

OIL GAS AND MINERAL LEASE

#253

THIS AGREEMENT made this 20th day of September

1955, between

R. P. LUXEN and MAY LUXEN, his wife,

CO-2371-B

Lessor (whether one or more), and SOUTHERN UNION GAS COMPANY, Lessee (whether one or more).

WITNESSETH THAT:

(1) Lessor in consideration of Ten and no 100 Dollars (\$10.00) in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases, and lets exclusively unto Lessee for the purpose of investigating for, and/or testing formations and/or structures, exploring, prospecting, drilling, mining for and producing oil, gas, and all other minerals, cycling, injecting gas, laying pipe lines, building roads, tanks, power stations, telephone lines, houses for its employees, and other structures thereon to produce, save, take care of, treat, transport, and own said products, and for use in connection with other leases; the following described land in Garfield County, Colorado, to-wit:

Township 6 South, Range 04 West, 6th P.M.

Section 25: W $\frac{1}{2}$ SW $\frac{1}{4}$; SW $\frac{1}{4}$ NW $\frac{1}{4}$
Section 26: SE $\frac{1}{4}$; S $\frac{1}{2}$ NE $\frac{1}{4}$; S $\frac{1}{2}$ SW $\frac{1}{4}$; NE $\frac{1}{4}$ SW $\frac{1}{4}$; SE $\frac{1}{4}$ NW $\frac{1}{4}$ less approx. 2.77 acres described as "Beginning at a point in the center of the County Road 801' W. of NE corner of SE $\frac{1}{4}$ NW $\frac{1}{4}$, Sec. 26, T.6 S., R.94 W., thence S.51° 04' W. 702', thence N. 442', thence E. 347' to the place of beginning"; Portion of NE $\frac{1}{4}$ NW $\frac{1}{4}$ containing approx. 2.77 acres described as "Beginning at a point in the center of the County Road 801' W. of the NE corner of the SE $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 26, T.6 S., R.94 W., thence N.51° 04' E. 372', thence S.30° 10' E. 443', thence W. 673' to the place of beginning"
Section 35: NW $\frac{1}{4}$ NE $\frac{1}{4}$

remineral, should be discovered on said land, or land with which it or any part thereof may be pooled, and which gas or other substance or substances cannot be profitably produced for lack of a market at the well or wells, or for any other cause not within the reasonable control of Lessee, Lessee may pay a compensatory royalty to the parties entitled to royalties on the above land a sum equal to the amount of the annual rentals payable in lieu of drilling operations (such payment to be made on or before the date that such delay rentals are due, or any subsequent yearly anniversary thereafter whether or not within the primary term, and in the manner, time, and place provided below for the payment of delay rentals, and while such royalty is so paid this lease shall be considered as producing in paying quantities such of the above mentioned gas or other substance or substances as the well or wells are capable of producing; however, that whenever such well or wells have been shut in for lack of market or for any other cause not reasonably within the control of Lessee, within a period of sixty (60) days immediately prior to the date such payment would be due or where no royalties of any kind are being paid under this lease and such well or wells have been completed within a period of sixty (60) days immediately prior to any such anniversary date and such well or wells have been shut in for lack of market, or for any other cause not reasonably within the control of Lessee, it shall not be necessary for Lessee to make such payment, and it shall nevertheless be considered that the above mineral or minerals are being produced in paying quantities during all of the year following such anniversary date. Such payment or tender shall be made jointly to any adverse claimants of the same royalty interest. Any payments made as royalty on such a shut-in well or wells may be credited against any royalties which may become due on oil, gas, or other minerals produced from the land covered hereby, or land with which it or any part thereof may be pooled thereafter, during any portion of the year for which such payment for a shut well or wells is made; (c) on all other minerals mined and marketed, one-tenth (1/10) either in kind or value at the well or mine at Lessee's election, except that on sulphur the royalty shall be one dollar (\$1) per long ton. Each royalty interest provided in all instances shall bear its proportionate part of the production, severance and other direct tax or taxes applicable thereto. Lessee shall have free use of oil, gas, other minerals, wood and/or water from said land, except water from Lessor's well(s), for all operations hereunder, including but not limited to, oil, gas and/or other minerals used for fuel, oil, gas, and/or other minerals returned to formation for repressuring, pressure maintenance, cycling and/or other secondary recovery operations, and the royalty on oil, gas, and/or other minerals shall be computed after deducting any so used.

(2) Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease, or any portion thereof, with other land, lease or leases in the immediate vicinity thereof, whether in its own judgment it is necessary or advisable to do so in order properly to develop and operate said premises in compliance with any lawful spacing rules or orders which may be prescribed by any duly authorized authority, for the field(s) in which this lease acreage or any part thereof is situated, or when to do so would, in the judgment of Lessee, promote the conservation or economical production of the oil, gas, and/or other minerals from said premises, such pooling to be into a unit or units not exceeding the number of acres required or recommended by the state regulatory authority having jurisdiction over well spacing, drilling units, and other matters relating to the production of oil, gas, and other minerals. Lessee shall execute in writing and record in the proper county an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated for all purposes, except for the payment of royalties on production from the pooled unit, as if it were included in this lease, and if production is had from any portion of the pooled acreage, it shall be treated as production from the land covered by this lease, whether the well or wells be located on the land covered by this lease or not. In lieu of the royalties elsewhere herein specified, Lessor shall receive on production from a unit so pooled such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

(3) If operations for drilling are not commenced on said land, or on other land pooled with said land, or any part thereof, on or before one year from this date, the lease shall then terminate as to both parties, unless on or before such anniversary date Lessee shall pay or tender to Lessor or to the credit of Lessor in Bank of America, Angels Camp Branch, Bank at Angels Camp, California (which bank and its successors are Lessor's agent and shall continue as the depository for all rentals payable hereunder regardless of changes in ownership of said land or rentals until and unless said depository bank is changed as hereinafter provided) Five Hundred Sixty Dollars (\$560.00), (herein called "rental" or "rentals") which shall cover the privilege of deferring the commencement of drilling operations for a period of twelve months. In like manner and upon like payments or tenders annually the commencement of drilling operations may be further deferred for successive periods of twelve months each during the primary term. The payment or tender of rental may be made by the check or draft of Lessee or anyone acting on behalf of Lessee, mailed or delivered to said depository bank on or before such date of payment. If such bank (or any successor bank) should fail, liquidate, or be succeeded by another bank, or for any reason fail or refuse to accept rental or make proper credit therefor, Lessee shall not be held in default for failure to make such payment or tender of rental until thirty (30) days after Lessor shall deliver to Lessee a proper recordable instrument, designating another bank as agent to receive such payments or tenders. If such bank charges or deducts a fee for acting as depository, such charge shall be borne by Lessor and shall not affect the validity of the lease. The cash payment described in paragraph 1 above is consideration for this lease according to its terms and shall not be allocated as mere rental for a period. Lessee may at any time execute and deliver to Lessor or to the depository above named, or place of record, a release or releases covering a portion or portions of the land covered hereby, and thereupon surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter, if within the primary term, the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

(4) If at any time or times during the primary term Lessee abandons a well as a dry hole on said land or land pooled with such land, or any part thereof, or if production, having once been obtained therefrom, should cease from any cause, and if in either case this lease is not otherwise maintained, this lease shall nevertheless remain in force if production or operations for drilling or reworking on said land or land pooled with such land, or any part thereof, are commenced or resumed, or payment or tender of rentals is commenced or resumed, on or before the rental paying date next ensuing after the expiration of ninety (90) days from the date of abandonment of the well as a dry hole or cessation of production; provided that no rentals or operations shall be necessary to maintain this lease for the remainder of the primary term if such abandonment of a well as a dry hole or cessation of production occurs within ninety (90) days prior to or during the last year of the primary term. If such abandonment of a well as a dry hole or cessation of production occurs within ninety (90) days prior to or at any time after the expiration of the primary term and this lease is not otherwise maintained, this lease shall nevertheless remain in force if production or operations for drilling or reworking are commenced or resumed on said land or land pooled with such land, or any part thereof, within ninety (90) days after such abandonment or cessation of production. Upon the expiration of the primary term or at any time or times thereafter when this lease is not otherwise maintained, this lease shall remain in force so long as any operations for drilling or reworking are prosecuted on said land or land pooled with such land, or any part thereof, with no cessation of more than ninety (90) consecutive days, and, if they result in production of oil, gas or other mineral, so long as oil, gas or other mineral is produced, whether or not in paying quantities.

(5) In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land at or within the offset distance as fixed by the spacing rules prescribed by the governmental or regulatory authority having jurisdiction over the field in which said well is located, and draining the leased premises, Lessee agrees to drill such offset well as a reasonably prudent operator would drill under the same or similar circumstances.

(6) Lessee shall have the right at any time during or within a reasonable time after the expiration of this lease to remove all property and fixtures placed by Lessee on said land including the right to drill and remove all casing, tubing, and other production equipment. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred feet of any residence or barn now on said land without Lessor's written consent.

(7) The rights of either party hereunder 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 ownership of the land, rentals or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until forty-five (45) days after Lessee shall have been furnished by registered United States mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same, including any intermediate transfers or assignments. In the event of assignment hereof in whole or in part, liability for breach of any obligations hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. In the event of the death of any person entitled to rentals hereunder, Lessee may pay or tender such rentals in the manner provided above to the credit of the deceased or the estate of the deceased until such time as Lessee is furnished with satisfactory evidence of the lawful appointment and qualification of an executor or administrator of the estate, or if there be none, until Lessee is furnished with evidence satisfactory to it as to the heirs or devisees of the deceased. If at any time two or more persons be entitled to participate in the rental payable hereunder, Lessee may pay or tender said rental jointly to such persons or to their joint credit in the depository named herein; or, at Lessee's election, the proportionate part or parts of said rental to which any participant or participants may be entitled, may be paid or tendered to such participant or participants separately or to their separate credit in said depository, and the balance of the rental, if any, may be paid or tendered jointly to such other parties as may be entitled to participate in said rental or the balance of the rental. In the event of assignment of his portion of the rental hereunder, each participant shall maintain this lease as to such participants. In the event of assignment of this lease as to a segregated portion of this land, rentals payable hereunder shall be apportionable as between the several leasehold owners ratably according to the surface area of each, and default in rental by one shall not affect the rights of other leasehold owners hereunder. If the lease premises shall hereafter be owned in severalty 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 such separate owners in the proportion that the acreage owned by each such separate owner bears to the entire leased acreage.

(8) The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease, nor cause a termination or reversion of the estate created hereby, nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that Lessee has not complied

with all its obligations hereunder, both express and implied, before production has been secured or after production has been secured, Lessor shall notify Lessee in writing, setting out specifically the facts upon which it is claiming a breach hereof. Lessee, if in default, 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 or any cause, and no such action shall be brought until the service of said notice reaches Lessee. The service of such notice or doing any act by Lessee aimed to meet all or any of the obligations hereunder, in the event that the same is commenced in court by Lessor as the result of an alleged breach by Lessee of any covenant expressed by this lease or implied by law, and if, on final adjudication of such action, it is found by the court that Lessee has in fact been guilty of default or breach of a covenant, then no forfeiture of any estate of Lessee under this lease shall be had until sixty (60) days after such final adjudication of the default or breach, during which time Lessee shall have the right to cure such default or comply with such covenant.

(11) In case of cancellation or termination of this lease for any cause, Lessee shall have the right to retain under the terms hereof around each oil or gas well producing, being worked on or drilling hereunder (as long as such operations are continued in good faith), the maximum acreage allocable to each such well fixed by the rules of the governmental regulatory body having jurisdiction over such well or wells. Should Lessee be prevented from complying with any express or implied covenants of this lease, from conducting drilling or reworking operations thereon or on land with which it or any part thereof may be pooled, or from producing oil, gas or other mineral therefrom by reason of acts of God, fire, riots, wars, strikes, lack of market (in situations where clause 3(b) does not apply), inability to obtain equipment due to governmental order or action, or by failure of carriers to transport equipment, oil, gas or other mineral, or by regulations by state or federal action or by other superior or irresistible force of whatsoever nature and not due to the negligence of Lessee, when while so prevented and for ninety (90) days thereafter, Lessee's obligations to comply with any such covenants shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended and continued in full force and effect while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil, gas or other mineral from the lease premises or land with which it or any part thereof may be pooled for ninety (90) days thereafter and for so long thereafter as oil, gas or other mineral is being produced from the land covered hereby or land with which it or any part thereof may be pooled; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

(12) Title to the minerals vested in Lessee under this grant shall not end or revert to Lessor unless and until there is a complete, absolute and intentional abandonment by Lessee of each and all of the purposes expressed or implied by this grant and of every part and parcel of the premises described herein. All of the provisions of this lease shall be applicable regardless of whether or of how many times such provision or provisions have heretofore been applicable.

(13) Lessor hereby warrants and agrees to defend the title to said land (to the extent of the interest purported to be covered by this lease) and agrees that Lessee at its option may discharge any tax, mortgage, or lien upon said land, and in event Lessee does so, it shall be subrogated to such lien with the right to enforce the same and receive and apply rentals and royalties accruing hereunder toward satisfying same, and Lessor further agrees that the interest of Lessor is and at all times shall be and remain primarily liable for such lien indebtedness, and that in any proceeding for the enforcement or the collection thereof the interest of the Lessor shall be first subjected to the payment thereof. Without impairment of Lessee'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. The royalties and rentals hereinabove provided for have been determined with respect to the entire fee or mineral estate and the fact that this lease might purport to cover a less interest shall not defeat the right of Lessee to reduce the royalties and rentals as above provided and in accordance with the nature of the estate with which he is seized. Failure of Lessee to reduce rentals shall not impair the right of Lessee to so reduce the royalty.

(14) Should any one of the parties named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it. The word "Lessor" as used in this lease shall mean the estate of parties, both as to the lease as Lessor, although not named above. IN WITNESS WHEREOF, this instrument is executed on the date first above written.

(15) It is mutually understood and agreed by all parties that the Lessee agrees to commence the drilling of a well on the Southwest One-Quarter (SW $\frac{1}{4}$) of Section 26, Township 6 South, Range 94 West, within one year from the date of this lease, or failing to do so Lessee will execute and deliver to Lessor a proper form of release relinquishing this lease.

IN WITNESS WHEREOF: this instrument is executed on the date first above written.

and Mary T. Lye, to me known to be the person(s) described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

In Witness Whereof, I have hereunto set my hand and official seal on the day and year in this certificate first above written.

Edna C. Seale

Notary Public in and for

Calaveras County, California

My commission expires Dec. 16, 1956

JOINT ACKNOWLEDGMENT (TEXAS)

THE STATE OF _____

County of _____

Before me, the undersigned authority, on this day personally appeared _____

and his wife,

known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed; and the aforesaid wife having been examined by me privately and having the same fully explained to her, acknowledged such instrument to be her act and deed and declared that she had willingly signed the same for the purposes and consideration therein expressed and that she did not wish to retract it.

Given under my hand and seal of office this the _____

day of _____

, A. D. 19 _____

Notary Public in and for _____

County, _____

No. 192065

Oil, Gas and Mineral Lease

FROM

TO

Dated _____, 19 _____

No. Acres _____

County BARFIELD

Term _____

This instrument was filed for record on the _____

day of NOV 4 - 1955, at _____

8:12 o'clock A M, and duly recorded in

Book 288 Page 505

of the Barfield records of this office.

By Wm. S. Teague County Clerk.

By _____

Deputy. 374 ps

When recorded return to

Southwestern Gas Co.

Burt Bldg

Dallas 1 - Texas

4524