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used, this lease shall terminate at the anniversary date lessee anniversary date is at the end term or on the nineteenth anniversary date. The operations shall mean operations in search for or in an not in paying quantities on said land in all operations to draw and remove see shall pay for damages

erals or horizons. All of sors, assigns and success- soever effected, shall in- sument of production. sion in the ownership ng upon the then record y lessor or lessor's heirs, hich have been properly nis as shall be necessary sion of the death of the ecent in the depository ay rental payable here- each, and default in de-

or shall notify lessee in pt of said notice within t to the bringing of any f such notice on lessee. ed an admission or p- ess remain in force and e unit under applicab e form of a square cen- h there are operations.

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County Clerk

Producers 88-80-640 (7-71)

OIL AND GAS LEASEBOOK 540 PAGE 328

PL-1496
Tr. 57
CO 1135-1

THIS AGREEMENT made this 7th day of June 19 32, between
Harley Osborn Dourte, a/k/a Harley O. Dourte, a widower

lessor (whether one or more), whose address is 301 Utah Northeast, Albuquerque, New Mexico 87108
and Shell Oil Company, P.O. Box 576, Houston, Texas 77001, lessee, WITNESSETH:

1. Lessor, in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil and gas, including casinghead gas, casinghead gaso- line, condensate and all related hydrocarbons, and including all other products produced therewith, hereinafter referred to collectively as "said minerals", together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting said minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Montezuma, State of Colorado

and is described as follows:
Township 38 North, Range 18 West, N.M.P.M.
Section 6; Lot 8, Lot 9, East 25.2 acres of Lot 10, Lot 15,
and S/2NE/4;

* Including Carbon Dioxide Gas

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This lease also covers and includes any land contiguous to or adjoining the land above described, other than those constituting regular governmental subdivisions, and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preferential right of acquisition. For the purpose of determining the amount of any bonus, delay rental or other payment hereunder, said land shall be deemed to contain 238.62 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of ~~ten~~ ^{ten} years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor in the pipe line to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil; (b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas; (c) To pay lessor on all other said minerals produced and marketed or utilized by lessee from said land, one-tenth either in kind or the market value thereof at the well, at lessee's election. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market said minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities, other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety (90) consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety-day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to the amount of annual delay rental provided for in this lease. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety-day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the depository bank provided for below. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, or of leases, as to any minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance; provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas, other than casinghead gas; (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir; (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement, are required under any governmental rule or order, for the drilling or operation of a well at a regular location, or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered for all purposes, except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of unit remaining production of oil or gas. The formation of any unit hereunder shall not have the effect of exchanging or transferring any interest under this lease between parties. Neither shall it impair the right of lessee to release as provided in paragraph 5 hereof, except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as in force subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. If operations are not conducted on said land on or before the first anniversary date hereof, this lease shall terminate as to both parties, unless lessee on or before said date shall, subject to the further provisions hereof, pay or tender to lessor or to lessor's credit in the First National Bank, P.O. Box 1305, Albuquerque, New Mexico 87103, or its successors,

which shall continue as the depository, regardless of changes in ownership of delay rental, royalties, or other moneys, the sum of \$ [redacted] which shall operate as delay rental and cover the privilege of deferring operations for one year from said date. In like manner and upon like payments or tenders, operations may be further deferred for like periods of one year each during the primary term. If at any time that lessee pays or tenders delay rental, royalties, or other moneys, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender such rental, royalties, or other moneys, in the manner herein specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to lessor or to the depository bank on or before the last date for payment. Said delay rental shall be apportionable as to said lands on an acreage basis, and a failure to make proper payment or tender of delay rental as to any portion of said land or as to any interest therein shall not affect this lease as to any portion of said land or as to any interest therein as to which proper payment or tender is made. Any payment or tender which is made in an attempt to make proper payment, but which is erroneous in whole or in part as to parties, amounts, or depository, shall nevertheless be sufficient to prevent termination of this lease and to extend the time within which operations may be conducted in the same manner as though a proper payment had been made; provided, however, lessee shall correct such error within thirty (30) days after lessee has received written notice thereof from lessor. If the depository bank should refuse to accept any rental tendered hereunder, the tender nevertheless shall be fully effective and lessee shall have no obligation to make any further tender or payment in connection therewith until after lessor shall have furnished lessee with an instrument satisfactory to lessee naming another bank as agent to receive such payment. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the release of acreage or interest. If this lease is so released as to all of said minerals and horizons under a portion of said land, the delay rental and other payments computed in accordance therewith shall thereupon be reduced in the proportion that the acreage released bears to the acreage which was covered by this lease immediately prior to such release.

6. If at any time or times during the primary term operations are conducted on said land and if all operations are discontinued...

7. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder.

8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any of said minerals or horizons. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns and successive assigns.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract.

10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease.

11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of lessee, the primary term and the delay rental provisions hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

12. Lessor hereby expressly relinquishes dower and releases and waives all rights under and by virtue of the homestead exemption laws insofar as they may in any way affect the purpose for which this lease is made.

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

Harley O. Dourte
Social Security or I.D. Number:
Harley Osborn Dourte, a/k/a Harley O. Dourte
Social Security or I.D. Number:

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Social Security or I.D. Number:
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Social Security or I.D. Number:

STATE OF New Mexico) INDIVIDUAL ACKNOWLEDGMENT

COUNTY OF Bernalillo) SS.

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that Harley Osborn Dourte, a/k/a Harley and O. Dourte, to me personally known, and known to me to be the same person, appeared before me this day in person and acknowledged to me that he executed and delivered the same as his free and voluntary act and deed, for the uses, purposes and consideration therein expressed, including the relinquishment of dower and homestead.

Given under my hand and official seal this 7th day of June, 1982.
My Commission Expires 4-26-84
Notary Public in and for said County and State, residing at

STATE OF) INDIVIDUAL ACKNOWLEDGMENT

COUNTY OF) SS.

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that and, to me personally known, and known to me to be the same person, described in and who executed the foregoing instrument, appeared before me this day in person and acknowledged to me that he executed and delivered the same as free and voluntary act and deed, for the uses, purposes and consideration therein expressed, including the relinquishment of dower and homestead.

Given under my hand and official seal this day of 19.
My Commission Expires:
Notary Public in and for said County and State, residing at

WHEN RECORDED RETURN TO:
THIS OPINION HAS BEEN
RENDERED FOR SHELL OIL
COMPANY AND ANYONE ELSE
Relying THEREON DOES SO
AT HIS OWN RISK AND WITH
OUT RECOURSE TO SHELL.

This instrument was filed for record on the JUL 20 1982 at 8:40 o'clock A.M. and duly recorded in Book 540, Page 329 of the County of Bernalillo, State of New Mexico.
Jeanne DeBorja, County Clerk

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