File
A-7/013/001

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
BOARD OF OIL, GAS, AND MINING
1588 West North Temple
Salt Lake City, Utah 84116

* ESCROW AGREEMENT *

AGREEMENT, made this 2nd day of September, 1980, between the Board of Oil, Gas, and Mining, hereinafter called the Board, and CLEMENT G. CAFARELLI, hereinafter called the Operator, and UTAH BANK AND TRUST, hereinafter called the ESCROWEE.

WHEREAS, the Operator desires to execute an Escrow Agreement in lieu of furnishing a Bond or other form of surety for the purpose of meeting the requirements of Section 40-8-14, UCA, 1953.

IT IS THEREFORE AGREED:

1. Deposit of Escrow Fund. Commencing on the 5th day of September, 1980, and on the same date each month thereafter, the Escrowee agrees to accept and the Operator agrees to deposit, FIVE HUNDRED DOLLARS ($500.00) on the 5th day of September, 1980, and ONE THOUSAND DOLLARS ($1000.00) each month thereafter, in what will be hereinafter referred to as the Escrow Fund, until such time as said Escrow Fund contains FIFTEEN THOUSAND DOLLARS ($15,000.00), excluding interest. All interest earned by the monies in said Fund shall be the property of CLEMENT G. CAFARELLI and may be released by the Escrowee upon demand.

2. Depository of Fund. The Fund shall be held by the Escrowee in an interest bearing account separate and apart from the personal funds of the Escrowee until such time as the Escrowee receives written direction, with respect to the disbursement of said Fund, together with interest and thereby, signed by both the Board and the Operator.

3. Disputes. In the event of any disagreement between the undersigned or any of them, and/or any other person, resulting in adverse claims and demands being made in connection with any

money, or property involved herein or affected hereby, the Escrowee shall be entitled at its option to refuse to comply with any such claim or demand, so long as such disagreement shall continue, and in so refusing, the Escrowee shall not become liable to the undersigned or any of them or to any other person for failure or refusal to comply with such conflicting or adverse demands and the Escrowee shall be entitled to continue to refrain and refuse to act until:

(a) the rights of the adverse claimants having been finally adjudicated in a court assuming and having jurisdiction of the parties, the money and property involved herein or affected hereby; and/or

(b) all differences shall have been adjusted by agreement and the Escrowee shall have been notified thereof in writing signed by a-1 of the interest parties.

4. Liability of Escrowee. The Escrowee shall not be liable for any error of judgement or for any act done or step taken or omitted by him in good faith, or for any mistake of fact or law or for anything which he may do or refrain from doing in connection herewith, except his own willful misconduct.

5. Protection of Escrowee. The Escrowee shall be protected in acting upon any notice, request, waiver, consent, receipt or other paper or document believed by the Escrowee to be genuine and to be signed by the proper party or parties.

6. Accounting. The Escrowee shall under no circumstances, be compelled to furnish a formal accounting for the Escrow Fund other than at the end of each calendar or fiscal year, to notify the Board and the Operator as to the date each payment was made into said Fund, the total amount contained therein and the interest accumulated thereby.

7. Fee. The fee of the Escrowee has been fixed by the Operator and the Escrowee under separate agreement. The Escrowee shall not be entitled to any additional fee for services rendered under this agreement.

8. Modification. This agreement may not be altered or modified without the express written consent of the Operator, the Board and the Escrowee.

IN WITNESS WHEREOF, the parties of the first and second parts hereto have respectively set their hands and seals this

day of September, 1980.

By Clement G. Cafarelli
CLEMENT G. CAFARELLI

BOARD OF OIL, GAS, AND MINING

By C. R. Henderson

UTAH BANK & TRUST

by B. Clawson

Approved as to form:
Denise A. Dragos
Special Assistant Attorney General