

THIS AGREEMENT, Entered into this the 18th day of February, 19 70  
The Elkhorn Company, a co-partnership, 822 Ninth Street, Greeley,  
between Colorado

and T. S. Pace, 318 Patterson Bldg., Denver, Colorado 80202, hereinafter called lessor,  
and THE ELKHORN COMPANY, hereinafter called lessee, does witness:

1. That lessor, for and in consideration of the sum of ONE HUNDRED SIXTY Dollars in hand paid and of the covenants and agreements hereinafter contained to be performed by the lessee, with this day granted, leased, and let and by these presents does hereby grant, lease, and let exclusively unto the lessee the hereinafter described land, and has the right to utilize this lease or any part thereof with other oil and gas leases as to all or any part of the lands covered thereby as hereinafter provided, for the purpose of carrying on geological, geophysical and other exploratory work, including core drilling, and the drilling, mining, and operating for, producing, and saving all of the oil, gas, casinghead gas, casinghead gasoline and all other gases and their respective constituent vapors, and for constructing roads, laying pipe lines, building tanks, storing oil, building power stations, telephone lines and other structures thereon necessary or convenient for the economical operation of said land alone or conjointly with neighboring lands, to produce, save, take care of, and manufacture all of such substances, and for housing and boarding employees, said tract of land with any reversionary rights therein being situated in the County of WELD, State of COLORADO, and described as follows:

Sec. 28: NW 1/4

in Section 28, Township 3 North, Range 66 West, 6th PM, and containing 160 acres, more or less.

2. This lease shall remain in force for a term of FIVE (5) years and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of the products covered by this lease is or can be produced.

3. The lessee shall deliver to lessor as royalty, free of cost, on the lease, or into the pipe line to which lessee may connect its wells the equal one-eighth part of all oil produced and saved from the leased premises, or at the lessee's option may pay to the lessor for such one-eighth royalty the market price for oil of like grade and gravity prevailing on the day such oil is run into the pipe line or into storage tanks.

4. The lessee shall pay to lessor for gas produced from any oil well and used by the lessee for the manufacture of gasoline or any other product as royalty  $\frac{1}{8}$  of the market value of such gas at the mouth of the well; if said gas is sold by the lessee, then as royalty  $\frac{1}{8}$  of the proceeds of the sale thereof at the mouth of the well. The lessee shall pay lessor as royalty  $\frac{1}{8}$  of the proceeds from the sale of gas as such at the mouth of the well where gas only is found and where such gas is not sold or used, lessee shall pay or tender annually at the end of each yearly period during which such gas is not sold or used, as a royalty, an amount equal to the delay rental provided in paragraph 5 hereof, and while said royalty is so paid or tendered this lease shall be held as if producing lease under paragraph 2 hereof; the lessor to have gas free of charge from any gas well on the leased premises for stoves and inside lights in the principal dwelling house on said land by making his own connections with the well, the use of such gas to be at the lessor's sole risk and expense.

5. If operations for the drilling of a well for oil or gas are not commenced on said land on or before the 18th day of February, 19 71 this lease shall terminate as to both parties, unless the lessee shall on or before said date pay or tender to the lessor or for the lessor's credit in the Weld County Bank at Greeley, Colorado or its successors, which Bank and its successors are the lessor's agent and shall continue as the depository of any and all sums payable under this lease regardless of changes of ownership in said

ONE HUNDRED SIXTY Dollars, which shall operate as a rental and cover the privilege of deferring the commencement of operations for drilling for a period of one year. In like manner and upon like payments or tenders the commencement of operations for drilling may further be deferred for like periods successively. All payments or tenders may be made by check or draft of lessee or any assignee thereof, mailed or delivered on or before the rental paying date, either direct to lessor or assigns or to said depository bank, and it is understood and agreed that the consideration first recited herein, the down payment, covers not only the privilege granted to the date when said first rental is payable as aforesaid, but also the lessee's option of extending that period as aforesaid and any and all other rights conferred. Notwithstanding the death of the lessor or his successors in interest, the payment or tender of rentals in the manner above shall be binding on the heirs, devisees, executors, and administrators of such persons.

6. If at any time prior to the discovery of oil or gas on this land and during the term of this lease, the lessee shall drill a dry hole, or holes on this land, this lease shall not terminate, provided operations for the drilling of a well shall be commenced by the next ensuing rental paying date, or provided the lessee begins or resumes the payment of rentals in the manner and amount hereinabove provided, and in this event the preceding paragraphs hereof governing the payment of rentals and the manner and effect thereof shall continue in force.

7. In case said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein than the royalties and rentals herein provided for shall be paid the said lessor only in the proportion which his interest bears to the whole and undivided fee. However, such rental shall be increased at the next succeeding rental anniversary after any reversion occurs to cover the interest so acquired.

8. The lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations thereon, except water from the wells of the lessor. When required by lessor, the lessee shall bury its pipe lines below plow depth and shall pay for damage caused by its operations to growing crops on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the lessor. Lessee shall have the right at any time during, or after the expiration of, this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing, but lessee shall be under no obligation to do so, nor shall lessee be under any obligation to restore the surface to its original condition, where any alterations or changes were due to operations reasonably necessary under this lease.

9. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to the heirs, devisees, executors, administrators, successors, and assigns, but no change of ownership in the land or in the rentals or royalties or any sum due under this lease shall be binding on the lessee until it has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceedings showing appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to lessor to the full interest claimed, and all advance payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, administrator, executor, or heir of lessor.

10. If the leased premises are now or shall hereafter be owned in severally or in separate tracts, the premises nevertheless shall be developed and operated as one lease, and all royalties accruing hereunder shall be treated as an entirety and shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage. There shall be no obligation on the part of the lessee to offset set wells on separate tracts into which the land covered by this lease may be hereafter divided by sale, devise, descent or otherwise or to furnish separate measuring or receiving tanks. It is hereby agreed that in the event this lease shall be assigned as to a part or as to parts of the above described land and the holder or owner of any such part or parts shall make default in the payment of the proportionate part of the rent due from him or them, such default shall not operate to defeat or affect this lease insofar as it covers a part of said land upon which the lessee or any assignee hereof shall make due payment of said rentals.

11. Lessor THE ELKHORN COMPANY agrees that the lessee, at its option, may pay and discharge in whole or in part any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder.

12. Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if lessee shall commence operations for drilling at any time while this lease is in force, this lease shall remain in force and its terms shall continue so long as such operations are prosecuted and, if production results therefrom, then as long as production continues.

13. If within the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided operations for the drilling of a well shall be commenced before or on the next ensuing rental paying date; or, provided lessee begins or resumes the payment of rentals in the manner and amount hereinbefore provided. If, after the expiration of the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided lessee resumes operations for drilling a well within sixty (60) days from such cessation, and this lease shall remain in force during the prosecution of such operations and, if production results therefrom, then as long as production continues.

14. Lessee may at any time surrender or cancel this lease in whole or in part by delivering or mailing such release to the lessor, or by placing same of record in the proper county. In case said lease is surrendered and canceled as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter accruing under the terms of said lease as to the portion canceled shall cease and determine and any rentals thereafter paid may be apportioned on an acreage basis, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes.

15. All provisions hereof, express or implied, shall be subject to all federal and state laws and the orders, rules, or regulations (and interpretations thereof) of all governmental agencies administering the same, and this lease shall not be in any way terminated wholly or partially nor shall the lessee be liable in damages for failure to comply with any of the express or implied provisions hereof if such failure accords with any such laws, orders, rules or regulations (or interpretations thereof). If lessee should be prevented during the last six months of the primary term hereof from drilling a well hereunder by the order of any constituted authority having jurisdiction thereover, or if lessee should be unable during said period to drill a well hereunder due to equipment necessary in the drilling thereof not being available on account of any cause, the primary term of this lease shall continue until six months after said order is suspended and/or said equipment is available, but the lessee shall pay delay rentals herein provided during such extended time.

16. The utilization of this lease or any portion thereof with any other lease or leases or portions thereof shall be accomplished by the execution and filing by lessee in the recording office of said county of an instrument declaring its purpose to utilize and describing the leases and land utilized, which utilization shall cover the gas rights only and comprise an area not exceeding approximately 640 acres. The royalty provided for herein with respect to gas from gas wells shall be apportioned among the owners of such royalty on minerals produced in the unitized area in the proportion that their interests in the minerals under the lands within such unitized area bear to the minerals under all of the lands in the unitized area. Any well drilled on such unit shall be for all purposes a well under this lease and shall satisfy the rental provision of this lease as to all of the land covered thereby; Provided, however, lessee shall be under no obligation, express or implied, to drill more than one gas well on said unit.

17. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor and lessee.  
IN WITNESS WHEREOF, we sign the day and year first above written. THE ELKHORN COMPANY, a co-partnership

By LEONARD H. BARTELS Partner

By JOHN D. STEPHENSON Partner

3.00 x 100

MAR 31 70 00037 2601544557

STATE OF 623 COLORADO  
COUNTY OF WELD  
On Feb. 18, 1970

1544557  
INDIVIDUAL(S) ACKNOWLEDGEMENT (Colorado, Nebraska,  
Wyoming, Utah, Kansas, North Dakota, South Dakota, Montana,  
19\_\_\_\_, before me personally appeared

Leonard H. Bartels and John D. Stephenson, as co-partners in the Elkhorn Company, a co-partnership

to me known to be the person(s) described in and whose name(s) is (are) subscribed and who executed the foregoing instrument and acknowledged to me that he (she) (they) duly executed the same as his (her) (their) free and voluntary act and deed, including the release and waiver of the right of homestead, the said wife (wives) having been by me fully apprised of her (their) right(s) and effect of signing and acknowledging the said instrument. Given under my hand and seal the day and year last above written.

My Commission Expires: Nov. 17, 1970

*[Signature]*  
Notary Public  
Residing at: Denver, Colorado  
1970

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_  
On \_\_\_\_\_, 19\_\_\_\_, before me personally appeared \_\_\_\_\_

INDIVIDUAL(S) ACKNOWLEDGEMENT (Colorado, Nebraska,  
Wyoming, Utah, Kansas, North Dakota, South Dakota, Montana,  
19\_\_\_\_, before me personally appeared \_\_\_\_\_

to me known to be the person(s) described in and whose name(s) is (are) subscribed and who executed the foregoing instrument and acknowledged to me that he (she) (they) duly executed the same as his (her) (their) free and voluntary act and deed, including the release and waiver of the right of homestead, the said wife (wives) having been by me fully apprised of her (their) right(s) and effect of signing and acknowledging the said instrument. Given under my hand and seal the day and year last above written.

My Commission Expires: \_\_\_\_\_

Notary Public  
Residing at: \_\_\_\_\_

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_  
On \_\_\_\_\_, 19\_\_\_\_, before me personally appeared \_\_\_\_\_

INDIVIDUAL(S) ACKNOWLEDGEMENT (Colorado, Nebraska,  
Wyoming, Utah, Kansas, North Dakota, South Dakota, Montana,  
19\_\_\_\_, before me personally appeared \_\_\_\_\_

to me known to be the person(s) described in and whose name(s) is (are) subscribed and who executed the foregoing instrument and acknowledged to me that he (she) (they) duly executed the same as his (her) (their) free and voluntary act and deed, including the release and waiver of the right of homestead, the said wife (wives) having been by me fully apprised of her (their) right(s) and effect of signing and acknowledging the said instrument. Given under my hand and seal the day and year last above written.

My Commission Expires: \_\_\_\_\_

Notary Public  
Residing at: \_\_\_\_\_

No. 1544557

**OIL AND GAS LEASE**

FROM \_\_\_\_\_  
TO \_\_\_\_\_  
Date \_\_\_\_\_, 19\_\_\_\_  
Section \_\_\_\_\_ Twp. \_\_\_\_\_ Rge. \_\_\_\_\_  
No. of Acres \_\_\_\_\_ Term \_\_\_\_\_  
County \_\_\_\_\_

STATE OF Colorado  
County of Weld

This instrument was filed for record on the  
\_\_\_\_\_ day of April, 1970  
at 8:33 o'clock A.M., and duly recorded  
in Book 673 Page \_\_\_\_\_ of  
the records of this office.

By [Signature]  
Register of Deeds.

When recorded, return to \_\_\_\_\_

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_  
On \_\_\_\_\_, 19\_\_\_\_, before me personally came the above named \_\_\_\_\_  
(who being by me duly sworn, did say that he is the \_\_\_\_\_

CORPORATE ACKNOWLEDGEMENT (Colorado, Nebraska,  
Wyoming, Utah, Kansas, North Dakota, South Dakota, Montana,  
19\_\_\_\_, before me personally came the above named \_\_\_\_\_

President of \_\_\_\_\_  
a corporation, and that the seal affixed to said instrument is the corporate seal of said corporation) who is personally known to me to be the identical person and officer whose name is affixed to the above instrument as \_\_\_\_\_ President of said corporation, and acknowledged the instrument to be his free and voluntary act and deed and the free and voluntary act and deed of said corporation; that said corporation executed said instrument and that said instrument was executed, signed and sealed on behalf of said corporation by authority of its Board of Directors or by authority of its By-Laws.

My Commission Expires: \_\_\_\_\_

Notary Public  
Residing at: \_\_\_\_\_