

STATE OF COLORADO  
BOARD OF LAND COMMISSIONERS

OIL AND GAS LEASE NO. 9829.9

Containing 640.00 acres, more or less:

Land Fund School

THIS LEASE AGREEMENT, Dated this 19<sup>th</sup> day of February, 2009 made and entered into by and between the STATE OF COLORADO, acting by and through the STATE BOARD OF LAND COMMISSIONERS, hereinafter called Lessor, and Strata Oil & Gas Company, LLC, 910 16th Street, Suite #850, Denver, CO 802022954 hereinafter called Lessee:

**ASSIGNED**

WITNESSETH

WHEREAS, Said Lessee has applied to Lessor for an oil and gas lease covering the land herein described, and has paid a filing fee in the amount of \$20.00, plus a bonus consideration of \$ .00 fixed by Lessor as an additional consideration for the granting of this lease, and Lessee agrees to pay an annual rental of \$960.00 computed at the rate of \$1.50, per acre or fraction thereof per year.

WHEREAS, All the requirements relative to said application have been duly complied with and said application has been approved and allowed by Lessor;

THEREFORE, In consideration of the agreements herein, on the part of Lessee to be paid, kept and performed, Lessor does lease exclusively to Lessee for the sole and only purpose of drilling for, development of and production of oil and gas, or either of them, thereon and therefrom with the right to own, except as set forth in the METHANE FROM COAL SEAMS paragraph herein, all oil and gas so produced and saved therefrom and not reserved as royalty by Lessor under the terms of this lease, together with rights-of-way, easements and servitudes for pipelines, telephone and telegraph lines, tanks and fixtures for producing and caring for such products, and any and all rights and privileges necessary for the exploration and operation of said land for oil and gas, the following described land situated in the County of Adams, State of Colorado, and more particularly described as follows:

<u>DESCRIPTION OF LAND</u>	<u>TOWNSHIP</u>	<u>RANGE</u>	<u>SECTION</u>	<u>SURVEY</u>
ALL	3S	64W	36	6th PM

Surface Patents: Yes

~~TO HAVE AND TO HOLD Said land, and all the rights and privileges granted hereunder to Lessee until the hour of twelve o'clock noon on the 19<sup>th</sup> day of February, 2014, as primary term, and so long thereafter as oil and gas, or either of them, is produced in paying quantities from said land or Lessee is diligently engaged in bona fide drilling or reworking operations on said land, subject to the terms and conditions herein. Drilling or reworking operations shall be deemed to be diligently performed if there is no delay or cessation thereof for a period greater than 60 consecutive days unless an extension in writing is granted by Lessor; provided that such drilling or reworking operations are commenced during said primary term or any extension thereof or while this lease is in force by reason of production of oil and gas or either of them, or that such reworking is commenced within 60 days upon cessation of production for the purpose of re-establishing the same, and provided further that such production is commenced during such primary term or any extension thereof, or while this lease is in force by reason of such drilling or reworking operations or other production.~~

METHANE FROM COAL SEAMS - Coalbed methane may be produced, saved and/or sold by a coal mining lessee from mineable coal measures and from roofs and floors of mineable coal measures and the gas shall be the property of that lessee provided that the gas is removed only as a mining safety procedure prior to or during mining. Gas that is uneconomical to produce may be vented or flared provided that such venting or flaring complies with all Federal and State requirements. Gases produced by the oil and gas lessee from the mineable coal measures and from roofs and floors of mineable coal measures prior to, during, or after mining shall be the property of the oil and gas lessee under the terms of this lease. Oil and gas operations shall not render coal seams unmineable.

EXPLORATION - Lessor reserves the right to conduct exploration on the leased land provided such exploration does not interfere with rights granted herein.