

BOOK..... RECEPTION..... DATE..... TIME.....
MARY ANN FEUERSTEIN, Cle 4 Recorder, Weld County, ColoradoNorm 84 (Producers)
Kan., Okla., & Colo., 1963 Rev. (JW)

B w OIL AND GAS LEASE 31

KANSAS BLUE FRIED CLOTH
48
632
181 P.D.

THIS AGREEMENT made and entered into this 13th day of April 1981

or 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

one or more, and J. Michael McGhee, 410 Seventeenth Street, Denver, Colorado 80202 lessor (whether

WITNESSETH:

Ten and more-----

Dollars 10.00 +

of which the lessor, for and in consideration of sufficiency of which is hereby acknowledged, and the covenants and agreements hereinabove contained, does hereby grant, demise, lease and let unto the said lessee, exclusively, its successors and assigns, the following described land for the purpose of carrying on geological, geophysical and other exploratory work, including core drilling, and the drilling, mining, operating for, producing and marketing oil, gas, gas condensate, gas distillate, casinghead gasoline, and all other gases and their constituent parts, and other minerals produced in connection with oil, gas and gas operations, upon the said tract of land, and for the exclusive right to inject water, brine and other fluids and substances into the subsurface strata, with rights of way and easements for laying pipe lines, telephone and telegraph lines, tanks, roads, houses, structures for producing, treating and storing oil, gas and other substances into the subsurface strata of said tract of land, together with any reversionary rights therein, said tract of land being situated in the County of Weld

State of Colorado

and described as follows, to-wit:

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

of Section XXX, Township XXXXXX, Range XXXXX, together with all submerged lands, accretions, strips and gages 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, whether there is more or less.

TO HAVE AND TO HOLD the same subject to the other provisions herein contained for a term of Five (5) years from November 5, 1981, years thereafter, and thereafter, call "the term," as long thereafter as oil, gas, gas condensate, gas distillate, casinghead gas, casinghead gasoline, and other minerals may be produced from said leasehold operations for the drilling and production thereof are continued as hereinabove provided.

In consideration of the premises, the lessor mutually agreed as follows:

1. To drill, free of cost, to the lesser at the well or to the credit of lessor into the pipe line to which lessee may connect his 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 such 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 tank.

2. On gas, gas condensate, gas distillate, casinghead gas and all other gases, including their constituent parts, produced from said land and sold or used off the lease premises or in the pipe line, the lessor's share shall be 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 one-eighth (1/8th) of the actual amount received by lessor for the sale thereof.

3. If gas fractures or wells or wells as 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 lessor shall become obligated to pay such annual period an sum equal to the amount produced 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 the terms of this lease, including the non-delivery clause, be conclusively deemed that gas is being produced from the premises during the same such gas is not sold or used.

4. On all other minerals produced and marketed, lessor 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 lessor.

5. If any gas well on the lease premises produces dry gas in excess of that needed for operations, lessor shall have the privilege, at his sole risk, cost and expense, of using such surplus gas for stops and inside lights in the principal dwelling located upon the lease premises. Notwithstanding any of the provisions aforesaid, lessor shall have free use of oil, distillate, condensate, gas, casinghead gas, casinghead gasoline and all other petroleum products, water and other minerals and materials from the lease premises except water from lessor's wells and tanks, 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 provided, shall terminate as to both parties unless the lessor, 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)

for any bank designated in writing by lessor whether or not such written designation is recorded, or its successor or successors, which bank and its successors are lessor's agents and shall continue as the lessor's bank regardless of changes in the ownership of said land and lessor's right to receive 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 operations for the drilling of said well for a period of one (1) year from said date. In a like manner and upon like payments or tenders, the commencement of operations for the drilling of said well may be further deferred for like periods successively. It is understood and agreed that the consideration just recited herein, the down payment, covers all the privileges, station and other rights contained in this lease. Lessor will not timely execute and deliver to lessor or place of record a release or releases covering any portion or portions of the above described property, up to or on all horizons, to the lessor, notwithstanding any provision to the contrary contained in the lease, provided, however, that where a part or portion of this lease is released to oil or gas horizons, then rentals thereafter payable hereunder may be retained in the proportion that such areas covered by this lease are reimbursed by land or releases. Payment or tender of rental may be made by draft or check of the issuer, transmitted, delivered or mailed to the authorized depository bank or to the lessor at his last known address (as shown by lessor'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 transmitted, delivered or mailed.

7. It is expressly agreed that if lessor shall commence operations for the drilling of a well at any time while this lease is in force, this lease shall remain in force and its term shall commence from the day operations are commenced. If productive results therefrom are to lessor's satisfaction, production may continue. Should the first well drilled on the above described land be a dry hole or fail to establish production, then and in that event, if a second well is drilled on the same land within 120 (120) days from the date of the first drilling of this lease, such well is drilled during the first year of the primary term, this lease shall terminate as to both parties, unless the lessor on or before the expiration of said twelve (12) months shall renew or commence the payment of rentals in the same amount and in the same manner as hereinabove provided. If, within the primary term of this lease, production on the lease premises shall cease, from any cause other than a cessation contemplated in paragraph 3), this lease shall not terminate provided operations for the drilling or reworking of a well shall be commenced before or on the next ensuing rental paying date failing more than ninety (90) days after such cessation, or provided lessor begins or resumes the payment of rentals in the amount and amount hereinbefore provided. If, after the expiration of the primary term, production ceases, and the lessor on or before the expiration of the same, this lease shall not terminate provided lessor resumes or commences operations for the drilling or reworking of a well within ninety (90) days from the date of such cessation, and this lease shall remain in force and effect during the pendency of such operations, and if production results therefrom, then as long as such production continues or until wells are capable of producing.

8. Where required by lessor, lessor shall bury all pipe lines below ordinary plow depth in cultivated lands. Lessee shall pay lessor for damages caused by lessor's operations as the result of damage to said lands. Lessee 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 lessor on the lease premises, including the right to draw and remove all casing, Ans structures and facilities placed on the lease premises by lessor for operations, 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 operation on other lands in the same area. Lessee may, at any time, during the term of this lease, make payment in advance of the sum of One Hundred Dollars (\$100.00) per year. No well shall be drilled nearer than 200 feet to any house or barn now or hereafter erected on the premises or within the content of this lease.

9. Lease is granted the right, from time to time, while this lease is in force, to pool all or separate operating unit or units all or any part of the land covered by this lease with other land, lease or leases, or tracts in fee simple or otherwise, whether such interests are pooled by a voluntary agreement on the part of the owners thereof or by the exercise of a right to pool by the lessor thereof, when in lessor's judgment it is necessary or advisable in order to promote conservation, to economy, development or operate the land and interest, as so pooled, or to obtain a maximum production allowable from any governmental agency having control over such matters. Any pooling lessor may cover all oil and gas, or any one or more of the substances covered by this lease, and may cover one or more, or all areas or formations underlying all or any portion or portions of the lease premises. Any lease formed by such pooling may be terminated by lessor at any time, and the same may be terminated if the aggregate area covered by such lease does not exceed 400 acres for any one or other substance covered by this lease. If lessor provides that any governmental regulation or order shall prevent the pooling of the lease premises, or if the development of the lease premises, as so pooled, is prohibited by law, or if lessor is prevented by any governmental regulation or order from so pooling, lessor may, at any time, terminate the lease, provided, however, that such lease may remain as much additional acreage as may be so prescribed as may be permitted by such regulation or order. The area pooled and the zones or formations and substances pooled shall be set forth by lessor in a "declaration of pooling" filed for record in the county or counties in which the pooled area is located. Such pooling shall be effective on the date such declaration is filed unless a later effective date is specified in such declaration. In the absence of such pooling, the lease shall be effective from the date of the declaration of the pooling of the royalties whether in the absence of such pooling, or if such pooling would be payable hereunder as lessor's production from the lease covered by this lease which is placed in the pooled area in the surface acreage of the entire pooled area. Nothing herein contained shall authorize or effect any transfer of any title to any lessor, royalty or other interest acquired pursuant hereto. The commencement of a well, the conduct of other drilling operations, the completion of a well or of a dry-hole, or the operation of a producing well on the pooled area, shall be considered for all purposes (except for tax purposes) the same as if said well were located on, or such drilling operations conducted upon, the same covered by this lease, whether or not such well is located upon, or such drilling operations are conducted upon, said land. Lessee may, at any time, during the term of this lease, terminate the lease, provided, however, that no drilling and no drilling operations are being conducted thereon by execution and filing of notice in the county or counties in which the pooled area is located, a written declaration of the termination of such pooling, provided that the pooling of all interest not covered by this lease which consumer a part of such pooled unit or units is terminated in some effective manner.

10. The rights of either party, lessor, may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns, but no change or division in the ownership of the land, rentals or royalties, however accomplished, shall operate or be construed so as to enlarge or increase the obligations or burdens of the lessor, or diminish its rights. Specifically, but not by way of limitation of the foregoing, the lease shall not be liable to offset wells on separate tracts into which the land covered by this lease may hereafter be divided, or to future re-measurements or surveys, or to any other change in the boundaries of the lease, or change in the ownership of the land covered by this lease, provided, however, that the lessor shall be entitled to the benefit of any such change in the boundaries of the lease, and the lessor and the lessee shall each bear one-half the cost of the same. A lease may be terminated with written notice hereunto, together with the supporting information hereinabove referred to, by the party claiming as the result of such 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 assignee, grantees, devisees, administrator, executors, heirs or successors to the lessor. In the event of an assignment or sublease of this lease as to segregated portions of the land above described the rental payments hereunder shall be apportioned as to the several lessor-holders of this lease as to segregated portions of each, and between the lessor and the holder of the interest so apportioned.

11. On the event lessor considers that the lessee has failed to comply with any obligation hereunder, express or implied, lessor shall notify lessor in writing, specifying in what respect lessor claims lessor has breached this lease. The service of such notice and claim of sixty (60) days without lessor meeting or commencing to meet the alleged breaches shall be a condition precedent to any action by lessor for any cause. If, within sixty (60) days after the receipt of such notice lessor shall meet or commence to meet the breaches alleged by lessor, lessor shall not be deemed in default hereunder.

12. If lessor owns a less interest than the entire fees or mineral estate (whether or not a lessor interest is stated above), the rentals and royalties herein provided shall be paid to lessor only, in the proportion that his interest bears to the entire fee or mineral estate. If, however, during the term of this lease, any revision of interest to lessor should occur, then and in that event, the new interest shall be increased to cover the additional interest so determined by the lessor.

13. All provisions hereinabove unexecuted shall be subject to all federal and state laws and the orders, rules and regulations of all governmental agencies administering the same, land interpretations thereof by such agencies or courts having jurisdiction, and this lease shall not in any way be terminated, whether or not fully or partially, until the lessor or lessee or both the spouse of any such party as a party-lessor for the purpose of waiving homestead, dower or inchoate rights of inheritance, if any, by said agent or court having jurisdiction.

14. 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 mortgages, taxes or other liens on the above described land in the event of default of payment by the lessor, and the lessor shall be subrogated to the rights of the holder thereof, and lessor hereby agrees that any such payments made by the lessor for the lessor may, at lessor's option, be deducted from any amounts of money which may become due or payable to the lessor under the terms of this lease.

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

William H. DroegeMueller

William H. DroegeMueller

Florence S. DroegeMueller
Florence S. DroegeMueller a/k/a

Florence C. DroegeMueller

STATE OF ARIZONA
COUNTY OF MARICOPA

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

Before me, the undersigned, a Notary Public, within and for said county and state, on this 20TH day of April 19 31, personally appeared William H. Droegemüller and Florence S. Droegemüller a/k/a Florence C. Droegemüller, husband and wife.

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

My commission expires My Commission Expires Aug 21, 1963

Kathy J. Alvarado

Notary Public.

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

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

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

My commission expires _____

Notary Public.

STATE OF _____ ss.
COUNTY OF _____

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.

OIL AND GAS LEASE

No. _____
FROM _____TO _____
Date _____ 19 _____
Section _____ Twp. _____ Rng. _____
No. of Acres _____ Term _____
County _____STATE OF _____
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.Register of Deeds.
By _____
When recorded, return to _____THE KANSAS BLUE PRINT CO.
1650 SOUTH BEGLEY
WICHITA, KANSAS
UP-TO-DATE OIL MAPS
REPRODUCTION SERVICESNOTE: When signature by mark in Kansas, said mark to be witnessed by at least one person and also acknowledged.
For acknowledgment by mark, use regular Kansas acknowledgment.STATE OF _____ ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans., Okla., and Colo.)
COUNTY OF _____

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

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

My commission expires _____

Notary Public.

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186524

BOOK RECEPTION

3-3

186524

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 E₁SW₁, SW₁NW₁, NW₁SW₁, lying south of the south fork of the Ogilvy Canal

Section 10: ~E₂SW₁SW₁ and all that part of the W₁SW₁SW₁ lying north of the center line of the county road

Section 15: NE₁NW₁, E₂NW₁NW₁.

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