MARY ANN HULSTEIN, Clerk and Recorder, Weld County, Colorado

When Recorded
Champlin Petrol.
P.O. Box 1257
Englewood, CO 80150

Colorado Standard Form

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT, made this 22nd day of May, 81, between

KENNETH E. HUNGENBERG AND BARBARA J. HUNGENBERG, husband and wife, AND
SCOTT A. HUNGENBERG, a single man
21,470 WCR 35,
Lasalle, CO 80645

(whether one or more) whose address is

and

CHANRLIN PETROLEUM COMPANY
P.O. Box 1257
Englewood, CO 80150

Lessee, whose address is

WITNESSETH:

1. Lessor, in consideration of Ten and more ($ 10.00) and other good and valuable consideration, and of the covenants of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee, for the purpose of testing by any method for formations or structures, and prospecting, and drilling for, mining, and producing oil, gas, distillate, sulphur and other minerals, (except coal), injecting salt water, other fluids, and gas, into, [illegible] and using roads, bridges, docks, tanks, powers, stations, telephone and electric [illegible] and other structures and facilities including housing for employees, necessary for producing, saving, caring for, treating, processing, and transporting [illegible] and all other related operations, the following described land in Weld County, Colorado:

Township 4 North, Range 65 West
Section 4: Lot "A" of recorded exemption number 1055-4-2-RE 52, recorded May 31, 1973 in book 692 as reception No. 1614355, Weld County records, being a part of E½NW¼

*In the event that prior to the expiration of the primary term of this Lease (and at such time the Lease is not extended beyond the primary lease by production), Lessor receives a bona fide offer from a third party (which Lessor is willing to accept) to lease the land covered hereby, Lessor shall notify Lessee, in writing, of such offer and the terms thereof. Lessee shall have the right for a period of thirty (30) days from receipt of such notice within which to notify Lessor that it elects to acquire the Lease on the same terms as offered by the third party.

"SEE ADDENDUM ATTACHED HERETO AND MADE A PART HEREOF"

including, in addition to the above-described land, any and all minerals underlying lakes, streams, roads, easements, and rights of way which traverse, adjoin, or are contiguous to said land, which minerals are owned or claimed by Lessor, or rights to which minerals may hereafter be established in Lessor. For determining the amount of any money payment hereunder, said premises shall be treated as comprising 76.00 acres, whether there be more or less. The word "mineral" as used in this lease includes oil, gas, distillate, sulphur and any other mineral, whether similar or dissimilar, unless the context clearly requires a different meaning. The word "gas" as used herein shall be construed to cover and embrace any and all kinds of gas, including helium gas and carbon dioxide, produced or producible from beneath the surface of the leased premises.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of three years from this date (hereinafter called "primary term"), and as long thereafter as oil, gas, distillate, sulphur or other mineral is produced hereunder, or any operation is conducted, any payment is made, or any condition exists, which as hereinafter provided continues this lease in force.

3. The royalties reserved by Lessor, and which shall be paid by Lessee, are, (a) on oil (including but not limited to distillate and condensate) one-eighth (1/8th) of that produced and saved from the leased premises, the same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; provided, however, Lessee may from time to time purchase such royalty oil, paying therefor the current market price at the wells in the field or area for oil (crude) having the same or nearest to the same gravity; (b) on gas (including casinghead gas and other vapors) produced from said land and sold or used off the leased premises or in the manufacture of gasoline or other products, the market value at the wells of one-eighth (1/8th) of the gas as sold or used, provided that on gas sold at the wells the royalty shall be one-eighth (1/8th) of the amount realized from such sale; (c) on sulphur mined and marketed, One Dollar ($1.00) per long ton (2240 lbs.); (d) on all other minerals mined and marketed, one-tenth (1/10th) of the current market price at the wells or mine. During any period (whether before or after the expiration of the primary term hereof) while there is a gas well or wells completed hereunder and gas not being sold or used and the well or wells are shut in and there is no current production or operations on said leased premises sufficient to keep this lease in force, Lessee may pay or tender as royalty an amount (which shall be the same regardless of the number of shut in wells) per year, equal to the annual rental hereafter provided, and it will be considered that gas is being produced, for all purposes of this lease during any period for which such payment is made or tendered; such amount for the first year to be payable within ninety (90) days following the shutting in of the first well, or, if this lease is then otherwise being maintained in force, within ninety days following a cessation of production or operations, and thereafter to be paid annually in advance thereafter. Each such royalty payment or tender may be paid by check or draft of Lessee to the parties entitled to receive royalties in the same manner as provided for "rental" payments under Paragraph Four (4) hereof. Within the meaning hereof, the term gas well or wells shall include wells capable of producing natural gas, condensate, distillate, or any gaseous substance, and wells classified or capable of being classified as gas wells by any governmental authority. Lessee shall have free use of oil, distillate, condensate, gas and water from the leased premises, except water from Lessor's wells and tanks, for all operations hereunder.

4. If drilling operations or mining operations are not commenced on the leased premises on or before one year from this date, this lease shall then terminate as to both parties unless Lessee on or before the expiration of said period shall pay or tender to Lessor, or to the credit of Lessor in Greeley National Bank, Greeley, Colorado, bank at Greeley, Colorado, or its successor bank, the sum of [redacted] Dollars ([redacted]), hereinafter called "rental," which shall extend for twelve (12) months the time within which drilling operations or mining operations may be commenced. Thereafter, annually, in like manner and upon like payments or tenders the commencement of drilling operations or mining operations may be further deferred for periods of twelve (12) months each during the primary term. Payments or tenders of rental may be made by check or draft of Lessee delivered or mailed to the authorized depository bank or Lessor (at address last known to Lessee) on or before each date for payment, and the payment or tender will be deemed made when the check or draft is so delivered or mailed. If said named or successor bank for any other bank which may, as hereinafter provided have been designated as depository) should fail or liquidate or for any reason refuse or fail to accept rental, Lessee shall not be held in default for failure to make such payment or tender of rental until sixty (60) days after Lessor shall deliver to Lessee a proper recordable instrument naming another bank to receive such payments or tenders. The above named or successor bank or any other bank which may be designated as depository shall be Lessor's agent. Drilling operations or mining operations referred to in this paragraph or elsewhere in this lease, shall be deemed to be commenced when the first material is placed on the leased premises or when the first work, other than surveying or staking the location, is done thereon which is necessary for such operations.

5. If during the primary term and before there has been a discovery of any mineral on the leased premises Lessee should drill a dry hole thereon, or fail in any exploratory attempt to establish a production hereunder, this lease shall not be terminated thereby if Lessee commences further drilling operations, or mining operations, or commences or resumes the payment or tender of rentals on or before the rental-paying date, if any, next ensuing after sixty days following completion of the dry hole, or failure of such exploratory attempt, or, if there be no such rental paying date, commences further drilling operations or mining operations before the expiration of the primary term; provided, however, that if at any time within sixty (60) days prior to the expiration of the primary term, Lessee shall complete a dry hole, this lease shall continue in force and effect sixty (60) days from the date of such completion. If at the expiration of the primary term or at the expiration of the sixty-day period provided for in the preceding sentence no mineral is being produced on the leased premises, but Lessee is then engaged in drilling operations, reworking operations, or mining operations thereon, this lease shall remain in force so long as drilling operations, reworking operations, or mining operations (whether on the same well or mine or on different wells or mines successively) are continuously prosecuted and, if they result in the production of a mineral, so long thereafter as any mineral is produced hereunder from the leased premises. Such operations, after the expiration of the primary term, shall be deemed to be commenced, provided that if not more than sixty days shall elapse between the completion of drilling operations, reworking operations, or mining operations, on one well or mine and the commencement of drilling operations, reworking operations, or mining operations on the same or another well or mine, if at any time after the discovery of any mineral the production thereof, and also of the other discovered mineral or minerals, if any, should cease from any cause, this lease shall not be terminated thereby if within sixty (60) days thereafter production of any mineral or minerals is resumed or Lessee commences drilling operations, reworking operations, or mining operations, or commences or resumes the payment or tender of rentals on or before the rental paying date, if any, next ensuing after sixty (60) days following such cessation of production.

6. Lessee shall have the right at any time until one year after the expiration of this lease to remove all fixtures and other property placed by Lessee on the leased premises, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth in cultivated land. Lessee shall pay Lessor for all damages to Lessor's growing crops caused by Lessee's operations. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within three hundred (300) feet of and draining the leased premises, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances. Any structures and facilities placed on the leased premises by Lessee for operations thereon and any well or wells on the leased premises drilled or used for the injection of salt water, other fluids, or gas, may also be used for Lessee's operations on other lands in the field. Any existing roads, or any roads constructed on or across the leased premises for operations thereon may be used to service Lessee's operations on other lands in the field.

7. Lessee is hereby granted the right and power, to be exercised at its option at any time or times, to pool or combine the acreage covered by this lease, or any portion thereof, as to any and all minerals or horizons covered by this lease, as to oil and gas, or either of them, with other land, lease or leases, or any portion thereof, as to whole or undivided interest, whether or not similarly situated, in the immediate vicinity thereof, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore or develop, and operate said leased premises. Units pooled for oil hereunder shall not exceed 40 acres each in area, plus a tolerance of 10% thereof, and units pooled for gas hereunder shall not exceed in area 640 acres each, plus a tolerance of 10% thereof, provided that if governmental authority, State or Federal, prescribes, allows or permits larger spacing or greater units for the development or operation of the field in which the unit is located or allocates a producing allowable based in whole or in part on acreage per well, then any such unit may contain as much additional acreage as may be so prescribed, allowed or permitted in that way be used in such allocation or allowable. Any unit formed hereunder may contain or cover land under any other unit, and unit may be created hereunder to embrace all strata or any stratum or strata. The pooling in one or more instances shall not exhaust the rights of Lessee hereunder to pool this lease or portions thereof into other units or to reform unity. Lessee shall file for record in the county where the unit is situated an affidavit of operation and description of each unit formed or reformed hereunder, and such instrument shall specify the effective date of the unit. Lessee wholly at its option may exercise its pooling option either before or after commencing operations for or completing an oil or gas well on acreage included in the unit, and may include, but is not required to include, land or leases upon which a well producing or capable of producing oil or gas in paying quantities has theretofore been completed, or upon which operations have theretofore been commenced. Operations upon or production from any part of the pooled unit which includes all or a portion of the land covered by this lease, regardless of whether such operations were commenced on such production was secured before or after the execution of this lease, or the instrument designating the pooled unit, shall be considered as operations upon or production from the land covered by this lease, whether or not the well or wells be located on the premises covered by this lease, and the entire acreage constituting such unit or units, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except that the royalty on production from the unit shall be as herein provided. In respect to production from the unit, Lessee shall pay Lessor, in lieu of other royalties thereon, only such portion of the royalty stipulated in Paragraph 3 above as the amount of his acreage placed in the unit, or his interest therein, on an acreage basis, bears to the total acreage in the unit. A