

2631.000

BOOK **674** **OIL AND GAS LEASE**

AGREEMENT, Made and entered into this 13th day of July, 19 72  
by and between Colorado National Bank of Denver, Special Administrator under the  
Will of Herman Appel, Deceased

Party of the first part, hereinafter called lessor (whether one or more) and  
Charles R. Barr Party of the second part, hereinafter called lessee.

WITNESSETH, That the said lessor, for and in consideration of ten and more DOLLARS  
cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of lessee  
to be paid, kept and performed, has granted, demised, leased, and let and by these presents does grant, demise, lease and let unto the said lessee,  
its successors and assigns for the sole and only purposes of surveying by geological, geophysical and all other methods, mining and operating  
for oil and gas, and laying pipe lines, and building tanks, towers, stations and structures thereon to produce, save and take care of said products,  
all that certain tract of land, together with any reversionary rights therein, situate in the County of Weld  
State of Colorado described as follows, to-wit: Section 29, Township 2 North, Range 66 West of the  
6th P.M.; The E/2 of the NW/4, excepting ditch right of way conveyed by deed recorded in Book 479  
page 375, Weld County records; Excepting reservations as contained in Patent recorded in Book 153,  
page 40, and in deed recorded in Book 112, page 47, Weld County records; and all that portion of the  
W/2 of the NW/4 lying East of the Union Pacific Railroad right of way.

and containing 118 acres, more or less.  
It is agreed that this lease shall remain in force for a term of three (3) years from date, and as long thereafter as oil or gas,  
or either of them, is produced from said land by the lessee, its successors and assigns.

In consideration of the premises the said lessee covenants and agrees:  
First. The lessee shall deliver to the credit of lessor as royalty, free of cost in 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 lessee's option, may buy or sell such one-eighth royalty and pay  
lessor the market price for oil of like grade and gravity prevailing in the field on the day such oil is run into pipe lines or into storage tanks.  
Second. To pay lessor one-eighth (1/8) of the market value at the well for gas from each well where gas only is found and used off the  
premises, and lessor to have gas free of cost from any such well for all stoves and all inside lights in the principal dwelling house on such land  
during the same time by making his own connections with the well at his own risk and expense.  
Third. To pay lessor one-eighth (1/8) of the market value at the well for gas produced from any oil well and used off the premises, or  
for the manufacture of casing-head gasoline or dry commercial gas.

If no well be commenced on said land on or before the 13th day of July, 19 73, this lease shall terminate  
as to both parties, unless the lessor on or before that date shall pay or tender to the lessor or to the lessor's credit in the  
Colorado National Bank at Denver, Colorado

or its successor or successors, or any bank with which it may be merged, or consolidated, or which succeeds to its business or assets or any part  
thereof, by purchase or otherwise, which shall continue as the depository regardless of changes in the ownership of the said land, the sum of  
One Hundred Eighteen and no/100 DOLLARS,

which shall operate as a rental and cover the privilege of deferring the commencement of a well for twelve months from said date. In  
like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods of the same number of  
months successively. And it is understood and agreed that the consideration first recited herein, the down payment, covers not only the  
privileges 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. Rental may be paid by check or draft and may be remitted by mail. Mailing of rental on or before the  
rental-paying date shall be deemed a timely tender thereof and shall preclude termination of this lease. Notwithstanding the death of the lessor,  
or his successor in interest, the payment or tender of rentals in the manner provided above shall be binding on the heirs, devisees, executors and  
administrators of such person.

Should any well drilled on the land above described be a dry hole or cease to produce and there are no other producing well or wells on the  
land or drilling operations are not being conducted thereon, then and in that event if a well is not commenced before the next rental paying date  
this lease shall terminate as to both parties, unless the lessor on or before the next rental paying date shall resume the payment of rentals  
in the same amount and in the same manner as hereinbefore provided, and it is agreed upon the resumption of the payment of rentals, as above  
provided, the last preceding paragraph hereof, governing the payment of rentals and the effect thereof, shall continue in force as though there  
had been no interruption in the rental payment.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and  
rentals herein provided shall be paid the lessor only in the proportion which his interest bears to the whole and undivided fee. However,  
such rentals shall be increased at the next succeeding rental anniversary after lessee has been notified of any reversion having occurred to cover  
the interest so acquired.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operations thereon, except water from wells  
of lessor. 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.

Lessee shall pay for damages caused by its operations to growing crops on said lands. When requested by the lessor, lessee shall bury his  
pipe lines below plow depth. No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without the written con-  
sent of the lessor.

Lessee shall have the right to drill to completion with reasonable diligence and dispatch (1) any well commenced within the term of this  
lease and (2) any well commenced before the completion of a well which has been commenced within such term. If oil and gas or either of  
them be found in paying quantities in any such well, this lease shall continue and be in force with like effect as if such well had been completed  
within the term of years herein first mentioned.

Lessee is hereby granted the right and power to pool or combine the acreage covered by this lease, or any portion thereof, with other land,  
lease or leases in the vicinity thereof at any time and from time to time, whether before or after production, when in Lessee's judgment it is  
necessary or advisable to do so for the prevention of waste and the conservation and greatest ultimate recovery of oil or gas. Such pooling shall  
be into a unit or units not exceeding in area the acreage prescribed or required in any Federal or State law, order, rule or regulation for the  
drilling or operation of one well, or for obtaining the maximum allowable production from one well, or 40 acres each for the production of  
oil, or 640 acres each for the production of gas, whichever is the larger. Such pooling shall be effected by Lessee's executing and filing in the  
office where this lease is recorded an instrument identifying and describing the pooled acreage. The production of pooled substances and devel-  
opment and operation on any portion of a unit so pooled, including the commencement, drilling, completion and operation of a well thereon,  
shall be considered and construed, and shall have the same effect, except for the payment of royalty, as production, development and operation  
on the leased premises under the terms of this lease. The royalties herein provided shall accrue and be paid to Lessor on pooled substances  
produced from any unit in the proportion, but only in the proportion, that Lessor's acreage interest in the land covered hereby and placed in the  
unit bears to the total acreage in the land placed in such unit.

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 their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals  
or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment or a certified copy  
thereof; and it is hereby agreed in the event this lease shall be assigned as to a part or parts of the above described lands and the assignee or  
assignees of such part or parts shall fail or make default in the payment of the proportionate part of the rents due from him or them, such de-  
fault shall not operate to defeat or offset that lease in so far as it covers a part or parts of said lands which the said lessee or any assignee  
thereof shall make due payment of said rentals. An assignment of this lease, in whole or in part, shall as to the extent of such assignment  
relieve and discharge the lessee of all obligations hereunder.

Compliance with any now or hereafter existing act, bill or statute purporting to be enacted by any Federal or State legislative authority, or  
with orders, judgments, decrees, rules, regulations made or promulgated by State or Federal courts, State or Federal officers, boards, commissions  
or committees purporting to be made under authority of any such act, bill or statute, shall not constitute a violation of any of the terms of this  
lease or be considered a breach of any clause, obligation, covenant, undertaking, condition or stipulation contained herein, nor shall it be or  
constitute a cause for the termination, forfeiture, reversion or reversion of any estate or interest herein and hereby created and set out, nor shall  
any such compliance confer any right of entry or become the basis of any action for damages or suit for the forfeiture or cancellation hereof;  
and while any such purpose to be in force and effect they shall, when complied with by lessee or assigns, to the extent of such compliance op-  
erate as modifications of the terms and conditions of this lease where inconsistent therewith.

Lessee may at any time surrender this lease, in whole or in part, by delivering or mailing a release to the lessor, or by placing a release of  
record in the proper county.

Lessor hereby releases and relinquishes any right of homestead, dower or curtesy they or either of them may have in or to the leased land.  
Lessor hereby covenants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any  
time to redeem for lessor, by payment, any mortgage, taxes or other liens on the above described lands in the event of default of payment by  
lessor, and be subrogated to the rights of the holder thereof.

This lease and all its terms, conditions and stipulations binds each executing lessor and shall extend to and be binding on his assigns,  
heirs and devisees and those of the lessee, though unassigned by other lessors named herein.

This lease shall be null and void if a well drilled to a sufficient depth to test the Sussex Sand is  
not commenced on this tract on or before July 13, 1973.

IN WITNESS WHEREOF, We sign the day and year first above written.  
Colorado National Bank of Denver (SEAL) Colorado National Bank of Denver (SEAL)  
Special Administrator under the Will (SEAL) Special Administrator under the Will (SEAL)  
of Herman Appel, Deceased (SEAL) of Herman Appel, Deceased (SEAL)  
Parcezel Trust Officer (SEAL) Vice President and Trust Officer (SEAL)