

1984 MAY 25 PM 1: 34

PRODUCERS 88-PAID UP
Rev. 5-60, No. 2

OIL AND GAS LEASE

COUNTY OF BOULDER 3-
STATE OF COLORADO

AGREEMENT. Made and entered into the 23rd day of May, 19 84, by and between TANAKA BROS., A Partnership

TANAKA BROS., A Partnership

c/o Norma Huffaker, 1625 Juniper Street, Longmont, Colorado 80501

c/o Norma Hufferaker, 1625 Juniper Street, Longmont, Colorado 80501
whose post office address is _____, hereinafter called Lessor (whether one or more) and
Martin J. Harrington, Jr. and
Vessels Oil & Gas Company, a Colorado Corp., whose post office address is **600 S. Cherry Street #122D,**
WITNESSETH That the Lessor, for and in consideration of the sum of **\$17,225.00**, cash in hand paid by Lessee,
cash in hand received by Lessor, the receipt of which is hereby acknowledged, have entered into this Lease, made, executed and delivered by them as hereinabove stated, bearing date of this day of **August**, 19**72**, at the city and county of **DENVER**, State of **COLORADO**, hereinafter called Lessee:

WITNESSETH. That the Lessor, for and in consideration of cash in hand paid, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipe lines, and erection of structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of Boulder

State of Colorado All lands now owned, claimed, or asserted by _____, described as follows, to-wit:

All lands now owned, claimed, or hereafter acquired by Lessor in the SE 1/4 of Section 2, Township 1 North, Range 69 West including all easements and rights-of-way which traverse or adjoin any of said lands. Lessor shall have the privilege at his own risk and expense of using gas from any gas well on said land in the principal dwelling on the leased premises by making his own connections thereto. Lessor's consent, not to be unreasonably withheld, shall be required prior to the placement of roads, culverts, well sites, and production facilities in conformity with governmental well spacing rules and regulations.

[illegible]

2. This is a PAID-UP LEASE. In consideration of the down cash payment, 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 during or after the primary term surrender this lease as to all or any portion of said land and as to the strata or stratum by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.

1st. To deliver to the credit of Lessor, free of cost, in the pipe line to which Lessee may connect wells on said land, the equal part of all oil produced and saved from the leased premises.

2nd. To pay Lessor ~~one-tenth~~ ^{one-twentieth} of the gross proceeds each year, payable ~~quarterly~~ ^{monthly} for the gas from each well where gas only is found, while the same is being used on the premises, and if used in the manufacture of gasoline a royalty of ~~one-tenth~~ ^{one-twentieth} of the monthly at the prevailing market rate for gas.

3rd. To pay Lessor ~~one-tenth~~ ^{one-twentieth} of the gross proceeds each year, payable ~~quarterly~~ ^{monthly} for the gas from each well where gas only is found, while the same is being used on the premises, and if used in the manufacture of gasoline a royalty of ~~one-tenth~~ ^{one-twentieth} of the monthly at the prevailing market rate for gas.

* 18% 3rd. To pay Lessor for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product a royalty of one-eighth (1/8) of the proceeds, at the mouth of the well, payable monthly at the prevailing market rate. * 18%
4. Where gas from a well capable of producing gas is not sold or used, Lessee may pay or pay \$135.00 per year per net royalty acre, or a royalty of one-eighth (1/8) of the proceeds, at the mouth of the well, payable monthly at the prevailing market rate.

5. If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid the Lessor only if the owner of the fee simple estate therein, then the royalties

6. Lessee shall have the right to use, free of cost, gas, oil and ~~water~~ produced on said land for the wells of Lessor.

7. When requested by Lessor, Lessee shall bury Lessee's pipe line below plow depth.

10. Lessee shall have the right at any time to remove all machinery and fixtures and remove casing.

11. The rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of the premises, or otherwise, shall be binding on Lessor until Lessor has received written notice of such change in writing from the owner of the premises, including reasonable attorney's fees and costs. Lessor 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.

or otherwise) shall be binding on Lessee until Lessee is notified in writing by assignment of documents and other information necessary to establish a complete chain of record title from lessor, and then only with respect to the ownership of the different portions or parcels of said land shall operate to enjoin the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, the leasehold owner shall be liable for any act or omission of any other leasehold owner, jointly and severally.

[illegible]

1.3. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and by, or if such failure is the result of, any such Law, Order, Rule or Regulation. reasonable

15. Should any dispute arise out of this lease, the parties agree to submit the same to the arbitration of the court of the county of _____, State of _____, and to abide by the decision of the court.

15. Should any one or more of the parties herein named as Lessor fail to execute this lease, this shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor" as used in this lease, shall mean any one or more of all of the parties who execute this lease as Lessor. All the provisions of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessee.

IN WITNESS WHEREOF, this instrument is executed as of the date first above set.

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*16. At Lessor's request, Lessee shall furnish Lessor with Operator's Monthly Production reports (see page 7) 27

Production reports (~~OSCE FORM 7~~). *ST* ~~OSCE FORM 7~~ with operator's monthly

TANAKA BROS., A Partnership

By: Sam Tanaka
Sam Tanaka, General Partner

STATE OF Colorado
COUNTY OF Boulder

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,
Nebraska, North Dakota, South Dakota
ACKNOWLEDGMENT - INDIVIDUAL

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BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 23rd
day of May, 19 84, personally appeared Sam Tanaka, General Partner of
TANAKA BROS., A Partnership

and _____, to me known to be the identical person described in and who executed
the within and foregoing instrument of writing and acknowledged to me that he duly executed the same as his free
and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.
My Commission Expires April 28th, 1985

Joyce Justice
401 Main St., Longmont, CO 80501 Notary Public.

STATE OF _____
COUNTY OF _____

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,
Nebraska, North Dakota, South Dakota
ACKNOWLEDGMENT - INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this _____
day of _____, 19 _____, personally appeared _____

and _____, to me known to be the identical person described in and who executed
the within and foregoing instrument of writing and acknowledged to me that _____ duly executed the same as _____ free
and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.
My Commission Expires _____

Notary Public.

State of _____
County of _____

ACKNOWLEDGMENT (For use by Corporation)

On this _____ day of _____, A. D. 19 _____, before me personally
appeared _____, to me personally known, who, being by
me duly sworn, did say that he is the _____ of _____

and that the seal affixed to said instrument is the corporate seal of said corpora-
tion and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said
_____ acknowledged said instrument to be the free act and deed of said corporation.

Witness my hand and seal this _____ day of _____, A. D. 19 _____

(SEAL)

Notary Public.

My Commission expires _____

No. _____	FROM	TO	Dated _____ 19 _____	No. Acres _____	County _____	Term _____	This instrument was filed for record on the _____ day of _____, 19 _____ at _____ o'clock _____ M., and duly recorded in Volume _____ Page _____ of the records of this office.	By _____ County Clerk.	Deputy _____	When recorded return to _____	After recording, please return to: ELANDERS, WOOD, SONNENSYN & SCHUETZE, 401 Main St., Longmont, CO 80501. DNS:jj 2593.16
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12. Production from any well drilled or any pooling hereunder shall not serve to extend the primary term of this lease except as to such lands as are contained in a 40-acre drillsite unit in the case of oil production, 80-acre drillsite unit in the case of Codell oil production, or a 160-acre drillsite unit in the case of gas production, unless lesser spacing to the contrary is permissible by governmental authority.
17. All sums due hereunder, including royalties, shut-in payments, bonuses, damages, and attorneys' fees shall bear interest at the rate of 18% per annum if not paid within 60 days after the same shall become due.