

THIS AGREEMENT made and entered into this 30th day of January, 2007 by and between Nancy T. Green of 792 South Bermont Avenue, Lafayette, CO 80026, lessor (whether one or more), and KERR-McGEE OIL & GAS ONSHORE LP, a Delaware limited partnership with an address of 1999 Broadway, Suite 3700, Denver, Colorado 80202, lessee.

## WITNESSETH:

That lessor, for and in consideration of Ten and no/100---Dollars (\$10.00) in hand paid, the receipt and sufficiency of which are hereby acknowledged, and the royalties herein provided and the covenants and agreements hereinafter contained, does hereby grant, demise, lease and let unto the said lessee, exclusively, its successors and assigns, the following described land for the purpose of carrying on geological, geophysical and other exploratory work, including core drilling and the investigating, exploring, prospecting, drilling, mining, operating for, producing and saving of oil, liquid hydrocarbons, gas, gas condensate, gas distillate, casinghead gas, casinghead gasoline, and all other gases and their constituent parts, other minerals and other substances produced in connection with oil and gas operations hereunder, or as a by-product of oil and gas, and the exclusive right of injecting gas, air, waters, brine and other fluids and substances into the subsurface strata, with rights of way and easements for laying pipe lines, telephone and other communication lines, building tanks, power houses, stations, ponds, roadways and other fixtures or structures for producing, treating, storing and caring for such products, and any and all other rights and privileges necessary, incident to or convenient in the economical or efficient operation, alone or in connection with other lands, of said land for the production of said products or substances and the erection of structures thereon to produce, save, store and inject said products and substances and housing and otherwise caring for its employees and the injection of water, brine and other substances into the subsurface strata of said tract of land, together with any reversionary rights therein or rights hereafter vested in, said tract of land being situated in the County of Weld, State of Colorado, and described as follows, to-wit:

## Township 5 North, Range 66 West, Section 25: S/2SE/4

together with all submerged lands, accretions, and strips adjacent or contiguous thereto and owned or claimed by lessor, which land shall, for the purpose of calculating the amount of any money payment permitted or required by the terms of this lease, be considered as containing exactly 80 acres, whether there is more or less.

TO HAVE AND TO HOLD the same (subject to the other provisions herein contained) for a term of **five (5) years** from this date (hereafter called "Primary Term") and as long thereafter as oil, gas, gas condensate, gas distillate, casinghead gas, casinghead gasoline, or other minerals may be produced from said leased premises or operations for the drilling or production thereof are continued as hereinafter provided. This is a paid-up lease and lessee shall have no obligation to make annual rental payments to lessor over and above the consideration stated above and the production royalty payments described below.

In consideration of these premises, it is hereby mutually agreed as follows:

1. Royalties on oil, liquid hydrocarbons, gas, gas condensate, gas distillate, casinghead gas, casinghead gasoline, and all other gases and their constituent parts, other minerals and other substances produced and saved hereunder shall be paid by lessee to lessor as follows: (a) For oil and other liquid hydrocarbons separated at lessee's separator facilities, the royalty shall be **one-eighth (1/8)** of such production, to be delivered at lessor's option to lessor at the wellhead or to lessor's credit at the oil purchaser's transportation facilities, less a proportionate part of ad valorem taxes and production severance or other excise taxes and the costs incurred by lessee in delivering, treating or otherwise marketing such oil or other liquid hydrocarbons, provided that lessee shall have the continuing right to sell such production to itself or an affiliate at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas, gas condensate, gas distillate, casinghead gas, casinghead gasoline, and all other gases and their constituent parts, other minerals and all other substances covered hereby, the royalty shall be **one-eighth (1/8)** of the proceeds realized by lessee from the sale thereof, less a proportionate amount of all post-production costs, including but not limited to ad valorem taxes, gross production taxes, and severance taxes, or other excise taxes, gathering and transportation costs from the wellhead to the point of sale, as well as costs incurred by lessee in compressing, treating, delivering, processing or otherwise marketing such gas or other substances, provided that lessee shall have the continuing right to sell such production to itself or an affiliate at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which lessee commences its purchases hereunder; and (c) if during or after the Primary Term one or more wells on the leased premises or lands pooled therewith are capable of producing oil, liquid hydrocarbons, gas, gas condensate, gas distillate, casinghead gas, casinghead gasoline, and all other gases and their constituent parts, other minerals or other substances covered hereby in paying quantities, but such well or wells are either shut-in or production therefrom is not being sold by lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If, for a period of ninety (90) consecutive days, such well or wells are shut-in and no production from the leased premises is sold by lessee, then lessee shall pay an aggregate shut-in royalty of one (\$1.00) dollar per acre then covered by this lease, such payment to be made to lessor on or before the end of said 90-day period and thereafter on or before each anniversary of the said 90-day period while the well or wells are shut-in and production from the leased premises is not being sold by lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period of the cessation of such operations or production, as the case may be. Lessee's failure to properly pay shut-in royalty shall render lessee liable for the amount due, but shall not operate to terminate this lease.

2. Notwithstanding any of the prior provisions of this lease, lessee shall have free use of oil, distillate, condensate, gas, casinghead gas, casinghead gasoline and all other petroleum products, water and other minerals and materials from the leased premises, except domestic or irrigation water from lessor's wells and tanks, for all operations hereunder.

3. All shut-in royalty payments under this lease shall be paid or tendered to lessor or its successors. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to lessor by deposit in the U.S. Mails in a stamped envelope addressed to lessor at the last address known to lessee shall constitute proper payment.

4. It is expressly agreed that if lessee shall commence operations for the drilling of a well at any time while this lease is in force, this lease shall remain in force and its term shall continue for so long as such operations are prosecuted and, if production results therefrom, then so long as such production may continue. If, after the expiration of the Primary Term of this lease, production on the leased premises shall cease from any cause this lease shall not terminate provided lessee resumes or commences operations for the drilling or reworking of a well within one hundred twenty (120) days from the date of such cessation, and this lease shall remain in force and effect during the prosecution of such operations, and if production results therefrom, then as long as such production continues or the well or wells are capable of producing.

5. Where required by lessor, lessee shall bury all pipelines below ordinary plow depth in cultivated land and shall pay for damage caused by its operations to growing crops on said land. Lessee shall have the right, but shall not be obligated, at any time, either before or after expiration of this lease, to remove all fixtures and other property placed by lessee on the leased premises, including the right to draw and remove all casing. Lessee agrees, upon the completion of any test as a dry hole or upon the abandonment of any producing well, to restore the premises to their original contour as near as practicable and to remove all installations within a reasonable time. Any structures and facilities placed on the leased premises by lessee for operations hereunder and any well or wells on the leased premises drilled or used for the injection of salt water, fluids or other substances may also be used for lessee's operation on other lands in the same area; the right to so use such facilities may be continued beyond the term of this lease by payment in advance of the sum of One Hundred Dollars (\$100.00) per year. No well shall be drilled nearer than 200 feet to any house or barn now on the premises without the consent of lessor.

6. 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 leased premises 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, or for the injection of fluids or other substances, 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 market anywhere on a unit which includes all or 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 leased premises as to one or more of the formations thereunder with other lands in the same general area be 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 drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire while such plan or agreement remains in force and in effect. If the leased premises 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. Lessee shall not be required to obtain lessor's consent to any cooperative or unit plan of development or operation adopted by lessee and

approved by any required governmental agency.

7. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, successors and assigns, but no change or division in the ownership of the land, royalties, however accomplished, shall operate or be construed so as to enlarge or increase the obligations or burdens of lessee, or diminish its rights. Specifically, but not by way of limitation of the foregoing, lessee shall not be required to offset wells on separate tracts into which the land covered by this lease may hereafter be divided, or to furnish separate measuring or receiving tanks. Notwithstanding any actual or constructive knowledge of or notice to lessee, no change in the ownership of said land or the right to receive royalties hereunder, or any interest therein, however accomplished, shall be binding on lessee (except at lessee's option) until thirty (30) days after lessee has been furnished with written notice thereof, together with the supporting information hereinafter referred to, by the party claiming as the result of such change in ownership or interest. Such notice shall be supported by original or certified copies of all recorded documents and other instruments or proceedings necessary in lessee's opinion to establish the ownership of the claiming party.

8. No litigation shall be initiated by lessor for damages, forfeiture or cancellation with respect to any breach or default by lessee hereunder, for a period of at least 90 days after lessor has given lessee written notice fully describing the breach or default, and then only if lessee fails to remedy the breach or default within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless lessee is given a reasonable time after said judicial determination to remedy the breach or default and lessee fails to do so.

9. If lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises. To the extent any royalties or other payment attributable to the mineral estate covered by this lease is payable to someone other than lessor, such royalties or other payment shall be deducted from the corresponding amount otherwise payable to lessor hereunder.

10. Lessee may, at any time and from time to time, deliver to lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If lessee releases less than all of the interest or area covered hereby, lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction, including restrictions on the drilling and production of wells, and regulation of the transportation of oil, gas and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within lessee's control, this lease shall not terminate because of such prevention or delay, and, at lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any provisions or implied covenants of this lease when drilling, production or other operations are so prevented or delayed.

12. This lease and all of its terms and conditions shall be binding upon all successors of lessor and lessee. Should any one or more of the parties above named as lessor fail to execute this lease, it shall nevertheless be binding upon all lessors who do execute it. Notwithstanding any language herein to the contrary, it is expressly understood and agreed that any payment or payments made by lessee to the owner of any interest subject to this lease shall be sufficient payment hereunder as to such interest notwithstanding the joinder herein of the spouse of any such party as a party-lessor for the purpose of waiving homestead, dower or inchoate rights of inheritance, if any.

13. Lessor hereby warrants and agrees to defend the title to the land above described and agrees that lessee shall have the right at any time to redeem for lessor, by payment, any mortgage, taxes or other liens on the above described land in the event of default of payment by lessor and lessee shall be subrogated to the rights of the holder thereof, and lessor hereby agrees that any such payments made by lessee for lessor may, at lessee's option, be deducted from any amounts of money which may become due or payable to lessor under the terms of this lease.

14. This lease may be executed in multiple counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument

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

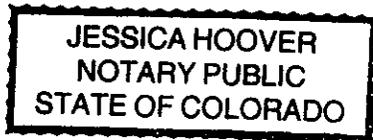
*Nancy T. Green*  
LESSOR: NANCY T. GREEN

STATE OF COLORADO )  
COUNTY OF ~~WELD~~ Boulder ) ss

The foregoing instrument was acknowledged before me this 15<sup>th</sup> day of February, 2007, by NANCY T. GREEN.

Witness my hand and official seal.

(SEAL)



*Jessica Hoover*  
Notary Public:  
Address:

My Commission Expires:

10-4-08