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Box Elder Co., UT  
Liberty Pioneer

### OIL AND GAS LEASE

AGREEMENT, Made and entered into the 21st day of September, 2009 by and between Delond K. Cole, Trustee of the Delond K. Cole Family Trust, Dated: March 22, 1984 and Delond K. Cole, individually

whose address is 7200 South Highway 89, Willard, Ut 84340 hereinafter called Lessor (whether one or more), and Liberty Pioneer Energy Source Inc whose address is 1411 East 840 North, Orem, UT 84097 hereinafter called lessee:

WITNESSETH: That Lessor, for and in consideration of Ten or more DOLLARS (\$10.00) in hand paid, receipt of which is hereby acknowledged, and of the agreements of Lessee hereinafter set forth, hereby grants, demises, leases and lets exclusively unto said Lessee the lands hereinafter described for the purpose of prospecting, exploring by geophysical and other methods, drilling, mining, operating for and producing oil or gas, or both, including, but not as a limitation, casinghead gas, casinghead gasoline, gas-condensate (distillate), gas producible from coal-bearing formations, and any substance, whether similar or dissimilar, produced in a gaseous state, all associated hydrocarbons produced in a liquid or gaseous form, all sulfur, geothermal resources and for injecting water and other fluids, gas, air, and other gaseous substances into subsurface strata, together with the right to construct and maintain pipe lines, telephone and electric lines, tanks, power stations, ponds, roadways, plants, equipment, and structures thereon to produce, save and take care of said oil and gas, and any and all other rights and privileges necessary, incident to, or convenient for the economical operation of said land, alone or co-jointly with neighboring land, for the production, saving and taking care of oil and gas, said being situated in the County of Box Elder, State of Utah, and being described as follows, to-wit:

See Exhibit " A " attached hereto and made a part hereof.

together with all strips, parcels of land and riparian rights adjoining or contiguous to the above described tract of land, and owned or claimed by Lessor and containing .264.8000 gross acres, more or less.

1. It is agreed that this lease shall remain in force for a term of TEN (10) years from the date above first written, hereinafter called "primary term", and as long hereafter as oil or gas of whatsoever nature or kind is produced from said leased premises or on acreage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith but Lessee is then engaged in drilling or re-working operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith; and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or re-working operations within ninety (90) days from date of cessation of production or from date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage pooled therewith.

2. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.

3. In consideration of the premises the said Lessee covenants and agrees:

1st. To deliver to the credit of Lessor, in the pipeline to which Lessee may connect wells on said land, the equal One-Eighth (1/8) part of all oil produced and saved from the leased premises, lessor's interest to bear One-Eighth (1/8) of the cost of treating oil to render it marketable pipe line oil.

2nd. To pay lessor on gas and casinghead gas produced from said land (a) when sold by lessee, One-Eighth (1/8) of the amount realized by lessee, computed at the mouth of the well, or (b) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of One-Eighth (1/8) of such gas and casinghead gas.

4. If at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled or unitized, capable of producing oil or gas or any other mineral covered hereby, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. If at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, the sum of one dollar (\$1.00) for each acre of land then covered by this lease. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 13 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. If said Lessor owns a less interest in the above-described land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

6. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operation thereon, except water from the wells of Lessor.

7. When requested by Lessor, Lessee shall bury Lessee's pipeline below plow depth.

8. No well shall be drilled nearer than 200 feet to houses, barns, or other facilities, including Lessor's water facilities now on said premises without written consent of Lessor.

9. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

10. 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.

11. The rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

12. Lessee, at its option, is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced.

Production, drilling or reworking 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 treated as if it were production, drilling or reworking operations or a well shut in for want of a market under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on production from the unit so pooled royalties only on the portion of such production allocated to this lease/such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, Lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to Lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to Lessor shall be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.

13. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

14. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

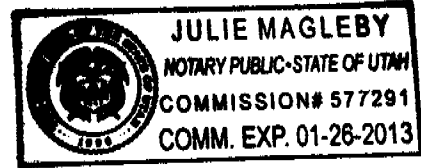
15. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the rights of the holder thereof, and the undersigned Lessor's, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

16. Should any one or more of the parties hereinabove named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor," as used in this lease, shall mean any one or more or all of the parties who execute this lease as Lessor. All the provisions of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessee.

17. Subsequent Leases. In the event that Lessor, during the term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offer, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen (15) days after receipt of the notice, shall have the prior and the preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer. All offers made up to and including the last day of the primary term of this lease shall be subject to the terms and conditions of this paragraph. Should Lessee elect to purchase the lease pursuant to the terms hereof, it shall notify Lessor in writing by mail or telegram prior to the expiration of said fifteen (15) day period. Lessee shall promptly thereafter furnish to Lessor the new lease for execution on behalf of Lessor along with Lessee's draft payable to Lessor in payment of the specified amount as consideration for the new lease, such draft being subject only to approval of title according to the terms thereof. Upon receipt thereof, Lessor shall promptly execute said lease and return same along with the endorsed draft to Lessee's representative or through Lessor's bank of record for payment.

IN WITNESS WHEREOF, this instrument is executed the date first written above.

Delond K Cole  
Delond K. Cole, Trustee of the Delond K. Cole  
Family Trust, Dated March 22, 1984



Delond K Cole  
Delond, K. Cole

STATE OF Utah }  
COUNTY OF Box Elder }

ss. ACKNOWLEDGEMENT

The foregoing instrument was acknowledged before me this 21 day of September, 2009

by Delond K. Cole, Trustee of the Delond K. Cole Family Trust, Dated: March 22, 1984 and Delond K. Cole,  
individually

My commission expires on: 1-26-2013

Julie Magleby  
Notary Public (Signature)  
Julie Magleby  
Notary Public (Printed Name)  
Notary Public for the State of Utah  
Residing at: Provo, Utah



**EXHIBIT "A"**

**Attached as part of Oil, Gas and Mineral Lease dated September 21, 2009, between  
Delond K. Cole, Trustee of the Delond K. Cole Family Trust, Dated: March 22, 1984 and Delond  
K. Cole, individually  
as Lessor, and Liberty Pioneer Energy Source Inc as Lessee**

**Township 7 North, Range 2 West, Salt Lake Base and Meridian**

Section 2: Beginning at a point located South 329 feet and East 3224 feet from the Northwest Corner of Section 2, Township 7 North, Range 2 West, Salt Lake Base and Meridian, point of beginning being on the West line of Highway 89-91 right of way, thence West 123 feet, thence North 88°16' East 136.6 feet, thence South 2°21' East 207.7 feet to the point of beginning. Also beginning at a point West 123 feet and North 1°28' West 92 feet from a point located South 329 feet and East 3224 feet from the Northwest Corner of Section 2, running North 1°28' West 111.5 feet, thence Southwesterly to a point 10 feet West of the point of beginning. thence East 10 feet to the point of beginning. Containing .6 Acres more or less. (01-040-0030)

**Township 8 North, Range 2 West, Salt Lake Base and Meridian**

Section 35: Beginning 59 rods 19 links North of the Southwest Corner of Section 35, Township 8 North, Range 2 West, Salt Lake Base and Meridian, thence East 240 rods, thence North 28 rods, thence West 240 rods, thence South 28 rods, to the point of beginning. Less Beginning at a point located North 87°49'17" West along the South line of said Southeast Quarter 1321.31 feet, thence North 0°48' East 989.14 feet and North 89°03'12" West 286.03 feet from the Southeast Corner of said Southeast Quarter, thence North 5°33'15" East 217.8 feet, thence North 89°3'12" West 200 feet to the East line of SR 89, thence South 5°33'15" West 217.8 feet, thence South 89°3'12" 200 feet to the point of beginning. Less Beginning at a point located North 87°49'17" West along the South line of the said Southeast Quarter 1321.31 feet and North 0°48' East 1451.14 feet from the Southeast Corner of the Southeast Quarter of said point being the Northeast Corner of Parcel (02-055-0031), thence North 89°3'12" West 447.62 feet to the East right of way line of the State Highway 89, along said right of way South 5°33'15" West 120.39 feet, thence South 89°3'12" East 457.59 feet, thence North 0°48' East 120 feet to the point of beginning. Less beginning at a point located North 87°49'17" West along the South line of said Southeast Quarter 1321.31 feet and North 0°48' East 989.14 feet from the Southeast Corner of the Southeast Quarter of Section 35, thence North 89°3'12" West 286.03 feet, thence North 5°33'15" East 217.8 feet, thence South 89°3'12" East 267.98 feet to the East line of the West Half of the Southeast Quarter of said Section 35, thence South 0°48' West along said East line to the point of beginning. Containing 27.26 Acres more or less. (02-055-0031)

Section 35: All that part of the following lying East of the UICRR right of way and West of the State Highway: Beginning 7 rods East and 9.48 rods North of the Southwest Corner of Section 35, Township 8 North, Range 2 West, Salt Lake Base and Meridian; thence East 233 rods; thence South 39 rods 12 links; thence West 233 rods; thence North 39 rods 12 links to the point of beginning. Less Beginning at a point located South 329 feet and East 3224 feet from the Northwest Corner of said Section 2, said point of beginning being on the West line of highway 89-91 right of way; thence West 123 feet; thence North 1°28' West 203.5 feet; thence North 88°16' East 136.6 feet; thence South 2°21' East 207.7 feet to the point of beginning. Also beginning at a point West 123 feet and North 1°28' West 92 feet from a point located South 329 feet and East 3224 feet from the Northwest Corner of said Section, running thence North 1°28' West 111.5 feet; thence Southwesterly to a point 10 feet West of the point of beginning; thence East 10 feet to the point of beginning. Less Beginning at a point located South 495 feet and East 3206

feet, said point of beginning being at the grantor's South property line and West line of Highway 89-91 right of way from the Northwest Corner of said Section 2, Township 7 North, Range 2 West, Salt Lake Base and Meridian; thence West 255.5 feet; thence North 21°32' East 144.5 feet; thence North 0°56' East 31.2 feet; thence North 89°41' East 72.6 feet; thence East 147 feet, more or less to said West right of way, thence Southwesterly along the said West line 180 feet, more or less to the point of beginning. Containing 33.75 Acres More or Less. (01-040-0002)

**Township 9 North, Range 2 West, Salt Lake Base and Meridian**

Section 15: Beginning at the Northeast Corner of the Southeast Quarter of Section 15, Township 9 North, Range 2 West, Salt Lake Base and Meridian, thence South along the Section line 1328.56 feet more or less to the South line of the grantor's property, thence West 160 rods, thence North 1328.56 feet more or less to the North line of the Southeast Quarter of said Section, thence East 160 rods to the point of beginning. Less: right of way for 1200 West Street along the East line of Section 15. Containing 78.52 Acres more or less. (03-108-0041)

Section 15: Beginning 1320 feet North of the Southeast Corner of the Southwest Quarter of Section 15, Township 9 North, Range 2 West, Salt Lake Base and Meridian, thence North along the Half Section line 3960 feet to the North line of said Section 15, thence West 940.5 feet, thence South 1485 feet, thence West 1450 feet more or less to the East line of the Freeway Numbered I-15, thence following the East line of said freeway in a Southeasterly direction 2485.5 feet more or less to a point on the South line of the North Half of the Southwest Quarter of said Section 15, thence East 1930 feet more or less to the point of beginning. Less a right of way for 800 North Street along the North line of Section 15. Also less Beginning at the Southeast Corner of the Northwest Quarter of said Section 15, thence West 32 rods, thence North 40 rods, thence East 32 rods, thence South 40 rods more or less to the point of beginning. Less a tract deeded to UDOT for description see Book 554 Page 79. Also Less part of the Northwest Quarter of Section 15, Township 9 North, Range 2 West, Salt Lake Base and Meridian, Description: Beginning at the Northeast Corner of said Quarter Section, said being North 1320 feet and North 3960 feet from the Southeast Corner of the Southwest Quarter of said Section, thence West along the North line 940.5 feet, thence South 926.5 feet, thence East 940.5 feet to the East line of said Northwest Quarter, thence North along said East line 926.5 feet to the point of beginning. Containing 124.67 Acres more or less. (03-108-0061)

Lessor does hereby lease and let exclusively unto Lessee all lands and minerals owned or claimed by Lessor in the within named Section 2 T7N-R2W and Section 35 T8N-R2W and Section 15 T9N-R2W

**No Operations Without Surface Agreement**

Lessor and Lessee hereby agree that no operations of any type will be conducted on the leased premises before a surface use agreement and reclamation requirements, including interim and final re-vegetation requirements with a prime contractor, is entered into by both parties.

**Special Provisions**

Notwithstanding anything to the contrary contained herein:

Prior to commencing surface drilling operations on any portion of the above described lands, the Lessee must obtain Lessor's prior written consent and meet to settle anticipated surface damages caused by Lessee's operations; however, said consent shall not be unreasonably withheld or arbitrarily denied.

In the event that any operations permitted under the terms of this lease are conducted on the

surface of the above and foregoing lands, Lessee agrees to restore the surface of the subject lands to a condition as near its natural state as practicable and remove any fixtures and /or equipment placed on the subject lands within 120 days after cessation of drilling and/or production activities and/or any other operations thereon. Lessee shall pay lessor for all damages to crops, standing and growing timber, livestock, water wells, natural springs, land or improvements situated on the leased premises caused by Lessee's operations. The payment shall be the market value for all lands utilized in the making of surface location(s), including roadways for rights of ingress, egress and any production facilities. Furthermore, Lessee shall strictly observe and comply with all local, state and federal environmental laws dealing with the herein leased premises.

Lessee shall defend and indemnify and hold harmless, the Lessor(s) from and against all actions or causes of action, claims, losses and damages of every kind incident to or in any manner resulting in injury to persons (including employees, agents, representatives, invitees and licensees of Lessee, or others engaged by Lessee), and damages to property growing out of the use and occupancy of said property and any and all operations or other work or services contemplated or undertaken, thereon by Lessee, its agents, representatives, or others engaged by it to perform the same, including without limitation, all acts by it to perform the same, including without limitation, all acts of commission or omission of Lessee, its said agents, representatives, invitees, employees and licensees.

**SIGNED FOR IDENTIFICATION ONLY:**

Delond K Cole  
 Delond K. Cole, Trustee of the Delond K. Cole  
 Family Trust, Dated March 22, 1984

Delond K Cole  
 Delond, K. Cole