BOOK 451 PAGE 526

Rec. No. 260527 Ella S. Recorder

Form 88—(Producers)
Kan., Okla. & Colo. 1957

C

OIL AND GAS LEASE

5185-001

PATLOCK'S

THIS AGREEMENT, Entered into this the 29th day of August, 19 73

between JAMES F. ATKINSON and DOROTHY E. ATKINSON, husband and wife, P. O. Box 1123, Rifle, Colorado 81650

hereinafter called lessor,

and GMW COMPANY, a partnership, 1800 First National Bank Bldg., Dallas, Texas 75202 hereinafter called lessee, does witness:

1. That lessor, for and in consideration of the sum of Ten & More Dollars in hand paid, and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted, leased, and let and by these presents does hereby grant, lease, and let exclusively unto the lessee the hereinafter described land, and with the right to unitize this lease or any part thereof with other oil and gas leases as to all or any part of the lands covered thereby as hereinafter provided, for the purpose of carrying on geological, geophysical and other exploratory work, including core drilling, and the drilling, mining, and operating for, producing, and saving all of the oil, gas, casinghead, casinghead gasoline and all other gases and their respective constituent vapors, and for constructing roads, laying pipe lines, building tanks, storing oil, building power stations, telephone lines and other structures thereon necessary or convenient for the economical operation of said land alone or conjointly with neighboring lands, to produce, save, take care of, and manufacture all of such substances, and for housing and boarding employees, said tract of land with any reversionary rights therein being situated in the County of Garfield State of Colorado and described as follows:

Township 6 South, Range 94 West of the 6th P. M.
Section 23: Lots 6, 8 and 9, W½SE¼, SE¼SW¼
Section 24: Lot 5, NW¼SW¼

and containing 267.10 acres, more or less.

2. It is agreed that this lease shall remain in full force for a term of ten (10) years from this date, and as long thereafter as oil or gas, or either of them, is produced from said land (or from lands with which said land is consolidated) or the premises are being developed or operated.

3. In consideration of the premises the said lessee covenants and agrees:
To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect his wells, the equal one-eighth (⅛) part of all oil produced and saved from the leased premises.

4. The lessee shall monthly pay lessor as royalty on gas marketed from each well where gas only is found, one-eighth (⅛) of the proceeds if sold at the well, or if marketed by lessee off the leased premises, then one-eighth (⅛) of its market value at the well. The lessee shall pay the lessor: (a) one-eighth (⅛) of the proceeds received by the lessee from the sale of casinghead gas, produced from any oil well; (b) one-eighth (⅛) of the value, at the mouth of the well, computed at the prevailing market price, of the casinghead gas, produced from any oil well and used by lessee off the leased premises for any purpose or used on the leased premises by the lessee for purposes other than the development and operation thereof. Lessor shall have the privilege at his own risk and expense of using gas from any gas well on said land for stoves and inside lights in the principal dwelling located on the leased premises by making his own connections thereto.

Where gas from a well or wells, capable of producing gas only, is not sold or used for a period of one year, lessee shall pay or tender as royalty, an amount equal to the delay rental as provided in paragraph (5) hereof, payable annually on the anniversary date of this lease following the end of each such year during which such gas is not sold or used, and while said royalty is paid, or tendered this lease shall be held as a producing property under paragraph numbered two hereof.

5. If operations for the drilling of a well for oil or gas are not commenced on said land on or before the 29th day of August, 19 74 this lease shall terminate as to both parties, unless the lessee shall on or before said date pay or tender to the lessor or for the lessor's credit in the First National Bank at Rifle, Colorado 81650 or its successors, which Bank and its successors are the lessor's agent and shall continue as the depository of any and all sums payable under this lease regardless of changes of ownership in said land or in the oil and gas or in the rentals to accrue hereunder, the sum of Two hundred sixty seven & 10/100 ($267.10) Dollars, which shall operate as a rental and cover the privilege of deferring the commencement of operations for drilling for a period of one year. In like manner and upon like payments or tenders the commencement of operations for drilling may further be deferred for like periods successively. All payments or tenders may be made by check or draft of lessee or any assignee thereof, mailed or delivered on or before the rental paying date, either direct to lessor or assigns or to said depository bank, and it is understood and agreed that the consideration first recited herein, the down payment, covers not only the privilege granted to the date when said first rental is payable as aforesaid, but also the lessee's option of extending that period as aforesaid, and any and all other rights conferred. Lessee may at any time execute and deliver to Lessor, 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.

6. Should the first well drilled on the above described land be a dry hole, then, and in that event, if a second well is not commenced on said land within twelve months from expiration of the last rental period for which rental has been paid, this lease shall terminate as to both parties, unless the lessee on or before the expiration of said twelve months shall resume the payment of rentals in the same amount and in the same manner as hereinbefore provided. And it is agreed that upon the resumption of the payment of rentals, as above provided, that the last preceding paragraph hereof, governing the payment of rentals and the effect thereof shall continue in force just as though there had been no interruption in the rental payments.

7. If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid the lessor only in the proportion which his interest bears to the whole and undivided fee. However, such rental shall be increased at the next succeeding rental anniversary after any reversion occurs to cover the interest so acquired.

8. The lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations thereon, except water from the wells of the lessor. When required by lessor, the lessee shall bury its pipe lines below plow depth, and shall pay for damage caused by its operations to growing crops on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the lessor. Lessee shall have the right at any time during, or after the expiration of, this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said 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.

9. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to the heirs, devisees, executors, administrators, successors, and assigns, but no change of ownership in the land or in the rentals or royalties or any sum due under this lease shall be binding on the lessee until it has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceedings showing appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all of said recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to lessor to the full interest claimed, and all advance payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, administrator, executor, or heir of lessor.

10. It is hereby agreed that in the event this lease shall be assigned as to a part or as to parts of the above described land and the holder or owner of any such part or parts shall make default in the payment of the proportionate part of the rentals from him or them, such default shall not operate to defeat or affect this lease insofar as it covers a part of said land upon which the lessee or any assignee hereof shall make due payment of said rentals.

11. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge in whole or in part any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder.

12. Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if lessee shall commence operations for drilling at any time while this lease is in force, this lease shall remain in force and its terms shall continue so long as such operations are prosecuted and, if production results therefrom, then as long as production continues.

If within the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided operations for the drilling of a well shall be commenced before or on the next succeeding rental paying date, or, provided lessee begins or resumes the payment of rentals in the manner and amount hereinbefore provided. 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 operations for re-working or drilling a well within sixty (60) days from such cessation and this lease shall remain in force during the prosecution of such operations and, if production results therefrom, then as long as production continues.

13. Lessee is hereby expressly granted the right and privilege (which Lessee may exercise at any time either before or after production has been obtained upon this premises or any premises consolidated herewith) to consolidate the gas leasehold estate created by the execution and delivery of this lease, or any part or parts thereof, with any other gas leasehold estate or estates to form one or more gas operating units of not to exceed approximately 640 acres each. If such operating unit or units is so created by Lessee, Lessor agrees to accept and shall receive out of the gas production from such unit such portion of the gas royalty as the number of acres out of this lease placed in such unit bears to the total number of acres included in such unit. The commencement or completion of a well, or the continued operation or production of gas from an operating unit shall be construed and considered as the commencement or completion of a well, or the continued operation of, or production of gas from a well on each and all of the lands within and comprising such operating unit; provided, that the provisions of this paragraph shall not affect the payment or non-payment of delay rentals with respect to portions of this premises not included in a unit, but this lease as to such portions of this premises not included in a unit, shall be deemed to be a separate lease. In the event portions of the above described lands are included in several units, each portion so included shall constitute a separate leasehold estate in the particular owner or owners of the lands under such separate lease shall be solely entitled to the benefits of and be subject to the obligations of Lessor under each separate lease. Lessee shall execute in writing and record in the conveyance records of the county in which the land covered hereby is situated an instrument identifying and describing the consolidated acreage.

14. All the provisions, terms, conditions and stipulations shall extend to, and be binding on each of the parties who signs this lease, regardless of whether any other party hereto named above and regardless of whether it is signed by any of the other parties herein named as lessors. This lease may be signed in counterparts and shall have the same effect as the original.

In witness whereof, we sign the day and year first above written.

James F. Atkinson

Dorothy E. Atkinson

P-12 UW-A

RC-279-3

STATE OF COLORADO
COUNTY OF GARFIELD } ss.

On August 29, 19 73, before me personally appeared James F. Atkinson and Dorothy Y. Atkinson, husband and wife,

to me known to be the person(s) described in and whose name(s) is (are) subscribed and who executed the foregoing instrument and acknowledged to me that he (she) (they) duly executed the same as his (her) (their) free and voluntary act and deed, including the release and waiver of the right of homestead, the said wife (wives) having been by me fully apprised of her (their) right(s) and effect of signing and acknowledging the said instrument. Given under my hand and seal the day and year last above written.

My Commission Expires: June 24, 1975

Notary Public
Residing at: Rifle, Colo 81650

STATE OF
COUNTY OF } ss. INDIVIDUAL(S) ACKNOWLEDGEMENT (Colorado, Nebraska, Wyoming, Utah, Kansas, North Dakota, South Dakota, Montana,

On 19 before me personally appeared

to me known to be the person(s) described in and whose name(s) is (are) subscribed and who executed the foregoing instrument and acknowledged to me that he (she) (they) duly executed the same as his (her) (their) free and voluntary act and deed, including the release and waiver of the right of homestead, the said wife (wives) having been by me fully apprised of her (their) right(s) and effect of signing and acknowledging the said instrument. Given under my hand and seal the day and year last above written.

My Commission Expires:

Notary Public
Residing at:

STATE OF
COUNTY OF } ss. INDIVIDUAL(S) ACKNOWLEDGEMENT (Colorado, Nebraska, Wyoming, Utah, Kansas, North Dakota, South Dakota, Montana,

On 19 before me personally appeared

to me known to be the person(s) described in and whose name(s) is (are) subscribed and who executed the foregoing instrument and acknowledged to me that he (she) (they) duly executed the same as his (her) (their) free and voluntary act and deed, including the release and waiver of the right of homestead, the said wife (wives) having been by me fully apprised of her (their) right(s) and effect of signing and acknowledging the said instrument. Given under my hand and seal the day and year last above written.

My Commission Expires:

Notary Public
Residing at:

260527

STATE OF COLORADO } ss.
County of Garfield

This instrument was filed for record in my office at 8:24 o'clock A. M. NOV 1 1973 and is duly recorded in Book No. 451 Page 326

Ellen Stapleman
Recorder

By Hoopt
Fees $

STATE OF
County of
This instrument was filed for record on the day of 19 at o'clock M., and duly recorded in Book of Page of the records of this office.

Register of Deeds.

By

When recorded, return to

STATE OF
COUNTY OF } ss. CORPORATE ACKNOWLEDGEMENT (Colorado, Ne Wyoming, Utah, Kansas, North Dakota, South Dakota, M

On 19 before me personally came the above named (who being by me duly sworn, did say that he is the

President of President of said corp

a corporation, and that the seal affixed to said instrument is the corporate seal of said corporation) who is personally knot to be the identical person and officer whose name is affixed to the above instrument as and acknowledged the instrument to be his free and voluntary act and deed and the free and voluntary act and deed of s poration; that said corporation executed said instrument and that said instrument was executed, signed and sealed on b said corporation by authority of its Board of Directors or by authority of its By-Laws.

My Commission Expires:

Notary Public
Residing at: