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AMENDED AND RESTATED
OIL AND GAS LEASE

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THIS AGREEMENT, made and entered into on September 1, 2003, by and between BATTLEMENT CREEK RANCH, LLC, a Colorado limited liability company, successor to NICHOLAS ENTERPRISES, LLLP, *et al.*, of 17630 E. Chandler Heights, Higley, AZ 85238, hereinafter called Lessor, and PRESCO, INC., P. O. Box 7520, The Woodlands, TX 77387, hereinafter called Lessee:

WITNESSETH:

1. That Lessor, for and in consideration of Forty Thousand Three Hundred and 05/100ths Dollars (\$40,300.05), in hand paid, receipt of which is hereby acknowledged, and of the agreements of Lessee hereinafter set forth, hereby grants, demises, leases and lets exclusively unto Lessee the lands described below for the purpose of investigating, prospecting, exploring (by geophysical and other methods), drilling, mining, operating for and producing oil or gas, or both (as defined below), together with the right to construct and maintain pipelines, telephone and electric lines, tanks, ponds, roadways, plants, equipment, and structures thereon to produce, save and take care of said oil and gas (which right shall include specifically a right-of-way and easement for ingress to and egress from said lands by Lessee, or its assignees, agents or permittees, necessary to or associated with the construction and maintenance of such pipelines, telephone and electric lines, tanks, ponds, roadways, plants, equipment, and structures on said lands to produce, save and take care of the oil and gas), and the exclusive right to inject air, gas, water, brine and other fluids from any source into the subsurface strata, and any and all other rights and privileges necessary, incident to, or convenient for the economical operation of said land, alone or conjointly with neighboring land, for the production, saving and taking care of oil and gas and the injection of air, gas, water, brine, and other fluids into the subsurface strata, said lands being situated in the County of Garfield, State of Colorado, described as follows, to-wit:

See Exhibit "A" attached hereto and made a part hereof, for description of the lands covered by this lease.

In addition to the land described above, Lessor hereby grants, leases and lets exclusively unto Lessee, to the same extent as if specifically described, lands which are owned or claimed by Lessor by one of the following reasons: (1) all lands and rights acquired or retained by Lessor by avulsion, accretion, reliction or otherwise as the result of a change in the boundaries or centerline of any river or stream traversing or adjoining the lands described above; (2) all riparian lands and rights which are or may be incident, appurtenant related or attributed to Lessor in any lake, stream or river traversing or adjoining the lands described above by virtue of Lessor's ownership of the land described above; (3) all lands included in any road, easement or right-of-way traversing or adjoining the lands described above which are or may be incident, appurtenant, related or attributed to Lessor by virtue of Lessor's ownership of the land described above; and (4) all strips or tracts of land adjacent or contiguous to the lands described above owned or acquired by Lessor through adverse possession or other similar statutes of the state in which the lands are located.

For the purpose of calculating payments provided for herein, it shall be deemed that the lands covered by this lease contain 2686.67 acres, whether there actually be more or less.

The term oil as used in this lease shall be interpreted to include any liquid hydrocarbon substances which occur naturally in the earth, including drip gasoline or other natural condensate recovered from gas without resort to manufacturing process. The term gas as used in this lease shall be interpreted to include any substance, either combustible or non-combustible, which is produced in a natural state from the earth and which maintains a gaseous or rarified state at ordinary temperature and pressure conditions, including but not limited to helium, nitrogen, carbon dioxide, hydrogen sulphide, coalbed methane gas, casinghead gas and sulphur.

Subject to the other provisions herein contained, this lease shall remain in force for a term of fifteen (15) months from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced from the leased premises or drilling operations are continuously prosecuted. For purposes of this lease, a well completed for the production of coalbed methane gas shall be deemed to be producing gas under this lease at all times when dewatering of coal seams from which the coalbed methane gas will be produced is occurring. For purposes of this lease, "drilling operations" shall include operations for the drilling of a new well and operations for the reworking, deepening-or-plugging back of a well or hole or other operations conducted in an effort to establish, resume or re-establish production of oil and gas; drilling operations shall be considered to be "continuously prosecuted" if not more than one hundred eighty (180) days shall elapse between the completion and abandonment of one well or hole and the commencement of drilling operations on another well or hole; drilling operations shall be deemed to be commenced for a new well at such time as Lessee has begun the construction of the wellsite location or the road which provides access to the wellsite location; and drilling operations shall be deemed to be commenced with respect to reworking, deepening, plugging back or other operations conducted in an effort to resume or re-establish production of oil and gas at such time as Lessee has the requisite equipment for such operations at the wellsite.

2. The Lessee shall deliver to the credit of the Lessor as royalty, free of cost, in the pipe line to which Lessee may connect its wells the equal 17.5% part of all oil produced and saved from the leased premises, or Lessee may from time to time at its option purchase any royalty oil in its possession, paying the market price thereof prevailing for oil of like grade and gravity in the field where produced on the date of purchase.

The Lessee shall pay Lessor, as royalty, on gas, including casinghead gas or other gaseous substances, produced from the leased premises and sold or used off the premises or used in the manufacture of gasoline or other products, the market value at the well of the gas sold or used, provided that on gas sold the royalty shall be of the amount realized from such sale. The amount realized from the sale of gas shall be the price established by the gas sales contract entered into in good faith by Lessee and a gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

3. If Lessee has not commenced drilling operations on or before the 1st day of December, 2004, this lease shall (except as otherwise provided in this paragraph) terminate, unless Lessee (or someone on his behalf), on or before such date, shall pay or tender to Lessor, at 23408 S. 178th Street, Gilbert, AZ 85297 the sum of Ten Dollars (\$10.00) per acre, which shall operate as a rental and cover the privilege of deferring the commencement of a well for twelve (12) months from said date. In like manner and upon like payments or tenders, the commencement of operations for the drilling of a well may be further deferred for like periods of the same number of months successively during the primary term hereof. All payments or tenders may be made by cash, check or draft, mailed or delivered on or before the rental date, and the depositing of such cash, check or draft in the United States mail, addressed to the depository bank or to Lessor (at Lessor's last known address as shown by Lessee's records) on or before the rental date, shall be deemed payment or tender as herein provided. Notwithstanding the death of Lessor, payment or tender of rentals to Lessor or to Lessor's credit in the manner provided herein shall be binding on the heirs, devisees, executors, administrators and personal representatives of Lessor and on Lessor's successors in interest. 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), this

lease shall nevertheless 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 is corrected within thirty (30) days after receipt by Lessee of written notice from such Lessor of the error accompanied by any documents and other evidence necessary to enable Lessee to make proper payment. 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 Lessee's option of extending that period as aforesaid, and any and all other rights conferred. Lessee may at any time execute and deliver to Lessor 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 herein is reduced by said release or releases.

4. During the primary term of this lease, if any well drilled on the land described above is abandoned as a dry hole or ceases to produce and there is no other producing well on the land and the Lessee is not engaged in drilling operations thereon, and if the Lessee is not engaged in drilling operations before the next ensuing rental-paying date after the expiration of one hundred eighty (180) days from the date of abandonment of such dry hole or cessation of production, this lease shall terminate as to both parties, unless the Lessee, on or before the rental-paying date ensuing after the expiration of one hundred eighty (180) days from the date of abandonment of the dry hole or cessation of production, shall resume the payment of rentals in the same amount and in the same manner as hereinbefore provided. Upon resumption of the payment of rentals as provided in Paragraph 3 governing the payment of rentals and the effect thereof, this lease shall continue in force as though there had been no interruption in the rental payment. If a dry hole should be drilled or if production ceases at any time subsequent to one hundred eighty (180) days prior to the beginning of the last year of the primary term, no rental payment or operations are necessary in order to keep the lease in force during the remainder of the primary term.

5. If, at the expiration of the primary term of this lease, oil or gas is not being produced from the leased premises but Lessee is then engaged in drilling operations, this lease shall continue in force so long as drilling operations are continuously prosecuted; and if production of oil or gas results from any such drilling operations, this lease shall continue in force so long as oil or gas shall be produced from the leased premises. If, after the expiration of the primary term of this lease, production on the leased premises should cease for any cause, this lease shall not terminate if Lessee is then engaged in drilling operations, or within one hundred eighty (180) days after each such cessation of production commences or resumes drilling operations, and this lease shall remain in force so long as drilling operations are continuously prosecuted, and if production results therefrom, then as long thereafter as oil or gas is produced from the leased premises.

6. If at any time, either before or after the expiration of the primary term of this lease, there is a well capable of producing oil or gas on lands covered by this lease, or on other lands with which lands covered by this lease are pooled or unitized, but the well is shut-in, whether before or after production therefrom, and this lease is not being maintained otherwise as provided herein, this lease shall not terminate (unless released by Lessee) and it shall nevertheless be considered that oil or gas is being produced from lands covered by this lease during all times while the well is so shut-in. Lessee shall use reasonable diligence to market the oil or gas capable of being produced from such shut-in well, but shall be under no obligation to market the oil or gas under terms, conditions or circumstances which, in Lessee's judgment exercised in good faith, are unsatisfactory. When the lease is continued in force in this manner, Lessee shall pay or tender to the Lessor or Lessor's successors or assigns, in the depository bank named in the lease, a sum equal to the amount of delay rentals payable under the lease. Such payments shall be made on or before the shut-in royalty payment date, as described below, next occurring after the expiration of one hundred eighty (180) days from the date the well was shut-in, unless prior to such date oil or gas from the well is sold or used or the lease is otherwise maintained as provided herein. In like manner, on or before each succeeding shut-in royalty payment date while such well remains shut-in, Lessee shall make payment of shut-in royalty in the same amount and manner. The term "shut-in royalty payment date" shall mean the rental paying date of this lease if within the primary term or any subsequent

anniversary thereof after the primary term. Any shut-in royalty payment may be made by cash, draft or check, mailed or tendered on or before the shut-in royalty payment date. Lessee's failure to pay or tender, or properly or timely pay or tender, any such sum shall render Lessee liable for the amount due but it shall not operate to terminate the lease.

7. If Lessor owns a lesser interest in the above-described land than the entire and undivided-fee simple estate therein, then the rentals and royalties, including shut-in royalty, herein provided shall be paid to Lessor only in the proportion which Lessor's 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. Any interest in production from the lands described herein to which the interest of Lessor may be subject shall be deducted from the royalty herein reserved.

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

9. Lessee shall pay to Lessor reasonable amounts for damages caused by its operations to growing crops on said land. When requested by Lessor, Lessee shall bury its pipelines which traverse cultivated lands below plow depth. No well shall be drilled nearer than two hundred (200) feet to a house or barn now on said premises, without written consent of Lessor. Lessee shall have the right at any time (but not the obligation), to remove all improvements, machinery, and fixtures placed or erected by Lessee on said premises, including the right to draw and remove casings.

10. Lessee is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described above and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has heretofore been completed or upon which drilling operations have been commenced. Production, drilling or reworking operations or a well shut-in for any reason anywhere on a unit which includes all or a part of this lease shall be treated as if it were production, drilling or reworking operations or a well shut-in under this lease. In lieu of the royalties elsewhere herein specified, Lessor shall receive on production from the unit so pooled royalties only on the portion of such production allocated to this lease; such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit.

11. Lessee shall have the right to unitize, pool, or combine all or any part of the land described above as to one or more of the formations thereunder 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 particularly, 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 the lease shall not terminate or expire during the life of such plan or agreement. In the event that the land described above 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.

12. If the estate of either party hereto is assigned or sublet, and the privilege of assigning or subletting in whole or in part is expressly allowed, the express and implied covenants hereof shall extend to the subLessee, successors and assigns of the parties; and in the event of an assignment or subletting by Lessee, Lessee shall be relieved and discharged as to the leasehold rights so assigned or sublet from any liability to Lessor thereafter accruing upon any of the covenants or conditions of this lease, either express or implied. No change in ownership of the land, rentals or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee or require separate measuring or installation of separate tanks by Lessee. Notwithstanding any actual or constructive knowledge of or notice to Lessee, no change in ownership of said land or of the right to receive rentals or royalties hereunder, or of any interest therein, whether by reason of death, conveyance or any other matter, shall be binding on Lessee (except at Lessee's option in any particular case) until one hundred eighty (180) days after Lessee has been furnished written notice thereof, and the supporting information hereinafter referred to by the party claiming as a result of such change in ownership or interest. Such notice shall be supported by original and certified copies of all documents and other instruments or proceedings necessary in Lessee's opinion to establish the ownership of the claiming party. If this lease is assigned or sublet insofar as it covers only a part of the acreage embraced in the leased premises, the delay rentals hereinabove provided for shall be apportioned to the separate parts, and failure of the leasehold owner or subLessee of any separate part of the above-described lands to make a rental payment with respect to such part shall in no event operate to terminate or affect this lease insofar as it covers any other part thereof.

13. In the interest of conservation, the protection of reservoir pressures and recovery of the greatest ultimate yield of oil and/or gas, Lessee shall have the right to combine the leased premises with other premises in the same general area for the purpose of operating and maintaining repressuring and recycling facilities, and for such purpose may locate such facilities, including input wells, upon leased premises, and no royalties shall be payable hereunder upon any gas used for repressuring and recycling operations benefitting the leased premises.

14. If Lessor, during the primary term of this lease, receives a bona fide offer from a third party to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with such lease to become effective upon expiration of this lease, which Lessor is willing to accept from the offering party, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror; the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen (15) days after the receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof for interest therein covered by the offer at the price and on the terms and conditions specified in the offer. All offers made up to and including the last day of the primary term of this lease shall be subject to the terms and conditions of this Paragraph 14. Should Lessee elect to purchase the lease pursuant to the terms hereof, it shall so notify Lessor in writing by mail, telefax, or telegram prior to expiration of said fifteen (15) day period. Lessee shall promptly thereafter furnish to Lessor the new lease for execution by Lessor along with Lessee's sight draft payable to Lessor in payment of the specified amount as consideration of the new lease, such draft being subject to approval of title according to the terms thereof. Upon receipt thereof, Lessor shall promptly execute said lease and return same along with the draft through Lessor's bank of record for payment.

15. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, either express or implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this lease. Lessee shall then have sixty (60) days after receipt of such notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee

aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. This lease shall never be forfeited or cancelled for failure to perform in whole or in part any of its implied covenants, conditions or stipulations until a judicial determination is made that such failure exists and Lessee fails within a reasonable time to satisfy any such covenants, conditions, or stipulations.

16. All express and implied covenants of this lease shall be subject to all federal and state, county or municipal laws, executive orders, rules and regulations, and Lessee's obligations and covenants hereunder, whether express or implied, shall be suspended at the time or from time to time as compliance with such obligations and covenants is prevented or hindered by or is in conflict with federal, state, county, or municipal laws, rules, regulations or executive orders asserted as official by or under public authority claiming jurisdiction, or Act of God, adverse field, weather, or market conditions, inability to obtain materials in the open market or transportation thereof, wars, strikes, lockouts, riots, or other conditions or circumstances not wholly controlled by Lessee, and this lease shall not be terminated in whole or in part, nor Lessee held liable in damages for failure to comply with any such obligations or covenants if compliance therewith is prevented or hindered by or is in conflict with any of the foregoing eventualities. The time during which Lessee shall be prevented from conducting, drilling or re-working operations during the primary term of this lease, under the contingencies above stated, shall be added to the primary term of the lease; provided, however, that delay rentals as herein provided shall not be suspended by reason of the suspension of operations and if this lease is extended beyond the primary term above stated by reason of such suspension, Lessee shall pay an annual delay rental on the anniversary dates hereof in the manner and in the amount above provided.

17. Lessor hereby warrants and agrees to defend the title to the lands described above, and agrees that the Lessee, at its option, shall have the right at any time to pay for Lessor, any mortgage, taxes or other liens existing, levied or assessed on or against the above-described lands in the event of default of payment by Lessor and be subrogated to the rights of the holder hereof, and Lessor hereby agrees that any such payments made by Lessee for the Lessor may be deducted from any amounts of money which may become due the Lessor under the terms of this lease.

18. This lease and all terms, conditions, and stipulations shall extend to and be binding on all successors in interest, in whole or in part, of said Lessor or Lessee.

19. With respect to and for the purpose of this lease, Lessor, and each of them if there be more than one, hereby release and waive the right of homestead.

20. The initial well, if any, drilled under the terms of this lease shall be located on lands described as Tract "A" as identified in Exhibit "B", attached hereto.

21. Notwithstanding anything herein to the contrary, all references in this lease to the royalty fraction of "one-eighth (1/8)" due Lessor shall be amended by deleting "one-eighth (1/8)" and replacing said royalty amount with "seventeen and five-tenths percent (17.5%)".

22. Subject to the provisions of this lease, at the end of the primary term hereof, this lease shall remain in full force and effect as to all lands which are allocated to a proration and/or spacing or pooled unit for (1) a well producing in paying quantities, (2) a well which is shut-in and capable of producing (subject to the provisions of Paragraph 6 above), and (3) a well for which drilling operations, as defined in hereunder, are being conducted (hereinafter referred to as "Allocated Acreage"), and all acreage covered hereby, which is not included in such Allocated Acreage, and which is not under the continuous drilling provisions of Paragraph 1 and/or Paragraph 5 hereof shall automatically terminate and revert to Lessor, subject, however, to Lessee's right to tender to Lessor or to Lessor's credit in Lessor's bank named in Paragraph 3 hereof, a sum of Ten Dollars (10.00) per net mineral acre, as to the total number of acres of land then covered by this lease which is not included within the Allocated Acreage (hereinafter referred to as "Minimum Annual Royalty"). The Minimum Annual Royalty payment shall be made on or before the end of the primary term of this lease, December 1, 2004, provided that Lessee's right to make said payment(s) shall terminate

two (2) years after the end of the primary term. At the end of such two (2) year period, Lessee shall have the continuing right and option of maintaining all lands not included in the Allocated Acreage through the continuous drilling operations as provided for under this lease. In like manner stipulated above, the Minimum Annual Royalty shall be reallocated on an annual basis based on the number of acres not included in the Allocated Acreage on the anniversary date of this lease. For the purposes of this paragraph, in the absence of proration or spacing unit, or pooled units, Allocated Acreage shall be deemed to be 40 acres for each oil well and 160 acres for each gas well(s) until at which time drilling and spacing units are promulgated and established by the Colorado Oil and Gas Conservation Commission. As to each proration or spacing unit so designated, this lease shall continue in force so long as oil and/or gas is produced in paying quantities in accordance with the provisions of this lease.

23. Lessor hereby acknowledges receipt of payment in advance by Lessee of all delay rentals, if any, accruing or payable by Lessee under Paragraph 3 of this lease for and during the entire primary term of this lease; however, said Paragraph 3 and other wording in this lease pertaining to the payment of annual delay rentals have not been deleted but remain in this lease for the purpose of computing and paying any shut in gas well royalty, if any, accruing under Paragraphs 6 and 22 hereof. For all purposes hereunder with regard to the such payments or other payments which may be due and payable, the anniversary date or rental paying dates shall be deemed to be December 1st, subject, however, in the case of inclement weather, the availability of necessary equipment or other events outside the control of Lessee affecting Lessee's ability to meet a deadline or perform certain operations within a specified period of time hereunder, Lessee shall be granted an additional thirty (30) days to perform such operations or meet such deadline.

24. All access roads shall be built by Lessee to standards acceptable to Garfield County, Colorado, and/or the Bureau of Land Management (BLM) and sufficient to accommodate the needs of Lessee and those of third parties harvesting timber. All roads shall be constructed with proper drainage to minimize erosion. Lessee shall take reasonable and necessary steps in coordination with Lessor's agent Homer Wilson, to acquire timber haul rights from Lessor's property along the access granted to Presco by the BLM and adjacent property owners. Any fees charged by such adjacent property owners shall be the responsibility of Lessor.

25. It is recognized by the parties that the leased premises is used by Lessor for running livestock and other purposes. Lessee agrees to maintain in good repair all roads used by Lessee for ingress and egress, whether existing or developed by Lessee, and to keep closed all gates across such roads or to install suitable cattle guards. It is also recognized by the parties hereto that logging operation, approved and directed by Lessor, may also be conducted during the term of this lease and that the logging company shall agree to contribute and share in the cost to maintain said roads, when and where appropriate, based on mutual agreement of Lessor, Lessee and the logging company.

26. Lessee agrees to conduct its operations so as not to interfere unreasonably with the use of the surface by Lessor for purposes other than development of oil, gas, or other hydrocarbons. Lessor, its successors and assigns, shall enjoy the right to fully investigate, explore, mine, produce, and exploit all minerals, other than oil, gas or other hydrocarbons, and shall enjoy the free ingress and egress and use in and to the leased premises for any and all such purposes; provided, however, that such operations by Lessor shall not unreasonably interfere with the operations then being conducted by Lessee on the leased premises.

No canal shall be dug without Lessor's consent, and the construction of any road or other access to each drillsite desired by Lessee shall be subject to prior approval by Lessor, which shall not be unreasonably withheld.

27. Lessee agrees to remove and reserve topsoil at drill sites and other temporary locations to the appropriate inches, such material to be kept separate from other soils removed by Lessee in its operations. On abandonment of the site, Lessee agrees to restore the surface of the drill site and other temporary locations, in as near its natural configuration as possible, to replace the reserved topsoil, and to reseed with native vegetation.

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28. Lessee agrees to pay Lessor for all damages to timber on the leased premises caused by Lessee's operations. Lessee shall, at all times take due care not to damage or obstruct, in any way, any construction or improvement now existing or that Lessor may place or cause to be placed on the premises, and in the event Lessee shall damage or cause damage to any such construction or improvement, then Lessee shall immediately reconstruct the same in the same good condition as existed prior to such damage. Lessor and Lessee shall, in good faith, consult with one another on a regular and consistent basis, in order to minimize obstructions to each other's operations. If the surface of the land be leased to others, Lessee agrees to pay the surface Lessee any damages caused to the surface Lessee as a result of Lessee's operations, as directed by Lessor, relative to the percentage of total damage settlement due Lessor and surface Lessee.

29. Lessee agrees to provide Lessor with monthly production reports on the amount of gas produced and sold under this agreement, and Lessor shall have a right to inspect, at all reasonable business hours, all of Lessee's production records, at Lessee's principle office location.

30. Lessee agrees that all gas produced for the leased premises shall be measured on the leased premises before mixing with other gas, by standard meter or meters of a design in general use in the State of Colorado, which shall be placed thereon, read and maintained by Lessee. Lessee shall read such meter, or meters, daily or as often as would a reasonably prudent operator, under accepted gas producing practices and procedures in the field, to obtain accurate measurements of the gas. Upon written request, Lessor shall have the right to challenge the accuracy of any meter in use, including in such request, the basis of such challenge. Lessee shall thereafter deliver to Lessor the original or photo static copies of the meter chart(s) and Lessee shall test the meter in the presence of Lessor, or Lessor's agent, according to industry standards.

31. On or before the twentieth (20th) day of the second month following the month in which gas is produced, Lessee (or the gas purchaser if paying royalties directly to the Lessor) shall mail or deliver to Lessor an itemized statement showing the production during the applicable calendar month, the royalties payable in respect thereto, and the date on which amount of such royalties is computed. At the same time, Lessee (or the gas purchaser) shall remit to Lessor the royalties due to Lessor on production during such calendar month. All royalty on oil becoming due hereunder to Lessor during any month shall be paid on or before the twentieth (20th) day of the next succeeding month. In addition to all other remedies provided in this lease or by law for failure to pay royalties when due, in the event Lessee fails for a continuous period of three (3) months, for whatever cause or reason, to pay royalties due on either oil, gas or condensate produced, Lessor shall notify Lessee in writing and Lessee shall have 15 days after receipt of said notice within which to pay all royalties due Lessor, plus interest at the then current prime rate of Chase Manhattan Bank, plus three percent (3%), on the entire balance due. Lessee shall be allowed a reasonable period of time to pay royalties to Lessor, after obtaining first production from the leased premises, not to exceed 90 days, in order to examine title and prepare division orders.

32. Should oil or gas in paying quantities be discovered on the leased premises, Lessee shall reasonably develop such premises, but in discharging this obligation Lessee shall in no event be required to drill more than one well per forty (40) acres.

33. Lessor, at Lessor's own risk and expense, may have representatives on the leased premises during operations at all reasonable times, who shall be entitled to examine all cores, logs, and other well data, and who may witness the checking or measuring of all hydrocarbons produced from the premises.

34. Lessee shall notify Lessor of the location of each well prior to commencement of operations, and shall obtain Lessor's prior approval of such proposed location, which approval shall not be unreasonably withheld. Lessor agrees to designate, in good faith, a reasonable route for Lessee's purposes consistent with terrain, preservation of improvements, and conduct of Lessor's existing land use.

35. This lease is made without warranty of title or peaceable possession, except as to Lessor's own acts, and Lessor, on failure of title in any respect, shall not be liable for the return of any bonus, rentals, royalties, or other moneys paid. Lessee, at its option, may discharge any tax, mortgage or other lien on the land and be subrogated thereto and have the right to apply to the repayment of such tax, mortgage or lien any rentals or royalties accruing under the lease.

36. All materials furnished and all work done on the leased premises by Lessee shall be done at the sole cost and expense of Lessee. Lessee agrees to protect the premises and Lessor against all claims that may attach as lien against the premises by reason of any claim, demand, or obligation that Lessee should pay. Lessee hereby consents that Lessor may post and keep posted on the leased premises such notices as Lessor may desire in order to protect such lands against mechanics' liens or other liens resulting from the operations of Lessee under this lease. Lessee shall give Lessor written notice within ten (10) days after commencing the drilling of each well on the premises.

Lessee shall pay all damages arising out of its operations under the lease, whether caused by Lessee's negligence or otherwise, including, without limitation, damage to persons, trees, pastures, growing crops, and improvements on the premises, and damage caused by a "wild" well.

Lessee at its own expense shall obtain and keep in full force, at all times that this lease is in effect, insurance in a reputable insurance company, protecting Lessor and Lessee from any and all liability for injury to persons or property arising out of any activities of Lessee on the premises, regardless where the injury or damage may occur. The limits of liability as to persons shall be One Million Dollars (\$1,000,000) for one person and Five Million Dollars (\$5,000,000) for one accident, and the liability for damage to property shall be One Million Dollars (\$1,000,000). Such insurance shall be in a form mutually satisfactory to Lessor and Lessee; the policy shall name Lessor as one of the insured; and a copy of the insurance policy shall be delivered to Lessor.

37. Lessor reserves the right to use the premises for agricultural, grazing, commercial, recreational, and residential purposes insofar as such use does not unreasonably interfere with the proper operations of Lessee under this lease. Such rights of Lessor shall include, without limitation, the right to drill for water, to mine and remove minerals other than oil, gas, and other hydrocarbon substances from the premises. Lessor further reserves the right to conduct and maintain such facilities as Lessor deems necessary to transport across the premises oil, gas or gasoline belonging to Lessor. Lessor further reserves the right to convey easements to others on and across the premises for roads, pipelines, power lines, and telephone lines, with all necessary rights of ingress and egress for construction, repair and maintenance. Every such easement shall provide that it shall be exercised in such manner as not to unreasonably interfere with the operations of Lessee on the premises.

38. Lessee shall carry on all operations in a careful, professional manner, and in accordance with all applicable state and federal laws and regulations. Lessee shall conduct such operations in a manner as to interfere with the use of the premises by Lessor as little as is consistent with the economical operation of the premises for oil and gas.

39. Lessee shall have the right to drill for, develop and use on the premises such water as Lessee may require in its operations on the premises. Lessee shall interfere as little as possible with streams, wells, and other sources of water for the premises or for adjoining land, and Lessee shall prevent the flow of oil or other foreign substances from polluting or otherwise damaging such sources of water. Lessee shall control any and all excess water developed by Lessee in such manner as not to unreasonably interfere with the surface operations or enjoyment of the premises by Lessor, or with the natural sources of water on the premises. Lessee shall sell no water from the premises.

40. During the term of this lease:

(a) Range improvements, such as fencing, gates, etc., if any, shall not be disturbed; or, where disturbance is necessary, Lessee shall leave such improvements in the original or better condition. Lessee shall maintain proper enclosures when work requires temporary removal of fencing.

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- (b) Lessee shall maintain adequate water breaks on all slopes; if any;
- (c) Lessee shall affect a minimum of vegetative or soil disturbance, consistent with practical operations, and will smooth and maintain all disturbed areas to conform as nearly as practical with the adjacent terrain, and provide and maintain adequate water drainage to minimize erosion; after completion of any activity causing vegetative or soil disturbance, all disturbed areas shall be restored and reseeded by Lessee, and the reseeded shall be done by drilling with a drill equipped with a depth regulator, to assure even depth of planting. Seeding shall be done during the months of September and/or October, or at such other time as agreed between the parties hereto. The seeding shall be repeated until a satisfactory stand is obtained. All such restoration and reseeded shall be completed by Lessee using specifications required by the Bureau of Land Management and the Colorado Oil and Gas Commission;
- (d) Lessee shall control any noxious weed infestations on lands disturbed from its operations;
- (e) Lessee shall comply with all present and future federal, state and local laws, rules, regulations, orders and other requirements applicable to Lessee's operations under this lease, including without limitation, laws, rules, regulations, orders and other requirements relating to the public or employee health and safety, pollution or protection of the environment, and any permits, approvals or judicial or administrative orders issued thereunder.
- (f) Lessee shall give Lessor prompt notice of any of the following occurrences, arising with regard to the surface or Lessee's activities thereon:
- i. any spill, release, threatened release, or other occurrence that would constitute a violation of the provisions of any applicable laws, rules or regulations;
 - ii. any notices, claims or allegations of environmental violations or contamination received from any federal, state or local governmental agency or authority or the filing or commencement of any judicial or administrative proceeding by any such agency; or
 - iii. the filing or threatened filing of any judicial or administrative proceeding by any private party alleging injury or threat of injury to the land, or to health, safety, or the environment.
- (g) Except for the willful misconduct or gross negligence of Lessor, Lessee shall indemnify, defend and hold Lessor harmless from and against any and all damages, claims, causes of action, actions, losses, liabilities, fines, costs and expenses (including without limitation reasonable attorneys' fees and expenses and costs of investigation) resulting from Lessee's failure to comply with the laws, ordinances, rules and regulations applicable to Lessee's activities or otherwise resulting from or related to operations conducted by Lessee under this lease. Lessee shall further indemnify, defend and hold Lessor harmless from and against any and all damages, claims, demands, causes of action, actions, losses, liabilities, fines, costs and expenses (including without limitation reasonable attorneys' fees and expenses and costs of investigation) arising out of damage to livestock and property or injury to or death of Lessee's employees or any other person or party, where such injury, death, or damage occurs because of or in connection with Lessee's operations under this lease.
- (h) Lessee shall indemnify and hold Lessor harmless from and against any and all claims and liens upon the surface for labor or materials furnished to Lessee;
- (i) Lessee for itself its guests, invitees, customers and assigns will not hunt, park (except in cases of emergency), use firearms on, walk along or litter the lands presently owned by Lessor. Lessee and its successors in interest and assigns, will instruct all guests, business customers and other persons using the surface by authority of or invitation of Lessee, to comply with the terms

and provisions of this instrument. Any notice to be given to Lessor or Lessee hereunder shall be in writing and shall be delivered personally, sent by overnight courier, sent by facsimile, or mailed in the United States Mail, certified mail, return receipt requested, to the addresses of the Lessor and Lessee above set forth in the first paragraph of this Agreement.

41. Lessee acknowledges and agrees that Lessor has executed this lease, not personally but solely as Battlement Creek Ranch, LLC. The agreements of Lessee contained herein shall only be enforceable against the property for the payment of any claims hereunder.

IN WITNESS WHEREOF, the parties have set their hands as of the day and year first above written.

"Lessor"

BATTELEMENT CREEK RANCH, LLC

By: Howard Nichols
Howard Nichols, Manager

"Lessee"

PRESCO, INC.

By: David R. Wheeler
David R. Wheeler, Executive Vice President

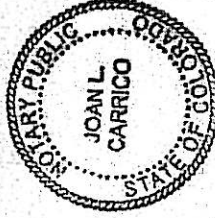
STATE OF COLORADO

) ss.
COUNTY OF MASON)

The foregoing instrument was acknowledged before me this 29th day of October, 2003, by Battlement Creek Ranch, LLC; by Howard Nichols, Manager.

WITNESS my hand and official seal.
My commission expires:

Joan L. Carrico
Notary Public



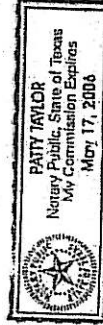
My Commission Expires 10/24/2006

STATE OF TEXAS)

) ss.
COUNTY OF MONTGOMERY)

On October 29, 2003, before me, the undersigned Notary Public, in and for said county and state, personally appeared David R. Wheeler, known to me to be the person whose name is subscribed to the foregoing instrument, as Executive Vice President of Presco, Inc., a corporation, and acknowledged to me that he duly authorized and did execute and deliver the same as his free and voluntary act for the purposes therein set forth.

WITNESS my hand and official seal.
My commission expires:



Patty Taylor
Notary Public

EXHIBIT "A"

Attached to and made a part of Amended and Restated Oil and Gas Lease
dated September 1, 2003, between Battlement Creek Ranch, LLC,
Lessor, and Presco, Inc., Lessee, covering lands in
Garfield County, Colorado

TRACT "A"

The Hope No. 0 Placer Mining Claim, the Hope No. 1 Placer Mining Claim, the Hope No. 2 Placer Mining Claim, the Hope No. 3 Placer Mining Claim, the Hope No. 4 Placer Mining Claim, the Hope No. 5 Placer Mining Claim, the Hope No. 6 Placer Mining Claim, the Hope No. 7 Placer Mining Claim, the Hope No. 8 Placer Mining Claim and the Hope No. 9 Placer Mining Claim, Oil Shale Placer Mining Claims, situate in Garfield County, Colorado, described as follows:

The Hope No. 0 Placer Mining Claim, claim comprising the Lot 4, the South half of the Northwest quarter, and the Southwest quarter of the Northeast quarter of Section 26 in Township 7 South of Range 95 West of the Sixth Principal Meridian; the Hope No. 1 Placer Mining Claim, claim comprising the Southeast quarter of the Northwest quarter, the North half of the Northeast quarter of the Southwest quarter, the Southwest quarter of the Northeast quarter, the Northwest quarter of the Southeast quarter and the South half of the Northeast quarter of the Northwest quarter of Section 27, said township and range;

The Hope No. 2 Placer Mining Claim, claim comprising the Lot 1, the Southeast quarter of the Northeast quarter and the East half of the Southeast quarter of said Section 27; the Hope No. 3 Placer Mining Claim, claim comprising the North half of the South half of said Section 26; the Hope No. 4 Placer Mining Claim, claim comprising the South half of the South half of said Section 26; the Hope No. 5 Placer Mining Claim, claim comprising the North Half of the North half of Section 35, said township and range; the Hope No. 6 Placer Mining Claim, claim comprising the South half of the North half of said Section 35; the Hope No. 7 Placer Mining Claim, claim comprising the Lots 5, 6, 7 and 8 of Section 36, said township and range; the Hope No. 8 Placer Mining Claim, claim comprising the North half of the South half of said Section 35; and the Hope No. 9 Placer Mining claim, claim comprising the Lots 9, 10, 11 and 12 of said Section 36, all in Township 7 South Range 95 West of the 6th P.M.

TRACT "B"

The Victory Oil Shale Placer Mining Claims Numbered 1, 2, 3, 4, 5, 6, 13 and 14 being in the Mount Mann Mining District in the County of Garfield, State of Colorado and more particularly described as follows:

The Victory No. 1 claim comprising the Lots 1 and 2 of Section 36 in Township 7 South of Range 95 West of the 6th Principal Meridian; also that portion of the area designated as Survey No. 20477 embracing a portion of Township 7 South of Range 94 West of the 6th Principal Meridian, and bounded, described and platted as follows:

Beginning at corner No. 1, a lava stone 24 x 9 x 7 inches, marked V. 1 1-V. 2 1-20477; identical with the southeast corner of Section 25 in Township 7 South of Range 95 West of the 6th Principal Meridian; thence South 55° East 1,263 and 9/10 feet to corner No. 2, a lava stone 25 x 10 x 9 inches above ground, marked X on top and V. 1 2-20477; thence East 2,436 and 22/100 feet to corner No. 3, a lava stone 26 x 8 x 8 inches, marked X on top and V. 1 3-20477; thence North 1,263 and 74/100 feet to corner No. 4, a lava stone 24 x 9 x 5 inches marked X on top and V. 14-V. 2 4-20477, in mound of stone; thence West 2,456 and 44/100 feet to corner No. 1, THE PLACE OF BEGINNING.

The Victory No. 2 claim comprising the Lots 15 and 16 of Section 25 in said Township 7 South of Range 95 West; also that portion of the area in said Survey No. 20477 described as follows:

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Beginning at corner No. 1, identical with corner No. 1 of said Victory No. 1 placer claims; thence North 10441 West 1,267 and 2/10 feet to corner No. 2, as aspen post 6 feet long 5 inches square, marked V. 2 2-V. 3 2-20477, with mound of stone; thence East 2,494 and 77/100 feet to corner No. 3, a lava stone 24 x 10 x 5 inches marked X on top and V. 2 3-V. 3 3-20477, with mound of stone; thence South 1,266 and 62/100 feet to corner No. 4, identical with corner No. 4 of said Victory No. 1 placer claim; thence West 2,456 and 44/100 feet to corner No. 1, THE PLACE OF BEGINNING.

The Victory No. 3 claim comprising the Lots 9 and 10 of said Section 25; also that portion of the area in said Survey No. 20477 described as follows:

Beginning at Corner No. 1, a lava stone 20 x 12 x 6 inches above ground, marked V. 3 1-V. 4 1-20477; identical with the East quarter section corner of said Section 25; thence South 10441 East 1,267 and 2/10 feet to corner No. 2 identical with corner No. 2 of said Victory No. 2 placer claim; thence East 2,494 and 77/100 feet to corner No. 3, identical with corner No. 3 of said Victory No. 2 placer claim; thence North 1,266 and 62/100 feet to corner No. 4, a lava stone 24 x 14 x 6 inches, marked X on top and V. 3 4-20477, in mound of stone; thence West 2,533 and 1/10 feet to corner No. 1; THE PLACE OF BEGINNING.

The Victory No. 4 claim comprising the Lots 7 and 8 of said Section 25; also that portion of the area in said Survey No. 20477 described as follows:

Beginning at corner No. 1 identical with corner No. 1 of said Victory No. 3 placer claim; thence North 53' West 1,637 and 46/100 feet to corner No. 2, a lava stone 24 x 18 x 3 inches, marked X on top and V. 4 2-20477, with mound of stone; thence East 1,512 and 38/100 feet to corner No. 3 an aspen post 6 feet long 6 inches square, marked V. 4 3-20477; thence South 1,637 and 27/100 feet to corner No. 4, a lava stone 24 x 14 x 5 inches, marked X on top and V. 4 4-20477; thence West 1,487 and 14/100 feet to corner No. 1, THE PLACE OF BEGINNING.

The Victory No. 5 claim comprising the Lots 1, 2 and 3 of said Section 25; the Victory No. 6 claim comprising the Lots 14, 15, 16 and 20 of Section 24 in said Township 7 South of Range 95 West; the Victory No. 13 claim comprising the Lot 4, the southeast quarter of the southwest quarter and the West half of the southwest quarter of the southeast quarter of said Section 19; and the Victory No. 14 claim designated as Survey No. 20476, embracing a portion of said Township 7 South of Range 94 West and bounded, described and platted as follows:

Beginning at corner No. 1, a lava stone 24 x 12 x 10 inches, marked V. 14-1-20476; identical with the southwest corner of Section 19 in Township 7 South of Range 94 West of the 6th Principal Meridian; thence South 4' East 656 and 7/10 feet to an angle point; thence South 53' East 663 and 38/100 feet to corner No. 2, a lava stone 24 x 18 x 3 inches, marked X on top and V. 14-2-20476, with mound of stone; thence South 89°41'30" East 3,694 and 41/100 feet to amended corner No. 3, a post 4 inches square, 39 inches long, marked V. 14-3-20476 Am., with mound of stone; thence North 7'10" West 1,339 and 77/100 feet to amended corner No. 4, a post 4 inches square, 39 inches long, marked V. 14-4-20476, with mound of stone; thence West 3,702 and 6/10 feet to corner No. 1, THE PLACE OF BEGINNING.