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BOOK 727

Recorded at 2:31 o'clock P M NOV 20 1974  
Rec. No. 1648843 S. Lee Shehee, Jr., Recorder  
10-1

OIL AND GAS LEASE

THIS AGREEMENT, made and entered into this 26th day of July, 1974, by and between the STATE DEPARTMENT OF HIGHWAYS, DIVISION OF HIGHWAYS, STATE OF COLORADO, hereinafter called "Lessor", and CLEAR CREEK IMPROVEMENT CORP., 2000 Gaylord, Denver, Colorado 80205 hereinafter called "Lessee":

WITNESSETH:

1. That the Lessor, for and in consideration of \$10.00 & More, cash in hand paid, receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of the Lessee to be paid, kept and performed, has granted, demised, and leased, and by these presents does grant, demise, and lease exclusively unto said Lessee, the exclusive right of producing therefrom oil and all gas of whatsoever nature or kind that tract or tracts of land situated in the county of Weld, State of Colorado, described as follows, to-wit:

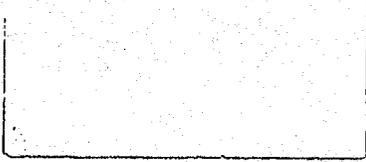
BOOK 727

1648843  
10-2

See Exhibit "A" attached hereto and made a part hereof

of Section 2, Township 1 North, Range 68 West, and containing 7.543 acres, more or less.

2. It is agreed that this Lease shall remain in force for a term of ten years from date and as long thereafter as oil, or gas of whatsoever nature or kind, or either of them is produced from said land or premises pooled therewith. If prior to discovery of oil or gas on said land, or on acreage pooled therewith, or if after discovery of oil or gas production thereafter should cease for any cause, this Lease shall not terminate if Lessee (if it be



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WITNESSETH:

1. That the Lessor, for and in consideration of ~~XXXXXX~~ cash in hand paid, receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of the Lessee to be paid, kept and performed, has granted, demised, and leased, and by these presents does grant, demise, and lease exclusively unto said Lessee, the exclusive right of producing therefrom oil and all gas of whatsoever nature or kind that tract or tracts of land situated in the county of Weld, State of Colorado, described as follows, to-wit:

EXHIBIT "A"

1.543 Acres

Township 1 North, Range 68 West, 6th P.M.: A tract of land in the NW $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 2, said tract being more particularly described as follows: Beginning at a point on the N. line of Sec. 2, T. 1N., R. 68 W., from which point of the NW corner of Sec. 2 bears S. 89° 53' 30" W., a distance of 1,000.0 feet; thence, S. 0° 14' 30" W., a distance of 30.0 feet to a point on the existing S. right of way of S.H. No. 52; thence S. 77° 48' 30" W., a distance of 665.6 feet; thence S. 16° 34' W., a distance of 1,067.6 feet to a point on the existing E. right of way of S.H. No. 185; thence, N. 89° 45' 30" W., a distance of 50.0 feet to a point on the W. line of Sec. 2; thence, along the W. line of Sec. 2, N. 0° 14' 30" E., a distance of 1,191.8 feet to the NW corner of Sec. 2; thence, along the N. line of Sec. 2, N. 89° 53' 30" E., a distance of 1,000.0 feet, more or less, to the point of beginning.

land or premises pooled therewith. If prior to discovery of oil or gas on said land, or on acreage pooled therewith, or if after discovery of oil or gas production thereafter should cease for any cause, this Lease shall not terminate if Lessee (if it be

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within the primary term) commences or resumes the payment or tender of rental on or before the rental-paying date next ensuing after the expiration of three (3) months from the date of cessation of production. If, at the expiration of the primary term of this Lease, oil or gas is not being produced from said land or said pooled premises, but Lessee is then engaged in reasonable attempts to extract oil and/or gas from these premises, then this Lease shall continue in force for so long thereafter as such reasonable attempts are being continuously prosecuted on the premises or operating unit which includes all or a part of said land. If oil or gas shall be discovered and/or produced from the above described premises after the expiration of the primary term of this Lease, this Lease shall continue in force so long thereafter as oil or gas is produced from the premises or from any such unit which includes all or a part of said lands.

3. In consideration of the premises the said Lessee covenants and agrees:

(a) To deliver to the credit of Lessor, free of cost in the pipeline to which Lessee may connect his wells, the equal one-eighth part of all oil produced and saved from the 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 pipeline or into storage tanks.

(b) To pay Lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth, at the market price at the well for the gas sold, used off the premises, or in the manufacture of products therefrom. Where gas from a well producing gas only is not sold or used, Lessee may pay or tender,

as royalty, One Dollar per year per net royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of this Lease next ensuing after the expiration of 90 days from the date such well is shut in and thereafter on or before the anniversary date of this Lease during the period such well is shut in. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this Lease.

4. If operations for the drilling of a well for oil or gas are not commenced or if there is no oil or gas being produced from said land or on acreage pooled therewith as hereinafter provided on or before one year from the date hereof, this Lease shall terminate as to both parties, unless the Lessee on or before that date shall pay or tender to the Lessor at 4201 East Arkansas Avenue, Denver, Colorado 80222, or its successor, the sum of

~~Seven and 05/100 Dollars (\$7.05) per acre per year~~

~~DOLLARS (\$7.05) per year~~ which shall operate as a rental and cover the privilege of deferring the commencement of operations for twelve months from said date. In like manner and upon like payments or tenders the commencement of operations may be further deferred for like periods of the same number of months 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. 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 right of extending that period as aforesaid, and any and all other rights conferred.

5. Lessee, at its option, is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this Lease with other land, lease or leases in the immediate vicinity, for the production of oil and gas, or separately for the production of either, when in Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or re-forming of any unit shall be accomplished by Lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or reworking operations or a well shut in for want of a market anywhere on a unit which includes all or a part of this Lease shall be treated as if it were production, drilling or reworking operations or a well shut in for want of a market under this Lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on production from the unit so pooled royalties only on the portion of such production allocated to this Lease; such allocation shall be that proportion of the unit production that the total number of surface acres covered by this Lease and

included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, Lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit 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 such event, 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 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. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said 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 to any other tract of land; and the royalty payments to be made hereunder to Lessor shall be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development

or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.

6. Lessee may not assign any right, title or interest without the prior written consent of the Lessor.
7. Lessor expressly does not warrant title to these premises.
8. Lessee shall comply with all laws and regulations of any Governmental body purporting to exercise taxing authority over the lands covered by this Lease or the person of the Lessor herein and in so complying Lessee shall not be responsible for determining the legality, validity or constitutionality of any such law or regulation enacted or issued by any such Governmental body. In determining the residence of Lessor for purposes of complying with such laws or regulations Lessee may rely upon the address of Lessor herein set forth or upon the last known address of Lessor. Neither any error in the determination of the residence or status of Lessor nor an error in the payment of any sums of money due or payable to Lessor under the terms of this Lease which is made during the course of or as a result of Lessee's good faith efforts to comply with any such laws or regulations shall terminate this Lease or constitute grounds for any cause of action against Lessee. All of Lessee's obligations and covenants hereunder, whether express or implied, shall be suspended at the time or from time to time as compliance with any thereof is prevented or hindered by or is in conflict with Federal, State, County, or municipal laws, rules, regulations or Executive Orders asserted as official by or under public authority claiming jurisdiction, or Act of God, adverse field, weather, or market conditions, inability to obtain materials in the open market or transportation thereof, war, strikes, lockouts, riots, or other conditions or circumstances not wholly controlled by Lessee, and this Lease shall not be terminated in whole or in

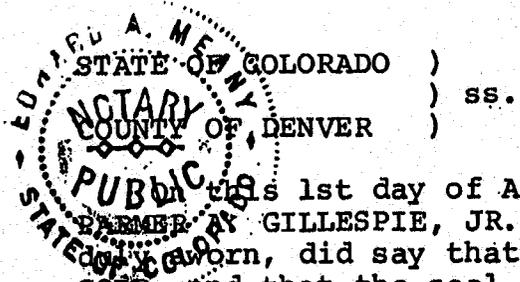
part, nor Lessee held liable in damages for failure to comply with any such obligations or covenants if compliance therewith is prevented or hindered by or is in conflict with any of the foregoing eventualities. The time during which Lessee shall be prevented from conducting drilling or reworking operations during the primary term of this Lease, under the contingencies above stated, shall be added to the primary term of the Lease; provided, however, that delay rentals as herein provided shall not be suspended by reason of the suspension of operations and if this Lease is extended beyond the primary term above stated by reason of such suspension, Lessee shall pay an annual delay rental on the anniversary dates hereof in the manner and in the amount above provided.

9. It is specifically provided, notwithstanding any provision contained herein to the contrary, that the Lessee shall not conduct any drilling or exploration operations or any operation in connection therewith on any part of the above described land. Further, the Lessee shall not go upon or in any manner occupy the premises above described without first having obtained an agreement in writing from the Lessor specifically granting its consent to such operations or occupation.

10. The Lessee agrees that subsurface support necessary for highway purposes shall not in any way be disturbed.

11. In the event the Lessor's needs require that this Lease be cancelled for reasons of the safety, welfare and convenience of the public, this Lease is deemed to be terminated within ninety (90) days after notice of such termination is either served on or mailed to the Lessee. The Lessor shall be the sole judge of its needs requiring the termination of this Lease.





STATE OF COLORADO )  
 ) ss.  
 COUNTY OF DENVER )

On this 1st day of August, 1974, before me personally appeared PARMER A. GILLESPIE, JR., to me personally known, who, being by me sworn, did say that he is the President of CLEAR CREEK IMPROVEMENT CO. and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said PARMER A. GILLESPIE, JR. acknowledged said instrument to be the free act and deed of said corporation.

Witness my hand and seal this 1st day of August, 1974.

My commission expires:  
April 29, 1975

*Edward A. Meany*  
 Notary Public

1648843



STATE OF COLORADO } ss

COUNTY OF WELD

I HEREBY CERTIFY THAT THIS INSTRUMENT  
WAS FILED FOR RECORD IN MY OFFICE AT  
2:51 O'CLOCK P.M. NOV 20 1974  
AND IS DULY RECORDED IN BOOK NO. 727

PAGE .....

*J. Lee Stone*  
RECORDER  
*Donnelly J. Lewis*  
DEPUTY

*20 1974*

2-68 34

35

Lessor  
LANSONS FARM A PARTNERSHIP

DACO NO 38-2  
Jay 1/1/2012  
\_JJ-CD-NB

Lessor  
Fred Foreman, etal

DACO NO 29-2  
Jay 1/16/2012  
\_JJ-CD-NB

**LEASE PLAT**  
T 1 N, R 68 W, Section 2: NW/4NW/4

Lessor  
Colorado Dept of Highways

DACO NO 4-2  
Jay 1/12/2012  
\_JJ-CD-NB

2

Lessor  
Mvian Hillian, etal

1-68 3

Lessor  
DACONO INVESTMENTS LTD

DACO NO 31-2  
Jay 12/25/2011  
\_JJ-CD-NB



