

BOOK 479 PAGE 03

(Post Office Address)

Three Greenway Plaza East, Suite 800, Houston, Texas 77046

TOWNSHIP 38 NORTH, RANGE 19 WEST, N.M.P.M.

TOWNSHIP 39 NORTH, RANGE 19 WEST, N.M.P.M.

and includes not only the land specifically described above but also all land, if any, contiguous to or adjoining said land and owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or as to which lessor has a preference right of acquisition. For the purpose of calculating the rental payments hereinafter provided for, said land is estimated to comprise 480.09 acres, whether it actually comprises more or less than 500 (500).

for, said land is estimated to comprise 480.09 acres, whether it actually comprises more or less five (5) Subject to the other provisions herein contained, this lease shall remain in force for a term of ten (10) years from this date (called "primary term") and as long thereafter as oil, gas, sulphur, fissionable material or other mineral is produced from said (and/or land with which said land is pooled.

3. The royalties to be paid by lessee are:
 (a) For oil and/or hydrocarbons produced at the well, one-eighth of that produced and saved from said lands to be delivered at the wells or to the credit of the lessee, less the cost of production, less the cost of transportation to the point of sale, less the cost of marketing, less the cost of any other expenses incurred in the pipeline to which the wells may be connected. Lessor's interest in either case shall bear its proportion of any expenses for creating oil to make it marketable as above, may, at its option, from time to time purchase any royalty oil or liquid hydrocarbons, paying the market price therefore prevailing for the field where produced for oil or liquid hydrocarbons, less the cost of production, less the cost of transportation to the point of sale, less the cost of marketing, less the cost of any other expenses incurred for such oil and/or liquid hydrocarbons computed at the well;
 (b) For gas, the lessor and lessee may sell any royalty oil or liquid hydrocarbons in its possession and any lesser the price received by lessee.

[illegible]

(d) If lessee drills a well on said land or on land pooled therewith, which well is capable of producing oil or gas in paying quantities but such well is not being produced and this lease is not being maintained otherwise as provided herein, this lease shall not terminate; whether it be during or after the primary term (unless released by lessee) and shall nevertheless be considered that oil or gas in paying quantities is being produced from the land covered by this lease. When the lease is continued in force in this manner, the royalty shall be paid to the parties to the pool at the time of such payment would be entitled to receive royalty hereunder if the well were producing or deposit to the estate of the decedent or his heirs, devisees, assigns, personal representatives or assigns, as the case may be, in the proportion of the net primary term royalty credit in the depository bank herinbefore provided for, and the same shall be paid to the parties to the pool in the proportion of the net primary term royalty credit on the number of acres subject to this lease at the time such payment is made for each calendar month, or portion thereof, during which said well is situated on said land or on land pooled therewith, and this lease is not otherwise maintained; or this lease is not released by lessee as to the land on which or the horizon, zone, or formation in which the well is situated, and this lease is not otherwise maintained for the period of ninety (90) days from the date the lease is not otherwise maintained for all accruals to such date and thereafter on or before the first day of each third calendar month thereafter, until the lease is otherwise maintained or properly to properly or timely pay or tender any such sum as royalty shall render lessee liable for the amount due but it shall not appear to terminate this lease.

4. If operations for drilling are not commenced on said land or on land pooled therewith on or before one year from the date hereof, this lease shall terminate as to both parties unless on or before such date lessee shall pay or tender (or make a bona fide attempt to pay or tender) to lessor or to the credit of lessor in Old National Bank of Washington at North 5101 Market Spokane, Washington 99207

the sum of _____ Dollars

[illegible][illegible][illegible]

C2001B

9. Lessee shall not be liable for delays or defaults in its performance of any agreement or covenant hereunder due to force majeure. The term "force majeure" as employed herein shall mean: any act of God including but not limited to storms, floods, washouts, landslides and lightning; acts of the public enemy; wars, blockades, insurrections or riots; strikes or lockouts; epidemics or quarantine regulations; laws, acts, orders or requests of federal, state, municipal or other governmental officers or agencies; under color of authority; freight embargoes or failures; exhaustion or unavailability or delays in delivery of any product, labor, service or material. If lessee is required, ordered or directed by any Federal, State or municipal law, Executive order, rule, regulation or request enacted or promulgated under color of authority to cease drilling operations, mining operations, reworking operations or producing operations on the land covered by this lease, or if lessee by force majeure is prevented from conducting drilling operations, mining operations, reworking operations or producing operations, then until such time as such law, order, rule, regulation, request or force majeure is terminated and for a period of ninety (90) days after such termination each and every provision of this lease that might operate to terminate it or the estate conveyed by it shall be suspended and inoperative and this lease shall continue in full force. If any period of suspension occurs during the primary term, the time thereof shall be added to such term.

10. Lessee hereby warrants and agrees to defend the title to said land and agrees that lessee, at its option, may discharge any tax, mortgage, or other lien upon said land and, in the event lessee does so, it shall be subrogated to such lien with the right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same. Without impairment of lessee's rights under the warranty in the event of failure of title, it is agreed that if lessor owns an interest in said land less than the entire fee simple estate, then the royalties and rentals to be paid lessor shall be reduced proportionately; should any one or more of the parties named above as lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee its successors and assigns may at any time, and from time to time, execute and deliver to lessor or to the depository bank, or file for record a release or releases of this lease, as to any part or all of said land or any mineral or subsurface interval or any depths thereunder and thereby be relieved of all obligations as to the released land, mineral horizon, zone or formation. If this lease is released as to all minerals, horizons, zones and formations under a portion of said land, the delay rental, shut-in royalty and other payments computed in accordance therewith shall thereupon be reduced in the proportion that the acreage released bears to the acreage which was covered by this lease immediately prior to such release.

12. Other provisions hereof notwithstanding, this lease does not cover minerals other than oil, other liquid hydrocarbons (including sulphur components produced therewith), gas and their constituent elements. As used herein, the term "gas" means all gases (combustible and non-combustible), including, but not limited to, all gaseous hydrocarbons, gaseous compounds, carbon dioxide and helium.

13. Beginning with the first anniversary date of this lease next ensuing after production of oil and/or gas is obtained, for each year this lease is continued in force by production, if the total royalty paid by Lessee for such year is less than a sum equal to one dollar (\$1.00) per acre for each acre on which the lease is in force at the beginning of the particular year, Lessor shall be paid the difference as additional royalty following expiration of each such year. In consideration of such additional royalty, it shall be construed that such production during the lease year for which such additional royalty is paid was in paying quantities. Payment, or tender, may be made in the same manner as provided in this lease for payment of delay rentals.

IN WITNESS WHEREOF, we sign the day and the year first above written.

Edith I. Roundtree
Edith I. Roundtree

Virble C. Roundtree
Virble C. Roundtree

COLORADO ACKNOWLEDGMENT

STATE OF WASHINGTON

County of _____

The foregoing instrument was acknowledged before me this 27 day of April, 1977, by Edith I. Roundtree and Virble C. Roundtree, her husband

Witness my hand and official seal.

My Commission Expires 12-18-77

W. L. Westfano
Notary Public.

P. O. 6232 Monroe, Wash.

3-23-77

89207

Received and Forwarded, as Agent,
FOR COLLECTION AND REMITTANCE
Pay to the order of any Bank or Banker
All Prior endorsements guaranteed

MA 23 1977

SECURITY NATIONAL BANK
ROSWELL, NEW MEXICO

For the use of the Depositor Only and
Subject to the Bank's Request.

Signature *J. W. Allen*

No. C2001B

322/00

OIL, GAS AND MINERAL LEASE

Edith I. Roundtree

Virble C. Roundtree

TO

Probil Oil Corporation

Filed for Record this the

day of June

at 9:13 o'clock A M.

By John DeLoach

County Clerk.

By KL

Deputy.

Recorded 6-10 A.D. 19 77

in Monterey County

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RETURN TO KL

MOBILE OIL CORPORATION

THREE GREENWAY PLAZA EAST

SUITE 800

HOUSTON, TEXAS 77046

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