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S/Parachute Prospect(1535)  
LHH/jb-2/16/90

# 633

RECORDED AT 126 O'CLOCK P .M. MAR 28 1990  
REC. # 411013 MILDRED ALSDORF, COUNTY CLERK  
GARFIELD COUNTY, COLORADO

OIL AND GAS LEASE

THIS AGREEMENT made effective the 1st day of February, 1990, between UNION OIL COMPANY OF CALIFORNIA, a California corporation, P. O. Box 3100, Midland, Texas 79702, Lessor, and BARRETT RESOURCES CORPORATION, 1125 17th Street, Suite 2100, Denver, Colorado 80202, Lessee,

WITNESSETH:

1. Lessor, in consideration of Ten Dollars (\$10.00) in hand paid, of the royalties hereinafter provided, and the agreements of Lessee herein contained, and subject to the further provisions hereof, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and mining for and producing oil and gas, the following described land in Garfield County, Colorado, to-wit:

Township 6 South, Range 96 West  
Section 34: SE/4

Limited from the surface to the base of the Mesa Verde formation.

2. Subject to the other provisions herein contained, this lease shall be for a term of six (6) months (called Primary Term) from February 1, 1990, and as long thereafter as oil or gas is produced from the leased premises in paying quantities.

3. Lessee shall deliver free of all costs, expenses and taxes, including ad valorem taxes and excepting gross production taxes, to Lessor, or to the credit of Lessor, as royalty one-fourth (1/4) of all oil, gas or any of the constituent elements thereof which may be attributable to the leased premises, whether recovered directly from wells on the leased premises, from field or other type separators, or from a plant or plants, whether or not located on the leased premises. Said royalty herein excepted and reserved to Lessor shall be superior to any right, title, interest, or estate leased and at all times shall be construed to be and operate as an encumbrance and lien upon the leasehold covered hereby and shall never be subject to any lien, charge or encumbrance created upon said leasehold by Lessee or permitted to be created or filed against the same by others.

4. Lessor reserves the continuing right to take in kind or separately dispose of its proportionate part or all of the oil and gas produced from the above described lands which is attributable to the interest involved herein.

Before Lessee enters into any contract for the sale, purchase or processing of gaseous hydrocarbons from the interest involved herein, Lessee shall submit to Lessor in writing the contract into which it proposes to enter. Lessor shall have the right and option, at its election, to (1) purchase such gas on the terms submitted, (2) take in kind or otherwise dispose of Lessor's share of the gas on such terms and conditions as it deems advisable, or (3) allow Lessee to dispose of all the gas and account to Lessor, all in accordance with the terms of the proposal submitted; provided, however, Lessee shall account to Lessor on the basis of the highest price offered or paid in the area by any purchaser or prospective purchaser provided such price in no event shall be greater than the price Lessee realizes from the sale thereof. If Lessor fails to notify Lessee of its election hereunder within sixty (60) days after receipt of such notice from Lessee, then it shall be considered that Lessor made election (3) above.

5. If, at the expiration of the Primary Term, oil or gas is not being produced from the leased premises but Lessee is then engaged in drilling or reworking operations thereon or shall have completed a dry hole thereon with thirty (30) days prior to the end of the Primary Term, the lease shall remain in force so long as operations on said well or drilling or reworking of any additional wells are prosecuted with no cessation of more than ninety (90) consecutive days; and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from the leased premises in paying quantities. If, at or after expiration of the Primary Term of this lease and after oil or gas is produced from the leased premises, the production of oil or gas should cease from any cause, this lease shall not terminate if Lessee commences drilling or reworking operations within thirty (30) days after cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than thirty (30) consecutive days; and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from the leased premises in paying quantities. The terms of this Paragraph No. 5 are subject to and specifically limited by the provisions of Paragraph 13 hereof.

6. Notwithstanding anything contained herein to the contrary, it is distinctly understood and agreed that Lessor does not warrant the title, either express or implied, as to all or any portion or portions of the leased premises.

7. If, with regard to any particular portion or portions of the leased premises, Lessor owns and hereby leases a less interest than the entire and undivided fee in the minerals purported to be leased hereunder, then as to such portion or portions the royalties and shut-in payments provided for herein shall be paid or delivered to Lessor, and the right and option to purchase oil and/or liquid hydrocarbons shall be exercisable by Lessor only in the proportion that the interest of said Lessor bears to the whole thereof.

8. The rights of Lessor hereunder may be assigned in whole or in part; however, the rights of Lessee shall not be assigned without the written consent of Lessor. No change or division of ownership of the minerals covered hereby or royalties, however accomplished, shall increase the obligations or diminish the rights of Lessee, nor shall any such change or division be binding on Lessee until sixty (60) days after Lessee shall have been furnished with a certified copy of recorded instrument or instruments evidencing same.

9. Lessee will not lease from any person claiming adversely to Lessor without Lessor's written consent, nor undertake title curative work without first consulting Lessor, and any such work undertaken shall be such as to inure to the benefit of Lessor's title. Lessee may at any time redeem for Lessor by payment any mortgage, taxes, or other liens upon the leased premises in the event of default in the payment or discharge thereof by Lessor and be subrogated to the rights of the holder thereof.

10. Lessee shall have the right at any time during or within six (6) months after the expiration of this lease to remove all property and fixtures owned by Lessee on the leased premises. When required by Lessor, Lessee will bury all pipelines, and no well shall be drilled within two hundred feet (200') of any residence or barn now on said land without Lessor's consent.

11. Lessee agrees to comply with all valid laws, rules and regulations in the conduct of its operations on the leased premises and, without limitation, expressly agrees to plug properly all abandoned wells in accordance with such rules and regulations. Further, Lessee expressly agrees to save and hold harmless Lessor from all claims, charges, costs or expenses arising out of or because of Lessee's operations on the leased premises.

12. Should Lessee during the Primary Term hereof complete a well on the leased premises capable of producing gas in paying quantities, but which Lessee is unable to produce because of lack of market or

governmental restrictions, then Lessee's rights hereunder may be maintained, in the absence of production of gas, if within sixty (60) days after the completion or shutting in of said well Lessee has paid to Lessor the sum of Two Dollars (\$2.00) per acre for each acre of land then covered by this lease, which payment shall maintain the lease in full force and effect for a period of one (1) year from date such well is completed or shut-in for lack of market. In no event shall Lessee's rights be so extended by shut-in payments for more than two (2) years from date of shut-in.

13. At the end of the Primary Term, as to any portion of the leased premises not included in a proration unit upon which there is a producing well or upon which drilling or reworking operations are currently in progress, all of Lessee's interest in and to such undeveloped lands shall ipso facto terminate, and Lessee shall execute and deliver to Lessor, upon Lessor's request, a Release of all lands not developed in accordance with this paragraph.

14. All obligations imposed hereunder on Lessee, except for the payment of money, shall be suspended while compliance is prevented by a strike, fire, war, civil disturbance, act of God; by federal, state or municipal laws; by any rule, regulation or order of a governmental agency; or by any other cause or causes beyond the control of Lessee. Lessee shall diligently attempt to remedy the cause of any such suspension as quickly as possible, but Lessee shall not be required against its will to adjust or settle any labor dispute.

15. Lessor (herein "Union") shall have the prior, continuing and exclusive right at all times, if it elects either orally or in writing, to purchase all or any part of Lessee's liquid hydrocarbons (meaning crude oil, condensate, distillate and any other hydrocarbon recovered in liquid form in the production process), gas and casinghead gas produced from Union Lands. The price Union shall pay for the liquid hydrocarbons, as described above, shall be Union's posted prices for crude oil or condensate of like quality and gravity or if Union does not post a price and the liquid hydrocarbons are sold to a nominee the price then shall be the same prices received from such nominee. On gas, including casinghead gas or other gaseous substances, Union shall pay the market value at the well for such gas, provided such price in no event shall be greater than that price Union realizes from the sale thereof.

16. Lessor does not warrant title, either expressly or impliedly, to the above described lands, but it is agreed that if Lessor owns an interest in said land less than the entire fee simple estate in the oil and gas, then the royalties and shut-in payments to be paid Lessor shall be reduced proportionately to accord with the interest owned. Lessor's reserved royalty shall be in addition to any other burdens existing on said lands.

17. Lessee, and Lessee's successors and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor, or Lessor's successors and assigns, by delivering or mailing a Release thereof to the Lessor, or by placing a Release thereof of record in the county in which said land is situated; thereupon, Lessee shall be relieved from all obligations, express or implied, of this agreement as to the acreage so surrendered, and thereafter the shut-in payments payable hereunder shall be reduced in proportion that the acreage covered hereby is reduced by said Release or Releases.

18. As a part of the consideration for the execution hereof, Lessor (herein "Union") shall have, and is hereby granted, the preferential right and option, in the event Lessee desires to sell all or any part of its interest in the Union Lands, to purchase such interest at the same price and upon the same terms of any bona fide offer received by Lessee from a responsible party, and in the event any such offer relates to land in addition to Union Lands, Lessee and the prospective purchaser shall advise Union of the price allocable to, and the terms applicable to, the Union Lands as a single entity. Upon

receipt of Lessee's written notice of such an offer, which notice shall contain all necessary details, Union shall have a period of thirty (30) days thereafter within which to make such title examinations as it may desire and to elect whether or not Union desires to meet said offer as to Union Lands (a failure by Union to notify Lessee within said 30-day period being deemed an election by Union not to meet said offer), and if Union elects to meet said offer, within fifteen (15) days thereafter Lessee shall deliver to Union assignment or assignments acceptable in form to Union, whereupon Union shall forthwith make any payment necessary to Lessee. In the event Union has not elected to meet said offer, but the transaction represented by the particular offer is not consummated within six (6) months, then Union's preferential right and option shall arise again. It is understood that the herein granted preferential right and option is, and shall be, assignable by Union at any time, without limitation.

19. Lessee agrees to furnish Lessor with all geological information obtained in connection with any well drilled hereunder.

20. Prior to commencing any drilling activities pursuant to this lease agreement, Lessee agrees to contact Lessor's Real Estate, Land and Development Company in Grand Junction, Colorado to receive written approval in writing of Lessee's proposed drilling activities.

21. All of the provisions hereof shall be binding on Lessor and Lessee and their respective successors and assigns.

22. If the foregoing terms, conditions and provisions of this Oil and Gas Lease are satisfactory to Lessee, please indicate your acceptance by signing in the space provided and returning a copy of this Oil and Gas Lease to Union's office within thirty (30) days hereof.

IN WITNESS WHEREOF, this instrument is executed on this 16th day of February, 1990.

UNION OIL COMPANY OF CALIFORNIA


By John Hansen  
John Hansen  
Attorney-in-Fact

LESSOR *LH*

BARRETT RESOURCES CORPORATION

By William J. Barrett  
William J. Barrett, President  
LESSEE

ATTEST:

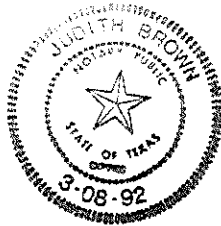
  
William J. Barrett  
Asst. Secretary

200,04  
S/Parachute Prospect

STATE OF TEXAS            }  
COUNTY OF MIDLAND        }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared JOHN HANSEN, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of the said UNION OIL COMPANY OF CALIFORNIA, a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN under my hand and official seal of office this the 16th day of February, 1990.



Judith Brown  
Notary Public in and for  
The State of Texas

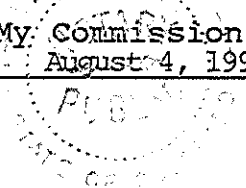
STATE OF COLORADO        }  
COUNTY OF DENVER        }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared William J. Barrett, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of the said BARRETT RESOURCES CORPORATION, a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN under my hand and official seal of office this the 27th day of February, 1990.

My Commission Expires:  
August 4, 1990

U. h. Dolven  
Notary Public



LINDA L. KRAUSE  
BARRETT RESOURCES COI  
1125 - 17th STREET, SUI  
DENVER, COLORADO 8

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