

943

BOOK 943 RECEPTION: 1803-1 DATE: AUG. 4, 1991 TIME: 8:07 AM
MARY ANN FEUERSTEIN, Cle 4 Recorder, Weld County, Colorado
OIL AND GAS LEASE 3-1 © KANSAS BLUE PRINT CO. 48

Form 88-2 (Producers)
Kan., Okla. & Colo. 1963 Rev. (JW)

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THIS AGREEMENT made and entered into this 13th day of April 1981
by and between William H. Droegemueller and Florence S. Droegemueller, a/k/a Florence C. Droegemueller, husband and wife, 10866 Abbott Avenue, Sun City, Arizona 85351 lessor (two)

One or more), and J. Michael McGhee, 410 Seventeenth Street, Denver, Colorado 80202 (issue)
WITNESSETH:

[illegible]

See "EXHIBIT A" attached hereto and, by this reference, made a part hereof.

Section XXX, Township XXXXXX, Range XXXXX, together with all submerged lands, accretions, strips and acres adjacent or contiguous thereto and owned or claimed by the lessor, which land shall, for the purpose of calculating the amount of any money payment permitted or required by the terms of this lease, be considered as containing exactly 207.00 acres, wherein there is more or less Five (5) years from November 5, 1981 to HAVE AND TO HOLD the same (together with the oil and gas) providing herein contained for a term of Five (5) years from November 5, 1981 years from this date hereafter called "Primary Term" and as long thereafter as oil, gas, gas condensate, gas distillate, casinghead gas, casinghead gasoline, and other minerals may be produced from said lease premises or operations for the drilling or production thereof are continued as hereinafter provided.

In consideration of the premises, it is hereby mutually agreed as follows:

1. To deliver, free of cost, to the lessor at the well or to the credit of lessor into the pipe line to which lessee may connect its well; an equal one-eighth (1/8th) part of all oil produced and saved from the lease premises or at the lessor's option to pay to the lessor for each one-eighth (1/8th) the market price at the wellhead for oil of a like grade and gravity prevailing on the day such oil is run into the pipe line or storage tanks.
2. In consideration of the premises and the distribution of the oil and gas, including their constituent parts, produced from said land and sold or used off the lease premises or in the manufacture of gasoline or other products, lessee shall pay to lessor a sum equal to one-eighth (1/8th) of the gross proceeds received from the sale of such produced substances where the same is sold at the mouth of the well or, if not sold at the mouth of the well, then one-eighth (1/8th) of the market value thereof at the mouth of the well, but in no event more than the actual amount received by the lessee.
3. If gas from any well or wells on the premises capable of producing gas in commercial quantities is not sold or used off the premises or in the manufacture of gasoline for a period of one (1) year or more during which time there is no other production from the lease premises, then lessee shall become obligated to pay as royalty for such annual period a sum equal to the royalty rentals provided in paragraph number 6 hereof, whether during or after the primary term. In consideration of the obligation so to pay, it shall within the meaning of all laws of this State, be deemed to be distributed to the lessor.
4. On all other minerals produced and marketed, lessee shall pay one-eighth (1/8th) of the current market price at the mouth of the well, but in no event more than one-eighth (1/8th) of the actual amount received by the lessee.
5. If any gas well on the lease premises produces dry gas in excess of that needed for operations hereunder, lessor shall have the privilege, at his sole risk, cost and expense, of using such gas for the purpose of said operations or for other purposes. In the event the lessee desires to use the same for the purpose of determining any of the provisions aforesaid, lessee shall have free use of oil, distillate, condensate, gas, casinghead gas, casinghead gasoline and all other petroleum products, water and other minerals and other water from the lease premises and lands for all operations hereunder.
6. If operations for the drilling of a well for oil or gas are not commenced on the lease premises on or before one (1) year from the date hereof, then this lease, except as otherwise

lease, provided, shall terminate as to both parties unless the lessee, on or before that date, shall pay or tender to lessor or to lessor's credit in the (all payments under
this paragraph are to be tendered direct to lessor at the above address)

_____, or its assignee, shall have the right to receive the rentals, the sum of Two hundred
Seven and no/100 Dollars (\$ 207.00), which shall operate as a rental and cover the privilege of deferring the commencement of

operation for the drilling of said well for a period of not less than one year from said date. In a like manner and upon like payments or tenders, the commencement of operations for the drilling of said well shall be deemed to have occurred for the period successfully. It is understood and agreed that the consideration first recited herein, the down payment, covers all the privileges, operations and other items conferred by the lease and the operations and other items conferred by the lease shall be deemed to have been performed and paid for by the lessee. The lessee shall be deemed to have accepted and agreed to the above-described premises, as to-day or all hereinafter, and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the portion surrendered, and where a part or portion of this lease is released as to all hereinafter, then rentals thereafter payable hereunder may be reduced in the proportion that the acreage covered by this lease is to the total acreage covered by this lease. Payment or tender of rental may be made by draft or check of the issuer placed and deposited, delivered or mailed to the authorized depository bank or to the nearest of his last known address (as shown by issuer's records) on or before the rental date, and the payment or tender shall be deemed to have been made when the check or draft is so transmitted, delivered or mailed.

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8. Where required by lessor, lessor shall install all pipe lines below ordinary plow depth in cultivated land. Lessor shall pay lesser for damages caused by lesser's operations on said land. Lessor shall have the right, but shall not be obligated, at any time, either before or after expiration of this lease, to remove all fixtures and other property placed by lessee on the lease premises, including the right to draw and remove all casing. Any structures and facilities placed on the lease premises by lessee for operations hereunder and any well or wells on the lease premises drilled or used for the injection of salt water or other fluids may also be used for lessor's operations (other lands in the same area; the right to so use such facilities may be continued beyond the term of this lease by payment in advance of the sum of One Hundred Dollars (\$100.00) per year. No well shall be drilled more than 200 feet to any house or barn now on the premises without the consent of lessee.

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in the ownership of the land, rentals or royalties, however accomplished, shall operate or be construed to as to enlarge or decrease the obligations or burdens of the lessor, or diminish its rights. Specifically, but not by way of limitation of the foregoing, the lessee shall not be required to effect wells on separate tracts into which the land covered by this lease may hereafter be divided, or to fund separate mortgage or revenue taxes. Notwithstanding any actual or constructive knowledge of or notice to the lessee, no change in the ownership of said land or the right to receive rentals requiring herunder any interest therein, nor change in the ownership of any interest therein, shall be binding on the lessee except at lessor's option until thirty (30) days after receipt of written notice with verified return of the recording jurisdiction, together with information regarding the change in ownership or interest. Such notice shall be supported by original or certified copies of all recorded documents and other instruments or proceedings necessary in lessor's opinion to establish the ownership of the claiming party. All advance payments of rentals made hereunder within thirty (30) days after receipt of said documents shall be binding on any direct or indirect transferee of the lessor. In the event of an assignment or conveyance of all or any portion of the land covered by this lease, the rental payments hereunder shall be apportioned as to the several leasehold owners (including sublessors) ratably according to the surface area of each, and default in the rental payment by one shall not affect the rights of the other leasehold owners.

11. In the event lessor consents that the lessee has failed to comply with any obligation hereunder, express or implied, lessor shall notify lessee in writing, specifying in what respect the lessee has failed to comply with such obligation. If the lessee fails to cure such default within the time specified in the notice or if the alleged breach is of a condition precedent to any action by lessor for any cause, if, within sixty (60) days after the receipt of such notice, lessee shall meet or commence to meet the obligations alleged by lessor, lessor shall not be deemed in default hereunder.

12. If lessor owns a less interest than the entire fee or mineral estate (whether or not a lesser interest is stated above), the rentals and royalties herein provided shall be paid to lessor in cash, gross proceeds less the entire fee or mineral estate, if, however, during the term of this lease the portion of the interest in the property owned by lessor shall revert to lessor, then, upon such reversion, the rental shall be increased to cover the additional interest so acquired by the lessor.

13. All provisions herein express or implied shall be subject to all federal and state laws and the orders, rules and regulations of all governmental agencies administering the same and interpretations thereof by such agencies or courts having jurisdiction, and this lease shall not in any way be terminated wholly or partially nor shall the lessee be liable in damages for failure to comply with any of the express or implied covenants herein if such failure is caused by any such laws, orders, rules or regulations or interpretations thereof by such agencies or courts having jurisdiction, and the lessee shall not be liable for any such damages or costs of litigation or any other costs or expenses of any kind incurred by the lessor or its assigns in connection with the enforcement of any such laws, orders, rules or regulations or interpretations thereof by such agencies or courts having jurisdiction, and if the lessee should be unable during said period to drill a well hereunder due to equipment necessary in the drilling or completion thereof not being available from any cause, the primary term of this lease shall continue until six (6) months after said order is suspended and/or said equipment is available.

fail to execute this lease, it shall nevertheless be binding upon all lessors who do execute it. Notwithstanding any language herein to the contrary, if it is expressly agreed between the parties to this lease that any payment or payments made by the lessor to the owner of any interest subject to this lease shall be sufficient payment hereunder as to such interest notwithstanding the pendency of the spouse of any such party as a party-lessor for the purpose of waiving homestead, dower or inchoate rights of inheritance, if any.

10. Lessor hereby warrants and agrees to defend the title to the land above described and agrees that the lessor shall have the right at any time to redeem for lessor, by payment, any rents, taxes or other liens on the above described land in the event of default of payment by the lessor and the lessee shall be subordinated to the rights of the holder thereof, and any amount of money paid by the lessor to the owner of any interest subject to this lease shall be sufficient payment hereunder as to such interest notwithstanding the pendency of the spouse of any such party as a party-lessor for the purpose of waiving homestead, dower or inchoate rights of inheritance, if any.

11. The term of this lease shall be for the term of years specified in the recitals hereof, and the payments made by the lessor may, at lessor's option, be deducted from any amount of money which may become due or payable to lessor under the terms of this lease.

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

William H. Shreve *William H. Shreve* *Thomas L. Shreve*

William R. Droegemueller	Florence S. Droegemueller a/k/a
	Florence C. Droegemueller

Sec. Sec. #

BOOK 32 RECEPTION
STATE OF ARIZONA } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans., Okla., and Colo.)
COUNTY OF MARICOPA }
Before me, the undersigned, a Notary Public, within and for said county and state, on this 20TH day of April, 1931, personally appeared William H. Droegemueller and Florence S. Droegemueller a/k/a Florence C. Droegemueller, husband and wife to me personally known to be the identical persons 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 My Commission Expires Aug 21, 1933 Betty J. McLaughlin Notary Public

STATE OF _____ } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans., Okla., and Colo.)
COUNTY OF _____ }
Before me, the undersigned, a Notary Public, within and for said county and state, on this _____ day of _____, 19____, personally appeared _____ and _____ to me personally known to be the identical persons who executed the within and foregoing instrument and acknowledged to me that _____ executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth. IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.
My commission expires _____ Notary Public.

STATE OF _____ } ss. ACKNOWLEDGMENT FOR CORPORATION
COUNTY OF _____ }
On this _____ day of _____, A. D., 19____, before me, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared _____ to me personally known to be the identical person who signed the name of the maker thereof to the within and foregoing instrument as its _____ President and acknowledged to me that _____ executed the same as _____ free and voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth. Given under my hand and seal the day and year last above written.
My commission expires _____ Notary Public.

No. _____
OIL AND GAS LEASE
FROM _____
TO _____
Date _____, 19____
Section _____ Twp _____ Rge _____
No. of Acres _____ Term _____ County _____
STATE OF _____ } ss.
County of _____ }
This instrument was filed for record on the _____ day of _____, 19____
at _____ o'clock _____ M., and duly recorded in Book _____ Page _____ of the records of this office.
By _____ Registrar of Deeds.
When recorded, return to _____
THE KANSAS BLUE PRINT CO.
1650 SOUTH BECKMAY WICHITA, KANSAS
REPRODUCTION SERVICES UP-TO-DATE OIL MAPS

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

STATE OF _____ } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans., Okla., and Colo.)
COUNTY OF _____ }
Before me, the undersigned, a Notary Public, within and for said county and state, on this _____ day of _____, 19____, personally appeared _____ and _____ to me personally known to be the identical persons 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.

EXHIBIT A

TO

OIL AND GAS LEASE

LESSOR: William H. Droegemueller and Florence S. Droegemueller, a/k/a Florence C. Droegemueller, husband and wife
LESSEE: J. Michael McGhee

Date of Lease: April 13, 1981

Lands covered by this lease are situated in Weld County, Colorado, and are more particularly described as follows, to wit:

Township 5 North, Range 64 West, 6th P.M.

Section 10: Those portions of the E $\frac{1}{2}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, lying south of the south fork of the Ogilvy Canal

Section 10: E $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ and all that part of the W $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ lying north of the center line of the county road

Section 15: NE $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$.

Notwithstanding anything to the contrary herein contained, Lessee agrees to consult with Lessor prior to conducting any operations on the leased premises, and no operation shall be conducted upon said leased premises without Lessor's written consent, which shall not be arbitrarily withheld.

Notwithstanding anything to the contrary contained in this lease, its term will not commence until November 5, 1981, nor will this lease be effective until such date. However, if any recorded oil and gas lease valid and subsisting as of the date of this lease and covering the lands described herein shall be extended beyond its primary term through any of the provisions contained therein, including but not limited to production, drilling operations, or reworking operations, then and in such case the term of this lease will not commence nor will it become effective until immediately following the termination of the existing oil and gas lease, provided, however, that if the existing lease shall be extended for a period exceeding eight months from the date set forth in the first sentence of this paragraph by reason of the application of any of the provisions of the said lease terms, then and in such event this lease shall be null and void.

Signed for identification,

William H. Droegemueller
William H. Droegemueller

Florence S. Droegemueller
Florence S. Droegemueller a/k/a
Florence C. Droegemueller