

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, Sts and is described as follows

TOWNSHIP 37 NORTH, RANGE 17 WEST, N.M.P.M.
Section 33: NW $\frac{1}{4}$

* Including Carbon Dioxide Gas BHS —BHS

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 1.60 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) BHS

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 on 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 or 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 Farmer & Merchants Bank at Waterloo, Alabama 35677 or its successors, or in the Texas Commerce Bank National Association, Houston, Texas, or its successors, which shall continue as the depositories, regardless 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 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

(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 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 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 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.

ms
x BESSIE HODGES, SCOTT

~~Social Security or ID Number~~ BESSIE HODGES SCOTT

Social Security or ID Number

~~Social Security or ID Number~~

Social Security or ID Number

STATE OF ALABAMA)

INDIVIDUAL ACKNOWLEDGMENT

COUNTY OF LAUREL) SS

Bessie Hodges Scott, a married woman dealing in her sole

I the undersigned, a Notary Public in and for said County and State do hereby certify that Her and separate property 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 11th day of November 1983

My Commission Expires 12/15/86

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

366278

WHEN RECORDED RETURN TO SHELL OIL COMPANY

This instrument was filed for record on the _____ day of JUN 06 1983 1983 at 9:50 o'clock A.M.

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 37 North - Range 17 West
Sec. 33: NW/4

*including carbon dioxide gas *FAO*

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 **160.00** 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 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 different, 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 **Alamo National Bank, Box 900** Bank at **San Antonio, Texas 78293** or its successors,

which shall continue as the depository, regardless of changes in ownership of delay rental, royalties, or other moneys, the sum of \$ **160.00** 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

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

Frederick A. Overly
Social Security or I D Number FREDERICK A. OVERLY

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 TEXAS)

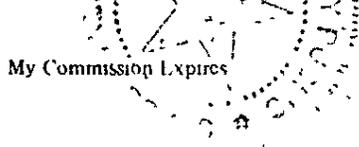
INDIVIDUAL ACKNOWLEDGMENT

COUNTY OF Bexar) SS

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that FREDERICK A. OVERLY

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 18th day of March, 19 75



Betty Gene Carle
Notary Public in and for said County and State, residing at
BETTY GENE CARLE
Notary Public, Bexar County, Texas

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

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 37 North - Range 17 West
Sec. 33: NW/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 **160.00** 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 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 **Jackson State Bank, 110 West Baltimore** Bank at **Jackson, Tennessee 38301**, or its successors,

which shall continue as the depository, regardless of changes in ownership of delay rental, royalties, or other moneys, the sum of \$ **160.00** 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 to said land on

to getting crops and interest 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.

ELLA D. HODGES JONES
Social Security or I D Number _____

HAL C. JONES
Social Security or I D Number _____

STATE OF TENNESSEE)

INDIVIDUAL ACKNOWLEDGMENT

COUNTY OF Madison) SS

I the undersigned, a Notary Public in and for said County and State, do hereby certify that ELLA D. HODGES JONES

and HAL C. JONES, to me personally known, and known to me to be the same person S described in and who

executed the foregoing instrument, appeared before me this day in person and acknowledged to me that he Y executed and delivered the same as their 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 4th day of March, 1975

My Commission Expires November 26, 1977

James H. Matt
Notary Public in and for said County and State residing at
Jackson, Tennessee 38301

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

My Commission Expires _____

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

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:

Township 37 North - Range 17 West
Sec. 33. NW/4

*including carbon dioxide gas *M E M S*

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 **160.00** 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 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 State Bank** Bank at **Henderston, Tennessee 38340** or its successors,

which shall continue as the depository, regardless of changes in ownership of delay rental, royalties, or other moneys, the sum of \$ **160.00** 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 full and final settlement shall be made by lessee to lessor on or before the expiration of the primary term.

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 successors 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 here under 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

Mary Earl Melton Smith
Social Security or I D Number MARY EARL MELTON SMITH Social Security or I D Number [REDACTED]
Social Security or I D Number [REDACTED] Social Security or I D Number [REDACTED]
Social Security or I D Number [REDACTED] Social Security or I D Number [REDACTED]
Social Security or I D Number [REDACTED] Social Security or I D Number [REDACTED]

STATE OF TENNESSEE) INDIVIDUAL ACKNOWLEDGMENT

COUNTY OF CHESTER) SS

I, the undersigned, a Notary Public in and for said County and State do hereby certify that MARY EARL MELTON SMITH and [REDACTED] 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 their 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 5th day of March 19 75

My Commission Expires July 15, 1978
[Notary Seal]
Melton Smith
Notary Public in and for said County and State residing at Henderson, Tennessee

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 _____

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:

Township 37 North - Range 17 West
Sec. 33: NW/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 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 **160.00** 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 pro- duced 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 expira- tion 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 conduc- ted 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 pro- vided 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 re- quired 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 ex- changing 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 pro- visions 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

CHESTER COUNTY BANK

Bank at **HENDERSON, TENNESSEE 38340**

or its successors,

which shall continue as the depository, regardless of changes in ownership of delay rental, royalties, or other moneys, the sum of \$ **160.00** 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 shall be paid to the owner of record at the time of payment.

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
Maxine Melton Redden
Social Security or I.D. Number MAXINE MELTON REDDEN
[Redacted]
Social Security or I.D. Number _____
Social Security or I.D. Number _____
Social Security or I.D. Number _____

Alda Fay Redden
Social Security or I.D. Number ALDA FAY REDDEN
[Redacted]
Social Security or I.D. Number _____
Social Security or I.D. Number _____
Social Security or I.D. Number _____

STATE OF TENNESSEE)
COUNTY OF CHESTER) SS

INDIVIDUAL ACKNOWLEDGMENT

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that MAXINE MELTON REDDEN
and ALDA FAY REDDEN, to me personally known, and known to me to be the same person S described in and who executed the foregoing instrument, appeared before me this day in person and acknowledged to me that they executed and delivered the same as their 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 25 day of March, 19 75

My Commission Expires 1-12-76

[Signature]
Notary Public in and for said County and State, residing at
247 1/2 1st Ave, Chester, Tenn

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Tenn.)
COUNTY OF CHESTER) 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 _____

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 37, North-Range 17 West, NMPM

Section 33: NW $\frac{1}{4}$

*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 or other payment hereunder, said land shall be deemed to contain **160** 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 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 **Allied Seabrook** Bank at **Seabrook, Texas 77586** or its successors, or in the Texas Commerce Bank National Association, Houston, Texas, or its successors, which shall continue as the depositories, regardless 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 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

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 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 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 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

Christina LaVelle Hodges Sullivan
Social Security or I D Number

Thomas Foy Sullivan
Social Security or I D Number

Christina LaVelle Hodges Sullivan

Thomas Foy Sullivan

Social Security or I D Number

Social Security or I D Number

SS# [REDACTED]
Social Security or I D Number

SS# [REDACTED]
Social Security or I D Number

Social Security or I D Number

Social Security or I D Number

STATE OF TEXAS)

INDIVIDUAL ACKNOWLEDGMENT

COUNTY OF Harris) SS

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that Christina LaVelle Hodges Sullivan and Thomas Foy Sullivan, 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 they executed and delivered the same as their 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 March 1976

My Commission Expires June 1 - 1977

Laurie Johnson
Notary Public in and for said County and State, residing at Seabrook Harris, Texas

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

307022

WHEN RECORDED RETURN TO
WHEN RECORDED RETURN TO
SHELL OIL COMPANY

This instrument was filed for record on the 16th day of April 1976 at 8:30 o'clock A. M. and duly recorded in Book 462 Page 879 of the

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 the 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 37 North, Range 17 West, N.M.P.M.
Section 33: NW $\frac{1}{4}$;

Handwritten initials

* and also includes 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 or other payment hereunder, said land shall be deemed to contain **160.00** 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~~ **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 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 Bank of Colliwood Bank at Colliwood Tennessee or its successors, or in the Texas Commerce Bank National Association, Houston, Texas, or its successors, which shall continue as the depositories, regardless 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 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

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 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 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 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

Ola H Morris
414-66-1459
Social Security or I D Number
Ola Hodges Morris SS#
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 Tennessee)
COUNTY OF Wayne) SS. INDIVIDUAL ACKNOWLEDGMENT

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that Ola Hodges Morris 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 9th day of February, 1981.

My Commission Expires 4-19-82 Notary Public in and for said County and State, residing at Lantz, TN 38471

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: This instrument was filed for record on the _____ day of SEP 9 1981 19____ at 11:40 o'clock A.M.

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 37 North, Range 17 West, N.M.P.M.

Section 33; NW 1/4; 1/40 mineral interest

SPD
TAM

*and also includes carbon dioxide gas

South Colorado National Bank
Account Number - 630-71-3 (Theodore Q. Maloney)
1100 So. Broadway St.
Denver, Colorado 80210
Theodore Q. Maloney

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 160.00 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~~ 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 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 Bank at or its successors, or in the Texas Commerce Bank National Association, Houston, Texas, or its successors, which shall continue as the depositories, regardless 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 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 there are no

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 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 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 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.

Theodore Q. Mahoney
Social Security or I D Number
Theodore Q. Mahoney SS# [REDACTED]
Social Security or I D Number

Social Security or I D Number

Social Security or I D Number

STATE OF WYOMING)
) SS
COUNTY OF WATSON)

INDIVIDUAL ACKNOWLEDGMENT

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that Theodore Q. Mahoney 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 26th day of June, 1981.

My Commission Expires: 1-17-83

Kevin A. Anderson
Notary Public in and for said County and State, residing at Stearnsville

STATE OF _____)
) SS
COUNTY OF _____)

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

354938

WHEN RECORDED RETURN TO

This instrument was filed for record on the _____ day of _____, 1981

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 37 North, Range 17 West, N.M.P.M.
Section 33: NW $\frac{1}{4}$:

CPD

* and also includes 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 or other payment hereunder, said land shall be deemed to contain 160.00 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 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 First National Bank at Jackson, Mississippi 39200 or its successors, or in the Texas Commerce Bank National Association, Houston, Texas, or its successors, which shall continue as the depositories, regardless 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 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

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 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. Lessor 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 lessee, 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

Mabel Pearl Melton Varner

Social Security or I D Number
Mabel Pearl Melton Varner SS#

Social Security or I D Number

Social Security or I D Number

Social Security or I D Number.

STATE OF Mississippi)

INDIVIDUAL ACKNOWLEDGMENT

COUNTY OF Hinds) SS.

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that Mabel Pearl Melton Varner _____
_____ 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 17th day of February, 1981

My Commission Expires _____
Notary Public in and for said County and State, residing at _____
Jackson, Mississippi

Mona C. Summers Jr.

Notary Public in and for said County and State, residing at _____
Jackson, Mississippi

STATE OF _____)

INDIVIDUAL ACKNOWLEDGMENT

COUNTY OF _____) SS.

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

353626

WHEN RECORDED RETURN TO.

This instrument was filed for record on the _____ day of
Feb 0 1981 at 11:45 o'clock AM

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 37 North, Range 17 West, N.M.P.M.
Section 33: NW $\frac{1}{4}$;

* and also includes 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 or other payment hereunder, said land shall be deemed to contain 160.00 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)~~ 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 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 Citizens State Bank at Cortez, Colorado 81321 or its successors, or in the Texas Commerce Bank National Association, Houston, Texas, or its successors, which shall continue as the depositories, regardless 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 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 a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If the lease non-

lessor (whether one or more), whose address is Shell Oil Company, P.O. Box 991, 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 37 North, Range 17 West, N.M.P.M.
Section 33: NW/4;

* and also includes carbon dioxide gas

RECEIVED
FEB 07 2008
COGCC

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 160.0 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)~~ 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 Citizens (San Juan Branch) Bank at Farmington, New Mexico 87401 or its successors, which shall continue as the depository, regardless of changes in ownership or delay rental, royalties, or other moneys, the sum of \$ 160.00 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

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

Harry R. Stanley SS#

Social Security or I.D. Number

Social Security or I.D. Number

Charlotte A. Stanley SS#

Social Security or I.D. Number

STATE OF Colorado)

INDIVIDUAL ACKNOWLEDGMENT

COUNTY OF La Plata) SS

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that Harry R. Stanley and Charlotte A. Stanley, to me personally known, and known to me to be the same person S described in and who executed the foregoing instrument, appeared before me this day in person and acknowledged to me that they executed and delivered the same as their 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 8th day of October, 19 81

My Commission Expires:
December 5, 1981

Joseph P. Humman Jr.
Notary Public in and for said County and State, residing at
Box 544 Durango, Colorado 81301

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

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:

Township 37 North, Range 17 West, N.M.P.M.
Section 33; W. 209 feet of S $\frac{1}{2}$ SW $\frac{1}{4}$, less 2 acre tract, substantially
less a strip 33feet wide off of the West side of the tract
2/3 of the S $\frac{1}{2}$ SW $\frac{1}{4}$;

RECEIVED
FEB 07 2008
COGCC

Recorded at 9:46 o'clock A. on JUL 31 1980

Reception No 345987 Juan DeGraft Recorder Montezuma La. Co. N.M.

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

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 5.33 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 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 Inland Empire Bank at Hermiston, Oregon or its successors, or in the Texas Commerce Bank National Association, Houston, Texas, or its successors which shall continue as the depositories, regardless 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 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

and MOUNTAIN FUEL SUPPLY COMPANY a Utah corporation at 180 East 1st South Salt Lake City Utah 84111 hereinafter called the lessee
WITNESSETH

1 That the lessor for and in consideration of the sum of -----Ten and More ----- Dollars in hand paid by the lessee the receipt and sufficiency of which is hereby acknowledged and of the covenants and agreements herein contained on the part of the lessee to be paid kept and performed by these presents does grant, demise, lease and let exclusively unto the lessee, its successors and assigns for the purpose of investigating, exploring by geological, geophysical, and other methods prospecting drilling mining and operating for and producing oil liquid hydrocarbons all gases (including without limitation, hydrogen sulfide gas), and their respective constituent products, injecting gas, water, other fluids and air into subsurface strata and conducting secondary recovery operations laying pipelines, storing oil building tanks, power stations roads, telephone lines and other structures and things thereon to produce save, take care of, treat manufacture, process store and transport said oil, liquid hydrocarbons gases and their respective constituent products and other products manufactured therefrom, and all other rights and privileges necessary incident or con enient for the economical operation of said lands alone or conjointly with neighboring lands the following described premises situate in Township 37 North, Range 17 West, NMPH County of Montezuma, State of Colorado to wit

T. 37 N., R. 17 W., NMPH

Sec 33: N¹/₂SW¹/₄, AND a strip 33 ft. wide of
of the West side of the North 2-3
of the S¹/₂SW¹/₄

INITIAL
HEREIN
(5)

containing 81.00 acres more or less hereby releasing all rights under and by virtue of the Homestead Exemption Laws of said state

2 Subject to the other provisions herein contained this lease shall remain in force for a term of ten (10) years from this date (called 'primary term') and as long thereafter as oil liquid hydrocarbons gas or their respective constituent products or any of them is or can be produced from said lands or land with which said land is pooled by the lessee

3 The royalties to be paid by lessee are (a) on oil and other than liquid hydrocarbons saved at the well one-eighth (1/8) of that produced and saved from said land same to be delivered at the wells or to the credit lessor in the pipeline to which the wells may be connected, or lessee, at its option, may pay to lessor for such one eighth (1/8) royalty the market price at the well for oil of like grade and gravity prevailing at the time of production, (b) on gas including casinghead gas and all gaseous substances produced from said land and sold or used off the premises or in the manufacture of gasoline or other products therefrom the market value at the mouth of the well of one-eighth (1/8) of the gas so sold or used provided that on gas sold at the wells the royalty shall be one-eighth (1/8) of the amount realized from such sale and (c) at any time either before or after the expiration of the primary term of this lease if there is a gas well or wells on the above land (and for the purposes of this clause (c) the term "gas well" shall include wells capable of producing natural gas, condensate, distillate or any gaseous substance and wells classified as gas wells by any government authority) and such well or wells are shut in before or after production therefrom lessee and any assignee hereunder may pay or tender an advance annual royalty equal to the amount of delay rentals provided for in this lease for the acreage then held under this lease by the party making such payment or tender and if such payment or tender is made, it shall be considered under all provisions of this lease that gas is being produced from the leased premises in paying quantities for one (1) year from the date such payment or tender is made and in like manner subsequent advance annual royalty payments may be made or tendered and it will be considered under all provisions of this lease that gas is being produced from the leased premises in paying quantities during any annual period for which royalty is paid or tendered. Such advance royalty may be paid or tendered in the same manner as provided herein for the payment or tender of delay rentals. Royalty accruing to the owners thereof on any production from the leased premises during any annual period for which advance royalty is paid may be credited against such advance payment. When there is a shut-in gas well or wells on the leased premises if this lease is not continued in force under some other provision hereof it shall nevertheless continue in force for a period of ninety (90) days from the last date on which a gas well located on the leased premises is shut in or for ninety (90) days following the date to which this lease is continued in force by some other provision hereof as the case may be within which ninety day period lessee or any assignee hereunder may commence or resume the payment or tender of the advance royalty as herein provided

4 If operations for the drilling of a well are not commenced on said lands on or before one (1) year from the date hereof this lease shall terminate unless the lessee shall on or before one (1) year from the date hereof, pay or tender to the lessor or for the lessor's credit in the

Inland Empire Bank

Bank at Hermiston, Oregon or its successors which bank or its successors shall be the lessor's agent and shall continue as the depository of any and all sums payable under this lease, regardless of ownership in said lands or in the oil and gas or in the rentals to accrue thereunder, the sum of

Eighty-one and no/100 Dollars (\$ 80.00) which shall operate as rental and cover the privilege of deferring the commencement of

drilling operations for the further period of one (1) year in like manner and upon like payment or tenders, the commencement of drilling operations may be further deferred for like periods successively. All payments or tenders may be made by check of lessee or any assignee thereof, mailed to the post office address of the lessor as hereinabove set forth or delivered on or before the rental paying period. Provided, however the lessee shall be granted a thirty (30) day grace period within which to make payments and this lease shall not be forfeited if such payments are made within said thirty (30) day grace period after the time for payment as provided in this paragraph. If at any time more than six persons shall be entitled to participate in the rentals or royalties hereunder lessee at its election may pay all rentals and royalties thereafter accruing to the credit of this lease in the depository bank last designated by lessor as herein provided or lessee may withhold payment unless and until such persons shall designate in a recordable instrument to be filed with the lessee a common agent or trustee to receive all payments hereunder, and to execute and deliver rental receipts, division orders and/or transfer orders on behalf of said persons and their respective successors in interest

5 If prior to discovery of oil liquid hydrocarbons gas or their respective constituent products or any of them on said land or on land pooled therewith lessee should drill and abandon a dry hole or holes thereon or if after discovery of oil liquid hydrocarbons gas or their respective constituent products or any of them in the production hereof should cease from any cause this lease shall not terminate if lessee commences additional drilling or reworking operations within sixty (60) days thereafter or (if it be within the primary term) commences or resumes the payment or tender of rentals on or before the rental paying date next ensuing after the expiration of three (3) months from date of completion and abandonment of said dry hole or holes or the cessation of production. If at the expiration of the primary term oil, liquid hydrocarbons, gas or their respective constituent products or any of them is not being produced on said land or land pooled therewith but lessee is then engaged in operations for drilling or reworking of any well or wells thereon this lease shall remain in force so long as such operations or additional operations are commenced and prosecuted (whether on the same or successive wells) with no cessation of more than sixty (60) consecutive days and if they result in production so long thereafter as oil liquid hydrocarbons gas or their respective constituent products or any of them is produced from said land or land pooled therewith. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within three hundred thirty (330) feet of and draining the leased premises, lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances

6 Lessee may use oil gas or water found on said lands free of cost for operating purposes but not water from lessor's wells lessor to have free gas for stoves and inside lines in the principal dwelling house on said lands from any well thereon producing gas only, by making his own connection therewith the use of such gas to be at the sole risk and expense of the lessor. Gas including casinghead gas and residue gas produced from any oil or gas well unavoidably lost or which may be used by the lessee in any process for recovering oil or other liquid hydrocarbons from the leased premises or returned to the ground whether through wells located on the leased premises or elsewhere shall not be deemed to have been sold or used off the premises within the meaning express or implied of any part of this lease. When requested by lessor the lessee shall bury its pipeline below ordinary plow depth and also pay damages caused by its operations to cultivated agricultural crops on said land. No well shall be drilled within two hundred (200) feet of any residence or barn now on said premises, without the consent of the lessor. Lessee shall have the right at any time during or within a reasonable time after the expiration or other

8 When drilling or other operations are delayed or interrupted as a result of any cause whatsoever beyond the control of the lessee, the time of such delay or interruption shall not be counted against lessee, anything in this lease to the contrary notwithstanding. All express or implied covenants of this lease shall be subject to all Federal and State laws, Executive orders, rules or regulations and this lease shall not be terminated in whole or in part nor lessee held liable in damages for failure to comply therewith if compliance is prevented by, or if such failure is the result of, any such law, order, rule or regulation.

9 Lessee shall have the right to utilize, pool or combine all or any part of the above described lands with other lands in the same general area by entering into a cooperative or unit agreement setting forth a plan of development or operation approved by any governmental authority, and from time to time with like approval, to modify, change or terminate any such plan or agreement and in any such events, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions and provisions of such approved cooperative or unit agreement or plan of development or operation and particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement except as may be otherwise provided in said agreement. In the event the above described lands, or any part thereof, shall hereafter be operated under any such cooperative or unit agreement or plan of development or operation whereby the production thereunder is allocated to different portions of the land covered by said agreement or plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to lessor be regarded as having been produced from the particular tract of land to which it is allocated and not from any other tract of land, and the royalty payments to be made hereunder to lessor shall be based upon production only as so allocated. Nothing herein contained shall authorize or effect any transfer of any title to any leasehold, royalty or other interest unitized, pooled or combined. Lessee's execution of such cooperative or unit agreement or plan of development or operation shall be binding as to both lessor and lessee and their respective interests. Lessee, following such execution shall furnish lessor with a copy of such unit agreement by mail at lessor's last known address as shown by lessee's records and shall give lessor written notice of approval of the same in the manner within a reasonable time after lessee is notified of such approval.

10 Lessor hereby warrants and agrees to defend the title to the lands herein described and agrees that the lessee, at its option, may pay and discharge any judgments, taxes, mortgages, or other liens on or against the above-described lands, and may also redeem said lands for and on behalf of the lessor or lessee and in the event lessee 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 judgment, tax, mortgage, or other lien, any royalty or rentals accruing hereunder. The lessee may become purchaser at any and all tax or foreclosure sales of the above lands. Lessor agrees to pay one-eighth (1/8) of all taxes of whatsoever kind or character now or hereafter levied by any duly constituted taxing authority and upon the oil, gas, and other hydrocarbons produced from the premises hereinabove described, but the lessee shall have the right to pay such tax and to deduct the lessor's proportionate share thereof from any royalty payments accruing hereunder. In case the lessor owns a less interest in the above-described premises than the entire and undivided fee simple mineral estate therein, then the royalties and rentals in this lease provided for shall be paid to the lessor only in the proportion which his interest bears to the whole and undivided mineral fee.

11 If the leased premises are now or shall hereafter be owned in severalty or in separate tracts, the premises, nevertheless shall be developed and operated as one lease and the 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 such 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 is now or may hereafter be divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks.

12 This lease shall not be terminated, forfeited or cancelled for failure by lessee to perform in whole or in part any of its implied covenants, conditions, or stipulations until it shall have been first finally and judicially determined that such failure or default exists, and thereupon lessee shall be given a reasonable time thereafter to correct any default so determined, or at lessee's election, it may surrender the lease with option of reserving under the terms of this lease, each producing well and ten (10) acres surrounding it as selected by lessee, together with the right of ingress and egress thereto. Lessee shall not be liable in damages for breach of any implied covenant or obligation.

13 Lessee may at any time surrender this lease as to all or any part of the lands or minerals covered hereby, by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the proper county, and if surrendered only as to a part of said lands any delay rentals or acreage payments which may thereafter be payable hereunder shall be reduced proportionately. All lands leased shall remain subject to easement for right-of-way necessary or convenient for lessee's operations on land retained by it.

14 The provisions of this lease shall be construed as covenants running with the land and shall inure to the benefit of and be binding upon the parties hereto, their heirs, executors, administrators, successors, and assigns.

IN WITNESS WHEREOF, this lease, which may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document, is executed as of the day and year first hereinabove written.

Witness

Collin J. Cooper, a widower

UTAH ACKNOWLEDGEMENT

STATE OF _____ } ss
County of _____ }
On this _____ day of _____, 19____ personally appeared before me _____, the
_____ of the above instrument, who acknowledged to me that _____ executed the same
Given under my hand and seal this _____ day of _____, 19____
My Commission Expires _____
Notary Public

COLORADO-WYOMING ACKNOWLEDGEMENT

STATE OF OREGON } ss
County of UMATILLA }
The foregoing instrument was acknowledged before me by Collin J. Cooper, a widower

RECORDED IN THIS BOOK ON THE DAY FIRST OF JULY 1983 AT THE COUNTY CLERK'S OFFICE OF GARZA COUNTY TEXAS UNDER A PORTION OF SAID LEASE THE DELAY RENTAL, MINERAL ROYALTY AND OTHER PAYMENTS COMPUTED IN ACCORDANCE THEREWITH SHALL THEREAFTER BE REDUCED IN THE PROPORTION THAT THE AMOUNTS RELEASED BEARS TO THE AMOUNTS WHICH WOULD BE DUE BY THIS LEASE IMMEDIATELY PRIOR TO SUCH RELEASE

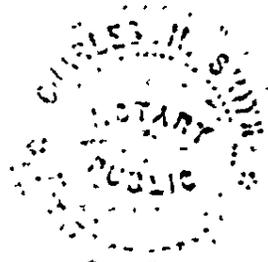
12. Other provisions hereof notwithstanding, this lease does not cover minerals other than other liquid hydrocarbons (including sulphur components produced therewith), gas and their constituent elements. As used herein, the term "gas" means all gases (combustible and non-combustible), including, but not limited to, all gaseous hydrocarbons, gaseous compounds, carbon dioxide and helium.

13. Beginning with the first anniversary date of this lease next ensuing after production of oil and/or gas is obtained, for each year this lease is continued in force by production, if total royalty paid by Lessee for such year is less than a sum equal to one dollar (\$1.00) per acre for each acre on which the lease is in force at the beginning of the particular year, Lessor shall be paid the difference as additional royalty following expiration of each such year. In consideration of such additional royalty, it shall be construed that such production during the lease year for which such additional royalty is paid was in paying quantities. Payment, if tender, may be made in the same manner as provided in this lease for payment of delay rentals.

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

Jerry Lynn Cooper
Jerry Lynn Cooper

SSN: [REDACTED]



Oregon
STATE OF COLORADO
County of Umatilla

INDIVIDUAL ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this 6 day of April 1983 by Jerry Lynn Cooper

IN WITNESS WHEREOF, I hereunto set my hand and official seal
My Commission expires July 17 1983 *[Signature]* Notary Public

STATE OF COLORADO
County of _____

INDIVIDUAL ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this _____ day of _____ 19____ by _____

IN WITNESS WHEREOF, I hereunto set my hand and official seal.
My Commission expires _____ 19____ Notary Public

STATE OF COLORADO
County of _____

CORPORATION ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this _____ day of _____ 19____ by _____, partner (or agent) on behalf of _____, a partnership.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.
My Commission Expires _____ Notary Public

1983 A 367357 SAND MINERAL LEASE [Signature] TO [Signature] [Signature] A.D. 19 [Signature] M. County Clerk. Deputy. JUL 29 1983 A.D. 19 [Signature] County [Signature] Jean Debrah County Clerk. Deputy. RETURN TO RECORDS SECTION 900 GREENWAY PLAZA

Nine Greenway Plaza, Suite 2700, Houston, Texas, 77046

1. Lessor in consideration of Ten Dollars and of the royalties herein provided and of the agreements of the lessee herein contained hereby grants lease and has conclusively and irrevocably assigned to the lessee the land covered hereby for the purpose of investigating exploring prospecting drilling mining including gas and steam and operating for the production of gas sulphur reasonable material and all other minerals (whether or not known to them) and for the purpose of building roads bridges tanks power lines telephone lines and any other structures and things therein to produce save take care of cost. process store and transport such minerals and other products manufactured therefrom and housing and otherwise caring for its employees together with such rights and easements as may be necessary or useful in the oil, gas and mineral operations on said land and adjacent lands and with the right of ingress and egress to and from said land for such purposes across any adjacent and contiguous lands of lessor by use of existing roads or otherwise. The land covered hereby (including but not limited to all of lessor's future remainder and reversionary rights therein) herein called "said land" is located in Montezuma County Colorado and is described as follows:

T.37.N., R.17.W., NMPM

Sec. 33: N/2 SW/4 and a strip of land two hundred nine feet in width running North and South along the entire west side of the S/2 SW/4, except a portion of land commencing at a point thirty feet East and thirty feet North of the Southwest corner of said Sec. 33, thence running North the length of two acres, thence running East the length of one acre, thence running South the length of two acres, thence running West the length of one acre to the point of beginning.

and includes not only the land specifically described above but also all land if any contiguous to or adjoining said land and owned or claimed by lessor by limitation prescription possession reversion or unrecorded instrument or so to which lessor has a preference right of acquisition. For the purpose of calculating the rental payments hereinafter provided

- for said land is estimated to comprise 84.36 acres whether it actually comprises more or less, five (5)
- 2. Subject to the other provisions herein contained this lease shall remain in force for a term of one (1) year from the date (called "primary term") and so long thereafter as oil, gas, sulphur, reasonable material or other mineral is produced from said land or land with which said land is pooled
- 3. The royalties to be paid by lessee are:
 - (a) on oil and other liquid hydrocarbons saved at the well, one-eighth of that produced and saved from said land same to be delivered at the well or to the credit of lessor in the pipeline to which the wells may be connected. Lessee's interest in other cases shall bear the proportion of any expenses for treating oil to make it marketable as crude. Lessee may at its option from time to time purchase any royalty oil or liquid hydrocarbons paying the market price thereof prevailing for the field where produced for oil or liquid hydrocarbons of like kind and quality on the date of purchase and lessee may sell any royalty oil or liquid hydrocarbons in its possession and pay lessor the gross received by lessee for each oil or liquid hydrocarbons computed as the well
 - (b) on gas and casinghead gas produced from said land
 - (1) when sold or used by lessee for the extraction of gasoline or other products therefrom one-eighth of the market value at the well of the gas so sold or used provided that the market value shall not exceed the net amount realized by lessee from the sale of gas and extracted products including gasoline and residue gas; net amount realized being defined as proceeds received by lessee from the sale less all cost and expenses incurred by lessee from the mouth of the well through sale including normal field separation expenses which lessee alone shall bear. In the event the gas is processed in a plant in which lessee owns an interest lessee may include an expense amortization of its investment in pipeline, the plant and its facilities plus a reasonable rate of return thereon. The use by lessee of all or any part of the extracted products including gasoline and residue gas for its own account shall for the purposes hereof be deemed a sale at the market price prevailing at the plant at the time of use by lessee provided, however, if the price of any product gasoline or gas is regulated by any governmental agency market price of such product gasoline or gas for the purposes of computing royalty on such product, gasoline or gas used by lessee shall not be in excess of the price permitted by such regulations. If a refund of a portion of the proceeds derived from the sale of gas may be secured under any order rule or regulation of the Federal Power Commission or other governmental agency having jurisdiction thereof net amount realized shall be calculated on the basis of the unregulated and/or unconditional certificated price for such gas which lessee receives. Lessee may hold without interest the portion of any proceeds subject to possible refund until the amount of refund if any is determined by final unappealable order of the Federal Power Commission or other governmental agency
 - (2) when used by lessee for any purpose other than the extraction of gasoline or other products therefrom and those permitted by numbered paragraph 1, one-eighth of the market value at the mouth of the well of such gas or casinghead gas, provided however that lessee shall in no event be required to determine and change market value more often than once every calendar year. Changes made shall be prospective only. If the price of gas or casinghead gas is regulated by any governmental agency the market value for the purposes of computing royalty hereunder shall not be in excess of the price permitted by such regulations
 - (c) on reasonable material and all other minerals mined or marketed, one-tenth either in kind or value at the well or mine, at lessee's election, except that on sulphur mined and marketed the royalty shall be One Dollar (\$1.00) per long ton
 - (d) If lessee drills a well on said land or on land pooled therewith, which well is capable of producing oil or gas in paying quantities but such well is not being produced and this lease is not being maintained otherwise as provided herein this lease shall not terminate whether it be during or after the primary term (unless released by lessee) and it shall nevertheless be considered that oil or gas in paying quantities is being produced from the land covered by this lease. When the lease is considered to be in force in this manner lessee shall pay or tender as royalty to the parties who at the time of such payment are entitled to receive royalty hereunder if the well were producing or disposed to them, credit in the documentary book or hereunder provided a stem record or certificate of the amount of the annual rental payable in lieu of drilling operations during the primary term on the number of acres subject to the lease at the time such payment is made for each calendar month or portion thereof during which such well was in production on said land or on land pooled therewith, and this lease is not otherwise maintained; or this lease is not released by lessee as to the land on which or the horizon zone or formation in which the well is completed. The first payment of such sum shall be made on or before the first day of the calendar month after expiration of ninety (90) days from the date the lease is not otherwise maintained for all accruals to such date and thereafter on or before the first day of each third calendar month for all accruals to each such date. Lessee's failure to pay or tender or to property or timely pay or tender any such sum as royalty shall render lessee liable for the amount due but it shall not operate to terminate this lease

4. If operations for drilling are not commenced on said land or on land pooled therewith on or before one year from the date hereof this lease shall terminate as to both parties unless on or before such date lessee shall pay or tender (or make a bona fide attempt to pay or tender) to lessor or to the credit of lessee in WYOMING NATIONAL BANK Bank at P.O. Box 3012 Gillette, Wyoming 82716

the sum of Eighty - Four & 36/100 Dollars

5. 84.36 (therein called "rental"), which shall cover the privilege of deferring commencement of drilling operations for a period of twelve (12) months in the primary term and upon the payment or tender monthly the commencement of drilling operations may be further deferred for successive periods of twelve (12) months each during the primary term. The payment or tender of rental under this paragraph and of royalty under Paragraph 3 on any well which is not being produced hereunder referred to as "rental" may be made by check or draft of funds mailed or delivered to the parties entitled thereto or to such bank on or before the date of payment. Such bank and its account or funds shall constitute a depository for all rental and shall in royalty payable hereunder or to such bank or for any reason fail to refer to accept rental or shut in royalty, lessee shall not be held in default for failure to make such payment or tender of rental, or shut in royalty until thirty (30) days after the party or parties entitled thereto shall deliver to lessee a proper receivable instrument naming another bank as agent to receive such payment or tender. If lessee shall make a bona fide attempt on or before any payment due to pay or deposit rental to a party or parties entitled thereto, according to lessee's records or to a party or parties who prior to such attempted payment or deposit have given lessee notice in accordance with subsequent provisions of this lease of their right to receive rental, and if such payment or deposit shall be ineffective or erroneous in any regard, this lease shall not terminate but shall be maintained in the same manner as if such erroneous or ineffective rental payment or deposit had been properly made provided that the erroneous or ineffective rental payment or deposit be corrected within thirty (30) days after receipt by lessee of written notice by such party or parties of such error accompanied by such instruments as are necessary to enable lessee to make proper payment. Failure to make proper payment or deposit of delay rental on to any interest on said land shall not affect this lease as to any interest thereon so to which proper payment or deposit is made

6. Lessee is hereby granted the right and power at any time and from time to time to pool or unitize the lease the land covered by it or any part thereof with any other land, lease, mineral estate or parts thereof for the production of oil, gas, or any other minerals. The unit may include other oil or gas (including condensate) or any other mineral and may be limited to one or more subsurface strata. Units pooled for hereunder shall not exceed forty (40) acres in surface area plus a tolerance of ten percent (10%) thereof and units pooled for gas (including condensate) hereunder shall not exceed one hundred forty (140) acres in surface area plus a tolerance of ten percent (10%) thereof provided that if any Federal or State law Executive order rule or regulation shall prescribe or permit a spacing pattern for the development of the field or allocate a producing acreage on acreage per well, then any such units may embrace as much additional acreage as may be so prescribed permitted or as may be used in such allocation or allowable. Lessee shall file written unit designations in the county in which the premises are located. The unit shall become effective on the date provided in the designation or if the designation makes no such provision, it shall become effective upon the date it is filed for record. A unit established hereunder shall be a unit and effective for all purposes of this lease through those that may be mineral, royalty or leasehold interests of lands within the unit which are not effectively pooled or unitized. Such units may be designated any time during the term of this lease or after the completion of a well or wells or production therefrom and lessee may enlarge modify or designate such units or units at any time prior to the discovery of oil, gas or other minerals on the pooled acreage or other territory of same at any time subsequent to the cessation of production thereof by filing a written declaration to such effect in the same county. Drilling operations and production on any part of the pooled acreage shall be treated as if such drilling operations were upon or such production was from the land described in this lease whether the well or wells be located on the land covered by this lease or not. The entire acreage pooled into a unit shall be treated for all purposes except the payment of royalties on production from the pooled unit, as if it were included in the lease. In lieu of the royalties herein provided lessor shall receive on production from a unit so pooled only such part of the royalty stipulated herein as the amount of his acreage placed on the unit or his royalty interest thereon on an acreage basis bears to the total acreage or pooled in the particular unit involved

7. If, prior to discovery of oil, gas or other minerals on said land or land pooled therewith lessee should drill and abandon a dry hole or holes thereon or if after discovery of oil, gas or other minerals on said land or land pooled therewith lessee should commence operations on said land or land pooled therewith or should commence operations on drilling operations within sixty (60) days thereafter or if it be within the primary term, commences or resumes the payment or tender of rental or commences operations for drilling mining or reworking on or before the rental paying date hereinafter provided after the expiration of three (3) months from date of completion and abandonment of said dry hole or holes or the cessation of production. If a dry hole is completed and abandoned at any time during the last fifteen (15) months of the primary term and prior to discovery of oil, gas or other mineral on said land or land pooled therewith no rental payment or operations are necessary in order to keep the lease in force during the remainder of the primary term. If, at the expiration of the primary term, oil, gas or other mineral is not being produced on said land or land pooled therewith but lessee or those engaged in operations for drilling mining or reworking any well or wells thereon this lease shall remain in force so long as drilling mining or reworking operations are prosecuted (whether on the same or different lands or land pooled therewith). In the event a well or wells producing oil or gas in paying quantities should be brought in on an adjacent land and within three hundred thirty (330) feet of said land, then the lessee or those engaged in carrying out the purposes of this lease shall have the right to drill under the same or similar circumstances. The judgment of the lessee when it is reasonably necessary to carry out the purposes of this lease shall be controlling. Lessee may at any time and from time to time remove all or any part of the land covered by this lease to remove all or any part of the surface (including sub-surface) or space and any minerals constituting a part of the surface estate of said land for any operations herein, the only restrictions on lessee's use of the surface (including sub-surface) or space and any minerals constituting a part of the surface estate of said land for any operations required or permitted under this lease are: (1) lessee shall conduct such operations in a non-negligent manner and (2) lessee shall not use more of the mineral surface than is reasonably necessary in connection therewith. Any additions to, changes or alterations of lessee's facilities made at lessee's request shall be at lessee's cost and expense. No well

10. Lessor hereby warrants and agrees to defend the title to and title and agree that... in the event it is shown that it shall be subrogated to such lessor with the right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same. Without impairment of lessor's rights under the warranty in the event of failure of title, it is agreed that if lessor owns an interest in said land less than the entire fee simple estate, then the royalties and rentals to be paid lessor shall be reduced proportionately, should any one or more of the parties named above so know full to amend this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessor its/he successors and assigns may at any time, and from time to time, execute and deliver to lessor or to the depository bank, or file for record a release or release of this lease as to any part or all of said land or any mineral or subterranean mineral or any depths thereunder and thereby be relieved of all obligations as to the released land mineral service, such as formation. If this lease is released as to all minerals, hydrocarbons, gases and formations under a portion of said land, the delay rental, shut-in royalty 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.

12. Other provisions hereof notwithstanding, this lease does not cover minerals other than other liquid hydrocarbons (including sulphur components produced therewith), gas and their constituent elements. As used herein, the term "gas" means all gases (combustible and non-combustible), including, but not limited to, all gaseous hydrocarbons, gaseous compounds, carbon dioxide and helium.

13. Beginning with the first anniversary date of this lease next ensuing after production of oil and/or gas is obtained, for each year this lease is continued in force by production, if the total royalty paid by Lessee for such year is less than a sum equal to one dollar (\$1.00) per acre for each acre on which the lease is in force at the beginning of the particular year, Lessor shall be paid the difference as additional royalty following expiration of each such year. In consideration of such additional royalty, it shall be construed that such production during the lease year for which such additional royalty is paid was in paying quantities. Payment, if tendered, may be made in the same manner as provided in this lease for payment of delay rentals.

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

Vicki Ruth Saylor
Vicki Ruth Saylor

SSN: [REDACTED]

STATE OF COLORADO Wyoming
County of Campbell

INDIVIDUAL ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this 12th day of April 1983 by Vicki Ruth Saylor

IN WITNESS WHEREOF, I hereunto set my hand and official seal. Daryl Auld
Notary Public
My Commission Expires: March 1, 1986

STATE OF COLORADO
County of _____

INDIVIDUAL ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this _____ day of _____, 19____ by _____

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission Expires _____, 19____ Notary Public

STATE OF COLORADO
County of _____

CORPORATION ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this _____ day of _____, 19____ by _____, partner (or agent) on behalf of _____, a partnership.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission Expires _____ Notary Public

B
LSEI
MINERAL LEASE
Vicki Ruth Saylor
Vicki Ruth Saylor
Notary Public
A.D. 19 1983
County of Campbell
Deputy
A.D. 19 1983
County of Campbell
Deputy
Page 803
IN PRESENCE OF
COUNTY CLERK
Deputy
KAS & NEW MEXICO INC.
GRDS SECTION
2000 WY PLAZA

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

1 That lessor, for and in consideration of the sum of Ten Dollars in hand paid and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted, leased, and let and by these presents does hereby grant, lease and let exclusively unto the lessee the hereinafter described land and with the right to 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 storing oil building power stations telephone lines and other structures thereon necessary or convenient for the economical operation of said land alone or conjointly with neighboring lands to produce save take care of and manufacture all of such

substances, and for housing and boarding employees, said tract of land with any reversionary rights therein being situated in the County of _____
Montezuma State of Colorado and described as follows

Township 37 North, Range 17 West, N.M.P.M.

SE 1/4 and E 2 3/4 Section 31

In Section _____ Township _____ Range _____ and containing 2.40 acres more or less

2 This lease shall remain in force for a term of Ten 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 $\frac{1}{8}$ of the market value of such gas at the mouth of the well if said gas is sold by the lessee then as royalty $\frac{1}{8}$ of the proceeds of the sale thereof at the mouth of the well. The lessee shall pay lessor as royalty $\frac{1}{8}$ 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 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 5th day of April 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

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 changes of ownership in said

land or in the oil and gas or in the rentals to accrue hereunder the sum of Two Hundred and Forty Dollars which shall operate as a rental and cover the privilege of deferring the commencement of operations for drilling for a period of one year. In like manner and upon like payments or tenders the commencement of operations for drilling may further be deferred for like periods successively. All payments or tenders may be made by check or draft of lessee or any assignee thereof mailed or delivered on or before the rental paying date either direct to lessor or assigns or to said depository bank and it is understood and agreed that the consideration first recited herein the down payment covers not only the privilege granted to the date when said first rental is payable as aforesaid but also the lessee's option of extending that period as aforesaid and any and all other rights conferred. 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 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 200 feet to the house or barn now on said premises without written consent of the lessor. Lessee shall have the right at any time during or after the expiration of this lease to remove all machinery fixtures houses buildings and other structures placed on said premises including the right to draw and remove all casing 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 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 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 regulations (or interpretations thereof). If lessee should be prevented during the last six months of the primary term hereof from drilling a well hereunder, 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 lessee in the recording office of said county of an instrument declaring its purpose to utilize and describing the leased and land utilized which utilization 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

to me personally known to be the identical person g 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 Mar 13 1971

[Signature]
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 1705

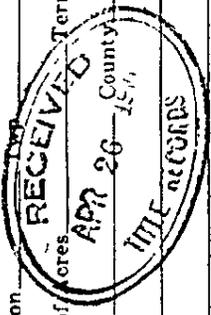
OIL AND GAS LEASE

FROM 275560
Steve L. Chappell, et al

MOBIL OIL CORPORATION

Montgomery County, Colo

Date _____ 19____
Section _____ Rge. _____
No. of _____
Cores _____ Term _____
County _____



STATE OF Colorado }
County of Montgomery } ss

This instrument was filed for record on the 22nd day of April 1971 at 1:30 o'clock P.M. and duly recorded in Book 417 Page 226 of the records of this office

By C.K. Henderson Register of Deeds
Ed # 335 PL

When recorded, RETURN TO
MOBIL OIL CORPORATION
TITLE RECORDS SECTION
P. O. BOX 631 MIDLAND, TEXAS
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 _____