

Producers 88 (272) 3-63-Colorado

OIL, GAS AND MINERAL LEASE

2-1

THIS AGREEMENT made this 17th day of February, 1970, between  
DONALD K. NORGREN & CO., A Partnership  
of Platteville, Colorado

Lessor (whether one or more), and T. S. PACE, 318 Patterson Building, Denver, Colorado 80202

Lessee, WITNESSETH:

1. Lessor in consideration of \* \* \* Ten and More \* \* \* Dollars  
(\$ 10.00 + ), in hand paid, of the royalties herein provided, and of the agreement of Lessee herein contained, hereby grants, leases and lets  
exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas, other hydrocarbons and lets  
without restriction to such enumerated minerals, all other minerals whether similar or dissimilar to those particularly specified herein, laying pipe lines,  
building tanks, power stations, telephone lines and other structures thereon to produce, save, take care of, treat, transport and own said products, and  
housing its employees, the following described land in Weld County, Colorado, to-wit:

Township 3 North, Range 67 West  
Section 14: W $\frac{1}{2}$ , W $\frac{1}{2}$ E $\frac{1}{2}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$   
Section 24: S $\frac{1}{2}$ NW $\frac{1}{4}$ , W $\frac{1}{2}$ SW $\frac{1}{4}$ , NE $\frac{1}{4}$ SW $\frac{1}{4}$ , NW $\frac{1}{4}$ SE $\frac{1}{4}$ , SW $\frac{1}{4}$ NE $\frac{1}{4}$

of Section \_\_\_\_\_ Township \_\_\_\_\_ Range \_\_\_\_\_

In addition to the land above described, Lessor hereby grants, leases and lets exclusively unto Lessee to the same extent as if specifically  
described herein all lands owned or claimed by Lessor which are adjacent, contiguous to or form a part of the lands above particularly described, in-  
cluding all oil, gas, other hydrocarbons and all other minerals underlying lakes, rivers, streams, roads, easements and rights-of-way which traverse or  
adjoin any of said lands. For rental payment purposes, the land included within this lease shall be deemed to contain 640.00 acres,  
whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall be for a term of 10 years from this date (called "primary term") and as long  
thereafter as oil, gas, other hydrocarbons, or other mineral is produced from said land hereunder, or drilling or reworking operations are conducted  
thereon.

3. The royalties to be paid by Lessee are: (a) on oil, one-eighth of that produced and saved from said land, the same to be delivered at the  
wells, or to the credit of Lessor into the pipe line to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its  
possession, paying the market price therefor prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead gas or  
other hydrocarbon substance, produced from said land and sold or used off the premises or in the manufacture of gasoline or other products therefrom,  
the market value at the well of one-eighth of the gas so sold or used, provided that on gas sold at the wells the royalty shall be one-eighth of the amount  
realized from such sale; (c) on all other minerals mined and marketed, one-tenth either in kind or value at the well or mine, at Lessee's election, except  
that on sulfur the royalty shall be fifty cents (50¢) per long ton. Lessee shall have free use of oil, gas, coal, wood and water from said land, except  
water from Lessor's wells, for all operations hereunder, and the royalty on oil and gas shall be computed after deducting any so used. If a well capable  
of producing gas in paying quantities is completed on the above described land and is shut in, this lease shall continue in effect for a period of one  
year from the date such well is shut in. Lessee or any assignee may thereafter, in the manner provided herein for the payment or tender of delay  
rentals, pay or tender to Lessor as royalty, on or before one year from the date such well is shut in, the sum of \$100.00 per well, and, if such payment or  
tender is made, this lease shall continue in effect for a further period of one year. In like manner and upon like payments or tenders, made on  
or before each anniversary of the shut-in date of such well, this lease shall continue in effect for successive periods of twelve (12) months each.

4. If operations for drilling are not commenced on said land as hereinafter provided, on or before one year from this date, the lease shall then  
terminate as to both parties, unless on or before such anniversary date Lessee shall pay or tender to Lessor or to the credit of Lessor in \_\_\_\_\_

First National Bank of Englewood, Colorado (which bank and its successors are Lessor's agent  
and shall continue as the depository for all rentals payable hereunder regardless of changes in ownership of said land or the rentals either by conveyance  
or by the death or incapacity of Lessor) the sum of \* \* \* Eight Hundred Forty and No/100 \* \* \* Dollars  
(\$ 840.00 ) (herein called rental), which shall cover the privilege of deferring commencement of operations for drilling for a period of

twelve (12) months. In like manner and upon like payments or tenders annually the commencement of operations for drilling may be further deferred  
for successive periods of twelve (12) months each during the primary term. The payment or tender of rental herein referred to may be made in currency,  
bank, on or before the rental paying date, shall be deemed payment as herein provided. If such bank (or any successor bank) should fail, liquidate or be  
succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payment or tender  
of rental until thirty (30) days after Lessor shall deliver to Lessee a proper recordable instrument, naming another bank as agent to receive such pay-  
ments or tenders. The down cash payment is consideration for this lease according to its terms and shall not be allocated as mere rental for a period.  
Lessee may at any time execute and deliver to Lessor or to the depository above named or place of record a release or releases covering any portion or  
portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the  
acreage surrendered, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said  
release or releases.

If Lessee shall, on or before any rental date, make a bona fide attempt to pay or deposit rental to a Lessor entitled thereto under this lease  
according to Lessee's records or to a Lessor who, prior to such attempted payment or deposit, has given Lessee notice, in accordance with the terms of  
this lease hereinafter set forth, of his right to receive rental, and if such payment or deposit shall be erroneous in any regard (whether deposited in the  
wrong depository, paid to persons other than the parties entitled thereto as shown by Lessee's records, in an incorrect amount, or otherwise) Lessee  
shall be unconditionally obligated to pay to such Lessor the rental properly payable for the rental period involved, but this lease shall be maintained in  
the same manner as if such erroneous rental payment or deposit had been properly made, provided that the erroneous rental payment or deposit be cor-  
rected within 30 days after receipt by Lessee of written notice from such Lessor of such error accompanied by any documents and other evidence neces-  
sary to enable Lessee to make proper payment.

5. Should any well drilled on the above described land during the primary term before production is obtained be a dry hole, or should production  
be obtained during the primary term and thereafter cease, then and in either event, if operations for drilling an additional well are not commenced or  
operations for reworking an old well are not pursued on said land on or before the first rental paying date next succeeding the cessation of production  
or drilling or reworking on said well or wells, then this lease shall terminate unless Lessee, on or before said date, shall resume the payment of rentals.  
Upon resumption of the payment of rentals, Section 4 governing the payment of rentals, shall continue in force just as though there had been no inter-  
ruption in the rental payments. If during the last year of the primary term and prior to the discovery of oil, gas, or other hydrocarbons on said land  
Lessee should drill a dry hole thereon, or if after discovery of oil, gas, or other hydrocarbons before or during the last year of the primary term the  
production thereof should cease during the last year of said term from any cause, no rental payment or operations are necessary in order to keep the  
lease in force during the remainder of the primary term. If, at the expiration of the primary term, Lessee is conducting operations for drilling a new  
well or reworking an old well, this lease nevertheless shall continue in force as long as such drilling or reworking operations continue, or if after the  
expiration of the primary term production on this lease shall cease, this lease nevertheless shall continue in force if drilling or reworking operations  
are commenced within sixty (60) days after such cessation of production; if production is restored or additional production is discovered as a result of  
any such drilling or reworking operations, conducted without cessation of more than sixty (60) days, this lease shall continue as long thereafter as oil,  
gas, other hydrocarbons or other mineral is produced and as long as additional drilling or reworking operations are had without cessation of such drill-  
ing or reworking operations for more than sixty (60) consecutive days.

6. Lessee, at its option, is hereby given the right and power to pool or combine the land covered by this lease, or any portion thereof, as to oil  
and gas, or either of them, with any other land, lease or leases when in Lessee's judgment it is necessary or advisable to do so in order to properly  
develop and operate said premises, such pooling to be into a well unit or units not exceeding forty (40) acres, plus an acreage tolerance of ten per cent  
(10%) of forty (40) acres, for oil, and not exceeding six hundred and forty (640) acres, plus an acreage tolerance of ten per cent (10%) of six hundred  
and forty (640) acres, for gas, except that larger units may be created to conform to any spacing or well unit pattern that may be prescribed by govern-  
mental authorities having jurisdiction. Lessee may pool or combine acreage covered by this lease, or any portion thereof, as above provided, by govern-  
ment in any one or more strata, and units so formed need not conform in size or area with the unit or units into which the lease is pooled or combined as to  
any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights  
of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall execute in writing and place of record an instrument or instru-  
ments identifying and describing the pooled acreage. The entire acreage so pooled into a unit shall be treated for all purposes, except the payment of  
royalties, as if it were included in this lease, and drilling or reworking operations thereon or production of oil or gas therefrom, or the completion thereof  
of a well as a shut-in gas well, shall be considered for all purposes, except the payment of royalties, as if such operations were on or such production  
were from or such completion were on the land covered by this lease, whether or not the well or wells be located on the premises covered by this lease.  
In lieu of the royalties elsewhere herein specified, Lessor shall receive from a unit so formed, only such portion of the royalty stipulated herein as the  
amount of his acreage placed in the unit or his royalty interest therein bears to the total acreage so pooled in the particular unit involved. Should any unit  
as originally created hereunder contain less than the maximum number of acres hereinabove specified, then Lessee may at any time thereafter, whether be-  
fore or after production is obtained on the unit, enlarge such unit by adding additional acreage thereto, but the enlarged unit shall in no event exceed  
the acreage content hereinabove specified. In the event an existing unit is so enlarged, Lessee shall execute and place of record a supplemental declara-  
tion of unitization identifying and describing the land added to the existing unit; provided, that if such supplemental declaration of unitization is not  
filed until after production is obtained on the unit as originally created, then and in such event the supplemental declaration of unitization shall not  
become effective until the first day of the calendar month next following the filing thereof. In the absence of production Lessee may terminate any  
unitized area by filing of record notice of termination.

7. Lessee also shall have the right to unitize, pool, or combine all or any part of the above described lands 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, par-  
ticularly, 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. In the event that said  
above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby  
the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land  
shall, for the purpose of computing the royalties to be paid hereunder to Lessor, be regarded as having been produced from the particular tract of land  
to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to Lessor shall be based upon production  
only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted upon production  
approved by any governmental agency by executing the same upon request of Lessee.

8. Lessee shall have the right at any time without Lessor's consent to surrender all or any portion of the leased premises and be relieved of  
all obligation as to the acreage surrendered. Lessee shall have the right at any time during or after the expiration of this lease to remove all property  
and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe  
lines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without  
Lessor's consent. The Lessee agrees to promptly pay to the owner thereof any damages to crops, or improvements, caused by or resulting from any  
operations of Lessee.

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9. The rights of either party hereunder may be assigned, in whole or in part, and the provisions hereof shall extend to the heirs, successors and assigns of the parties hereto, but no change or division in ownership of the land, rentals, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No change in the ownership of the land, or any interest therein, shall be binding on Lessee until Lessee shall be furnished with a certified copy of all recorded instruments, all court proceedings and all other necessary evidence of any transfer, inheritance, or sale of said rights. In event of the assignment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be apportionable among the several leasehold owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. In case Lessee assigns this lease, in whole or in part, Lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

10. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation, or if prevented by an act of God, of the public enemy, labor disputes, inability to obtain material, failure of transportation, or other cause beyond the control of Lessee.

If, during the term of this lease, oil or gas or other hydrocarbons or other mineral is discovered upon the leased premises, but Lessee is prevented from producing the same by reason of any of the causes set out in this Section, this lease shall nevertheless be considered as producing and shall continue in full force and effect until Lessee is permitted to produce the oil, gas, other hydrocarbons, or other mineral and as long thereafter as such production continues in paying quantities or drilling or reworking operations are continued as elsewhere herein provided.

11. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in event of failure of title, it is agreed that if Lessor owns an interest in said land less than the entire fee simple estate, then the royalties and rentals to be paid Lessor shall be reduced proportionately.

All of the provisions of this lease shall inure to the benefit of and be binding upon the parties hereto, their heirs, administrators, successors and assigns.

This agreement shall be binding on each of the above named parties who sign the same, regardless of whether it is signed by any of the other parties.

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

WITNESSES:  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

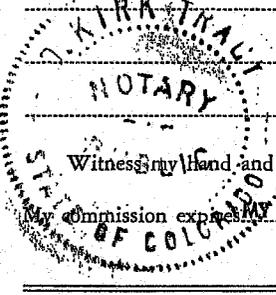
*Donald K. Norgren*  
 General Partner

STATE OF COLORADO,  
 County of Weld } ss.

Colorado Acknowledgment

The foregoing instrument was acknowledged before me this 17th day of February, A.D., 1970 by

Donald K. Norgren, the General Partner of Donald K. Norgren & Co.



Witness my hand and official seal:  
 My commission expires COMMISSION EXPIRES JAN. 21, 1977

*D. Kirk Torrey*  
 Notary Public.

STATE OF COLORADO,  
 County of \_\_\_\_\_ } ss.

Colorado Acknowledgment

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, A.D., 19\_\_\_\_ by \_\_\_\_\_

Witness my hand and official seal:  
 My commission expires \_\_\_\_\_

Notary Public.

No. 1544571

**OIL, GAS AND MINERAL LEASE**

FROM \_\_\_\_\_ TO \_\_\_\_\_

Dated: \_\_\_\_\_, 19\_\_\_\_

Section \_\_\_\_\_ Township \_\_\_\_\_ Range \_\_\_\_\_

No. of Acres \_\_\_\_\_

County, Colorado \_\_\_\_\_

STATE OF COLORADO } ss.  
 County of Weld

This instrument was filed for record on the MAR 31 1970 day of March, 19\_\_\_\_ at 8:41 o'clock A. M., and duly recorded in book 623 page \_\_\_\_\_ of the records of this office.

*Ann Spomer*  
 Register of Deeds.

By *Nelle McRae*  
 Deputy.

When Recorded Return to \_\_\_\_\_