

**PAID-UP
OIL AND GAS LEASE**

**Producers 88
Rocky Mountain 1989
(Paid-Up Rev.)**

THIS LEASE, made and entered into this 3rd day of August 2018 by and between Craig Budge as Executor and Personal Representative for the Estate of Michael Dean Parker, whose address is 14990 County Road 29, Karval, CO 80823, hereinafter called Lessor, and Rocky Mountain Hydrocarbon, LLC, whose address is 1738 Wynkoop Street, Suite 102, Denver, CO 80202, hereinafter called Lessee:

WITNESSETH:

1. That lessor, for and in consideration of [REDACTED] in hand paid, receipt of which is hereby acknowledged, and of the agreements of lessee hereinafter set forth, hereby leases exclusively unto lessee the lands described below for the purpose of investigating, prospecting, exploring (by geophysical and other methods), drilling, operating for and producing oil or gas, or both (as defined below), and, subject to the terms and conditions of this Lease, the right to construct and maintain pipelines, telephone and electric lines, tanks, ponds, roadways, plants, equipment, and structures thereon to produce, save and take care of said oil and gas (which right shall include specifically a right-of-way and easement for ingress to and egress from said lands by lessee, or its assignees, agents or permittees, necessary to or associated with the construction and maintenance of such pipelines, telephone and electric lines, tanks, ponds, roadways, plants, equipment, and structures on said lands to produce, save and take care of the oil and gas), and the exclusive right to drill, maintain, operate, cease to operate, plug, abandon, and remove wells, material and equipment, the right to inject gas, air, waters, brine and other fluids for the purposes of maintaining wells and production on the leased premises. Said lands being situated in the County of Lincoln, State of Colorado described as follows, to-wit:

Township 16 South, Range 54 West, 6th P.M.
Section 28: E2, NW4, SW4 (All)
and containing 640.00 acres, more or less (the "Lands").

In addition to the land described above, lessor hereby leases exclusively unto lessee, to the same extent as if specifically described, all lands included in any road, easement or right-of-way traversing or adjoining the lands described above which are or may be incident, appurtenant, related or attributed to lessor by virtue of lessor's ownership of the land described above.

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

Subject to the other provisions herein contained, this lease shall remain in force for a term of **five (5) years** from August 3, 2018 (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced from the leased premises or drilling operations are continuously prosecuted. For purposes of this lease, a well completed for the production of coalbed methane gas shall be deemed to be producing gas under this lease at all times when dewatering of the coal seams from which the coalbed methane gas will be produced is occurring. For purposes of this lease, "drilling operations" shall include operations for the drilling of a new well and operations for the reworking, deepening or plugging back of a well or hole or other operations conducted in an effort to establish, resume or re-establish production of oil and gas; drilling operations shall be considered to be "continuously prosecuted" if not more than one hundred eighty (180) days shall elapse between the completion and abandonment of one well or hole and the commencement of drilling operations on another well or hole; drilling operations shall be deemed to be commenced for a new well at such time as lessee has begun the construction of the wellsite location or the road which provides access to the wellsite location; and drilling operations shall be deemed to be commenced with respect to reworking, deepening, plugging back or other operations conducted in an effort to resume or re-establish production of oil and gas at such time as lessee has the requisite equipment for such operations at the wellsite.

2. The lessee shall deliver to the credit of the lessor as royalty, free of cost, into the tanks or in the pipeline on the leased premises to which lessee may connect its wells [REDACTED] of all oil produced and saved from the leased premises, or lessee may from time to time at its option purchase any royalty oil in its possession, paying the market price thereof prevailing for oil of like grade and gravity in the field where produced on the date of purchase.

The lessee shall pay lessor, as royalty on gas, including casinghead gas or other gaseous substances, produced from the leased premises and sold or used off the premises or used in the manufacture of other products, the market value at the well of [REDACTED] of the gas sold or used, free of cost, provided that on gas sold the royalty shall be [REDACTED] of the amount realized from such sale. The amount realized from the sale of gas shall be the price established by the gas sales contract entered into in good faith by lessee and a gas purchaser for such term and under such conditions as are customary in the industry in an arms-length transaction. Price shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders.

Lessee shall furnish to Lessor copies of all production reports filed with State or Federal agencies reporting production from wells on the leased premises and lands pooled, communized or unitized therewith. Such copies shall be delivered to Lessor within 30 days after they are filed. Lessor shall have the right at any time after royalty becomes payable, upon reasonable notice and at Lessor's expense, to audit Lessee's production and sales records to determine that royalty has been properly paid. The delivery of an audit request to Lessee by Lessor shall suspend the running of any limitation of time to seek remedy for unpaid royalty until 30 days after the audit is complete.

3. This is a paid-up lease and all cash consideration first recited above and annual rentals have been paid to lessor in advance to keep this lease in full force and effect throughout the primary term. In consideration of the payment of such cash consideration and advance annual rentals, lessor agrees that lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times surrender this lease as to all or any portion of the land described above, and as to any strata or stratum, by delivering to lessor or by filing of record a release or releases, and be relieved of all obligations thereafter accruing to the acreage surrendered.

4. Any payments required to be made to lessors pursuant to this lease, other than the payment of royalties, may be paid by lessee to the lessor or to lessor's credit in the pay direct to Lessor at the address above (or its successor or successors, or any bank with which it may be merged or consolidated, or which succeeds to its business assets or any part thereof, by purchase or otherwise) which shall continue as the depository regardless of changes in the ownership of said land or the oil and gas. All such payments may be made by cash, check or draft, mailed or delivered on or before the due date for that payment. Any payments so made shall be binding on the heirs, devisees, executors, administrators, and personal representatives of lessor and on lessor's successors in interest or on lessor's assigns.

5. If, at the expiration of the primary term of this lease, oil or gas is not being produced from the leased premises but lessee is then engaged in drilling operations, this lease shall continue in force so long as drilling operations are continuously prosecuted; and if production of oil or gas results from any such drilling operations, this lease shall continue in force so long as oil or gas shall be produced from the leased premises. If, after the expiration of the primary term of this lease, production on the leased premises should cease for any cause, this lease shall not terminate if lessee is then engaged in drilling operations, or within one hundred eighty (180) days after each such cessation of production commences or resumes drilling operations, and this lease shall remain in force so long as drilling operations are continuously prosecuted, and if production results therefrom, then as long thereafter as oil or gas is produced from the leased premises.

6. If at any time, either before or after the expiration of the primary term of this lease, there is a well capable of producing oil or gas on lands covered by this lease, or on other lands with which lands covered by this lease are pooled or unitized, but the well is shut-in, whether before or after production therefrom, and this lease is not being maintained otherwise as provided herein, this lease shall not terminate (unless released by lessee) and it shall nevertheless be considered that oil or gas is being produced from lands covered by this lease during all times while the well is so shut-in. Lessee shall use reasonable diligence to market the oil or gas capable of being produced from such shut-in well, but shall be under no obligation to market the oil or gas under terms, conditions or circumstances which, in lessee's judgment exercised in good faith, are unsatisfactory. When the lease is continued in force in this manner, lessee shall pay or tender to the lessor or lessor's successors or assigns, an amount equal to [REDACTED] per year per net mineral acre covered by the lease. Such payments shall be made on or before the shut-in royalty payment date, as defined below, next occurring after the expiration of one hundred twenty (120) days from the date the well was shut-in, unless prior to such date oil or gas from the well is sold or used or the lease is otherwise maintained as provided herein. In like manner, on or before each succeeding shut-in royalty payment date while such well remains shut-in, lessee shall make payment of shut-in royalty in the same amount and manner. The term "shut-in royalty payment date" shall mean the anniversary date of this lease. Any shut-in royalty payment may be made by cash, draft or check, mailed or tendered on or before the shut-in royalty date. Lessee's failure to pay or tender, or properly pay or tender, any such sum shall render lessee liable for the amount due but it shall not operate to terminate the lease. Provided, however, that in no event shall this provision be deemed to extend the term of this lease more than two years beyond the end of its primary term without actual production unless each shut in well is produced for at least 120 days during each lease year following the expiration of said two-year period.

7. If lessor owns a lesser interest in the above described land than the entire and undivided fee simple estate therein, then the royalties, including shut-in royalty, herein provided shall be paid to lessor only in the proportion which lessor's interest bears to the whole and undivided fee.

8. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operation thereon, except water from wells and reservoirs of lessor. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

9. Lessee shall pay to lessor reasonable amounts for damages caused by its operations to growing crops on said land. When requested by lessor, lessee shall bury its pipelines which traverse cultivated lands below plow depth. No well shall be drilled nearer than five hundred (500) feet to a house or barn now on said premises, without written consent of lessor. Lessee shall have the right at any time to remove all improvements, machinery, and fixtures placed or erected by lessee on said premises, including the right to pull and remove casings.

10. Lessee shall have the right to pool or communitize all or any part of the leased premises with any other lands within a spacing unit as to any or all depths or zones, and as to any or all substances covered by this lease in those cases where this lease covers part of the land within a spacing unit established by order of the Colorado Oil & Gas Conservation Commission for a single well. In all other cases, pooling or communitization may occur only with the written consent of the Lessor authorizing joinder to the pooling or communitization agreement or declaration. If any part, but less than all, of the leased premises is pooled or communitized, that part of the leased premises outside of the pooled or communitized tract shall be segregated to a separate lease having the same terms as this lease which shall continue in effect for the balance of the primary term of this lease and an additional six months thereafter, and for the duration of the extension period, if exercised and as long thereafter as production continues from the land covered by the segregated lease outside the pooled or communitized tract.

11. Lessee shall defend, indemnify, and hold harmless Lessor and Lessor's agents, employees, contractors, successors, invitees, permittees, and assigns from and against any claim, loss, or damage of any kind or character, including without limitation for personal injury, property damage, or damage to crops, livestock, trees, grass, springs, creeks, water wells, and surface features, arising out of or in any way related to Lessee's (a) breach of any term or provision hereof; (b) violation of any applicable law, rule, regulation, or order; or (c) any wrongful or negligent act or omission of Lessee or any of Lessee's employees, agents, or contractors.

12. If the estate of either party hereto is assigned or sublet, and the privilege of assigning or subletting in whole or in part is expressly allowed, the express and implied covenants hereof shall extend to the sublessees, successors and assigns of the parties; and in the event of an assignment or subletting by lessee, lessee shall be relieved and discharged as to the leasehold rights so assigned or sublet from any liability to lessor thereafter accruing upon any of the covenants or conditions of this lease, either express or implied. No change in Ownership of the land, royalties, or other payments, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee or require separate measuring or installation of separate tanks by lessee. Notwithstanding any actual or constructive knowledge of or notice to lessee, no change in ownership of said land or of the right to receive royalties or other payments hereunder, or of any interest therein, whether by reason of death, conveyance or any other matter, shall be binding on lessee (except at lessee's option in any particular case) until one hundred twenty (120) days after lessee has been furnished written notice thereof, and the supporting information hereinafter referred to, by the party claiming as a result of such change in ownership or interest. Such notice shall be supported by original and certified copies of all documents and other instruments or proceedings necessary in lessee's opinion to establish the ownership of the claiming party.

13. In the interest of conservation, the protection of reservoir pressures and recovery of the greatest ultimate yield of oil and/or gas, lessee shall have the right to combine the leased premises with other premises in the same general area for the purpose of operating and maintaining repressuring and recycling facilities, and for such purpose may locate such facilities, including input wells, upon leased premises, and no royalties shall be payable hereunder upon any gas used for repressuring and recycling operations benefiting the leased premises.

14. Surface Use Agreement: Notwithstanding the terms of any other provision of this Lease, Lessee agrees to the following surface use terms. Lessee shall consult with Lessor prior to commencing construction regarding the location of any roads, fences, pipelines or power lines, or installation of any production equipment, tank batteries or produced water disposal equipment, and regarding reclamation planning. Lessee shall take reasonable precautions to minimize adverse impact to farming and ranching operations on, and environmental and aesthetic degradation of, the surface of the leased premises, and follow generally accepted industry practices to protect fresh water strata from contamination and protect the surface from exposure to produced water and other contaminants. Lessee shall pay Lessor for damages to growing crops, grass, buildings, livestock, fences and other improvements and personal property caused by Lessee's operations. In addition, as liquidated damages, Lessee shall pay to Lessor prior to commencement of the construction or installation of the referenced items the following amounts for use of the surface: (a) [REDACTED] for each well drilled on the premises; (b) [REDACTED] per rod for new roads; (c) [REDACTED] for each pipeline installed on the premises, [REDACTED] per rod for each line plus [REDACTED] for each

additional line in the same ditch; and (d) [redacted] per rod of electrical/power line not installed within 15 feet of an existing or newly constructed road. Within six months after the termination of this lease, Lessee shall restore any of the leased premises disturbed by its operations to as near its condition at the beginning of this lease as practicable, and remove all machinery and fixtures placed by Lessee on said premises pursuant to this lease. The requirements of this paragraph shall apply to any and all surface-disturbing operations on the leased premises, including, but not by way of limitation, seismic and geophysical operations, whether the same are conducted under the authority of this lease or of any other lease covering the leased premises.

15. If lessor, during the primary term of this lease, receives a bona fide offer from a third party to purchase from lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with such lease to become effective upon expiration of this lease, which lessor is willing to accept from the offering party, lessor hereby agrees to notify lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen (15) days after the receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein covered by the offer at the price and on the terms and conditions specified in the offer from a third party. All offers made up to and including the last day of the primary term of this lease shall be subject to the terms and conditions of this paragraph 14. Should lessee elect to purchase the lease pursuant to the terms hereof, it shall so notify lessor in writing by mail, telefax, or telegram prior to expiration of said fifteen (15) day period. Lessee shall promptly thereafter furnish to lessor the new lease for execution by lessor along with lessee's sight draft payable to lessor in payment of the specified amount as consideration for the new lease, such draft being subject to approval of title according to the terms thereof. Upon receipt thereof, lessor shall promptly execute said lease and return same along with the draft through lessor's bank of record for payment.

16. In the event lessor considers that lessee has not complied with all its obligations hereunder, either express or implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this lease. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder. This lease shall never be forfeited or cancelled for failure to perform in whole or in part any of its implied covenants, conditions, or stipulations until a judicial determination is made that such failure exists.

17. All express and implied covenants of this lease shall be subject to all federal and state, county or municipal laws, executive orders, rules and regulations, and lessee's obligations and covenants hereunder, whether express or implied, shall be suspended at the time or from time to time as compliance with such obligations and covenants is prevented or hindered by or is in conflict with federal, state, county, or municipal laws, rules, regulations or executive orders asserted as official by or under public authority claiming jurisdiction, or Act of God, adverse weather conditions, inability to obtain materials in the open market or transportation thereof, wars, strikes, lockouts, riots, or other conditions or circumstances not wholly controlled by lessee, and this lease shall not be terminated in whole or in part, nor lessee held liable in damages for failure to comply with any such obligations or covenants if compliance therewith is prevented or hindered by or is in conflict with any of the foregoing eventualities. The time during which lessee shall be prevented from conducting drilling or reworking operations during the primary term of this lease, under the contingencies above stated, shall be added to the primary term of the lease.

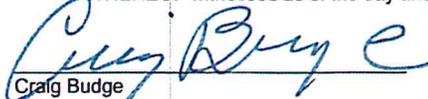
18. Lessor does not warrant its title to the leased premises. It is the responsibility of the Lessee to determine what interest, if any, Lessor has in the leased premises. This lease is subject to all prior liens, encumbrances and grants of record and to all apparent easements and other uses.

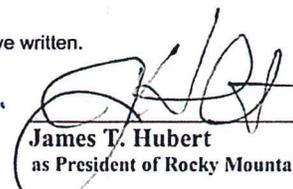
19. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors in interest, in whole or in part, of said lessor or lessee.

20. With respect to and for the purpose of this lease, lessor, and each of them if there be more than one, hereby release and waive the right of homestead.

21. For the above consideration, Lessee is granted an option to renew this lease under the same terms and provisions for an additional two (2) years from the end of the primary term hereof and as long thereafter as oil and gas is produced from said lands or lands pooled therewith. Lessee may exercise this option by paying to Lessor the sum of [redacted] per net acre (as bonus and paid up rentals) prior to the expiration of said lease.

WHEREOF witnessed as of the day and year first above written.


Craig Budge


James T. Hubert

as President of Rocky Mountain Hydrocarbon, LLC

8/15/18

