adjacent lands for oil, gas or other minerals. No well shall be drilled nearer than 200 feet to any house or barn now on said premises without the written consent of the owner of the surface on which such house or barn is located. Lessee shall pay for damages to growing crops caused by its operations on said lands. Lessor hereby warrants and agrees to defend the title to the lands herein described, but if the interest of lessor covered by this lease is expressly stated to be less than the entire fee or mineral estate, lessor's warranty shall be limited to the interest so stated. Lessee may purchase or lease the lands of any party claiming any interest in said land and exercise such rights as may be obtained thereby. If lessee shall not suffer any forfeiture nor incur any liability to lessor by reason thereof. Lessee shall have the right at any time to pay for lessor, any mortgage, taxes or other lien on said lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and any such payments made by lessee for lessor may be deducted from any amounts of money which may become due lessor under this lease. All express provisions and implied covenants of this lease shall be subject to all applicable laws, governmental orders, rules and regulations. This lease shall not be terminated in whole or in part, nor lessee held liable in damages, because of a temporary cessation of production or of drilling operations due to breakdown of equipment or due to the tapping of a well or wells or because of failure to comply with any of the express provisions or implied covenants of this lease if such failure is the result of the exercise of governmental authority, war, armed hostilities, lock of market, act of God, strike, civil disturbance, fire, explosion, flood or any other cause reasonably beyond the control of lessee. The parties and their respective successors and assigns. Reference hereinafter to lessor and lessee shall include reference to their respective successors and assigns. Should any one or more of the parties named above as lessor or lessee not execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

See EXHIBIT "B" which is attached hereto and made a part of this Oil and Gas Lease.

IN WITNESS WHEREOF, this lease is executed as of the day and year first above written.

Subscribing Witness: Kyle F. Thomas, Walter G. Thomson, Minnie J. Thomson



SUBSCRIBING WITNESS ACKNOWLEDGMENT

STATE OF OREGON)
COUNTY OF COLUMBIA) ss.

On this 30th day of July, 1979, before me, the undersigned Notary Public in and for said County and State, personally appeared Kyle F. Thomas known to me to be the person whose name is subscribed to the within instrument as a Witness thereto, who being by me duly sworn, deposes and says: That he resides at Box 201, Farmington, New Mexico 87401, and that he was present and saw Walter G. Thomson and Minnie J. Thomson

personally known to him to be the same person whose name is/are subscribed to the within and annexed instrument, execute and deliver the same, and he acknowledged to said affiant that he executed the same; and that said affiant subscribed his name thereto as a Witness.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

(SEAL) [Signature]

[Signature]
NOTARY PUBLIC
In and for said County and State

My Commission Expires: Commission Expires 0-1-24-1979

Order of Return
5858 24423

AFTER RECORDING, RETURN TO: County Recorder

This EXHIBIT "A" is attached hereto and made a part of this Oil and Gas Lease dated the 30th of July, 19' 9, by and between Walter G. Thomson and Minnie J. Thomson, husband and wife, as Lessors, and American Quasar Petroleum Co. of New Mexico, as Lessee covering certain lands below described, to wit:

BOOK 6-

PAGE 345

Township 3 North, Range 4 West - Wash 30, 2000

Section 33: All of the following described real property lying to the East of and being adjacent to the Southern Pacific Railroad right of way:

Commencing at the NW corner of the NW $\frac{1}{4}$ of Section 33, Township 3 North, Range 4 West of the Willamette Meridian in Washington County Oregon, and running thence North along the Section line to the point of intersection of said Section line with the South line of the right of way of the Southern Pacific Railroad Company; thence Nor'westerly following the Southwesterly line of the right of way of said railroad company to the point of intersection of said line with the South line of the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 32, said Township and Range; thence West along the South line of the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of said Section 32 to a point which is the NE corner of that tract conveyed to J. A. Rudisill and wife by deed book 368 page 720 and bears South 88° 40' East 322.7 feet, more or less, from the center of the NE $\frac{1}{4}$ of said Section 32, as established in the county survey #1155; thence South 25° 36' East 1956 feet to a point which bears South 63.4 feet and West 132.3 feet from the quarter section corner on the East line of said section 32; thence South 10° 08' East 680.3 feet to a point on the North line of the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of said section 32, which bears South 88° 40' West 40 feet from the SE corner of the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of said section 32; thence South 88° 40' East 271 feet; thence in a Southwesterly direction 42 rods to a point 2 rods East of the East line of said Section 32; thence in a Southeasterly direction 42 rods to a point 14 rods East of the SE corner of said Section 32; thence East along the South line of said Section 33, said Township and Range, 66 rods, more or less, to the SE corner of the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 33; thence North 160 rods to the NE corner of the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 33; thence West 80 rods to the place of beginning.
Except right of way for roads and highways and railroads.

Township 2 North, Range 1 West:Section 30: N $\frac{1}{2}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$.Township 1 North, Range 5 East:Section 23: N $\frac{1}{2}$ NE $\frac{1}{4}$; S $\frac{1}{2}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$.Township 2 South, Range 4 West:Section 16: SE $\frac{1}{4}$ NW $\frac{1}{4}$; NW $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$.

Section 19: That part of the SW $\frac{1}{4}$ NW $\frac{1}{4}$ which was the land owned by Walter G. Thomson as described in Book 21, page 392 in the Yamhill County Records except that portion conveyed to Lloyd W. Miller in Book 56, page 517 of the Yamhill County records in the Yamhill County Court House.

Township 3 North, Range 8 East, Skamania County, State of Washington:Section 25: $\frac{1}{2}$ NW $\frac{1}{4}$.Section 26: NE $\frac{1}{4}$ NE $\frac{1}{4}$; SE $\frac{1}{4}$ NE $\frac{1}{4}$; SW $\frac{1}{4}$ NE $\frac{1}{4}$; Except that part of the SW $\frac{1}{4}$ NE $\frac{1}{4}$ as described in Book 53, page 263 in the Skamania County records in the Skamania County Court House; Also excepting such lands as described below, to wit:

A tract of land in the NW $\frac{1}{4}$ of section 26, Township 3 North, Range 8 East., W. M. Beginning at the center of section 26; Thence East along the South line of the NE $\frac{1}{4}$, a distance of 1130 feet to the true point of beginning; Thence North 00 04' East a distance of 191.5 feet; thence North 00 03' West 375.9 feet; thence North parallel with the West line of the NE $\frac{1}{4}$ to a point on the South line of the NW $\frac{1}{4}$ NE $\frac{1}{4}$; thence East along said South line to the SE corner of the NW $\frac{1}{4}$ NE $\frac{1}{4}$; thence North along the East line of the NW $\frac{1}{4}$ NE $\frac{1}{4}$ a distance of 150.0 feet; thence East parallel with the South line of the NE $\frac{1}{4}$ a distance of 590.0 feet; thence South parallel with the East line of said NE $\frac{1}{4}$ to the South line of said NE $\frac{1}{4}$; thence West along said South line to the point of beginning.

Signed for identification purposes:

Walter G. Thomson
Walter G. Thomson

Minnie J. Thomson
Minnie J. Thomson

Unofficial Copy

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EXHIBIT "B"

BOOK 1419

PAGE 114

This EXHIBIT "B" is attached hereto and made a part of this Oil and Gas Lease dated the 30th of July, 1979; by and between Walter G. Thomson and Minnie J. Thomson, husband and wife, as Lessors, and American Quasar Petroleum Co. of New Mexico, as Lessee, to wit:

Lessee acknowledges that the lands covered by this Oil and Gas Lease are held by Lessor for the primary purpose of growing timber thereon, and cutting, removing or otherwise utilizing the same from time to time. Lessee will conduct its operations hereunder so as not to interfere unreasonably with Lessor in the operation of Lessor's business, and Lessee will build and use only such roads as are reasonably necessary to conduct its operations under the lease, such roads to be built and used in such a manner so as to avoid, insofar as possible, disturbance of Lessor's growing timber and operations. Lessee agrees to notify Lessor and obtain Lessor's approval prior to construction of any such roads, or the commencement of its operations on said lands. However, Lessor's approval shall not be withheld unreasonably.

Lessee will provide at Lessee's expense all necessary protective measures to prevent any loss or damage to the property of the Lessor herein described on account of any operations conducted by Lessee, including protection for pipeline and telephone lines.

Lessee will pay for all damages to Lessor's timber, pulpwood, sawlogs, trees, forest growth (standing, cut or fallen) or other properties of any kind, but not by way of limitation, damage caused by forest fire originating on the leased property, or any adjacent and contiguous premises under the direct control of, or being actively operated by, Lessee.

Timber which is eighty (80) years of age, or greater, shall be deemed mature. Any damage to younger timber shall be calculated as follows:

$$\frac{80\text{-age of damaged tree} \times 1000 \text{ board } \text{ft} \times \text{FWU}}{80}$$

Lessor shall designate the location for decking marketable logs and proper lengths to be bucked. Lessee will promptly notify Lessor's nearest fire crew of, and will use its best efforts to extinguish, any fire which may result from Lessee's operations. Pits and excavations made during Lessee's operations on said lands will be filled and the surface restored by Lessee, as nearly as reasonably possible, to its original condition, and if Lessee shall fail to do so, the cost to Lessor of such filling and restoration shall be paid to Lessor by Lessee. Such restorations to be made within six (6) months after Lessee's operations have been fully terminated.

Signed for identification purposes:

Walter G. Thomson
Walter G. Thomson
Minnie J. Thomson
Minnie J. Thomson

American Quasar Petroleum
707 United Bank Tower
1700 Broadway
Denver, Colorado

PIERCE, FENNER & SMITH INC. HAS REVIEWED THIS INSTRUMENT BY REQUEST AS TO ACCORDANCE WITH FEDERAL AND STATE REGULATORY REQUIREMENTS AND SUFFICIENCY OF LAW TO TAKE EFFECT FOR THE TITLE TO ANY REAL PROPERTY THAT MAY BE DESCRIBED THEREIN.