

PAID-UP OIL AND GAS LEASE

THIS AGREEMENT, made and entered into this 7th day of August, 20 06 by and between
Charles M. Fuller and Barbara M. Fuller, husband and wife
of 6224 Montarbor Drive, Colorado Springs, CO 80918, hereinafter called lessor (whether one or more), and
EOG RESOURCES, INC, whose address is P.O. Box 4362, Houston, TX 77210-4362, hereinafter called lessee
WITNESSETH

1 That lessor, for and in consideration of _____ dollars (\$ _____) in hand paid, receipt of which is hereby acknowledged, and of the agreements of lessee hereinafter set forth, hereby grants, demises, leases and lets exclusively unto lessee the lands described below for the purpose of investigating, prospecting, exploring (by geophysical and other methods), drilling, mining, operating for and producing oil or gas, or both (as defined below), together with the right to construct and maintain pipelines, telephone and electric lines, tanks, ponds, roadways, plants, equipment, and structures thereon to produce, save and take care of said oil and gas (which right shall include specifically a right-of-way and easement for ingress to and egress from said lands by lessee, or its assignees, agents or permittees, necessary to or associated with the construction and maintenance of such pipelines, telephone and electric lines, tanks, ponds, roadways, plants, equipment, and structures on said lands to produce, save and take care of the oil and gas), and the exclusive right to inject air, gas, water, brine and other fluids from any source into the subsurface strata, and any and all other rights and privileges necessary, incident to, or convenient for the economical operation of said land, alone or conjointly with neighboring land, for the production, saving and taking care of oil and gas and the injection of air, gas, water, brine and other fluids into the subsurface strata said lands being situated in the County of Jackson, State of Colorado described as follows, to-wit

Township 6 North, Range 80 West, 6th P M
Section 6 Lots 4, 5, 6, 7, SENW, NESW

Township 7 North, Range 80 West, 6th P M
Section 31 Lot 4, SESW

Township 6 North, Range 81 West, 6th P M
Section 1 Lots 1, 2, 3, SESE
Section 2 Lots 1, 2, SWNE, W2SE
Section 12 N2NE, SWNE, NENW, S2NW, NWSW

and containing 946.39 acres, more or less

In addition to the land described above, lessor hereby grants, leases and lets exclusively unto lessee, to the same extent as if specifically described, lands which are owned or claimed by lessor by one of the following reasons: (1) all lands and rights acquired or retained by lessor by avulsion, accretion, reliction or otherwise as the result of a change in the boundaries or centerline of any river or stream traversing or adjoining the lands described above, (2) all riparian lands and rights which are or may be incident appurtenant, related or attributed to lessor in any lake, stream or river traversing or adjoining the lands described above by virtue of lessor's ownership of the land described above, (3) all lands included in any road easement or right-of-way traversing or adjoining the lands described above which are or may be incident appurtenant, related or attributed to lessor by virtue of lessor's ownership of the land described above, and (4) all strips or tracts of land adjacent or contiguous to the lands described above owned or acquired by lessor through adverse possession or other similar statutes of the state in which the lands are located

The term oil as used in this lease shall be interpreted to include any liquid hydrocarbon substances which occur naturally in the earth, including drip gasoline or other natural condensate recovered from gas without resort to manufacturing process. The term gas as used in this lease shall be interpreted to include any substance, either combustible or noncombustible, which is produced in a natural state from the earth and which maintains a gaseous or rarified state at ordinary temperature and pressure conditions, including but not limited to helium, nitrogen, carbon dioxide, hydrogen sulphide, coal bed methane gas, casinghead gas and sulphur

Subject to the other provisions herein contained, this lease shall remain in force for a term of _____ years from this date (herein called "primary term") and as long thereafter as oil and gas or either of them, is produced from the leased premises or drilling operations are continuously prosecuted. For purposes of this lease, a well completed for the production of coalbed methane gas shall be deemed to be producing gas under this lease at all times when dewatering of the coal seams from which the coalbed methane gas will be produced is occurring. For purposes of this lease, "drilling operations" shall include operations for the drilling of a new well and operations for the reworking, deepening or plugging back of a well or hole or other operations conducted in an effort to establish, resume or re-establish production of oil and gas, drilling operations shall be considered to be "continuously prosecuted" if not more than one hundred twenty (120) days shall elapse between the completion and abandonment of one well or hole and the commencement of drilling operations on another well or hole, drilling operations shall be deemed to be commenced for a new well at such time as lessee has begun the construction of the wellsite location or the road which provides access to the wellsite location, and drilling operations shall be deemed to be commenced with respect to reworking, deepening, plugging back or other operations conducted in an effort to resume or re-establish production of oil and gas at such time as lessee has the requisite equipment for such operations at the wellsite

2 The lessee shall deliver to the credit of the lessor as royalty free of cost, into the tanks or in the pipe line on the leased premises to which lessee may connect its wells the equal one-eighth (1/8) part of all oil produced and saved from the leased premises or lessee may from time to time at its option purchase any royalty oil in its possession, paying the market price thereof prevailing for oil of like grade and gravity in the field where produced on the date of purchase

The lessee shall pay lessor, as royalty, on gas, including casinghead gas or other gaseous substances, produced from the leased premises and sold or used off the premises or used in the manufacture of gasoline or other products the market value at the well of one-eighth (1/8) of the gas sold or used provided that on gas sold the royalty shall be one-eighth (1/8) of the amount realized from such sale. The amount realized from the sale of gas shall be the price established by the gas sales contract entered into in good faith by lessee and a gas purchaser for such term and under such conditions as are customary in the industry. Price shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing



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1 of 3 R 15.00 D 0.00 N 0.00 JACKSON COUNTY CO

SEP 10 2008
COGCC

OWNERSHIP REPORT

Township 7 North, Range 80 West, 6th PM

Section 17, S2

Section 19 E2

Section 20- ALL

Section 21 N2, N2S2, S2SW

Section 22 W2NW

Section 24 E2, E2SW

Section 25 N2NE

Section 29- N2N2, SWNW, NWSW

Section 30- E2

Jackson County, Colorado containing 2960 acres, more or less

I CERTIFY THAT I HAVE EXAMINED THE CASE FILE RECORDS ON:

Research based upon: ☒ County Indices ☐ Other

INTERPRETATION OF OWNERSHIP IS AS FOLLOWS:

Surface Owner:

MINERAL OWNER(S) and ADDRESS	INTEREST	NET ACRES	CURRENT LEASEHOLD
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Blaine L. & Judy L. Evans, H&W
3605 Jackson County Rd 26
Coalmont, CO 80430

100%

2960

Red Willow Production LLC
14933 Highway 172
PO Box 369
Ignacio, CO 81137

Lease:

Rec #: 88061 B180-P162

Lessor: Blaine L. & Judy L. Evans

Lessee: Michael C. Huseby

Effective Date: 11-5-01

Expiration Date: 11-5-06

Term: 5 years

Royalty: 1/8

Current Status: Primary Term

Total Acres

2960

MORTGAGES, JUDGMENTS, LIENS not checked

NOTES

ADDRESSES

