

6-001 BOOK 736

Recorded of 340 clock APR 10 1975

Producers 88 (272) 2-68--Colorado

165783

Shehee, Jr., Recorder

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 10th day of February 1975, between Vincent C. Erickson and Elisabeth J. Erickson, his wife of Rt. #2, Box 23, Platteville, Colorado, 80651.

Lessor (whether one or more), and Louis S. Madrid, Suite 1014, Midland Savings Bldg., Denver, Colorado Lessee, WITNESSETH: 60202

1. Lessor in consideration of Ten and more Dollars (\$ 10.00), in hand paid, of the royalties herein provided, and of the agreement of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas, other hydrocarbons and without restriction to such enumerated minerals, all other minerals whether similar or dissimilar to those particularly specified herein, laying pipe lines, building tanks, power stations, telephone lines, and other structures thereon to produce, leave, take care of, treat, transport and own said products, and housing its employees, the following described land in Weld County, Colorado, to-wit:

(Description)

Township 3 North, Range 66 West of 6th P.M. Section 19: S2SW1/4, except a parcel of land containing 5 acres conveyed by deed recorded in Book 24, page 69 of the Weld County records. Section 30: N1NW1/4, Township 3 North, Range 67 West of 6th P.M. Section 25: E1NE1/4, and containing 235 acres,

Save and except two Warranty Deeds from Vernon O. Erickson and Vincent C. Erickson, Co-Executors of the Estate of Oscar Erickson, deceased., one to Ted R. Richardson, et al, dated March 24th, 1971, recorded Book 643, Reception No. 1564525 and containing 107.414 acres; and one to Paco Sanchez, dated July 17th, 1972, recorded Book 672, Reception No. 1593759 and containing 50.46 acres.

rentals, pay or tender to Lessor as royalty, on or before one year from the date such well is shut in, the sum of \$100.00 per well, and, if such payment or tender is made, this lease shall continue in effect for a further period of one year. In like manner and upon like payments or tenders annually, made on or before each anniversary of the shut-in date of such well, this lease shall continue in effect for successive periods of twelve (12) months each. 75

4. If operations for drilling are not commenced on said land as hereinafter provided, on or before one year from the date of this lease, then terminate as to both parties, unless on or before such anniversary date Lessee shall pay or tender to Lessor or to the credit of Lessor in Greely National Bank of Greely, Colorado (which bank and its successors are Lessor's agent and shall continue as the depository for all rentals payable hereunder regardless of changes in ownership of said land or the rentals either by conveyance or by the death or incapacity of Lessor) the sum of Seventy & 13/100 Dollars

(herein called rental), which shall cover the privilege of deferring commencement of operations for drilling for a period of twelve (12) months, in the event and upon like payments or tenders annually the commencement of operations for drilling may be further deferred for successive periods of twelve (12) months, the primary term of the payment or tender of rental herein referred to may be made in currency, draft or check at the option of the Lessee; and the depositing of such currency, draft or check in any post office, properly addressed to the Lessor or said bank, on or before the rental paying date, shall be deemed payment as herein provided. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank, for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payment or tender of rental until thirty (30) days after Lessee shall deliver to Lessor a proper recordable instrument, naming another bank as agent to receive such payments or tenders. The down cash payment is consideration for this lease according to its terms and shall not be adjoined as mere rental for a period. Lessee may at any time execute and deliver to Lessor or to the depository above named or place of record a release or releases covering any portion or portions of the above-described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

5. Should any well drilled on the above described land during the primary term before production is obtained be a dry hole, or should production be obtained during the primary term and thereafter cease, then and in either event, if operations for drilling an additional well are not commenced or operations for reworking or reworking on said well or wells, then this lease shall terminate unless Lessee, on or before said date, shall commence the payment of rentals. Upon resumption of the payment of rentals, Section 4 governing the payment of rentals, shall continue in force just as though there had been no interruption in the rental payments. If during the last year of the primary term and prior to the discovery of oil, gas, or other hydrocarbons on said land Lessee should drill a dry hole, or if after discovery of oil, gas, or other hydrocarbons before or during the last year of the primary term the production thereof should cease during the last year of said term from any cause, then this lease shall terminate unless Lessee, on or before the expiration of the primary term, if, at the expiration of the primary term, Lessee is conducting operations for drilling a new well or reworking an old well, this lease nevertheless shall continue in force as long as such drilling or reworking operations continue, or if, after the expiration of the primary term, production on this lease shall cease, this lease nevertheless shall continue in force if drilling or reworking operations commence within sixty (60) days after such cessation of production. If production is restored or additional production is discovered as a result of any such drilling or reworking operations, conducted without cessation of more than sixty (60) days, this lease shall continue as long thereafter as oil, gas, other hydrocarbons or other mineral is produced and as long as additional drilling or reworking operations are had without cessation of such drilling or reworking operations for more than sixty (60) consecutive days.

6. Lessee, at its option, is hereby given the right and power to pool or combine the land covered by this lease, or any portion thereof, as to oil and gas, or either of them, with any other land, lease or leases when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said premises, such pooling to be into a well unit or units not exceeding forty (40) acres, plus an acreage tolerance of ten per cent (10%) of forty (40) acres, for oil, and not exceeding six hundred and forty (640) acres, plus an acreage tolerance of ten per cent (10%) of six hundred and forty (640) acres, for gas, except that larger units may be created to conform to any spacing or well unit pattern that may be prescribed by governmental authorities having jurisdiction. Lessee may pool or combine acreage covered by this lease, or any portion thereof, as to oil or gas in any one or more strata, and units so formed need not conform in size or area with the unit or units into which the acreage is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall execute in writing and place of record an instrument or instruments identifying and describing the pooled acreage. The entire acreage so pooled into a unit shall be treated for all purposes, except the payment of royalties, as if it were a single unit, and the acreage so pooled shall be treated as a single unit for all purposes, except the payment of royalties, as if it were a single unit. The pooling of a well as a shut-in gas well, shall be considered for all purposes except the payment of royalties, as if such production were from or such completion were from or such completion were on the land covered by this lease, whether or not the well or wells be located on the premises covered by this lease. In lieu of the royalties elsewhere herein specified, Lessor shall receive from a unit so formed, only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein bears to the total acreage so pooled in the particular unit involved. Should any unit originally created hereunder contain less than the maximum number of acres hereinabove specified, then Lessee may at any time thereafter, whether before or after production is obtained on the unit, enlarge such unit by adding additional acreage thereto, but the enlarged unit shall in no event exceed the acreage content hereinabove specified. In the event an existing unit is so enlarged, Lessee shall execute and place of record a supplemental declaration of unitization identifying and describing the land added to the existing unit; provided, that if such supplemental declaration of unitization is not filed until after production is obtained on the unit as originally created, then and in such event the supplemental declaration of unitization shall not become effective until the first day of the calendar month next following the filing thereof. In the absence of production Lessee may terminate any unitized area by filing of record notice of termination.

7. Lessee also shall have the right to unitize, pool, or combine all or any part of the above described lands 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 the approval of such authority, 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 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.

8. Lessee shall have the right at any time without Lessor's consent to surrender all or any portion of the leased premises and be relieved of all obligation as to the acreage surrendered. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn new on said land without Lessor's consent. This Lessee agrees to promptly pay to the owner thereof any damages to crops, or improvements, caused by or resulting from any operations of Lessee.

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9. The rights of either party hereunder may be assigned, in whole or in part, and the provisions hereof shall extend to the heirs, successors and assigns of the parties hereto, but no change or division in ownership of the land, rentals, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No change in the ownership of the land, or any interest therein, shall be binding on Lessee until Lessee shall be furnished with a certified copy of all recorded instruments, all court proceedings and all other necessary evidence of any transfer, inheritance, or sale of said rights. In event of the assignment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be apportionable among the several leasehold owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. In case Lessee assigns this lease, in whole or in part, Lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

10. 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, or if prevented by an act of God, of the public enemy, labor disputes, inability to obtain material, failure of transportation, or other cause beyond the control of Lessee.

If, during the term of this lease, oil or gas or other hydrocarbons or other mineral is discovered upon the leased premises, but Lessee is prevented from producing the same by reason of any of the causes set out in this Section, this lease shall nevertheless be considered as producing and shall continue in full force and effect until Lessee is permitted to produce the oil, gas, other hydrocarbons, or other mineral and as long thereafter as such production continues in paying quantities or drilling or reworking operations are continued as elsewhere herein provided.

11. Lessor 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, either in whole or in part, and in 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 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.

All of the provisions of this lease shall inure to the benefit of and be binding upon the parties hereto, their heirs, administrators, successors and assigns. This agreement shall be binding on each of the above named parties who sign the same, regardless of whether it is signed by any of the other parties. IN WITNESS WHEREOF, this instrument is executed on the date first above written.

WITNESSES:

Vincent C. Erickson
 Vincent C. Erickson SS # 524-34-1761

Elisabeth J. Erickson
 Elisabeth J. Erickson,

STATE OF COLORADO, }
 County of Weld } SS. Colorado Acknowledgment

The foregoing instrument was acknowledged before me this 10th day of February, A.D., 19 75 by Vincent C. Erickson and Elisabeth J. Erickson, his wife,

Witness my hand and official seal:
 My commission expires 28, 1977

Alaoree Powers
 Notary Public.

STATE OF COLORADO, }
 County of _____ } SS. Colorado Acknowledgment

The foregoing instrument was acknowledged before me this _____ day of _____, A.D., 19 _____ by _____

Witness my hand and official seal:
 My commission expires _____

Notary Public.

No. 1657834

OIL, GAS AND MINERAL LEASE

FROM _____ TO _____

Dated 19 _____, 19 _____

Section _____ Township _____ Range _____

No. of Acres _____

County, Colorado _____

STATE OF COLORADO
 County of Weld ss.

This instrument was filed for record on the APR 10 1975 day of _____, 19 _____ at 3:40 o'clock P.M., and duly recorded in book 736 page _____ of the records of this office.

By *Judy Langham* Deputy
 When Recorded Return to *Louis S. Madrid* Register of Deeds.
Suite 1014
1414 - 17th St
Denver Co. 80202

600
 6 May