

CO-8189-8

OIL AND GAS LEASE<sup>BU</sup>

THIS AGREEMENT made this

3rd  
Wanda K Black

Oct 1964

Assor (including one or more) whose address is P. O. Box 383, Ruidoso Downs, New Mexico 88346  
and Shell Oil Company, P. O. Box 576, Houston, Texas 77001

10500, WILNISI 11

1. To set in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, many of which is hereby acknowledged and of the covenants and agreements of lease hereinafter contained, does hereby grant, lease and let unto lessee, the land covered hereby for the purposes and with the covenants and right of exploration, drilling, mining and operating for producing and obtaining oil, gas, including natural gas, coalbed methane and other hydrocarbons and all related hydrocarbons and all other products produced therefrom, including the right to collect, convey, use, sell, lease, and otherwise dispose of the same, and to construct, use, maintain, alter, extend, improve, and operate all other structures, including but not limited to, pipelines, roads, wellbores, water control structures, and land use, and to use, maintain, build, lands, power stations, telephone lines, employ, contractors and other persons on said land, necessary or useful in the exercise of the right of exploration, drilling, mining, producing, storing, and transporting said minerals produced from the land covered hereby, or any other land adjacent thereto. The land covered hereby herein called "said land" is located in the County of Montezuma State of Colorado and is described as follows:

Township 36 North, Range 17 West, N 11 P 14

Section 5 N/2 SW/4 &amp; SW/4 SW/4

\*Including carbon dioxide gas *WCB*

This is a lease with covenants and includes any land contiguous to or adjoining the land above described, other than those constituting regular governmental subdivisions and (1) owned or claimed by lessor by limitation prescription, possession or unrecorded instrument or (2) as to which lessor has a preferential right of acquisition. For the purpose of determining the amount of any bonus, delay rental or other payment hereunder said land shall be deemed to contain 120 acres, whether actually contrary, more or less, and the above rental of acreage in any tract shall be deemed to be the true acreage thereof. Page (5) 1122

2. Unit is sooner terminated or later kept in force under other provisions hereof, this lease shall remain in force for a term of five (5) years date hereof hereinafter called "primary term", and as long thereafter as operations as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

[illegible][illegible]

5. If operations are not conducted on said land on or before the first anniversary date hereof, this lease shall terminate as to both parties unless lease on or before said date shall subject to the further provisions hereof, pay or tender to lessor or to lessor's credit in the State Bank at Ruidoso, New Mexico \$88345.

[illegible]

[illegible]

7. Lessee shall have the use and free enjoyment, of water and gas from any water wells and of oil and gas produced from said land and operate the same on the land. Lessee shall be entitled to use any pumpjack or other machinery and to use the oil and gas from said land in making the oil to flow and in mining casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for the use of water by its users to a growing crop of 4 cubic feet on said land.

BOOK 521 PAGE 128

8. The rights and estate of my party hereto may be assigned from time to time in whole or in part and as to any of said minerals or nonferrous. All of the covenants, conditions, and considerations of this lease shall extend to and be binding upon the parties hereto to their successors, assigns and assigns in fee. No change or division in the ownership of said land, royalty, delay rent or other monies or any part thereof, however effected shall increase the obligation or diminish the right of lease including but not limited to, the location and drilling of wells and the measurement of production in kind and in value and in any other act or contract, knowledge or notice thereof or to the lessor, its successors or assigns no change or division of the ownership of said land or of the royalties, delay rent, or other monies or of the right to receive the same, however effected shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner a notice of its principal place of business, location or other address, successors or assigns notice of such change or division supported by either originals or duly certified copies of the instruments which have been procured for record in which evidence such change or division, and of which said records and proceedings, in any or all other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. In the event such change in ownership occurs by reason of the death of the owner less than six months prior to the expiration of this lease, the royalties, delay rent, or other monies or part thereof, to the extent of the decrease in the value of the lease provided for above, in the event of assignment of this lease as to any part (whether in divided or undivided) of said land the delay rent payable shall be apportioned as between the several owners of such land, proportionately according to the surface area or undivided interests of each, and shall be payable in full by the owner or owners of such land, and shall not affect the rights of other land owners hereunder.

9. In the event I lose confidence that Lessee has not complied with all its obligations hereunder, or has expired or impaired its lease, or is in writing, set forth specifically in what is set forth below, I hereby authorize the undersigned to, on my behalf, to sue, defend, settle, compromise, or otherwise act in such a manner or manner to meet all or any part of the breach as deemed by Lessee. The exercise of said notice shall be precedent to the filing of any action by Lessee or said Lessee for any cause, and no such action shall be brought until the passage of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any act by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or compromise of liability. Lessee has failed to perform all its obligations hereunder. For this reason, this lease is cancelled for any cause, and I have never sold or conveyed to anyone the oil and gas rights to the (1) efficient, acreage and each well as to which the operations to operate a drilling or production, while under a profitable governmental regulations (but in no event less than five acres) such as to be sold or conveyed by Lessee as is permitted in the form of a separate deed at the well or in such shape as then existing spacing rules require and (2) any part of a field and include in a pooled unit or unit there in operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so returned.

10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights in all interests hereunder shall be subject primarily to any mortgages, taxes or other liens or interests and to all charges on said land. Lessor agrees that he shall not have the right at any time to pay or reduce any taxes for lessor, either before or after maturity and be subrogated to the rights of the holder of the debt and to deduct amounts so paid from royalties or other payments payable to him which may become payable to Lessor and/or assign under this lease. If this lease covered any interest in said minerals, or any of them, in all or any part of said land then the entire and undivided fee simple estate in such interests shall be conveyed to the lessee and the royalties thereon then the royalties, delay rentals and other income so accruing from any part as to which this lease covered any such interest, shall be paid only in the proportion which the interests, therein, if any, covered by this lease, bears to the whole and is included for each year in the year in which the royalties are covered by this lease (whether or not owned by lessor) shall be paid out of the royalties herein provided. This lease shall be binding upon the estate of any who executes it without regard to whether it is executed by all those interested in as lessor.

[illegible]

32. Lessee hereby expressly relinquishes, covenants and releases and waives all rights under and by virtue of the homestead exemption laws now in effect in any state which may affect the purpose for which this lease is made.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

Social Security or ID Number

Social Security ID Number

Social Security or ID Number \_\_\_\_\_

Social Security Number (D) None

SECRET'S CONT. 0 1 13 14 15

Hand. b. Black

Source Security or ID Number

Social Security or ID Number

Social Security or ID Number

STATE OF New Mexico

COUNTY OF Lincoln ) SS

I, the undersigned a Notary Public in and for said County and State do hereby certify that Wanda T. Black and \_\_\_\_\_, to me personally known, and known to me to be the same person \_\_\_\_\_ described in and who executed the foregoing instrument, appeared before me this day in person and acknowledged to me that she executed and delivered the same as her free and voluntary act and deed for the uses, purposes and consideration therein expressed, including the relinquishment of her dower and homestead.

Given under my hand and official seal this 31st day of October, 1980

My Commission Expires

Notary Public in and for said County and State, residing at \_\_\_\_\_

STATE OF \_\_\_\_\_ )

COUNTY OF \_\_\_\_\_ ) SS

I, the undersigned a Notary Public in and for said County and State do hereby certify that \_\_\_\_\_  
and \_\_\_\_\_ to be personally known and known to me to be the same person described in said \_\_\_\_\_  
executed the foregoing instrument appeared before me this day in person and acknowledged to me that \_\_\_\_\_ he \_\_\_\_\_ executed and lived the same as  
\_\_\_\_\_ free and voluntary act and deed, for the uses purposes and consideration therein expressed including the relinquishment of dower and homestead  
Given under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_.

My Commission Expires:

Notary Public in and for said County and State, is signing:

WHEN RECORDED RETURN TO  
SHELL OIL COMPANY  
LAND DEPARTMENT  
P O BOX 576  
HOUSTON, TEXAS 77001

This instrument was filed on record on the JAN 2 1981 day of JAN at 9:06 o'clock A.M.  
and duly recorded in Book 521 Page 127 of  
the records of the County of Montgomery State of Alabama  
County of Montgomery State of Alabama  
Jean DeGriff  
400 Pk.

CO-8189-7

## OIL AND GAS LEASE

BOOK 520 PAGE 265

THIS AGREEMENT made this

3rd

October

19 80 between

David L. Black

FILE  
HN

lessor (whether one or more) whose address is P. O. Box 383, Ruidoso Downs, New Mexico 88346  
and Shell Oil Company, P. O. Box 576, Houston, Texas 77001

Lessee WITNESS TH

1 Lessor in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, receipt of which is hereby acknowledged and of the covenants and agreements of lessee hereinafter contained does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for producing and owning oil and gas, including casinghead gas, casinghead gasoline, condensate and all related hydrocarbons and including all other products produced hereunder, hereinafter referred to collectively as "said minerals", together with the right to make surveys on said land lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting said minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Montezuma, State of Colorado and is described as follows:

Township 36 North, Range 17 West, N.M.P.M.

Section 5: N/2 SW/4 &amp; SW/4 SW/4

\*Including carbon dioxide gas

DLB

This lease also covers and includes any land contiguous to or adjoining the land above described, other than those constituting regular governmental subdivisions and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preferential right of acquisition. For the purpose of determining the amount of any bonus, delay rental or other payment hereunder said land shall be deemed to contain 120 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be true acreage thereof.

2 Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of ten (10) years from the date hereof hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3 As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor in the pipe line to which lessee may connect its wells, the equal one eighth part of all oil produced and saved by lessee from said land or from time to time at the option of lessee to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case to bear one-eighth of the cost of treating oil to render it marketable pipe line oil; (b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee one-eighth of the amount realized by lessee computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas; (c) To pay lessor on all other of said minerals produced and marketed or utilized by lessee from said land one-tenth either in kind or the market value thereof at the well, at lessee's election. If at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled capable of producing oil or gas and all such wells are shut-in this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market said minerals capable of being produced from said wells but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term all such wells are shut-in for a period of ninety (90) consecutive days and during such time there are no operations on said land, then at or before the expiration of said ninety-day period lessee shall pay or tender by check or draft of lessee as royalty a sum equal to the amount of annual delay rental provided for in this lease. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety-day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing and may be deposited in the depository bank provided for below. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease severally as to acreage owned by each.

4 Lessee is hereby granted the right at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease or leases, as to any or all of said minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance provided however units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas other than casinghead gas; (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir; (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established or after enlargement are required under any governmental rule or order for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well to be drilled, drilled, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by lessee at any time and from time to time while this lease is in force and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral royalty or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered for all purposes, except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit that proportion of the total production of unitized minerals from the unit after deducting any used in lease or unit operations which the number of surface acres in such land covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder shall not have the effect of exchanging or transferring any interest under this lease between parties. Neither shall it impair the right of lessee to release as provided in paragraph 5 hereof except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4 the words "separate tract" mean any tract with royalty ownership differing now or hereafter either as to parties or amounts from that as to any other part of the leased premises.

5 If operations are not conducted on said land on or before the first anniversary date hereof, this lease shall terminate as to both parties, unless lessee on or before said date shall subject to the further provisions hereof pay or tender to lessor or to lessor's credit in the Ruidoso State Bank Ruidoso

Bank at

Ruidoso, New Mexico 88345

or its successors

which shall continue as the depository regardless of changes in ownership of delay rental, royalties or other moneys the sum of \$ 6.00 which shall operate as delay rental and cover the privilege of deferring operations for one year from said date. In like manner and upon like payments or tenders operations may be further deferred for like periods of one year each during the primary term. If at any time that lessee pays or tenders delay rental, royalties or other moneys, two or more parties are, or claim to be entitled to receive same, lessee may in lieu of any other method of payment herein provided pay or tender such rental, royalties, or other moneys in the manner herein specified either jointly to such parties or separately to each in accordance with their respective ownerships thereof as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to lessor or to the depository bank on or before the last date for payment. Said delay rental shall be apportionable as to said land on an acreage basis and a failure to make proper payment or tender of delay rental as to any portion of said land or as to any interest therein shall not affect this lease as to any portion of said land or as to any interest therein as to which proper payment or tender is made. Any payment or tender which is made in an attempt to make proper payment, but which is erroneous in whole or in part as to parties, amounts, or depository, shall nevertheless be sufficient to prevent termination of this lease and to extend the time within which operations may be conducted in the same manner as though a proper payment had been made provided, however, lessee shall correct such error within thirty (30) days after lessee has received written notice thereof from lessor. If the depository bank should refuse to accept, any rental tendered hereunder the tender nevertheless shall be fully effective and lessee shall have no obligation to make any further tender or payment in connection therewith until after lessor shall have furnished lessee with an instrument satisfactory to lessee naming another bank as agent to receive such payment. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder and thereby be relieved of all obligations as to the released acreage or interest. If this lease is so released as to all of said minerals and horizons under a portion of said land, the delay rental and other payments computed in accordance therewith shall thereupon be reduced in the proportion that the acreage released bears to the acreage which was covered by this lease immediately prior to such release.

6 If at any time or times during the primary term operations are conducted on said land and in the event this lease shall there after terminate on its anniversary date next following the nineteenth (90th) day after such discontinuance unless on or before such anniversary date lessee either (1) conducts operations or (2) commences or resumes the payment or tender of delay rental, provided however, if such anniversary date is at the end of the primary term or if there is no further anniversary date of the primary term, this lease shall terminate at the end of such term or on the nineteenth (90th) day after discontinuance of all operations, whichever is the later date, unless on such later date either (1) lessee is conducting operations or (2) the shut in well provisions of paragraph 3 or the provisions of paragraph 11 are applicable. Wherever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas or other of said minerals, or the production of oil, gas or other of said minerals, whether or not in paying quantities.

7 Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

8 The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any of said minerals or horizons. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns and successive assigns. No change or division in the ownership of said land, royalties, delay rental, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, delay rental or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, lessee may nevertheless pay or tender such royalties, delay rental or other moneys or part thereof to the credit of the decedent in the depository bank provided for above. In the event of assignment of this lease as to any part (whether divided or undivided) of said land, the delay rental payable hereunder shall be apportionable as between the several leasehold owners, ratably according to the surface area or undivided interests of each, and default in delay rental payment by one shall not affect the right of other leasehold owners hereunder.

9 In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or pre-sumption that lessee has failed to perform all its obligations hereunder. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require, and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.

10 Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. If this lease covers a less interest in said minerals or any of them in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not) or no interest therein, then the royalties, delay rental, and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

11 If, while this lease is in force, at or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut in well provisions of paragraph 3 hereof, and lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar (except financial), beyond the reasonable control of lessee, the primary term and the delay rental provisions hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

12 Lessor hereby expressly relinquishes dower and releases and waives all rights under and by virtue of the homestead exemption laws insofar as they may in any way affect the purpose for which this lease is made.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

Social Security or I D Number

Social Security or I D Number

Social Security or I D Number

Social Security or I D Number

Social Security or I D Number

Social Security or I D Number

Social Security or I D Number

Social Security or I D Number

STATE OF New Mexico )

COUNTY OF Lincoln ) SS

INDIVIDUAL ACKNOWLEDGMENT

I the undersigned, a Notary Public in and for said County and State, do hereby certify that David L Black and \_\_\_\_\_, to me personally known, and known to me to be the same person, described in and who executed the foregoing instrument, appeared before me this day in person and acknowledged to me that \_\_\_\_\_ he \_\_\_\_\_ executed and delivered the same as \_\_\_\_\_ free and voluntary act and deed, for the uses, purposes and consideration therein expressed, including the relinquishment of dower and homestead. Given under my hand and official seal this 16th day of Oct, 1980.

My Commission Expires May 17, 1982

Annie Purcella  
Notary Public in and for said County and State, residing at \_\_\_\_\_

STATE OF \_\_\_\_\_ )

COUNTY OF \_\_\_\_\_ ) SS

INDIVIDUAL ACKNOWLEDGMENT

I the undersigned, a Notary Public in and for said County and State, do hereby certify that \_\_\_\_\_ and \_\_\_\_\_, to me personally known, and known to me to be the same person, described in and who executed the foregoing instrument, appeared before me this day in person and acknowledged to me that \_\_\_\_\_ he \_\_\_\_\_ executed and delivered the same as \_\_\_\_\_ free and voluntary act and deed, for the uses, purposes and consideration therein expressed, including the relinquishment of dower and homestead. Given under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My Commission Expires \_\_\_\_\_

Notary Public in and for said County and State, residing at \_\_\_\_\_

WHEN RECORDED RETURN TO  
SHELL OIL COMPANY  
LAND DEPARTMENT  
P O BOX 576  
HOUSTON, TEXAS 77001

348357  
This instrument was filed for record on the DEC 2 1980 day of \_\_\_\_\_ at 8:45 o'clock A.M., and duly recorded in Book 520, Page 265 of the \_\_\_\_\_ this office. County Clerk  
Jean DeBart  
County of New Mexico State of California  
400 Pk Ed

THIS AGREEMENT made this

19th

day of  
Allan M. Black

October

lessor (whether one or more), whose address is  
and Shell Oil company, P. O. Box 576, Houston, Texas 77001

934 East Navajo, Farmington, New Mexico 87401

lessee WITNESSETH

1 Lessor, in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for producing and owning oil and gas including casinghead gas, casinghead gasoline, condensate and all related hydrocarbons, and including all other products produced therewith, hereinafter referred to collectively as "said minerals", together with the right to make surveys on said land lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting said minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Montezuma, State of Colorado and is described as follows:

T-36-N, R-17-W, N.M.P.M.

Sec. 5. N/2SW/4 &amp; SW/4SW/4

\* Including carbon dioxide gas

This lease also covers and includes any land contiguous to or adjoining the land above described, other than those constituting regular governmental subdivisions, and (a) owned or claimed by lessor by limitation prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preferential right of acquisition. For the purpose of determining the amount of any bonus delay rental or other payment hereunder said land shall be deemed to contain 120 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be true acreage thereof.

2 Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of five (5) years from the date hereof, hereinafter called "primary term" and as long thereafter as operations as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3 As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor in the pipe line to which lessee may connect its wells, the equal one eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case to bear one-eighth of the cost of treating oil to render it marketable pipe line oil, (b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or oil products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas (c) To pay lessor on all other said minerals produced and marketed or utilized by lessee from said land, one-tenth either in kind or the market value thereof at the well, at lessee's election. If at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market said minerals capable of being produced from said wells but in the exercise of such diligence lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety (90) consecutive days and during such time there are no operations on said land, then at or before the expiration of said ninety-day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to the amount of annual delay rental provided for in this lease. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety-day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the depository bank provided for below. Nothing herein shall unpair lessee's right to release as provided in paragraph 5 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4 Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all of said minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance, provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas, other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement, are required under any governmental rule or order for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered for all purposes except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit that proportion of the total production of unitized minerals from the unit after deducting any used in lease or unit operations, which the number of surface acres in such land covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder shall not have the effect of exchanging or transferring any interest under this lease between parties. Neither shall it impair the right of lessee to release as provided in paragraph 5 hereof, except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5 If operations are not conducted on said land on or before the first anniversary date hereof, this lease shall terminate as to both parties, unless lessee on or before said date shall, subject to the further provisions hereof, pay or tender to lessor or to lessor's credit in the

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Bank at

Farmington, New Mexico

, or its successors,

which shall continue as the depository, regardless of changes in ownership of delay rental, royalties, or other moneys the sum of \$ 6.00 which shall operate as delay rental and cover the privilege of deferring operations for one year from said date. In like manner and upon like payments or tenders, operations may be further deferred for like periods of one year each during the primary term. If at any time that lessee pays or tenders delay rental, royalties, or other moneys, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender such rental, royalties, or other moneys, in the manner herein specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to lessor or to the depository bank on or before the last date for payment. Said delay rental shall be apportionable as to said land on an acreage basis, and a failure to make proper payment or tender of delay rental as to any portion of said land or as to any interest therein shall not affect this lease as to any portion of said land or as to any interest therein as to which proper payment or tender is made. Any payment or tender which is made in an attempt to make proper payment, but which is erroneous in whole or in part as to parties, amounts, or depository, shall nevertheless be sufficient to prevent termination of this lease and to extend the time within which operations may be conducted in the same manner as though a proper payment had been made, provided, however, lessee shall correct such error within thirty (30) days after lessee has received written notice thereof from lessor. If the depository bank should refuse to accept any rental tendered hereunder, the tender nevertheless shall be fully effective and lessee shall have no obligation to make any further tender or payment in connection therewith until after lessor shall have furnished lessee with an instrument satisfactory to lessee naming another bank as agent to receive such payment. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest. If this lease is so released as to all of said minerals and horizons under a portion of said land, the delay rental and other payments computed in accordance therewith shall thereupon be reduced in the proportion that the acreage released bears to the acreage which was covered by this lease immediately prior to such release.





60-8189-5

## OIL AND GAS LEASE

19th

day of  
Leslie M. Black, a widow

October

FILE  
HAP

19 76

, between

lessor (whether one or more), whose address is  
andRt. 1, Box 47, Cortez, Colorado 81321  
Shell Oil Company, P. O. Box 576, Houston, Texas 77001

lessee WITNFSSLTH

1 Lessor in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration receipt of which is hereby acknowledged and of the covenants and agreements of lessee hereinafter contained does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil and gas including casinghead gas casinghead gasoline condensate and all related hydrocarbons, and including all other products produced therewith, hereinafter referred to collectively as "said minerals" together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water construct roads and bridges dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating storing and transporting said minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land" is located in the County of Montezuma, State of Colorado and is described as follows

T-36-N, R-17-W, N.M.P.M.

Sec. 5: N/2SW/4 &amp; SW/4SW/4

\*Including carbon dioxide gas *YNR*  
LMB

This lease also covers and includes any land contiguous to or adjoining the land above described, other than those constituting regular governmental subdivisions, and (a) owned or claimed by lessor by limitation prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preferential right of acquisition. For the purpose of determining the amount of any bonus, delay rental or other payment hereunder said land shall be deemed to contain 120 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof

2 Unless sooner terminated or longer kept in force under other provisions hereof this lease shall remain in force for a term of *five (5)* years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days

3 As royalty, lessee covenants and agrees (a) To deliver to the credit of lessor in the pipe line to which lessee may connect its wells, the equal one eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil. (b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee one eighth of the amount realized by lessee, computed at the mouth of the well or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas, (c) To pay lessor on all other of said minerals produced and marketed or utilized by lessee from said land, one-tenth either in kind or the market value thereof at the well, at lessee's election. If at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas and all such wells are shut-in, this lease shall nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market said minerals capable of being produced from said wells, but in the exercise of such diligence lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term all such wells are shut-in for a period of ninety (90) consecutive days and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to the amount of annual delay rental provided for in this lease. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety-day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the depository bank provided for below. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each

4 Lessee is hereby granted the right at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all of said minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance, provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas, other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement are required under any governmental rule or order for the drilling or operation of a well at a regular location, or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered for all purposes except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit that proportion of the total production of unitized minerals from the unit, after deducting any used in lease, or unit operations, which the number of surface acres in such land covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder shall not have the effect of exchanging or transferring any interest under this lease between parties. Neither shall it impair the right of lessee to release as provided in paragraph 5 hereof except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty owner ship differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises

5 If operations are not conducted on said land on or before the first anniversary date hereof this lease shall terminate as to both parties, unless lessee on or before said date shall, subject to the further provisions hereof, pay or tender to lessor or to lessor's credit in the

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Cortez, Colorado 81321

Bank at

, or its successors,

which shall continue as the depository, regardless of changes in ownership of delay rental, royalties, or other moneys the sum of \$ 30.00 which shall operate as delay rental and cover the privilege of deferring operations for one year from said date. In like manner and upon like payments or tenders operations may be further deferred for like periods of one year each during the primary term. If at any time that lessee pays or tenders delay rental, royalties, or other moneys, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender such rental, royalties, or other moneys, in the manner herein specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to lessor or to the depository bank on or before the last date for payment. Said delay rental shall be apportionable as to said land on an acreage basis, and a failure to make proper payment or tender of delay rental as to any portion of said land or as to any interest therein shall not affect this lease as to any portion of said land or as to any interest therein as to which proper payment or tender is made. Any payment or tender which is made in an attempt to make proper payment, but which is erroneous in whole or in part as to parties, amounts, or depository, shall nevertheless be sufficient to prevent termination of this lease and to extend the time within which operations may be conducted in the same manner as though a proper payment had been made, provided, however, lessee shall correct such error within thirty (30) days after lessee has received written notice thereof from lessor. If the depository bank should refuse to accept any rental tendered hereunder, the tender nevertheless shall be fully effective and lessee shall have no obligation to make any further tender or payment in connection therewith until after lessor shall have furnished lessee with an instrument satisfactory to lessee naming another bank as agent to receive such payment. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest. If this lease is so released as to all of said minerals and horizons under a portion of said land, the delay rental and other payments computed in accordance therewith shall thereupon be reduced in the proportion that the acreage released bears to the acreage which was covered by this lease immediately prior to such release.





## OIL AND GAS LEASE

FILE  
HAP

THIS AGREEMENT made this

19th

day of

October

19 76

, between

Dale L. Black

lessor (whether one or more), whose address is  
and Shell Oil Company, P.O. Box 576, Houston, Texas 77001

lessee, WITNLSETH

1 Lessor, in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for producing and owning oil and gas including casinghead gas, casinghead gas line, condensate and all related hydrocarbons, and including all other products produced therewith, hereinafter referred to collectively as said minerals, together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting said minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Montezuma, State of Colorado and is described as follows:

T-36-N, R-17-W, N.M.P.M.

Section 5. N/2SW/4 &amp; SW/4SW/4

\*Including carbon dioxide gas 2L, B  
DLB

This lease also covers and includes any land contiguous to or adjoining the land above described, other than those constituting regular governmental subdivisions, and (a) owned or claimed by lessor by limitation prescription possession, reversion or unrecorded instrument or (b) as to which lessor has a preferential right of acquisition. For the purpose of determining the amount of any bonus, delay rental or other payment hereunder, said land shall be deemed to contain 120 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof.

2 Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of five (5) years from the date hereof, hereinafter called "primary term" and as long thereafter as operations as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3 As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor in the pipe line to which lessee may connect its wells, the equal one eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil. (b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas, (c) To pay lessor on all other of said minerals produced and marketed or utilized by lessee from said land, one-tenth either in kind or the market value thereof at the well, at lessee's election. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market said minerals capable of being produced from said wells but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut in for a period of ninety (90) consecutive days and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty a sum equal to the amount of annual delay rental provided for in this lease. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety-day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the depository bank provided for below. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4 Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all of said minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance, provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas, other than casing head gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement are required under any governmental rule or order for the drilling or operation of a well at a regular location, or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered for all purposes except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder shall not have the effect of exchanging or transferring any interest under this lease between parties. Neither shall it impair the right of lessee to release as provided in paragraph 5 hereof except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect. If at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5 If operations are not conducted on said land on or before the first anniversary date hereof, this lease shall terminate as to both parties, unless lessee on or before said date shall, subject to the further provisions hereof, pay or tender to lessor or to lessor's credit in the

Citizens State

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, or its successors

which shall continue as the depository, regardless of changes in ownership of delay rental, royalties, or other moneys the sum of \$6.00 which shall operate as delay rental and cover the privilege of deferring operations for one year from said date. In like manner and upon like payments or tenders, operations may be further deferred for like periods of one year each during the primary term. If at any time that lessee pays or tenders delay rental, royalties, or other moneys two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided pay or tender such rental, royalties, or other moneys, in the manner herein specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to lessor or to the depository bank on or before the last date for payment. Said delay rental shall be apportionable as to said land on an acreage basis, and a failure to make proper payment or tender of delay rental as to any portion of said land or as to any interest therein shall not affect this lease as to any portion of said land or as to any interest therein as to which proper payment or tender is made. Any payment or tender which is made in an attempt to make proper payment, but which is erroneous in whole or in part as to parties, amounts, or depository, shall nevertheless be sufficient to prevent termination of this lease and to extend the time within which operations may be conducted in the same manner as though a proper payment had been made, provided, however, lessee shall correct such error within thirty (30) days after lessee has received written notice thereof from lessor. If the depository bank should refuse to accept any rental tendered hereunder, the tender nevertheless shall be fully effective and lessee shall have no obligation to make any further tender or payment in connection therewith until after lessor shall have furnished lessee with an instrument satisfactory to lessee naming another bank as agent to receive such payment. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest. If this lease is so released as to all of said minerals and horizons under a portion of said land, the delay rental and other payments computed in accordance therewith shall thereupon be reduced in the proportion that the acreage released bears to the acreage which was covered by this lease immediately prior to such release.

6 If at any time or times during the primary term operations are conducted on said land and if all operations are discontinued this lease shall terminate on its anniversary date next following the nineteenth (90th) day after such discontinuance unless on or before such anniversary date lessee either (1) conducts operations or (2) commences or resumes the payment or tender of delay rental, provided however if such anniversary date is at the end of the primary term, or if there is no further anniversary date of the primary term, this lease shall terminate at the end of such term or on the nineteenth (90th) day after discontinuance of all operations, whichever is the later date, unless on such later date either (1) lessee is conducting operations or (2) the shut-in well provisions of paragraph 3 or the provisions of paragraph 11 are applicable. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas or other of said minerals, or the production of oil, gas or other of said minerals whether or not in paying quantities.

7 Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

8 The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any of said minerals or horizons. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns and successive assigns. No change or division in the ownership of said land, royalties, delay rental, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, delay rental, or other moneys or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, lessee may, nevertheless pay or tender such royalties, delay rental, or other moneys, or part thereof, to the credit of the decedent in the depository bank provided for above. In the event of assignment of this lease as to any part (whether divided or undivided) of said land, the delay rental payable hereunder shall be apportionable as between the several leasehold owners, ratably according to the surface area or undivided interests of each and default in delay rental payment by one shall not affect the right of other leasehold owners hereunder.

9 In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require, and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.

10 Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. If this lease covers a less interest in said minerals, or any of them, in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not) or no interest therein, then the royalties, delay rental, and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

11 If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut in well provisions of paragraph 3 hereof, and lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of lessee, the primary term and the delay rental provisions hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

12 Lessor hereby expressly relinquishes dower and releases and waives all rights under and by virtue of the homestead exemption laws insofar as they may in any way affect the purpose for which this lease is made.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

Social Security or I D Number

Social Security or I D Number

Social Security or I D Number

Social Security or I D Number

Social Security or I D Number

Dale L. Black  
Dale L. Black  
Social Security or I D Number

Social Security or I D Number

Social Security or I D Number

STATE OF Colorado

INDIVIDUAL ACKNOWLEDGMENT

COUNTY OF Montezuma

) SS

I the undersigned, a Notary Public in and for said County and State, do hereby certify that Dale L. Black

~~and~~ to me personally known, and known to me to be the same person described in and who executed the foregoing instrument, appeared before me this day in person and acknowledged to me that he executed and delivered the same as his free and voluntary act and deed, for the uses, purposes and consideration therein expressed including the relinquishment of dower and homestead

Given under my hand and official seal this 24th day of July, 1977

My Commission Expires March 5, 1978

Dorinda L. Johnson  
Notary Public in and for said County and State residing at

STATE OF \_\_\_\_\_ )

INDIVIDUAL ACKNOWLEDGMENT

COUNTY OF \_\_\_\_\_ ) SS

I the undersigned a Notary Public in and for said County and State do hereby certify that \_\_\_\_\_

and \_\_\_\_\_ to me personally known, and known to me to be the same person \_\_\_\_\_ described in and who executed the foregoing instrument appeared before me this day in person and acknowledged to me that \_\_\_\_\_ he executed and delivered the same as \_\_\_\_\_ free and voluntary act and deed, for the uses purposes and consideration therein expressed including the relinquishment of dower and homestead

Given under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_

My Commission Expires

Notary Public in and for said County and State residing at

WHEN RECORDED RETURN TO  
SHELL OIL COMPANY  
LAND DEPARTMENT  
P O BOX 576  
HOUSTON TEXAS 77001

This instrument was filed for record on the 18th day of July 1977 at 9:05 o'clock A.M.  
and duly recorded in Book 480 Page 578 of the  
records of this office  
Jean DeGraff County Clerk  
County of Montezuma State of Colorado  
# 35-449

CO-8189-3

## OIL AND GAS LEASE

THIS AGREEMENT made this

19th

day of

October

Stanley R. Black

FILE  
HAP

19 76

between

lessor (whether one or more), whose address is P.O. Box 662, Lewis, Colorado 81327  
and Shell Oil Company, P.O. Box 576, Houston, Texas 77001

lessee, WITNLSSETH

1 Lessor, in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil and gas, including casinghead gas, casinghead gaso line, condensate and all related hydrocarbons, and including all other products produced therewith, hereinafter referred to collectively as 'said minerals', together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting said minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Montezuma, State of Colorado and is described as follows:

T-36-N, R-17-W, N.M.P.M.

Section 5: N/2SW/4 &amp; SW/4SW/4

\* Including carbon dioxide gas SRB

This lease also covers and includes any land contiguous to or adjoining the land above described, other than those constituting regular governmental sub divisions and (a) owned or claimed by lessor by limitation prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preferential right of acquisition. For the purpose of determining the amount of any bonus, delay rental or other payment hereunder, said land shall be deemed to contain 120 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. (five) (5) SRB *del*

2 Unless sooner terminated or longer kept in force under other provisions hereof this lease shall remain in force for a term of ~~ten~~ years from the date hereof, hereinafter called "primary term" and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3 As royalty lessee covenants and agrees (a) To deliver to the credit of lessor in the pipe line to which lessee may connect its wells, the equal one eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil. (b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas. (c) To pay lessor on all other said minerals produced and marketed or utilized by lessee from said land one-tenth either in kind or the market value thereof at the well, at lessee's election. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market said minerals capable of being produced from said wells but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety (90) consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety-day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to the amount of annual delay rental provided for in this lease. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety-day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the depository bank provided for below. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4 Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease or leases, as to any or all of said minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance, provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance if limited to one or more of the following: (1) gas, other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement, are required under any governmental rule or order for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered for all purposes, except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit that proportion of the total production of unitized minerals from the unit after deducting any used in lease or unit operations, which the number of surface acres in such land covered by this lease within the unit bears to the total number of surface acres in the unit and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder shall not have the effect of exchanging or transferring any interest under this lease between parties. Neither shall it impair the right of lessee to release as provided in paragraph 5 hereof, except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5 If operations are not conducted on said land on or before the first anniversary date hereof, this lease shall terminate as to both parties, unless lessee on or before said date shall, subject to the further provisions hereof, pay or tender to lessor or to lessor's credit in the

First National

Bank at

Cortez, Colorado 81321,

or its successors,

which shall continue as the depository regardless of changes in ownership of delay rental, royalties, or other moneys the sum of \$6.00 which shall operate as delay rental and cover the privilege of deferring operations for one year from said date. In like manner and upon like payments or tenders operations may be further deferred for like periods of one year each during the primary term. If at any time that lessee pays or tenders delay rental, royalties, or other moneys, two or more parties are, or claim to be, entitled to receive same, lessee may in lieu of any other method of payment herein provided, pay or tender such rental, royalties, or other moneys, in the manner herein specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to lessor or to the depository bank on or before the last date for payment. Said delay rental shall be apportionable as to said land on an acreage basis, and a failure to make proper payment or tender of delay rental as to any portion of said land or as to any interest therein shall not affect this lease as to any portion of said land or as to any interest therein as to which proper payment or tender is made. Any payment or tender which is made in an attempt to make proper payment, but which is erroneous in whole or in part as to parties, amounts, or depository, shall nevertheless be sufficient to prevent termination of this lease and to extend the time within which operations may be conducted in the same manner as though a proper payment had been made, provided, however, lessee shall correct such error within thirty (30) days after lessee has received written notice thereof from lessor. If the depository bank should refuse to accept any rental tendered hereunder the tender nevertheless shall be fully effective and lessee shall have no obligation to make any further tender or payment in connection therewith until after lessor shall have furnished lessee with an instrument satisfactory to lessee naming another bank as agent to receive such payment. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder and thereby be relieved of all obligations as to the released acreage or interest. If this lease is so released as to all of said minerals and horizons under a portion of said land the delay rental and other payments computed in accordance therewith shall thereupon be reduced in the proportion that the acreage released bears to the acreage which was covered by this lease immediately prior to such release.

This instrument was filed for record on the 18th day of July, 1905 at 9:00 o'clock A. M.  
and duly recorded in Book 485 Page 516 of the \_\_\_\_\_  
\_\_\_\_\_ seconds, \_\_\_\_\_ this office  
Jean DeGraff County Clerk  
County of montezuma State of Colorado  
# 3231

OIL AND GAS LEASE

C0-8189-2

THIS AGREEMENT, Entered into this the 19th day of October 1971  
between Marshal J. Black (dealing in his separate property), Route 1,  
Cortez, Colorado 81321

and Mobil Oil Corporation, Box 633, Midland, Texas 79701 hereinafter called lessor  
and hereinafter called lessee does witness

1 That lessor for and in consideration of the sum of five (5) Dollars in hand paid and of the covenants and agreements hereinafter contained to be performed by 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 utilize 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 gas casinghead gasoline and all other gases and their respective constituent vapors and for constructing roads laying pipe lines building power stations telephone lines and other structures thereon necessary or convenient for the economical operation of said land alone or jointly 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 recreational rights therein being situated in the County of Montezuma State of Colorado and described as follows  
Township 30 North, Range 17 West, N.M.P.M.  
Section 5: N/2 SW/4 and SW/4 SW/4

in Section 5 Township 30 North Range 17 West and containing 120 acres, more or less

2 This lease shall remain in force for a term of five (5) years and as long thereafter as oil gas casinghead gas casinghead gasoline or any of the products covered by this lease is or can be produced

3 The lessee shall deliver to lessor as royalty free of cost on the lease or into the pipe line to which lessee may connect its wells the equal one eighth part of all oil produced and saved from the leased premises or at the lessee's option may pay to the lessor for such one eighth royalty the market price for oil of like grade and gravity prevailing on the day such oil is run into the pipe line or into storage tanks

4 The lessee shall pay to lessor for gas produced from any oil well and used by the lessee for the manufacture of gasoline or any other product as royalty 1/4 of the market value of such gas at the mouth of the well if said gas is sold by the lessee then as royalty 1/4 of the proceeds of the sale thereof at the mouth of the well The lessee shall pay lessor as royalty 1/4 of the proceeds from the sale of gas as such at the mouth of the well where gas is found and where such gas is not sold or used lessee shall pay or tender annually at the end of each yearly period during which such gas is not sold or used as royalty an amount equal to the delay rental provided in paragraph 2 hereof and while said royalty is so paid or tendered this lease shall be held as a producing lease under paragraph 2 hereof the lessor to have gas free of charge from any gas well on the leased premises for stoves and inside lights in the principal dwelling house on said land by making his own connections with the well the use of such gas to be at the lessor's sole risk and expense

5 If operations for the drilling of a well for oil or gas are not commenced on said land on or before the 19th day of October 1972 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 CORTAZ, COLO. 81321 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 One Hundred Twenty & No/100 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 lessor 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 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 Notwithstanding the death of the lessor or his successors in interest the payment or tender of rentals in the manner above shall be binding on the heirs devisees executors and administrators of such persons

6 If at any time prior to the discovery of oil or gas on this land and during the term of this lease the lessee shall drill a dry hole or holes on this land this lease shall not terminate provided operations for the drilling of a well shall be commenced by the next ensuing rental paying date or provided the lessee begins or resumes the payment of rentals in the manner and amount hereinabove provided and in this event the preceding paragraphs hereof governing the payment of rentals and the manner and effect thereof shall continue in force

7 In case said lessor owns a fractional interest in the above described land then the entire and undivided fee simple estate therein then the royalties and rentals herein provided for shall be paid the said 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 300 feet to the house or barn now on said premises without the 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 but lessee shall be under no obligation to do so nor shall lessee be under any obligation to restore the surface to its original condition where any alterations or changes were due to operations reasonably necessary under this lease

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 original 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 before or after receipt of said documents shall be binding on any direct or indirect assignee grantee devisee administrator executor or heir of lessor

10 If the leased premises are now or shall hereafter be owned in severally or in separate tracts the premises nevertheless shall be developed and operated as one lease and all royalties accruing hereunder shall be treated as an entirety and shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may be hereafter divided by sale devise descent or otherwise or to furnish meters measuring or receiving tanks 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 rent due 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

13 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 ensuing rental paying date or provided lease 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 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

14 Lessee may at any time surrender or cancel this lease in whole or in part by delivering or mailing such release to the lessor or by placing same on record in the proper county In case said lease is surrendered and canceled as to only a portion of the acreage covered thereby then all payments and liabilities thereafter accruing under the terms of said lease as to the portion canceled shall cease and terminate and any rentals thereafter paid may be apportioned on an acreage basis but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes

15 All provisions hereof express or implied shall be subject to all federal and state laws and the orders rules or regulations (and interpretations thereof) of all governmental agencies administering the same and this lease shall not be in any way terminated wholly or partially nor shall the lessee be liable in damages for failure to comply with any of the express or implied provisions hereof if such failure accords with any such laws orders rules or regulation (or interpretations thereof) If lessee should be prevented during the last six months of the primary term hereof from drilling a well hereunder by the order of any constituted authority having jurisdiction thereover or if lessee should be unable during said period to drill a well hereunder due to equipment necessary in the drilling thereof not being available on account of any cause the primary term of this lease shall continue until six months after said order is suspended and or said equipment is available but the lessee shall pay delay rentals herein provided during such extended time

16 The unitization of this lease or any portion thereof with any other lease or leases or portions thereof shall be accomplished by the execution and filing by lessee in the recording office of said county of an instrument declaring its purpose to unitize and describing the leased and land unitized which unitization shall cover the gas rights and comprise an area not exceeding approximately 640 acres The royalty provided for herein with respect to gas from gas wells shall be apportioned among the owners of such royalty on minerals produced in the unitized area in the proportion that their interests in the minerals under the lands within such unitized area bear to the minerals under all of the lands in the unitized area Any well drilled on such unit shall be for all purposes a well under this lease and shall satisfy the rental provision of this lease as to all of the land covered thereby Provided however lessee shall be under no obligation express or implied to drill more than one gas well on said unit

17 This lease and all its terms conditions, and stipulations shall extend to and be binding on all successors of said lessor and lessee

IN WITNESS WHEREOF we sign the day and year first above written

Marshal J. Black (SEAL)  
Marshal J. Black (SEAL)  
(SEAL)  
(SEAL)  
(SEAL)

10K 113 340  
STATE OF COLORADO } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans, Okla. and Colo.)  
COUNTY OF MONTGOMERY

Before me, the undersigned, a Notary Public within and for said county and state on this 19th day of October 1971, personally appeared Marshal J. Black and

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires May 11, 1974 Notary Public

STATE OF } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans, Okla, and Colo.)  
COUNTY OF

Before me, the undersigned, a Notary Public, within and for said county and state, on this day of 19, personally appeared and

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that executed the same as free and voluntary act and deed for the uses and purposes therein set forth IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written

My commission expires Notary Public

STATE OF } ss. ACKNOWLEDGMENT FOR CORPORATION  
COUNTY OF

On this day of A D, 19, before me, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared to me personally known to be the identical person who signed the name of the maker thereof to the within and foregoing instrument as its President and acknowledged to me that executed the same as free and voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth

Given under my hand and seal the day and year last above written

My commission expires Notary Public

No. C 1512B  
OIL AND GAS LEASE  
278599  
FROM  
Marshal J. Black  
TO  
MOBIL OIL CORPORATION  
Montgomery Co, Colo  
Date 19  
Section Twp Rge  
No of Acres Term County  
STATE OF Colorado } ss.  
County of Montgomery  
This instrument was filed for record on the 29th day of October 1971 at 8:30 o'clock A.M. and duly recorded in Book 423 Page 345 of the records of this office  
C. H. Henderson  
Register of Deeds  
By Ed.  
RETURN TO  
When MOBILE OIL CORPORATION  
TITLE RECORDS SECTION  
P O BOX 633 MIDLAND, TX 79701  
THE KANSAS BLUE PRINT CO.  
WICHITA KANSAS  
PHOTOSTAT SERVICE UP TO DATE OIL MAPS

NOTE When signature by mark in Kansas, said mark to be witnessed by at least one person and also acknowledged For acknowledgment by mark, use regular Kansas acknowledgment.

STATE OF } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans, Okla, and Colo.)  
COUNTY OF

Before me, the undersigned, a Notary Public, within and for said county and state, on this day of 19, personally appeared and

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that executed the same as free and voluntary act and deed for the uses and purposes therein set forth IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written

My commission expires Notary Public

123 347

C 6-8189-1

Form 88—(Producers)

Kan., Chla. &amp; Colo. 1942 Rev.

B W

## OIL AND GAS LEASE

THIS AGREEMENT, Entered into this the 19th day of October 19 71  
 between Loris Comisky, Route 1, Cortez, Colorado; and Ralph J. Fair, 126 South  
Linden, Cortez, Colorado 81321

and Mobil Oil Corporation, Box 633, Midland, Texas 79701 hereinafter called lessor  
 and hereinafter called lessee does witness

1 That lessor for and in consideration of the sum of ten (10) Dollars in hand paid and of the covenants and agreements hereinafter contained to be performed by the lessee has this day granted, sold 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 utilize 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 gas casinghead gasoline and all other gases and their respective constituent vapors, and for constructing roads, laying pipe lines, building tanks, starting oil, building power stations, telephone lines and other structures thereon necessary or convenient for the economical operation of said land alone or jointly 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 Montezuma State of Colorado and described as follows

The N/2 SW/4 and SW/4 SW/4 Section 5, Township 36 North, Range 17 West,  
N.M.P.M.

In Section 120 Township 36 Range 17 and containing 120 acres more or less

2 This lease shall remain in force for a term of ten (10) years and as long thereafter as oil gas casinghead gas casinghead gasoline or any of the products covered by this lease is or can be produced

3 The lessee shall deliver to lessor as royalty free of cost on the lease or into the pipe line to which lessor may connect its wells the equal one eighth part of all oil produced and saved from the leased premises or at the lessee's option may pay to the lessor for such one eighth royalty the market price for oil of like grade and gravity prevailing on the day such oil is run into the pipe line or into storage tanks

4 The lessee shall pay to lessor for gas produced from any oil well and used by the lessee or the manufacture of gasoline or any other product as royalty  $\frac{1}{4}$  of the market value of such gas at the mouth of the well if said gas is sold by the lessee then as royalty  $\frac{1}{4}$  of the proceeds of the sale thereof at the mouth of the well. The lessee shall pay lessor as royalty  $\frac{1}{4}$  of the proceeds from the sale of gas as such at the mouth of the well where gas only is found and where such gas is not sold or used lessee shall pay or tender annually at the end of each yearly period during which such gas is not sold or used as royalty an amount equal to the delay rental provided in paragraph 5 hereof and while said royalty is so paid or tendered this lease shall be held as if a producing lease under paragraph 2 hereof the lessee to have gas free of charge from any gas well on the leased premises for storage and inside lights in the principal dwelling house on said land by making his own connections with the well the use of such gas to be at the lessor's sole risk and expense

5 If operations for the drilling of a well for oil or gas are not commenced on said land on or before the 19th day of October 19 72 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 Cortez, Colorado 81321 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 change of ownership in said

land or in the oil and gas or in the rentals to accrue hereunder the sum of One Hundred Twenty 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 if 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. Notwithstanding the death of the lessor or his successors in interest the payment or tender of rentals in the manner above shall be binding on the heirs devisees executors, and administrators of such persons

6 If at any time prior to the discovery of oil or gas on this land and during the term of this lease the lessee shall drill a dry hole or holes on this land this lease shall not terminate provided operations for the drilling of a well shall be commenced by the next ensuing rental paying date or provided the lessee begins or resumes the payment of rentals in the manner and amount hereinabove provided and in this event the preceding paragraphs hereof governing the payment of rentals and the manner and effect thereof shall continue in force

7 In case said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein then the royalties and rent as herein provided for shall be paid the said 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 buildings and other structures placed on said premises including the right to draw and remove all casing but lessee shall be under no obligation to do so nor shall lessee be under any obligation to restore the surface to its original condition where any alterations or changes were due to operations reasonably necessary under this lease

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 original 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 If the leased premises are now or shall hereafter be owned in severally or in separate tracts the premises nevertheless shall be developed and operated as one lease and all royalties accruing hereunder shall be treated as an entirety and shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage. There shall be no obligation on the part of the lessee to offset set wells on separate tracts into which the land covered by this lease may be hereafter divided by sale devise descent or otherwise or to furnish separate measuring or receiving tanks. 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 rent due 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

13 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 ensuing 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 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

14 Lessee may at any time surrender or cancel this lease in whole or in part by delivering or mailing such release to the lessor or by placing same of record in the proper county. In case said lease is surrendered and canceled as to only a portion of the acreage covered thereby then all payments and liabilities thereafter accruing under the terms of said lease as to the portion canceled shall cease and determine and any rentals thereafter paid may be apportioned on an acreage basis, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes

15 All provisions hereof express or implied shall be subject to all federal and state laws and the orders, rules, or regulations (and interpretations there of) of all governmental agencies administering the same and this lease shall not be in any way terminated wholly or partially nor shall the lessee be liable in damages for failure to comply with any of the express or implied provisions hereof if such failure accords with any such laws orders rules or regulations (or interpretations thereof). If lessee should be prevented during the last six months of the primary term hereof from drilling a well hereunder by the order of any constituted authority having jurisdiction thereover or if lessee should be unable during said period to drill a well hereunder due to equipment necessary in the drilling thereof not being available on account of any cause the primary term of this lease shall continue until six months after said order is suspended and or said equipment is available but the lessee shall pay delay rentals herein provided during such extended time

16 The utilization of this lease or any portion thereof with any other lease or leases or portions thereof shall be accomplished by the execution and filing by lessor in the recording office of said county of an instrument describing the leased and land utilized which unitization shall cover the gas rights only and comprise an area not exceeding approximately 640 acres. The royalty provided for herein with respect to gas from gas wells shall be apportioned among the owners of such royalty on minerals produced in the unitized area in the proportion that their interests in the minerals under the lands within such unitized area bear to the minerals under all of the lands in the unitized area. Any well drilled on such unit shall be for all purposes a well under this lease and shall satisfy the rental provision of this lease as to all of the land covered thereby. Provided however lessee shall be under no obligation express or implied to drill more than one gas well on said Unit

17 This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor and lessee

IN WITNESS WHEREOF we sign the day and year first above written

(SEAL) Doris Comisky (SEAL)  
 (SEAL) Ralph J. Fair (SEAL)  
 (SEAL) Ralph J. Fair (SEAL)  
 (SEAL) Ralph J. Fair (SEAL)

C 1810A



STATE OF COLORADO  
COUNTY OF MONTEZUMA

BOOK 423 PAGE 34

ss ACKNOWLEDGMENT FOR INDIVIDUAL (Kans, Okla, and Colo)

Before me, the undersigned, a Notary Public, within and for said county and state, on this 19th day of October, 1971, personally appeared Doris Comisky and Ralph J. Fair

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written

My commission expires May 11, 1974

*Charles H. Hark*  
Notary Public

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_ ss ACKNOWLEDGMENT FOR INDIVIDUAL (Kans, Okla, and Colo)

Before me, the undersigned, a Notary Public, within and for said county and state, on this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, personally appeared \_\_\_\_\_ and \_\_\_\_\_

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that \_\_\_\_\_ executed the same as \_\_\_\_\_ free and voluntary act and deed for the uses and purposes therein set forth IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written

My commission expires \_\_\_\_\_

Notary Public

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_ ss

ACKNOWLEDGMENT FOR CORPORATION

On this \_\_\_\_\_ day of \_\_\_\_\_, A D, 19\_\_\_\_, before me, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared \_\_\_\_\_ to me personally known to be the identical person who signed the name of the maker thereof to the within and foregoing instrument as its \_\_\_\_\_ President and acknowledged to me that \_\_\_\_\_ executed the same as \_\_\_\_\_ free and voluntary act and deed and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth

Given under my hand and seal the day and year last above written

My commission expires \_\_\_\_\_

Notary Public

No. C 1512A

OIL AND GAS LEASE

FROM  
*Doris Comisky, et al*

TO  
MOBIL OIL CORPORATION

*Montezuma Co, Colo.*

Date \_\_\_\_\_ 19\_\_\_\_  
Section \_\_\_\_\_ Twp \_\_\_\_\_ Rge \_\_\_\_\_  
No of Acres \_\_\_\_\_ Term \_\_\_\_\_  
County \_\_\_\_\_

STATE OF Colorado  
County of Montezuma

This instrument was filed for record on the 29th day of October 1971 at 8:35 o'clock A.M. and duly recorded in Book 423 Page 347 of the records of this office

By *C. K. Hark*  
Register of Deeds

RETURN TO  
When recorded  
MOBIL OIL CORPORATION  
TITLE RECORDS SECTION

P. O. BOX 633 MIDLAND, TX 79701  
THE KANSAS BLUE PRINT CO.  
WICHITA, KANSAS  
PHOTOSTAT SERVICE UP TO DATE OIL MAPS

NOTE When signature by mark in Kansas, said mark to be witnessed by at least one person and also acknowledged For acknowledgment by mark use regular Kansas acknowledgment

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_ ss ACKNOWLEDGMENT FOR INDIVIDUAL (Kans, Okla, and Colo)

Before me, the undersigned, a Notary Public, within and for said county and state, on this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, personally appeared \_\_\_\_\_ and \_\_\_\_\_

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that \_\_\_\_\_ executed the same as \_\_\_\_\_ free and voluntary act and deed for the uses and purposes therein set forth IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written

My commission expires \_\_\_\_\_

Notary Public

OIL AND GAS LEASE

THIS AGREEMENT made this 8th day of October 19 83 between Laura Jane Comisky Gilliland, a married woman dealing in her sole and separate property

lessor (whether one or more) whose address is 15000 County Road U, Lewis, Colorado 81327 and Shell Oil Company of P.O. Box 576 Houston, Texas 77001 lessee, WITNESSETH

1 Lessor in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration receipt of which is hereby acknowledged and of the covenants and agreements of lessee hereinafter contained does hereby grant lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for producing and owning oil and gas, including casinghead gas, casinghead gasoline condensate and all related hydrocarbons and including all other products produced therewith, hereinafter referred to collectively as "said minerals", together with the right to make surveys on said land lay pipe lines establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges dig canals build tanks power stations telephone lines, employee houses and other structures on said land necessary or useful in lessee's operations in exploring drilling for producing treating storing and transporting said minerals produced from the land covered hereby or any other land adjacent thereto The land covered hereby herein called said land is located in the County of Montezuma State of Colorado and is described as follows

Township 36 North, Range 17 West, N.M.P.M.

Section 5: N $\frac{1}{2}$ SW $\frac{1}{4}$  and SW $\frac{1}{4}$ SW $\frac{1}{4}$

\*Including Carbon Dioxide Gas L.G.

This lease is subject to all the terms and provisions of the McElmo Dome (Leadville) Unit Agreement effective April 1, 1983, recorded in Book 548 at Page 806 of the Clerk-Recorder records of Montezuma County, Colorado.

FILE  
DAW

This lease also covers and includes any land contiguous to or adjoining the land above described other than those constituting regular governmental subdivisions, and (a) owned or claimed by lessor by limitation prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preferential right of acquisition For the purpose of determining the amount of any bonus or other payment hereunder said land shall be deemed to contain 120 acres, whether actually containing more or less and the above recital of acreage in any tract shall be deemed to be the true acreage thereof

2 Unless sooner terminated or longer kept in force under other provisions hereof this lease shall remain in force for a term of five (5) years from the date hereof hereinafter called primary term and as long thereafter as operations as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days

3 As royalty lessee covenants and agrees (a) To deliver to the credit of lessor in the pipe line to which lessee may connect its wells, the equal one eighth part of all oil produced and saved by lessee from said land, or from time to time at the option of lessee to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case to bear one-eighth of the cost of treating oil to render it marketable pipe line oil (b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products the market value, at the mouth of the well of one-eighth of such gas and casinghead gas (c) To pay lessor on all other said minerals produced and marketed or utilized by lessee from said land, one-tenth either in kind or the market value thereof at the well, at lessee's election if at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled capable of producing oil or gas and all such wells are shut in this lease shall, nevertheless continue in force as though operations were being conducted on said land for so long as said wells are shut-in and thereafter this lease may be continued in force as if no shut-in had occurred Lessee covenants and agrees to use reasonable diligence to produce utilize or market said minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines separator, and lease tank and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee If, at any time or times after the expiration of the primary term all such wells are shut in for a period of ninety (90) consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period lessee shall pay or tender, by check or draft of lessee as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety-day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing and may be deposited in the Valley National Bank National Association Bank at Cortez, CO 81321 or its successors or in the Texas Commerce Bank National Association Houston, Texas or its successors which shall continue as the depositories regard less of changes in the ownership of shut-in royalty If at any time that lessee pays or tenders shut in royalty, two or more parties are, or claim to be entitled to receive same lessee may in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof as lessee may elect Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease severally as to acreage owned by each

4 Lessee is hereby granted the right, at its option to pool or unitize any land covered by this lease with any other land covered by this lease and/or with any other land, lease or leases as to any or all of said minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance, provided however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons so as to contain not more than 640 surface acres plus 10% acreage tolerance if limited to one or more of the following (1) gas other than casing head gas (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction if larger units than any of those herein permitted either at the time established or after enlargement are required under any governmental rule or order for the drilling or operation of a well at a regular location, or for obtaining maximum allowable from any well to be drilled drilling or already drilled any such unit may be established or enlarged to conform to the size required by such governmental order or rule Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded Each of said options may be exercised by lessee at any time and from time to time while this lease is in force and whether before or after production has been established either on said land or on the portion of said land included in the unit or on other land unitized therewith A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral royalty or leasehold interests in lands within the unit which are not effectively pooled or unitized Any operations conducted on any part of such unitized land shall be considered for all purposes, except the payment of royalty operations conducted upon said land under this lease There shall be allocated to the land covered by this lease within each such unit that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations which the number of surface acres in such land covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas The formation of any unit hereunder shall not have the effect of exchanging or transferring any interest under this lease between parties Neither shall it impair the right of lessee to release as provided in paragraph 5 hereof except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit At any time while this lease is in force lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect if at that time no operations are being conducted thereon for unitized minerals Subject to the provisions of this paragraph 4 a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force If this lease now or hereafter covers separate tracts no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided As used in this paragraph 4 the words separate tract mean any tract with royalty owner ship differing, now or hereafter either as to parties or amounts, from that as to any other part of the leased premises

5 Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder and thereby be relieved of all obligations as to the released acreage or interest

6 Whenever used in this lease the word operations shall mean operations for and any of the following drilling testing, completing reworking, recompleting, deepening plugging back or repairing of a well in search for or in an endeavor to obtain production of oil gas or other of said minerals, or the production of oil gas or other of said minerals whether or not in paying quantities

7 Lessee shall have the use, free from royalty of water, other than from lessor's water wells and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

8 The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any of said minerals or horizons. All of the covenants, obligations and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns and successive assigns. No change or division in the ownership of said land, royalties or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, lessee may nevertheless pay or tender such royalties or other moneys or part thereof, to the credit of the decedent in a depository bank provided for above.

9 In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or pre-sumption that lessee has failed to perform all its obligations hereunder. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations (but in no event less than forty acres) such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well or in such shape as then existing spacing rules require, and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.

10 Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. If this lease covers a less interest in said minerals or any of them, in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

11 If while this lease is in force, at or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of lessor, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause and this lease may be extended thereafter by operations as if such delay had not occurred.

12 Lessor hereby expressly relinquishes dower and releases and waives all rights under and by virtue of the homestead exemption laws insofar as they may in any way affect the purpose for which this lease is made.

IN WITNESS WHEREOF this instrument is executed on the date first above written.

\_\_\_\_\_  
Social Security or I D Number

\_\_\_\_\_  
Social Security or I D Number

\_\_\_\_\_  
Social Security or I D Number

\_\_\_\_\_  
Social Security or I D Number

\_\_\_\_\_  
Social Security or I D Number

Laura Jane Comisky Gilliland, a married

Social Security or I D Number woman dealing in her  
sole and separate

Social Security or I D Number property.

\_\_\_\_\_  
Social Security or I D Number

STATE OF COLORADO )

COUNTY OF MONTEZUMA ) SS

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that Laura Jane Comisky Gilliland, a married woman dealing in her sole and separate property and \_\_\_\_\_, to me personally known, and known to me to be the same person described in and who executed the foregoing instrument, appeared before me this day in person and acknowledged to me that she executed and delivered the same as her free and voluntary act and deed for the uses, purposes and consideration therein expressed, including the relinquishment of dower and homestead. Given under my hand and official seal this 10th day of October, 1983.

My Commission Expires

5/6/84

\_\_\_\_\_  
Notary Public in and for said County and State, residing at

2370 Security Life Bldg.  
Denver, CO 80202

STATE OF \_\_\_\_\_ )

COUNTY OF \_\_\_\_\_ ) SS

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that \_\_\_\_\_ and \_\_\_\_\_, to me personally known and known to me to be the same person described in and who executed the foregoing instrument, appeared before me this day in person and acknowledged to me that \_\_\_\_\_ he executed and delivered the same as \_\_\_\_\_ free and voluntary act and deed for the uses, purposes and consideration therein expressed, including the relinquishment of dower and homestead. Given under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My Commission Expires

\_\_\_\_\_  
Notary Public in and for said County and State, residing at

WHEN RECORDED RETURN TO

WHEN RECORDED RETURN TO  
SHELL OIL COMPANY  
LAND DEPARTMENT  
P. O. BOX 991  
HOUSTON, TEXAS 77001

This instrument was filed for record on the \_\_\_\_\_ day of

NOV 15 1983 at 9:05 o'clock A.M.

and duly recorded in Book 557, Page 202 of the

Records of this office

\_\_\_\_\_  
County Clerk

County of Montezuma State of Colo.

Geo. P. H.

OIL AND GAS LEASE



533 PAGE 857

THIS AGREEMENT made this 12th day of September, 1981, between  
Marjorie Ann Comisky Barnett, a married woman

lessor (whether one or more), whose address is 418 North Washington Cortez, Colorado 81321  
and Shell Oil Company, P. O. Box 576, Houston, Texas 77001, lessee, WITNESSETH

1 Lessor in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for producing and owning oil and gas, including casinghead gas, casinghead gasoline, condensate and all related hydrocarbons, and including all other products produced therewith, hereinafter referred to collectively as "said minerals", together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for producing, treating, storing and transporting said minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Montezuma State of Colorado and is described as follows:

Township 36 North, Range 17 West, N.M.P.M.

Section 5: N $\frac{1}{2}$  of SW $\frac{1}{4}$ , SW $\frac{1}{4}$  of SW $\frac{1}{4}$

\* including Carbon Dioxide Gas 76

This lease also covers and includes any land contiguous to or adjoining the land above described, other than those constituting regular governmental subdivisions, and (a) owned or claimed by lessor by limitation prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preferential right of acquisition. For the purpose of determining the amount of any bonus, delay rental or other payment hereunder said land shall be deemed to contain 120.00 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of ten (10) years from the date hereof, hereinafter called "primary term" and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. As royalty lessee covenants and agrees: (a) To deliver to the credit of lessor in the pipe line to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil. (b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas. (c) To pay lessor on all other of said minerals produced and marketed or utilized by lessee from said land, one-tenth either in kind or the market value thereof at the well, at lessee's election. If at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market said minerals capable of being produced from said wells but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator and lease tank and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety (90) consecutive days and during such time there are no operations on said land, then at or before the expiration of said ninety-day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to the amount of annual delay rental provided for in this lease. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety-day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the depository bank provided for below. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all of said minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance provided, however, units may be established as to any one or more horizons or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement, are required under any governmental rule or order for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by lessee at any time and from time to time while this lease is in force and whether before or after production has been established either on said land, or on the portion of said land included in the unit or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered for all purposes, except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit that proportion of the total production of unitized minerals from the unit after deducting any used in lease or unit operations which the number of surface acres in such land covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced herefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder shall not have the effect of exchanging or transferring any interest under this lease between parties. Neither shall it impair the right of lessee to release as provided in paragraph 5 hereof, except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect. If at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation or production as herein provided. As used in this paragraph 4 the words "separate tract" mean any tract with royalty ownership differing now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. If operations are not conducted on said land on or before the first anniversary date hereof, this lease shall terminate as to both parties, unless lessee on or before said date shall subject to the further provisions hereof, pay or tender to lessor or to lessor's credit in the Valley National Bank at Cortez, Colorado 81321, or its successors,

which shall continue as the depository regardless of changes in ownership of delay rental, royalties, or other moneys the sum of \$ 120.00 which shall operate as delay rental and cover the privilege of determining operations for one year from said date. In like manner and upon like payments or tenders, operations may be further deferred for like periods of one year each during the primary term. If at any time that lessee pays or tenders delay rental, royalties or other moneys, two or more parties are, or claim to be entitled to receive same, lessee may in lieu of any other method of payment herein provided pay or tender such rental, royalties, or other moneys in the manner herein specified either jointly or such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to lessor or to the depository bank on or before the last date for payment. Said delay rental shall be apportionable as to said land on an acreage basis and a failure to make proper payment or tender of delay rental as to any portion of said land or as to any interest therein shall not affect this lease as to any portion of said land or as to any interest therein as to which proper payment or tender is made. Any payment or tender which is made in an attempt to make proper payment but which is erroneous in whole or in part as to parties, amounts or depository shall nevertheless be sufficient to prevent termination of this lease and to extend the time within which operations may be conducted in the same manner as though a proper payment had been made, provided, however, lessee shall correct such error within thirty (30) days after lessee has received written notice thereof from lessor. If the depository bank should refuse to accept any rental tendered hereunder the tender nevertheless shall be fully effective and lessee shall have no obligation to make any further tender or payment in connection therewith until after lessor shall have furnished lessee with an instrument satisfactory to lessee naming another bank as agent to receive such payment. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder and thereby be relieved of all obligations as to the released acreage or interest. If this lease is so released as to all or said minerals and horizons under a portion of said land, the delay rental and other payments computed in accordance therewith shall thereupon be reduced in the proportion that the acreage released bears to the acreage which was covered by this lease immediately prior to such release.

6 If at any time or times during the primary term operations are conducted on said land and if all operations are discontinued, this lease shall thereafter terminate on its anniversary date next following the nineteenth (90th) day after such discontinuance unless on or before such anniversary date lessee either (1) conducts operations or (2) commences or resumes the payment or tender of delay rental provided, however if such anniversary date is at the end of the primary term, or if there is no further anniversary date of the primary term this lease shall terminate at the end of such term or on the nineteenth (90th) day after discontinuance of all operations, whichever is the later date, unless on such later date either (1) lessee is conducting operations or (2) the shut in well provisions of paragraph 3 or the provisions of paragraph 11 are applicable. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas or other of said minerals, or the production of oil, gas or other of said minerals whether or not in paying quantities.

7 Lessee shall have the use free from royalty of water, other than from lessor's water wells and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

8 The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any of said minerals or horizons. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns and successive assigns. No change or division in the ownership of said land, royalties, delay rental, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, delay rental, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessors heirs, successors or assigns notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, lessee may, nevertheless pay or tender such royalties, delay rental or other moneys or part thereof, to the credit of the decedent in the depository bank provided for above. In the event of assignment of this lease as to any part (whether divided or undivided) of said land, the delay rental payable hereunder shall be apportionable as between the several leasehold owners, ratably according to the surface area or undivided interests of each, and default in delay rental payment by one shall not affect the right of other leasehold owners hereunder.

9 In the event lessor considers that lessee has not complied with all its obligations hereunder both express and implied, lessor shall notify lessee in writing setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well or in such shape as then existing spacing rules require, and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.

10 Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. If this lease covers a less interest in said minerals or any of them in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not), or no interest therein, then the royalties, delay rental and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

11 If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar (except financial) beyond the reasonable control of lessee, the primary term and the delay rental provisions hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

12 Lessor hereby expressly relinquishes dower and releases and waives all rights under and by virtue of the homestead exemption laws insofar as they may in any way affect the purpose for which this lease is made.

IN WITNESS WHEREOF, this instrument is executed on the date first above written

Social Security or I.D. Number

Social Security or I.D. Number

Social Security or I.D. Number

Social Security or I.D. Number

Marjorie Ann Comisky Barnett  
Marjorie Ann Comisky Barnett  
SS  
 Social Security or I.D. Number

Social Security or I.D. Number

Social Security or I.D. Number

STATE OF Colorado )

INDIVIDUAL ACKNOWLEDGMENT

COUNTY OF Montezuma ) SS

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that Marjorie Ann Comisky Barnett and SS, to me personally known, and known to me to be the same person, described in and who executed the foregoing instrument, appeared before me this day in person and acknowledged to me that SS he executed and delivered the same as her free and voluntary act and deed, for the uses, purposes and consideration therein expressed, including the relinquishment of dower and homestead. Given under my hand and official seal this 12th day of September, 1981.

My Commission Expires 5/6/84

Charles A. Steen  
 Notary Public in and for said County and State, residing at  
2370 Security Life Bldg.  
Denver, CO 80202

STATE OF \_\_\_\_\_ )

INDIVIDUAL ACKNOWLEDGMENT

COUNTY OF \_\_\_\_\_ ) SS

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that \_\_\_\_\_ and \_\_\_\_\_, to me personally known, and known to me to be the same person, described in and who executed the foregoing instrument, appeared before me this day in person and acknowledged to me that \_\_\_\_\_ he executed and delivered the same as \_\_\_\_\_ free and voluntary act and deed, for the uses, purposes and consideration therein expressed, including the relinquishment of dower and homestead. Given under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My Commission Expires

Notary Public in and for said County and State, residing at

WHEN RECORDED RETURN TO  
 WHEN RECORDED RETURN TO  
 SHELL OIL COMPANY  
 LAND DEPARTMENT  
 P O BOX 991  
 HOUSTON, TEXAS 77001

356147  
 This instrument was filed for record on the \_\_\_\_\_ day of  
JAN 08 1982, 19\_\_\_\_ at 8:36 o'clock A M,  
 and duly recorded in Book 573, Page 857 of the  
 \_\_\_\_\_ records of this office  
Jean DeBraft County Clerk  
 County of Montezuma State of Colorado  
G. A. Ph Ed

THIS AGREEMENT made this 12 th day of September 1981, between  
Jerry Lynn Comisky, a single man

lessor (whether one or more), whose address is: 12564 County Road 22, Cortez, Colorado 81321  
 and Shell Oil Company P. O. Box 576 Houston, Texas 77001, lessee, WITNESSETH

1 Lessor, in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil and gas, including casinghead gas, casinghead gasoline, condensate and all related hydrocarbons, and including all other products produced therewith, hereinafter referred to collectively as "said minerals", together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting said minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Montezuma, State of Colorado, and is described as follows:

Township 36 North, Range 17 West, N.M.P.M.

Section 5: N $\frac{1}{2}$  of SW $\frac{1}{4}$ , SW $\frac{1}{4}$  of SW $\frac{1}{4}$

1.3.C. including Carbon Dioxide Gas

This lease also covers and includes any land contiguous to or adjoining the land above described, other than those constituting regular governmental subdivisions, and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preferential right of acquisition. For the purpose of determining the amount of any bonus, delay rental or other payment hereunder, said land shall be deemed to contain 120.00 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of five (5) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor in the pipe line to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil. (b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas. (c) To pay lessor on all other of said minerals produced and marketed or utilized by lessee from said land, one-tenth either in kind or the market value thereof at the well, at lessee's election. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market said minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety (90) consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety-day period, lessee shall pay or tender, by check or draft of lessee as royalty, a sum equal to the amount of annual delay rental provided for in this lease. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety-day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the depository bank provided for below. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all of said minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance if limited to one or more of the following: (1) gas, other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement, are required under any governmental rule or order, for the drilling or operation of a well at a regular location, or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered for all purposes, except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit that proportion of the total production of unitized minerals from the unit after deducting any used in lease or unit operations, which the number of surface acres in such land covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder shall not have the effect of exchanging or transferring any interest under this lease between parties. Neither shall it impair the right of lessee to release as provided in paragraph 5 hereof, except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing now or hereafter either as to parties or amounts, from that as to any other part of the leased premises.

5. If operations are not conducted on said land on or before the first anniversary date hereof this lease shall terminate as to both parties, unless lessee on or before said date shall subject to the further provisions hereof, pay or tender to lessor or to lessor's credit in the First

National of Cortez Bank at Cortez, Colorado 81321 or its successors,

which shall continue as the depository, regardless of changes in ownership of delay rental royalties, or other moneys the sum of \$ 120.00 which shall operate as delay rental and cover the privilege of deferring operations for one year from said date. In like manner and upon like payments or tenders, operations may be further deferred for like periods of one year each during the primary term. If at any time that lessee pays or tenders delay rental, royalties, or other moneys two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender such rental, royalties, or other moneys, in the manner herein specified either jointly to such parties or separately to each in accordance with their respective ownerships thereof as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to lessor or to the depository bank on or before the last date for payment. Said delay rental shall be apportionable as to said land on an acreage basis, and a failure to make proper payment or tender of delay rental as to any portion of said land or as to any interest therein shall not affect this lease as to any portion of said land or as to any interest therein as to which proper payment or tender is made. Any payment or tender which is made in an attempt to make proper payment, but which is erroneous in whole or in part as to parties, amounts, or depository, shall nevertheless be sufficient to prevent termination of this lease and to extend the time within which operations may be conducted in the same manner as though a proper payment had been made, provided however, lessee shall correct such error within thirty (30) days after lessee has received written notice thereof from lessor. If the depository bank should refuse to accept any rental tendered hereunder the tender nevertheless shall be fully effective and lessee shall have no obligation to make any further tender or payment in connection therewith until after lessor shall have furnished lessee with an instrument satisfactory to lessee naming another bank as agent to receive such payment. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder and thereby be relieved of all obligations as to the released acreage or interest. If this lease is so released as to all of said minerals and horizons under a portion of said land the delay rental and other payments computed in accordance therewith shall thereupon be reduced in the proportion that the acreage released bears to the acreage which was covered by this lease immediately prior to such release.

6 If at any time or times during the primary term operations are conducted on said land and if all operations are discontinued, this lease shall terminate on its anniversary date next following the nineteenth (90th) day after such discontinuance unless on or before such anniversary date lessee either (1) conducts operations or (2) commences or resumes the payment or tender of delay rental provided, however, if such anniversary date is at the end of the primary term or if there is no further anniversary date of the primary term, this lease shall terminate at the end of such term or on the nineteenth (90th) day after discontinuance of all operations, whichever is the later date, unless on such later date either (1) lessee is conducting operations or (2) the shut-in well provisions of paragraph 3 or the provisions of paragraph 11 are applicable. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas or other of said minerals, or the production of oil, gas or other of said minerals, whether or not in paying quantities.

7 Lessee shall have the use, free from royalty of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

8 The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any of said minerals or horizons. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto their heirs, successors, assigns and success in assigns. No change or division in the ownership of said land, royalties, delay rental, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee including but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, delay rental, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, lessee may nevertheless pay or tender such royalties, delay rental or other moneys, or part thereof, to the credit of the decedent in the depository bank provided for above. In the event of assignment of this lease as to any part (whether divided or undivided) of said land, the delay rental payable hereunder shall be apportionable as between the several leasehold owners ratably according to the surface area or undivided interests of each, and default in delay rental payment by one shall not affect the right of other leasehold owners hereunder.

9 In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or pre-emption that lessee has failed to perform all its obligations hereunder. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling of maximum allowable unit under applicable governmental regulations (but in no event less than forty acres) such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.

10 Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. If this lease covers a less interest in said minerals, or any of them, in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not) or no interest therein, then the royalties, delay rental, and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

11 If while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof and lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of lessee, the primary term and the delay rental provisions hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

12 Lessor hereby expressly relinquishes dower and releases and waives all rights under and by virtue of the homestead exemption laws insofar as they may in any way affect the purpose for which this lease is made.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

Social Security or I.D. Number

Social Security or I.D. Number

Social Security or I.D. Number

Social Security or I.D. Number

Social Security or I.D. Number

Social Security or I.D. Number

Social Security or I.D. Number

Social Security or I.D. Number

STATE OF Colorado

INDIVIDUAL ACKNOWLEDGMENT

COUNTY OF Montezuma ) SS

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that Jerry Lynn Comisky and \_\_\_\_\_, to me personally known, and known to me to be the same person, described in and who executed the foregoing instrument, appeared before me this day in person and acknowledged to me that \_\_\_\_\_ he executed and delivered the same as

his free and voluntary act and deed, for the uses, purposes and consideration therein expressed, including the relinquishment of dower and homestead

Given under my hand and official seal this 23rd day of September, 1981

My Commission Expires 5/6/84  
2370 Security Life Bldg.  
Denver, CO 80202

Notary Public in and for said County and State, residing at \_\_\_\_\_

STATE OF \_\_\_\_\_ )

INDIVIDUAL ACKNOWLEDGMENT

COUNTY OF \_\_\_\_\_ ) SS

I the undersigned, a Notary Public in and for said County and State, do hereby certify that \_\_\_\_\_ and \_\_\_\_\_, to me personally known, and known to me to be the same person, described in and who executed the foregoing instrument, appeared before me this day in person and acknowledged to me that \_\_\_\_\_ he executed and delivered the same as

free and voluntary act and deed, for the uses, purposes and consideration therein expressed, including the relinquishment of dower and homestead.

Given under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

My Commission Expires \_\_\_\_\_

Notary Public in and for said County and State, residing at \_\_\_\_\_

WHEN RECORDED RETURN TO

This instrument was filed for record on the \_\_\_\_\_ day of NOV 10 1981, 1981 at 9 25 o'clock A. M.

and duly recorded in Book 532, Page 241 of the

records of this office

Joan DeHoff County Clerk

County of Montezuma State of Colo

Geo. P. H. E.L.



## OIL AND GAS LEASE

BOOK 332 PAGE 239

THIS AGREEMENT made this 12th day of September 1981, between  
Clyde William Gomsky, a married man

lessor (whether one or more), whose address is Shell Oil Company P.O. Box 576 Houston, Texas 77001, lessee, WITNESSETH

1 Lessor, in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil and gas including casinghead gas, casinghead gasoline, condensate and all related hydrocarbons, and including all other products produced therewith, hereinafter referred to collectively as "said minerals", together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting said minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Montezuma, State of Colorado, and is described as follows:

Township 36 North, Range 17 West, N.M.P.M.

Section 5: N $\frac{1}{2}$  of SW $\frac{1}{4}$ , SW $\frac{1}{4}$  of SW $\frac{1}{4}$

\* including Carbon Dioxide Gas C.W.C.

This lease also covers and includes any land contiguous to or adjoining the land above described, other than those constituting regular governmental subdivisions, and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preferential right of acquisition. For the purpose of determining the amount of any bonus, delay rental or other payment hereunder, said land shall be deemed to contain 120.00 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of five (5) years from the date hereof, hereinafter called "primary term" and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor in the pipe line to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil, (b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas; (c) To pay lessor on all other of said minerals produced and marketed or utilized by lessee from said land, one-tenth either in kind or the market value thereof at the well at lessee's election. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market said minerals capable of being produced from said wells but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety (90) consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety-day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to the amount of annual delay rental provided for in this lease. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety-day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the depository bank provided for below. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all of said minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance, provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas, other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement, are required under any governmental rule or order, for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered for all purposes, except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder shall not have the effect of exchanging or transferring any interest under this lease between parties. Neither shall it impair the right of lessee to release as provided in paragraph 5 hereof, except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4 a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4 the words "separate tract" mean any tract with royalty ownership differing now or hereafter, either as to parties or amounts from that as to any other part of the leased premises.

5. If operations are not conducted on said land on or before the first anniversary date hereof this lease shall terminate as to both parties, unless lessee on or before said date shall, subject to the further provisions hereof, pay or tender to lessor or to lessor's credit in the ..

.. Valley National .. Bank at Fortez, Colorado 81321 .. or its successors, which shall continue as the depository, regardless of changes in ownership of delay rental royalties, or other moneys the sum of \$ 120.00 which shall operate as delay rental and cover the privilege of deferring operations for one year from said date. In like manner and upon like payments or tenders operations may be further deferred for like periods of one year each during the primary term. If at any time that lessee pays or tenders delay rental royalties, or other moneys, two or more parties are, or claim to be, entitled to receive same lessee may in lieu of any other method of payment herein provided, pay or tender such rental royalties, or other moneys, in the manner herein specified either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to lessor or to the depository bank on or before the last date for payment. Said delay rental shall be apportionable as to said land on an acreage basis and a failure to make proper payment or tender of delay rental as to any portion of said land or as to any interest therein shall not affect this lease as to any portion of said land or as to any interest therein as to which proper payment or tender is made. Any payment or tender which is made in an attempt to make proper payment, but which is erroneous in whole or in part as to parties, amounts, or depository, shall nevertheless be sufficient to prevent termination of this lease and to extend the time within which operations may be conducted in the same manner as though a proper payment had been made, provided, however, lessee shall correct such error within thirty (30) days after lessee has received written notice therefrom from lessor. If the depository bank should refuse to accept any rental tendered hereunder, the tender nevertheless shall be fully effective and lessee shall have no obligation to make any further tender or payment in connection therewith until after lessor shall have furnished lessee with an instrument satisfactory to lessee naming another bank as agent to receive such payment. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder and thereby be relieved of all obligations as to the released acreage or interest. If this lease is so released as to all of said minerals and horizons under a portion of said land the delay rental and other payments computed in accordance therewith shall thereupon be reduced in the proportion that the acreage released bears to the acreage which was covered by this lease immediately prior to such release.

6. If at any time or times during the primary term operations are conducted on said land and if all operations are discontinued this lease shall terminate on its anniversary date next following the nineteenth (90th) day after such discontinuance unless on or before such anniversary date lessee either (1) conducts operations or (2) commences or resumes the payment or tender of delay rental provided however, if such anniversary date is at the end of the primary term, or if there is no further anniversary date of the primary term, this lease shall terminate at the end of such term or on the nineteenth (90th) day after discontinuance of all operations, whichever is the later date, unless on such later date either (1) lessee is conducting operations or (2) the shut-in well provisions of paragraph 3 or the provisions of paragraph 11 are applicable. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas or other of said minerals or the production of oil, gas or other of said minerals, whether or not in paying quantities.

7. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any of said minerals or horizons. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns and successive assigns. No change or division in the ownership of said land, royalties, delay rental, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including but not limited to, the location and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, delay rental, or other moneys or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors or assigns notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division and of such court records and proceedings, transcripts or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, lessee may nevertheless pay or tender such royalties, delay rental, or other moneys, or part thereof, to the credit of the decedent in the depository bank provided for above. In the event of assignment of this lease as to any part (whether divided or undivided) of said land, the delay rental payable hereunder shall be apportionable as between the several leasehold owners, ratably according to the surface area or undivided interests of each, and default in delay rental payment by one shall not affect the right of other leasehold owners hereunder.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder both express and implied, lessor shall notify lessee in writing setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.

10. Lessor, hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right, at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. If this lease covers a less interest in said minerals, or any of them, in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not) or no interest therein, then the royalties, delay rental and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

11. If while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut in well provisions of paragraph 3 hereof, and lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar (except financial) beyond the reasonable control of lessee, the primary term and the delay rental provisions hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

12. Lessor hereby expressly relinquishes, dower and releases and waives all rights under and by virtue of the homestead exemption laws insofar as they may in any way affect the purpose for which this lease is made.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

Social Security or I.D. Number \_\_\_\_\_

Social Security or I.D. Number \_\_\_\_\_

Social Security or I.D. Number \_\_\_\_\_

Social Security or I.D. Number \_\_\_\_\_

Clyde William Comisky  
Clyde William Comisky

Social Security or I.D. Number \_\_\_\_\_

Social Security or I.D. Number \_\_\_\_\_

Social Security or I.D. Number \_\_\_\_\_

STATE OF Colorado )

INDIVIDUAL ACKNOWLEDGMENT

COUNTY OF Montezuma ) SS

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that Clyde William Comisky and \_\_\_\_\_, to me personally known, and known to me to be the same person, described in and who executed the foregoing instrument, appeared before me this day in person and acknowledged to me that \_\_\_\_\_ he executed and delivered the same as his free and voluntary act and deed, for the uses, purposes and consideration therein expressed, including the relinquishment of dower and homestead. Given under my hand and official seal this 23rd day of September, 1981.

My Commission Expires 5/6/84

Charles A. Steen  
Notary Public in and for said County and State, residing at  
2370 Security Life Bldg.  
Denver, CO 80202

STATE OF \_\_\_\_\_ )

INDIVIDUAL ACKNOWLEDGMENT

COUNTY OF \_\_\_\_\_ ) SS

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that \_\_\_\_\_ and \_\_\_\_\_, to me personally known and known to me to be the same person, described in and who executed the foregoing instrument, appeared before me this day in person and acknowledged to me that \_\_\_\_\_ he executed and delivered the same as free and voluntary act and deed, for the uses, purposes and consideration therein expressed, including the relinquishment of dower and homestead. Given under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My Commission Expires \_\_\_\_\_

Notary Public in and for said County and State, residing at \_\_\_\_\_

WHEN RECORDED RETURN TO

355813  
This instrument was filed for record on the \_\_\_\_\_ day of NOV 10 1981, 19\_\_\_\_ at 9:00 o'clock A.M., and duly recorded in Book 532, Page 239 of the \_\_\_\_\_ records of this office.  
Jean DeGraf County Clerk  
County of Montezuma State of Colo.  
Geo. Ph Ed

10-8189-9

OIL AND GAS LEASE

FILEBOOK 532 PAGE 237  
JFK

THIS AGREEMENT made this 12 <sup>th</sup> day of September, 1981, between  
Thomas P. Comisky, a married man  
lessor (whether one or more) whose address is 1012 East Carpenter Coriez, Colorado 81321  
and Shell Oil Company, P. O. Box 576, Houston, Texas 77001, lessee, WITNESSETH

1 Lessor in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for producing and owning oil and gas, including casinghead gas, casinghead gasoline, condensate and all related hydrocarbons and including all other products produced therewith, hereinafter referred to collectively as "said minerals", together with the right to make surveys on said land lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for producing, treating storing and transporting said minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby herein called "said land", is located in the County of Montezuma State of Colorado and is described as follows

Township 36 North, Range 17 West, N.M.P.M.

Section 5: N $\frac{1}{2}$  of SW $\frac{1}{4}$ , SW $\frac{1}{4}$  of SW $\frac{1}{4}$

T.P.C.  
\* including Carbon Dioxide Gas

This lease also covers and includes any land contiguous to or adjoining the land above described, other than those constituting regular governmental subdivisions, and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preferential right of acquisition. For the purpose of determining the amount of any bonus, delay rental or other payment hereunder said land shall be deemed to contain 120.00 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of five (5) T.P.C. years from the date hereof hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor in the pipe line to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil. (b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas. (c) To pay lessor on all other of said minerals produced and marketed or utilized by lessee from said land, one-tenth either in kind or the market value thereof at the well at lessee's election. If at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in this lease shall nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market said minerals capable of being produced from said wells but in the exercise of such diligence lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety (90) consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety-day period lessee shall pay or tender, by check or draft of lessee, as royalty a sum equal to the amount of annual delay rental provided for in this lease. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety-day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the depository bank provided for below. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases as to any or all of said minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance, provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance if limited to one or more of the following: (1) gas other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established or after enlargement, are required under any governmental rule or order for the drilling or operation of a well at a regular location, or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral royalty or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered for all purposes except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit that proportion of the total production of unitized minerals from the unit after deducting any used in lease or unit operations which the number of surface acres in such land covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder shall not have the effect of exchanging or transferring any interest under this lease between parties. Neither shall it impair the right of lessee to release as provided in paragraph 5 hereof except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4 a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4 the words "separate tract" mean any tract with royalty ownership differing now or hereafter either as to parties or amounts from that as to any other part of the leased premises.

5. If operations are not conducted on said land on or before the first anniversary date hereof this lease shall terminate as to both parties, unless lessee on or before said date shall, subject to the further provisions hereof pay or tender to lessor or to lessor's credit in the Valley National Bank at Cortez, Colorado 81321 or its successors,

which shall continue as the depository regardless of changes in ownership of delay rental royalties, or other moneys the sum of \$ 120.00 which shall operate as delay rental and cover the privilege of deferring operations for one year from said date. In like manner and upon like payments or tenders, operations may be further deferred for like periods of one year each during the primary term. If at any time that lessee pays or tenders delay rental royalties or other moneys two or more parties are, or claim to be entitled to receive same, lessee may in lieu of any other method of payment herein provided pay or tender such rental royalties or other moneys in the manner herein specified either jointly to such parties or separately to each in accordance with their respective ownerships thereof as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to lessor or to the depository bank on or before the last date for payment. Said delay rental shall be apportionable as to said land on an acreage basis, and a failure to make proper payment or tender or delay rental as to any portion of said land or as to any interest therein shall not affect this lease as to any portion of said land or as to any interest therein as to which proper payment or tender is made. Any payment or tender which is made in an attempt to make proper payment but which is erroneous in whole or in part as to parties amounts, or depository shall nevertheless be sufficient to prevent termination of this lease and to extend the time within which operations may be conducted in the same manner as though a proper payment had been made, provided, however, lessee shall correct such error within thirty (30) days after lessee has received written notice thereof from lessor. If the depository bank should refuse to accept any rental tendered hereunder the tender nevertheless shall be fully effective and lessee shall have no obligation to make any further tender or payment in connection therewith until after lessor shall have furnished lessee with an instrument satisfactory to lessee naming another bank as agent to receive such payment. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon hereunder and thereby be relieved of all obligations as to the released acreage or interest. If this lease is so released as to all of said minerals and horizons under a portion of said land, the delay rental and other payments computed in accordance therewith shall hereupon be reduced in the proportion that the acreage released bears to the acreage which was covered by this lease immediately prior to such release.

6 If at any time or times during the primary term operations are conducted on said land and if all operations are discontinued, this lease shall thereafter terminate on its anniversary date next following the nineteenth (90th) day after such discontinuance unless on or before such anniversary date lessee either (1) conducts operations or (2) commences or resumes the payment or tender of delay rental provided however, if such anniversary date is at the end of the primary term, or if there is no further anniversary date of the primary term, this lease shall terminate at the end of such term or on the nineteenth (90th) day after discontinuance of all operations, whichever is the later date unless on such later date either (1) lessee is conducting operations or (2) the shut-in well provisions of paragraph 3 or the provisions of paragraph 11 are applicable. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas or other of said minerals, or the production of oil, gas or other of said minerals, whether or not in paying quantities.

7 Lessee shall have the use free from royalty of water, other than from lessor's water wells and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

8 The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any of said minerals or horizons. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns and assigns. No change or division in the ownership of said land, royalties, delay rental or other moneys, or any part thereof howsoever effected, shall increase the obligations or diminish the rights of lessee including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, delay rental, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, lessee may, nevertheless pay or tender such royalties, delay rental, or other moneys, or part thereof, to the credit of the decedent in the depository bank provided for above. In the event of assignment of this lease as to any part (whether divided or undivided) of said land, the delay rental payable hereunder shall be apportionable as between the several leasehold owners, ratably according to the surface area or undivided interests of each, and default in delay rental payment by one shall not affect the right of other leasehold owners hereunder.

9 In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require, and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.

10 Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. If this lease covers a less interest in said minerals, or any of them, in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not), or no interest therein, then the royalties, delay rental, and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

11 If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar (except financial) beyond the reasonable control of lessee, the primary term and the delay rental provisions hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

12 Lessor hereby expressly relinquishes dower and releases and waives all rights under and by virtue of the homestead exemption laws insofar as they may in any way affect the purpose for which this lease is made.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

Social Security or I.D. Number \_\_\_\_\_

Social Security or I.D. Number \_\_\_\_\_

Social Security or I.D. Number \_\_\_\_\_

Social Security or I.D. Number \_\_\_\_\_

Thomas P. Comisky SS # \_\_\_\_\_

Social Security or I.D. Number \_\_\_\_\_

Social Security or I.D. Number \_\_\_\_\_

Social Security or I.D. Number \_\_\_\_\_

STATE OF Colorado )

COUNTY OF Montezuma ) SS

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that Thomas P. Comisky and \_\_\_\_\_, to me personally known, and known to me to be the same person, described in and who executed the foregoing instrument, appeared before me this day in person and acknowledged to me that \_\_\_\_\_ he executed and delivered the same as his free and voluntary act and deed, for the uses, purposes and consideration therein expressed, including the relinquishment of dower and homestead. Given under my hand and official seal this 23rd day of September, 1981.

My Commission Expires 5/6/84

Notary Public in and for said County and State, residing at

2370 Security Life Bldg.

Denver, CO 80202

STATE OF \_\_\_\_\_ )

COUNTY OF \_\_\_\_\_ ) SS

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that \_\_\_\_\_ and \_\_\_\_\_, to me personally known, and known to me to be the same person, described in and who executed the foregoing instrument, appeared before me this day in person and acknowledged to me that \_\_\_\_\_ he executed and delivered the same as his free and voluntary act and deed, for the uses, purposes and consideration therein expressed, including the relinquishment of dower and homestead. Given under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My Commission Expires \_\_\_\_\_

Notary Public in and for said County and State, residing at \_\_\_\_\_

WHEN RECORDED RETURN TO

This instrument was filed for record on the NOV 10 1981 day of 9:15 o'clock A.M., and duly recorded in Book 532, Page 237 of the

records of this office  
County of Montezuma State of Colorado  
Joan DeHra County Clerk  
Ed.