

OIL AND GAS LEASE

This Oil and Gas Lease ("Lease") is made this 29th day of May, 2008, by and between OLE, LLC, A COLORADO LIMITED LIABILITY COMPANY, whose address is 801 8TH AVENUE SUITE 220, GREELEY, COLORADO 80631, ("Lessor", whether one or more) and MINERAL RESOURCES, INC., A COLORADO CORPORATION, whose address is P.O. BOX 328, GREELEY, COLORADO 80632 ("Lessee").

WITNESSETH, For and in Consideration of TEN DOLLARS, the covenants and agreements contained herein, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Lessor does hereby grant, demise, lease and let exclusively unto said Lessee, with the exclusive rights for the purposes of mining, exploring by geophysical and other methods and operating for and producing therefrom oil and all gas of whatsoever nature or kind (including coalbed gas), and laying pipelines, telephone and telegraph lines, building tanks, plants, power stations, roadways and structures thereon to produce, save and take care of said products (including dewatering of coalbed gas wells), and the exclusive surface or subsurface rights and privileges related in any manner to any and all such operations, and any and all other rights and privileges necessary, incident to, or convenient for the operation alone or conjointly with neighboring land for such purposes, all that certain tract or tracts of land situated in Weld County, Colorado, described to wit:

TOWNSHIP 6 NORTH, RANGE 65 WEST, 6TH P.M.

SECTION 32: ALL THAT PART BEING MORE PARTICULARLY DESCRIBED IN THE ATTACHED EXHIBIT "A" CONTAINING 76.46 ACRES, MORE OR LESS (the "Premises")

two (2)

REV

1. It is agreed that this Lease shall remain in full force for a term of ~~five (5)~~ ^{two (2)} years from this date ("Primary Term") and as long thereafter as oil or gas of whatsoever nature or kind is produced from the Premises or on acreage pooled or unitized therewith, or operations are continued as hereinafter provided. If, at the expiration of the Primary Term, oil or gas is not being produced from the Premises or on acreage pooled or unitized therewith but Lessee is then engaged in drilling, reworking or dewatering operations thereon, then this Lease shall continue in force so long as such operations are being continuously prosecuted. 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 the Premises or on acreage pooled or unitized therewith, the production thereof should cease from any cause after the primary term, this Lease shall not terminate if Lessee commences additional drilling, reworking or dewatering operations within ninety (90) days from date of cessation of production or from date of completion of a 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, this Lease shall continue in force so long as oil or gas is produced from the Premises or on acreage pooled or unitized therewith.

2. This is a PAID-UP LEASE. In consideration of the payment made herewith, 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 the Premises 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 obligations thereafter accruing as to the acreage surrendered.

3. The royalties to be paid by Lessee are: (a) on oil, 20% of that produced and saved from said Leased Premises, the same to be delivered at the wells or to the credit of Lessor into the pipeline to which the wells may be connected or at the oil purchaser's transportation facilities; Lessee may from time to time purchase any royalty oil in its possession directly or through an affiliate, paying the market price therefor prevailing for the field where produced on the date of purchase, and Lessee may sell any royalty oil in its possession and pay Lessor the price received by Lessee for such oil computed at the well (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) on gas produced from said Leased Premises and sold or used of the Leased Premises, or for the extraction of gasoline or other product therefrom, the market value at the well of 20% of the gas so sold or used, provided that on gas sold by Lessee the market value shall not exceed the amount received by Lessee for such gas computed at the mouth of the well, and on gas sold at the well the royalty shall be 20% of the amount realized by Lessee from such sale, and further 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 arrangements entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) in calculating the market price or market value of gas at the well for the purpose of determining the royalties due on gas hereunder, the mouth of the well shall be deemed as the location at which the gas is produced, and (d) Lessee may deduct Lessor's proportionate part of any ad valorem, production and excise taxes, and (e) if the price of any oil or gas or substance upon which royalty is payable hereunder is regulated by any governmental agency, the market value or market price at the sell of such oil, gas or other substance, for the purpose of computing royalty hereunder shall not be in excess of the price which Lessee may receive and retain. Lessee shall have free from royalty or other payment the use of water, other than water from Lessor's wells or tanks, and of oil and gas produced from said land in all operations which Lessee may conduct hereunder, including water injection and primary, secondary, tertiary recovery programs, cycling, pressure maintenance methods of recovery, and all other methods of production and enhanced production, whether now known or unknown and the conducting of dewatering operations, and the royalty on oil and gas shall be computed after deducting any so used. If at the end of the primary term or anytime thereafter one or more wells on the Leased Premises or lands pooled or unitized therewith are capable of producing oil or gas 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 90 consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay an aggregate shut-in royalty of five dollars (\$5.00) per mineral acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below on or before the anniversary date of this lease next ensuing after the end of said 90-day period and thereafter on or before each subsequent anniversary date while the well or wells are shut in or production therefrom 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 or unitized therewith, no shut-in royalty shall be due until the anniversary date next ensuing after the end of the 90-day period next following cessation of such operations or production. 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.

4. Where gas from a well capable of producing gas (or from a well in which dewatering operations have commenced), is not sold or used after the expiration of the Primary Term, Lessee shall pay or tender as royalty to Lessor at the address set forth above One Dollar (\$1.00) per year per net mineral acre, such payment or tender to be made on or before the anniversary date of this Lease next ensuing after the expiration of ninety (90) days from the date such well is shut in or dewatering operations are commenced and thereafter on or before the anniversary date of this Lease during the period such well is shut in or dewatering operations are being conducted.

5. If Lessor owns a lesser interest in the Premises than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid 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 the Premises for Lessee's operations 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 the house or barn now on the Premises without written consent of Lessor.

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

10. Lessee shall have the right at any time to remove all machinery and fixtures (including casing) Lessee has placed on the Premises.

11. The rights of the 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 the Premises 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 Premises and as to any one or more of the formations thereunder, 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

Exhibit "A"
Legal Description

All that part of Section 32, Township 6 North, Range 65 West of the 6th P.M., County of Weld, State of Colorado, described as follows:

Parcel A

A parcel of land located in parts of the East Half and of the Southwest Quarter of Section 32, Township 6 North, Range 65 West, being more particularly described as follows:

Beginning at the Southeast Corner of said Section 32 and considering the South line of said Section 32 as bearing North 84°56'31" West, with all other bearings contained herein relative thereto;
thence North 84°56'31" West, along said South line, 1,122.98 feet to the True Point of Beginning;
thence North 84°56'31" West, 234.53 feet to a point on said South line of said Section 32;
thence South 02°42'08" West, 823.80 feet; thence North 86°02'22" West 849.06 feet; thence North 00°50'22" East, 80.00 feet; thence South 86°02'22" East, 195.00 feet; thence North 00°50'22" East, 757.90 feet to a point on the South line of said Section 32;
thence North 84°56'31" West, 57.15 feet; thence North 00°00'44" West, 884.50 feet; thence South 88°28'33" West, 478.29 feet to a point on the East ROW line of 6th Avenue;
thence North 01°21'27" East, 427.99 feet; thence North 01°26'58" West, 276.71 feet; thence along the arc of a curve to the left whose radius is 396.00 feet and whose long chord bears North 24°29'54" West for a distance of 310.08 feet;
thence North 06°38'01" East, 199.97 feet; thence North 04°14'47" East, 203.22 feet; thence North 02°35'02" East, 458.74 feet; thence South 83°17'02" East, 19.50 feet to the Center Corner of said Section 32;
thence North 00°04'46" West, 344.22 feet;
thence South 83°27'36" East, 908.31 feet to a point on the West ROW line of U.S. Highway 85 Bypass;
thence along said ROW line by the following six courses and distances:
South 23°42'43" East, 6.37 feet;
South 22°14'34" East, 1,350.41 feet;
South 21°35'05" East, 194.74 feet along the arc of a curve to the right whose radius is 2,714.61 feet and whose long chord bears South 14°40'19" East, for a distance of 527.05 feet;
South 07°45'33" East, 194.74 feet;
South 07°04'33" East, 557.28 feet to a point on said ROW line;
thence South 32°14'47" West, 413.37 feet to the True Point of Beginning.

EXCEPT that portion conveyed to Public Service Company of Colorado in Warranty Deed recorded July 15, 1993 in Book 1392 at Reception No. 2341249 and that portion conveyed to Thermo Greeley, L.L.C. in Warranty Deed recorded September 5, 1997 in Book 1624 at Reception No. 2567552.

Parcel B

A parcel of land located in part of the East 1/2 of Section 32, Township 6 North, Range 65 West of the 6th P.M., County of Weld, State of Colorado, being more particularly described as follows:

Beginning at the East Quarter Corner of said Section 32 and considering the North line of the Southeast Quarter of said Section 32 as bearing North 83°17'02" West, with all other bearings contained herein relative thereto;
thence North 83°17'02" West, 1,215.69 feet to a point on the East ROW line of U.S. Highway 85 Bypass;
thence North 22°14'34" West, 78.37 feet to the True Point of Beginning;
thence North 89°39'44" East, 479.84 feet; thence South 00°11'51" East, 822.51 feet; thence South 01°00'30" West, 358.55 feet to a point on the East ROW line of U.S. Highway 85 Bypass;
thence along the arc of a curve to the left whose radius is 3,024.61 feet and whose chord bears North 18°26'18" West, for a distance of 190.49 feet;
thence North 21°34'00" West, 205.56 feet; thence South 67°45'26" West, 10.00 feet; thence North 22°14'34" West, 875.21 feet to the True Point of Beginning,
County of Weld,
State of Colorado.

Parcel C

A parcel of land located in part of the Northeast Quarter of Section 32, Township 6 North, Range 65 West of the 6th P.M., County of Weld, State of Colorado, being more particularly described as follows:

Beginning at the East Quarter Corner of said Section 32 and considering the South line of the Northeast Quarter of said Section 32 as bearing North 83°17'02" West, with all other bearings contained herein relative thereto;
thence North 83°17'02" West, 1,215.69 feet to a point on the East ROW line of U.S. Highway 85 Bypass;
thence North 22°14'34" West, 188.37 feet to the True Point of Beginning; thence North 22°14'34" West, 72.76 feet;
thence North 00°06'28" East, 428.81 feet;
thence North 73°27'09" East, 475.00 feet;
thence South 31°10'47" East, 124.06 feet;
thence South 79°35'04" West, 354.00 feet;
thence South 36°10'21" West, 218.36 feet;
thence South 02°40'52" West, 339.40 feet to the True

Point of Beginning, County of Weld,
State of Colorado.

Any other streets, roads, alleys, easements, rights of way, lots, out lots, parcels or strips of land owned or claimed to be
owned by Lessor in Section 32, Township 6 North, Range 65 West, 6th P.M.



When recorded return to:
Mineral Resources, Inc.
P.O. Box 328
Greeley, Colorado 80632