



United States Department of the Interior  
BUREAU OF LAND MANAGEMENT  
Grand Junction Field Office  
2815 H Road  
Grand Junction, Colorado 81506  
[www.co.blm.gov/gjra/gjra.html](http://www.co.blm.gov/gjra/gjra.html)



3100 (LLCON03000)  
COC74886

JUN 01 2011

CERTIFIED MAIL NUMBER 7010 1870 0003 0919 6965  
RETURN RECEIPT REQUESTED

Mr. Tab McGinley  
Axia Energy, LLC  
1430 Larimer Street, Suite 400  
Denver, Colorado 80202

RE: Communitization Agreement  
No. COC74886

Dear Mr. McGinley:

Enclosed is one copy of the approved Communitization Agreement involving 322.04 acres of Federal land in Lease COC64809, and 319.28 acres of patented lands, Mesa County, Colorado. Axia Energy, LLC is the designated operator. This agreement conforms with the spacing set forth in Order No. 371-6, which was issued on October 21, 2010, by the Oil and Gas Conservation Commission of the State of Colorado.

This agreement communitizes all rights as to natural gas and associated liquid hydrocarbons producible from the surface of the earth through the Iles formation underlying all of Section 14, Township 9 South, Range 95 West, 6th P.M. The agreement was approved June 1, 2011, and is effective March 1, 2011, and has been designated Communitization Agreement COC74886.

Both reports, MMS-4054, Oil and Gas Operations Report, Parts A, B, and C, and MMS-2014, Monthly Report of Sales and Royalty, must be submitted for each Communitization Agreement. Both reports must be submitted each month beginning with the month production began, including testing and completion operations.

If you have any questions regarding reporting to the Office of Natural Resources Revenue (ONRR), you may access their website at <http://www.onrr.gov/FM/Forms/default.htm> where you will find information on completing the MMS Form 4444 for address and contact information and the External MRMSS Application Request Form (EMARF) which allows you access to eCommerce where reports MMS-4054 and MMS-2014 are now submitted.

When production of communitized substances begins, any production royalties that are due must be reported and paid within 90 days of the Bureau of Land Management approval date or the payor will be assessed interest for late payments under the Federal Oil and Gas Royalty Management Act of 1982 (See 30 CFR 318.54). If you need additional information, please contact ONRR at 1-800-525-9167, ext. 1-3104. Please furnish all interested parties with evidence of this approval.

Sincerely,

A handwritten signature in black ink, appearing to read "Bob Hartman", written in a cursive style.

Bob Hartman  
Petroleum Engineer

Enclosure

cc: ONRR  
P.O. Box 25165  
Denver, Colorado 80225-0165

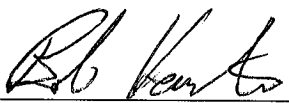
CO-922 Reservoir Management  
CO-922 Lease Maintenance

Determination - Approval - Certification

Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the authorized officer of the Bureau of Land Management, I do hereby:

- A. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest. Approval of this agreement does not warrant or certify that the operator thereof and other holders of operating rights hold legal or equitable title to those rights in the subject leases which are committed hereto.
- B. Approve the attached communitization agreement covering all of Section 14, Township 9 South, Range 95 West, 6th P.M., Mesa County, Colorado, as to natural gas and associated liquid hydrocarbons producible from the surface of the earth through the Iles Formation.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal lease or leases committed to said agreement are hereby established, altered, changed or revoked to conform with the terms and conditions of the agreement.

Approved: June 1, 2011

  
\_\_\_\_\_  
Petroleum Engineer  
Grand Junction Field Office

Effective: March 1, 2011

Contract No.: Communitization Agreement COC74886

Communitization Agreement

Agreement No. COC74886

THIS AGREEMENT, entered into as of the date shown in Section 10 hereof, is by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto".

**WITNESSETH:**

WHEREAS, the Act of February 25, 1920 (41 Stat. 437), as amended and supplemented, authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this Agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this Agreement for the purpose of developing and producing communitized substances in accordance with the terms and conditions of this Agreement:

NOW THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this Agreement (hereinafter referred to as "communitized area") are described as follows:

Township 9 South, Range 95 West, 6th P.M.  
Section 14: All  
Mesa County, Colorado

containing 641.32 acres, more or less, and this Agreement shall include only those formations from the surface of the earth through the Iles Formation underlying said land and the natural gas and associated liquid hydrocarbons, hereinafter referred to as "communitized substances", producible from such formation.

2. Attached hereto, and made a part of this Agreement for all purposes is Exhibit "A", a plat designating the communitized area and, Exhibit "B", designating the operator of the communitized area and showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands within the communitized area.
3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of this Agreement. A successor operator may be designated by the owners of the working interest in the communitized area, and four (4) executed copies of

a designation of successor operator shall be filed with the Authorized Officer of the Bureau of Land Management.

4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States, as specified in the applicable oil and gas regulations.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the tracts comprising said area in the proportion that the acreage interest of each tract bears to the entire acreage interest committed to this Agreement.

All proceeds, 8/8ths, attributed to unleased Federal, State or fee land included within the CA area are to be placed in an interest earning escrow or trust account by the designated operator until the land is leased or ownership is established.

6. The royalties payable on communitized substances allocated to the individual tracts comprising the communitized area ~~shall be determined~~ and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provision of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued. It is agreed that for any Federal lease bearing a sliding or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any noncommunitized lease production, provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such a lease plus any noncommunitized lease production. *J.P.*
7. There shall be no obligation on the lessees to offset any well or wells completed in the same formation as covered by this Agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation, or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation, or production on each and all of the lands within and comprising said communitized area, and operations or production pursuant to this Agreement shall be deemed to be operations or production as to each lease committed hereto.
9. Production of communitized substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or

regulatory body under applicable Federal or State statutes. This Agreement shall be subject to all applicable Federal and State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this Agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.

March 1, 2011 *V.B.*

10. The date of this Agreement is ~~March 21, 2011~~, and it shall become effective as of this date or from the onset of production of communitized substances, whichever is earlier upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of two (2) years and for as long as communitized substances are, or can be, produced from the communitized area in paying quantities; provided, that prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this Agreement may be terminated at any time by mutual agreement of the parties hereto. This Agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction. The two-year term of this Agreement will not in itself serve to extend the term of any Federal lease, which would otherwise expire during said period.
11. The covenants herein shall be construed to be covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interest until this Agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior, or his duly authorized representative.
12. It is agreed between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all fee and State mineral operations within the communitized area to the extent necessary to monitor production and measurement, and assure that no avoidable loss of hydrocarbons occurs in which the United States has an interest pursuant to applicable oil and gas regulations of the Department of Interior relating to such production and measurement.
13. This Agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.
14. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
15. Nondiscrimination: In connection with the performance of work under this Agreement, the operator agrees to comply with all of the provisions of Section 202(1) to (7) inclusive, of Executive Order 11246 (30 F.R. 12319), as amended, which are hereby incorporated by reference in this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written and have set opposite their respective names the date of execution.

Working Interest Owner and Operator of the Communitized Area

WITNESS:

AXIA ENERGY LLC

By:

[Signature]

By:

[Signature]  
Tab McGinley  
Vice-President of Land

Date: \_\_\_\_\_

WITNESS:

ENCANA OIL & GAS (USA) INC.

By:

[Signature]

By:

[Signature]  
Ricardo D. Gallegos  
Attorney In Fact

Date: \_\_\_\_\_

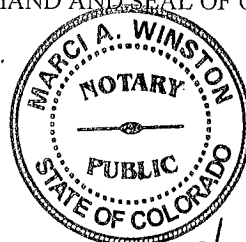
STATE OF COLORADO )  
 ) SS  
COUNTY OF DENVER )

**BEFORE ME**, the undersigned authority, on this day personally appeared Tab McGinley, known to me to be the person whose name is subscribed to the foregoing instrument, as Vice-President of Land for AXIA ENERGY, LLC, a corporation, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 21<sup>st</sup> day of March, 2011.

My Commission Expires:

7/6/13



My Commission Expires

7/6/13

Marci A. Winston  
Notary Public

Residing at Denver Co 80202

STATE OF COLORADO       )  
                                      ) SS  
COUNTY OF DENVER       )

**BEFORE ME**, the undersigned authority, on this day personally appeared Ricardo D. Gallegos, known to me to be the person whose name is subscribed to the foregoing instrument, as Attorney In fact for ENCANA OIL & GAS (USA) INC. a corporation, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 21<sup>st</sup> day of March, 2011.

My Commission Expires:

APRIL JACKSON  
NOTARY PUBLIC  
STATE OF COLORADO

My Commission Expires 03/25/2013

April Jackson

Notary Public

Residing at 7101 N. Kalamath St.  
Denver, CO 80202

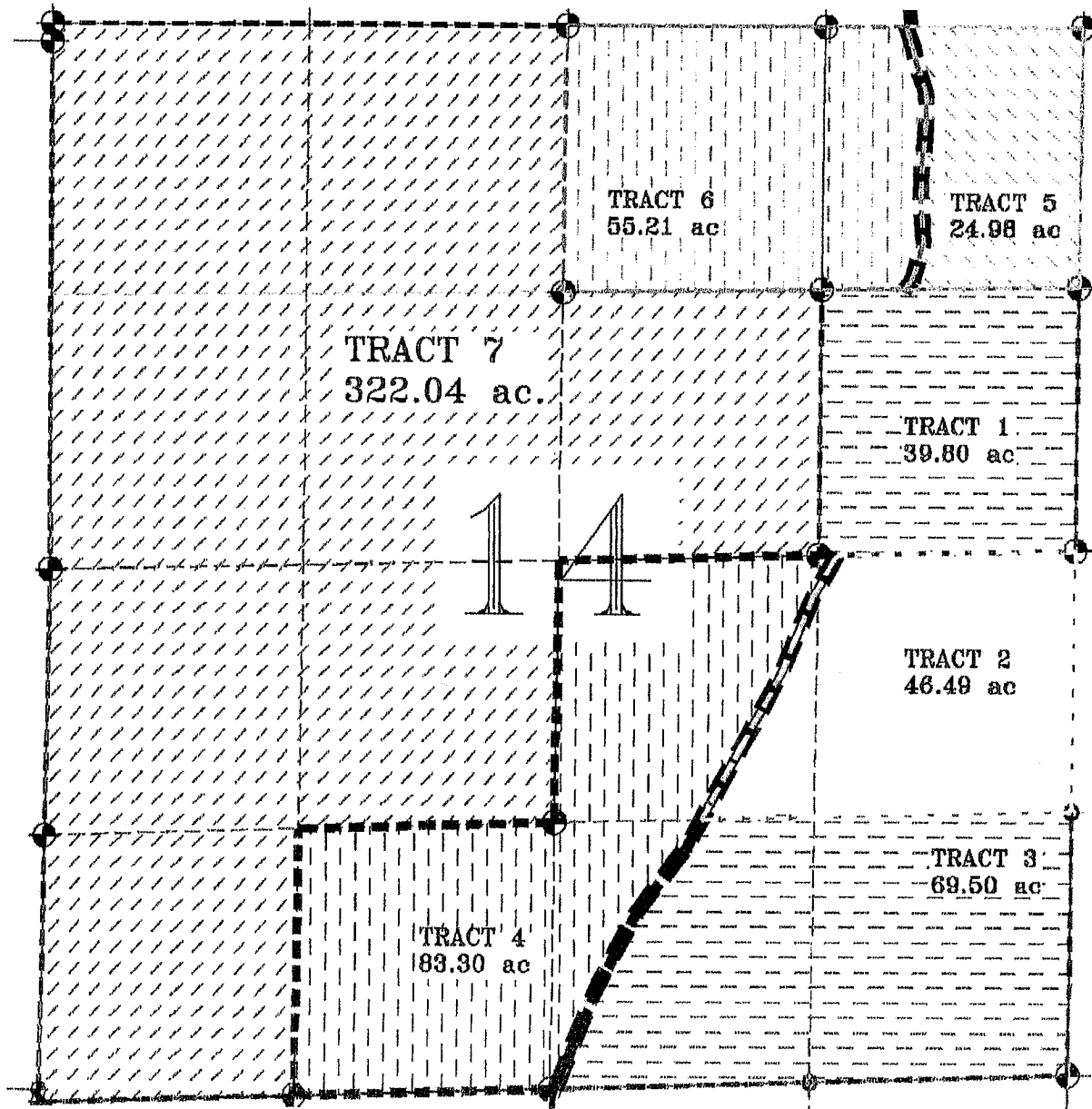


EXHIBIT "A"

Attached to Communitization Agreement dated March 1, 2011

All of Section 14, Township 9 South, Range 95 West of the 6<sup>th</sup> PM  
From the Surface of the earth down to the base of the Iles Formation

Operator of Communitized Area: Axia Energy, LLC



Section 14-T9S-R95W  
641.32 Acres

## EXHIBIT "B"

To Communitization Agreement dated March 1, 2011

Operator of Communitized Area: Axia Energy, LLC

### DESCRIPTION OF LEASES COMMITTED

#### Summary of Lease 1:

Lease Date:	August 8, 1977
Recorded:	August 22, 1977 in Book 1116 at Page 993 (Reception No. 1140016) Affidavits of Lease Extension recorded in Book 1387 at Page 868 and in Book 1535 at Page 589 Mesa County, Colorado
Lessor:	C. H. Four, Ltd., a Limited Partnership
Original Lessee:	Exxon Corporation
Present Lessee:	EnCana Oil & Gas (USA) Inc.
Description of Land Committed:	Insofar and only insofar as said lease covers <u>Township 9 South, Range 95 West, 6<sup>th</sup> P.M.</u> Section 14: SE/4SW/4, SE/4, SE/4NE/4 Mesa County, Colorado
Tracts covered:	Tracts 1, 2, 3 & 4
Number of Acres:	Tract 1 37.5000% MI * 39.80 gross acres = 14.9250 net acres Tract 2 37.5000% MI * 46.49 gross acres = 17.4338 net acres Tract 3 37.5000% MI * 69.50 gross acres = 26.0625 net acres Tract 4 37.5000% MI * 83.30 gross acres = 31.2375 net acres Total Net Acres = 89.6588 acres
Royalty Rate:	17.5000%
Name and % ORRI Owners:	None
Name and % WI Owners:	EnCana Oil & Gas (USA) Inc. 100.0000%
Pooling Clause:	Lessee shall have the right to unitize all or any part of the above described lands with other lands in the same general area by entering into a unit agreement setting forth a plan of development or operation approved by the Secretary of the Interior, or other officer or representative of the United States

having authority to approve such unit agreement, and, from time to time, with like approval, to modify, change or terminate any such agreement...

Summary of Lease 2:

Lease Date: January 10, 1984

Recorded: February 15, 1984 in Book 1478 at Page 877  
(Reception No. 1353495)  
As corrected in Book 1483 at Page 368  
Affidavit of Lease Extension in Book 1535 at Page 589  
Mesa County, Colorado

Lessor: Fern Lynn, formerly Fern Westwood, a divorced woman dealing in her sole and separate property

Original Lessee: Shear, Inc.

Present Lessee: EnCana Oil & Gas (USA) Inc.

Description of Land Committed: Insofar and only insofar as said lease covers  
Township 9 South, Range 95 West, 6<sup>th</sup> P.M.  
Section 14: SE/4NE/4, SE/4, SE/4SW/4  
Mesa County, Colorado

Tracts covered: Tracts 1, 2, 3 & 4

Number of Acres: Tract 1 - 12.50% MI \* 39.80 gross acres = 4.975 net acres  
Tract 2 - 12.50% MI \* 46.49 gross acres = 5.8113 net acres  
Tract 3 - 12.50% MI \* 69.50 gross acres = 8.6875 net acres  
Tract 4 - 12.50% MI \* 83.30 gross acres = 10.4125 net acres  
Total Net Acres = 29.8863 acres

Royalty Rate: 15.0000%

Name and % ORRI Owners: Shear, Inc. 4.5000%  
Larry A. Wilkins 0.5000%

Name and % WI Owners: EnCana Oil & Gas (USA) Inc. 100.0000%

Pooling Clause: Lessee is hereby given the right at its option, at any time and from time to time, to pool or unitize all or any part or parts of the above described land with other land, lease or leases in the immediate vicinity thereof, such pooling to be into units not exceeding the minimum size tract on which a well may be drilled under laws, rules or regulations in force at the time of such pooling or unitization: provided, however, that such units may exceed such minimum by not more than ten acres if such excess

is necessary in order to conform to ownership subdivisions or lease lines. Lessee shall exercise said option, as to each desired unit, by executing and recording an instrument identifying the unitized area...

Summary of Lease 3:

Lease Date:	August 9, 2010
Recorded:	August 23, 2010 in Book 5047 at Page 388 (Reception No. 2543403) Mesa County, Colorado
Lessor:	Kentrek, Inc., a Colorado Corporation
Original Lessee:	Axia Energy, LLC
Present Lessee:	Axia Energy, LLC
Description of Land Committed:	Insofar and only insofar as said lease covers <u>Township 9 South, Range 95 West, 6<sup>th</sup> P.M.</u> Section 14: E/2SE/4, SE/4NE/4 Mesa County, Colorado
Tracts Covered:	Tracts 1, 2 & 3
Number of Acres:	Tract 1 - 12.50% MI * 39.80 gross acres = 4.975 net acres Tract 2 - 12.50% MI * 46.49 gross acres = 5.8113 net acres Tract 3 - 12.50% MI * 69.50 gross acres = 8.6875 net acres Total Net Acres = 19.4738 acres
Royalty Rate:	17.0000%
Name and % ORRI Owners:	None
Name and % WI Owners:	Axia Energy, LLC 100.0000%
Pooling Clause:	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 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 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.... 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...

Summary of Lease 4:

Lease Date:	August 9, 2010	
Recorded:	August 23, 2010 in Book 5047 at Page 386 (Reception No. 2543402) Mesa County, Colorado	
Lessor:	Kentrek, Inc., a Colorado Corporation	
Original Lessee:	Axia Energy, LLC	
Present Lessee:	Axia Energy, LLC	
Description of Land Committed:	Insofar and only insofar as said lease covers <u>Township 9 South, Range 95 West, 6<sup>th</sup> P.M.</u> Section 14: W/2SE/4 Mesa County, Colorado	
Tracts Covered:	Tracts 4	
Number of acres	Tract 4 - 12.50% MI * 83.30 gross acres = 10.4125 net acres	
Royalty Rate:	17.0000%	
Name and % ORRI Owners:	None	
Name and % WI Owners:	Axia Energy, LLC	100.0000%

Pooling Clause:

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 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 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 reforming 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.... 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...

Summary of Lease 5:

Lease Date:	August 9, 2010
Recorded:	August 23, 2010 in Book 5047 at Page 384 (Reception No. 2543401) Mesa County, Colorado
Lessor:	Kentrek, Inc., a Colorado Corporation
Original Lessee:	Axia Energy, LLC
Present Lessee:	Axia Energy, LLC
Description of Land Committed:	Insofar and only insofar as said lease covers

Township 9 South, Range 95 West, 6<sup>th</sup> P.M.  
Section 14: SE/4SW/4  
Mesa County, Colorado

Tracts Covered:	Tract 4	
Number of acres	Tract 4 - Acreage included under Lease 4 Tract 4 above	
Royalty Rate:	17.0000%	
Name and % ORRI Owners:	None	
Name and % WI Owners:	Axia Energy, LLC	100.0000%
Pooling Clause:	<p>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 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 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 reforming 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.... 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...</p>	

Summary of Lease 6:

Lease Date: November 2, 2001

Recorded: November 2, 2001 in Book 2952 at Page 133  
(Reception No. 2023189)  
Mesa County, Colorado

Lessor: Kentrek, Inc. a Colorado Corporation

Original Lessee: Tom Brown, Inc.

Present Lessee: EnCana Oil & Gas (USA) Inc.

Description of Land Committed: Insofar and only insofar as said lease covers  
Township 9 South, Range 95 West, 6<sup>th</sup> P.M.  
Section 14: N/2NE/4  
Mesa County, Colorado

Tracts covered: Tract 5 & 6

Number of Acres: Tract 5- 8.3333% MI \* 24.98 gross acres = 2.0817 net acres  
Tract 6 – 8.3333% MI \* 55.21 gross acres = 4.6008 net acres  
Total Net Acres = 6.6825 acres

Royalty Rate: 15.0000%

Name and % ORRI Owners: None

Name and % WI Owners: EnCana Oil & Gas (USA) Inc. 100.0000%

Pooling Clause: 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 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 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 non-producing formations. The forming or reforming 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... 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 of 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 operations 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... 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.

Summary of Lease 7:

Lease Date:	June 20, 2010
Recorded:	July 26, 2010 in Book 5035 at Page 737 (Reception No. 2540211) Mesa County, Colorado
Lessor:	Pamela K. Smith
Original Lessee:	Axia Energy, LLC
Present Lessee:	Axia Energy, LLC
Description of Land Committed:	Insofar and only insofar as said lease covers <u>Township 9 South, Range 95 West, 6<sup>th</sup> P.M.</u> Section 14: SE/4NE/4, SE/4, SE/4SW/4 Mesa County, Colorado
Tracts Covered:	Tracts 1, 2, 3 & 4
Number of Acres:	Tract 1 - 6.25% MI * 39.80 gross acres = 2.4875 net acres Tract 2 - 6.25% MI * 46.49 gross acres = 2.9056 net acres Tract 3 - 6.25% MI * 69.50 gross acres = 4.3438 net acres Tract 4 - 6.25% MI * 83.30 gross acres = 5.2063 net acres Total Net Acres = 14.9431 acres
Royalty Rate:	18.7500%
Name and % ORRI Owners:	None
Name and % WI Owners:	Axia Energy, LLC 100.0000%

Pooling Clause:

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 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 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 reforming 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... 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...

Summary of Lease 8:

Lease Date:	June 20, 2010
Recorded:	July 26, 2010 in Book 5035 at Page 735 (Reception No. 2540210) Mesa County, Colorado
Lessor:	Pamela K. Smith
Original Lessee:	Axia Energy, LLC
Present Lessee:	Axia Energy, LLC

Description of Land Committed:	Insofar and only insofar as said lease covers <u>Township 9 South, Range 95 West, 6<sup>th</sup> P.M.</u> Section 14: N/2NE/4 Mesa County, Colorado	
Tracts Covered:	Tracts 5 & 6	
Number of Acres:	Tract 5 – 4.16665% MI * 24.98 gross acres = 1.0408 net acres Tract 6 – 4.16665% MI * 55.21 gross acres = 2.3004 net acres <div style="text-align: right;">Total Net Acres = 3.3412 acres</div>	
Royalty Rate:	18.7500%	
Name and % ORRI Owners:	None	
Name and % WI Owners:	Axia Energy, LLC	100.0000%
Pooling Clause:	<p>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 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 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 reforming 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... 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</p>	

requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement...

Summary of Lease 9:

Lease Date:	June 20, 2010
Recorded:	July 26, 2010 in Book 5035 at Page 731 (Reception No. 2540208) Mesa County, Colorado
Lessor:	Joe Dennis Kendrick, also known as Joe D. Kendrick, and Kerry L. Kendrick, joint tenants
Original Lessee:	Axia Energy, LLC
Present Lessee:	Axia Energy, LLC
Description of Land Committed:	Insofar and only insofar as said lease covers <u>Township 9 South, Range 95 West, 6<sup>th</sup> P.M.</u> Section 14: SE/4NE/4, SE/4, SE/4SW/4 Mesa County, Colorado
Tracts Covered:	Tracts 1, 2,3 & 4
Number of Acres:	Tract 1 - 6.25% MI * 39.80 gross acres = 2.4875 net acres Tract 2 - 6.25% MI * 46.49 gross acres = 2.9056 net acres Tract 3 - 6.25% MI * 69.50 gross acres = 4.3438 net acres Tract 4 - 6.25% MI * 83.30 gross acres = 5.2063 net acres Total Net Acres = 14.9431 acres
Royalty Rate:	18.7500%
Name and % ORRI Owners:	None
Name and % WI Owners:	Axia Energy, LLC 100.0000%
Pooling Clause:	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 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 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 reforming 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... 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...

Summary of Lease 10:

Lease Date:	June 20, 2010
Recorded:	July 26, 2010 in Book 5035 at Page 733 (Reception No. 2540209) Mesa County, Colorado
Lessor:	Joe Dennis Kendrick, also known as Joe D. Kendrick, and Kerry L. Kendrick, joint tenants
Original Lessee:	Axia Energy, LLC
Present Lessee:	Axia Energy, LLC
Description of Land Committed:	Insofar and only insofar as lease covers <u>Township 9 South, Range 95 West, 6<sup>th</sup> P.M.</u> Section 14: N/2NE/4 Mesa County, Colorado
Tracts Covered:	Tract 5 & 6
Number of Acres:	Tract 5 – 4.16665% MI * 24.98 gross acres = 1.0408 net acres Tract 6 – 4.16665% MI * 55.21 gross acres = 2.3004 net acres Total Net Acres = 3.3412 acres
Royalty Rate:	18.7500%
Name and % ORRI Owners:	None

Name and % WI Owners:

Axia Energy, LLC

100.0000%

Pooling Clause:

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 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 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 non-producing formations. The forming or reforming 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... 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 of 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 operations 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... 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.

Summary of Lease 11:

Lease Date:

June 2, 2010

Recorded:

July 26, 2010 in Book 5035 at Page 727  
(Reception No. 2540206)  
Mesa County, Colorado

Lessor:

David L. Brant and Betty Brant, husband and wife

Original Lessee:	Axia Energy, LLC	
Present Lessee:	Axia Energy, LLC	
Description of Land Committed:	Insofar and only insofar as lease covers <u>Township 9 South, Range 95 West, 6<sup>th</sup> P.M.</u> Section 14: NE/4SE/4 Mesa County, Colorado	
Tracts Covered:	Tract 2	
Number of Acres:	25.0000% MI * 46.49 gross acres = 11.6225 net acres	
Royalty Rate:	14.0000%	
Name and % ORRI Owners:	None	
Name and % WI Owners:	Axia Energy, LLC	100.0000%
Pooling Clause:	<p>Lessee, at its option, is hereby given the right and power to pool, unitize or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, and a unit or units shall not exceed 80 acres each in the event of an oil well, or 640 acres each in the event of a gas well, plus a tolerance of ten percent (10%) to conform to government surveyed sections. Lessee shall execute in writing and record in the records of the county in which the land herein leased is situated 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 the payment of royalties on production, from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his net royalty interest therein on an acreage basis bears to the total mineral acreage so pooled in the particular unit involved.</p>	

Summary of Lease 12:

Lease Date:	August 12, 2010
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Recorded: September 15, 2010 in Book 5057 at Page 215  
(Reception No. 2545972)  
Mesa County, Colorado

Lessor: Marc S. Laird and Christi A. Laird

Original Lessee: Axia Energy, LLC

Present Lessee: Axia Energy, LLC

Description of Land Committed: Insofar and only insofar as lease covers  
Township 9 South, Range 95 West, 6<sup>th</sup> P.M.  
Section 14: Part of S/2SE/4  
Mesa County, Colorado

Tracts Covered: Tract 3

Number of Acres: 25.0000% MI \* 69.50 gross acres = 17.375 net acres

Royalty Rate: 14.0000%

Name and % ORRI Owners: None

Name and % WI Owners: Axia Energy, LLC 100.0000%

Pooling Clause: 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 reforming 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... 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... Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by a governmental agency by executing the same upon request of Lessee.

### Summary of Lease 13

Lease Date:	March 1, 2011	
Recorded:	Pending	
Lessor:	Axia Energy, LLC	
Original Lessee:	Axia Energy, LLC	
Present Lessee:	Axia Energy LLC	
Description of Land Committed:	<u>Township 9 South, Range 95 West, 6th PM</u> Section 14: SE/4SW/4 and part of W/2SE/4 (Assessor Parcel # 2667-143-00-008 and 2667-144-00-181) Mesa County, Colorado	
Tracts Covered:	Tract 4	
Number of Acres:	25.0000% MI * 83.30 gross acres = 20.825 net acres	
Royalty Rate:	20%	
Name and % ORRI Owners:	None	
Name and % WI Owners:	Axia Energy, LLC	98.6 %
	Coy and Elise Jean Watkins	1.4 %
Pooling Clause:	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, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, and a pooling unit or units shall not exceed 80 acres each in the event of an oil well, or 640 acres each in the event of	

a gas well, plus a tolerance of ten percent (10%) to conform to government surveyed sections. Lessee shall execute in writing and record in the records of the county in which the land herein leased is situated 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 the payment of royalties on production, from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his net royalty interest therein on an acreage basis bears to the total mineral acreage so pooled in the particular unit involved.

Summary of Lease 14:

Lease Date:	July 8, 2010
Recorded:	July 26, 2010 in Book 5035 at Page 729 (Reception No. 2540207) Mesa County, Colorado
Lessor:	Kenneth A. Steadman and Catherine A. Steadman, joint tenants
Original Lessee:	Axia Energy, LLC
Present Lessee:	Axia Energy, LLC
Description of Land Committed:	Insofar and only insofar as lease covers <u>Township 9 South, Range 95 West, 6<sup>th</sup> P.M.</u> Section 14: Part of N/2NE/4 lying East of Kimball Creek Road Mesa County, Colorado
Tracts Covered:	Tract 5
Number of Acres:	Tract 5 - 16.6667% MI * 24.98 gross acres = 4.1633 net acres
Royalty Rate:	14.0000%
Name and % ORRI Owners:	None
Name and % WI Owners:	Axia Energy, LLC 100.0000%
Pooling Clause:	Lessee, at its option, is hereby given the right and power to pool, unitize or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said

lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, and a unit or units shall not exceed 80 acres each in the event of an oil well, or 640 acres each in the event of a gas well, plus a tolerance of ten percent (10%) to conform to government surveyed sections. Lessee shall execute in writing and record in the records of the county in which the land herein leased is situated 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 the payment of royalties on production, from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his net royalty interest therein on an acreage basis bears to the total mineral acreage so pooled in the particular unit involved.

Summary of Lease 15:

Lease Date:	March 29, 2006
Recorded:	April 5, 2006 in Book 4127 at Page 796 (Reception No. 2310057) Mesa County, Colorado
Lessor:	Daniel Allen Kenney, aka Pete Kenney
Original Lessee:	Shear, Inc.
Present Lessee:	EnCana Oil & Gas (USA) Inc.
Description of Land Committed:	Insofar and only insofar as lease covers <u>Township 9 South, Range 95 West, 6<sup>th</sup> P.M.</u> Section 14: N/2NE/4 Mesa County, Colorado
Tracts Covered:	Tracts 5 & 6
Number of Acres:	Tract 5 - 6.2500% MI * 24.98 gross acres = 1.5613 net acres Tract 6 - 6.2500% MI * 55.21 gross acres = 3.4506 net acres Total Net Acres = 5.0119 acres
Royalty Rate:	12.5000%
Name and % ORRI Owners:	Shear, Inc. 3.0000%
Name and % WI Owners:	EnCana Oil & Gas (USA) Inc. 100.0000%

Pooling Clause:

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 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 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 non-producing formations. The forming or reforming 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... 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 of 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 operations 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... 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.

Summary of Lease 16:

Lease Date:

September 18, 2006

Recorded:

September 22, 2006 in Book 4253 at Page 568  
(Reception No. 2339310)  
Mesa County, Colorado

Lessor:

Magnolia Mineral Trust, LLC, a/k/a Magnolia Minerals Trust  
LLC, a Colorado Limited Liability Company

Original Lessee:

Laramie Energy, LLC

Present Lessee:	EnCana Oil & Gas (USA) Inc.
Description of Land Committed:	Insofar and only insofar as lease covers <u>Township 9 South, Range 95 West, 6<sup>th</sup> P.M.</u> Section 14: N/2NE/4 Mesa County, Colorado
Tracts Covered:	Tract 5 & 6
Number of Acres:	Tract 5 - 18.7500% MI * 24.98 gross acres = 4.6838 net acres Tract 6 - 18.7500% MI * 55.21 gross acres = 10.3519 net acres Total Net Acres = 15.0356 acres
Royalty Rate:	15.5000%
Name and % ORRI Owners:	None
Name and % WI Owners:	EnCana Oil & Gas (USA) Inc. 100.0000%
Pooling Clause:	<p>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 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 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 non-producing formations. The forming or reforming 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... 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 of 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 operations 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</p>

Lease shall not terminate or expire during the life of such plan or agreement... 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.

Summary of Lease 17:

Lease Date:	April 30, 2001
Recorded:	May 11, 2001 in Book 2848 at Page 952 (Reception No. 1995749) Mesa County, Colorado
Lessor:	John H. Click
Original Lessee:	Frederick D. Jones
Present Lessee:	EnCana Oil & Gas (USA) Inc.
Description of Land Committed:	Insofar and only insofar as lease covers <u>Township 9 South, Range 95 West, 6<sup>th</sup> P.M.</u> Section 14: N/2NE/4 Mesa County, Colorado
Tracts Covered:	Tracts 5 & 6
Number of Acres:	Tract 5 -16.6667% MI * 24.98 gross acres = 4.1633 net acres Tract 6 - 16.6667% MI * 55.21 gross acres = 9.2017 net acres Total Net Acres= 13.3650 acres
Royalty Rate:	12.5000%
Name and % ORRI Owners:	None
Name and % WI Owners:	EnCana Oil & Gas (USA) Inc. 100.0000%
Pooling Clause:	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 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 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 non-producing formations. The forming or reforming 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... 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 of 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 operations 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... 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.

Summary of Lease 18:

Lease Date:	April 30, 2001
Recorded:	May 11, 2001 in Book 2848 at Page 954 (Reception No. 1995750) Mesa County, Colorado
Lessor:	Carl E. Click
Original Lessee:	Frederick D. Jones
Present Lessee:	EnCana Oil & Gas (USA) Inc.
Description of Land Committed:	Insofar and only insofar as lease covers <u>Township 9 South, Range 95 West, 6<sup>th</sup> P.M.</u> Section 14: N/2NE/4 Mesa County, Colorado
Tracts Covered:	Tracts 5 & 6
Number of Acres:	Tract 5 - 16.6667% MI * 24.98 gross acres = 4.1633 net acres Tract 6 - 16.6667% MI * 55.21 gross acres = 9.2017 net acres Total Net Acres= 13.3650 acres

Royalty Rate:	12.5000%
Name and % ORRI Owners:	None
Name and % WI Owners:	EnCana Oil & Gas (USA) Inc. 100.0000%

Pooling Clause:

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 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 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 non-producing formations. The forming or reforming 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... 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 of 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 operations 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... 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.



Summary of Lease 19:

Lease Date: June 2, 2010

Recorded: July 12, 2010 in Book 5031 at Page 249  
(Reception No. 2538816)  
Mesa County, Colorado

Lessor: Gary Salter and Debra K. Salter

Original Lessee: Axia Energy, LLC

Present Lessee: Axia Energy, LLC

Description of Land Committed: Insofar and only insofar as lease covers  
Township 9 South, Range 95 West, 6<sup>th</sup> P.M.  
Section 14: SE/4NE/4, that part of the N/2NE/4 lying  
West of Kimball Creek Road  
Mesa County, Colorado

Tracts Covered: Tract 6

Number of Acres: Tract 6 - 16.6667% MI \* 55.21 gross acres = 9.2017 net acres

Royalty Rate: 14.0000%

Name and % ORRI Owners: None

Name and % WI Owners: Axia Energy, LLC 100.0000%

Pooling Clause: Lessee, at its option, is hereby given the right and power to pool, unitize or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, and a unit or units shall not exceed 80 acres each in the event of an oil well, or 640 acres each in the event of a gas well, plus a tolerance of ten percent (10%) to conform to government surveyed sections. Lessee shall execute in writing and record in the records of the county in which the land herein leased is situated 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 the payment of royalties on production, from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not...

Summary of Lease 20:

Federal Lease No.:	COC-064809
Form:	3100-11b (October 1992)
Lease Date:	Effective June 1, 2001
Recorded:	Not Recorded
Lessor:	United States of America
Original Lessee:	D. Gundry-White
Present Lessee:	EnCana Oil & Gas (USA) Inc.
Description of Land Committed:	Insofar and only insofar as lease covers <u>Township 9 South, Range 95 West, 6<sup>th</sup> P.M.</u> Section 14: SW/4NE/4, NW/4, N/2SW/4, SW/4SW/4 Mesa County, Colorado
Tracts Covered:	Tract 7
Number of Acres:	100.0000% MI * 322.04 gross acres = 322.04 net acres
Royalty Rate:	12.5000%
Name and % ORRI Owners:	None
Name and % WI Owners:	EnCana Oil & Gas (USA) Inc. 100.0000%
Pooling Clause:	Only with the approval of the authorized officer .

## RECAPITULATION

<u>Tract No</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	39.8	6.20%
2	46.49	7.25%
3	69.5	10.84%
4	83.3	12.99%
5	24.98	3.89%
6	55.21	8.61%
7	<u>322.04</u>	<u>50.22%</u>
	641.32	100.00%