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1 of 13 R 75.25 D 0.00 GARFIELD COUNTY, CO

AMENDED AND RESTATED
OIL AND GAS LEASE

009763000

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.

- (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)

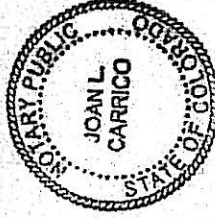
) ss.

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

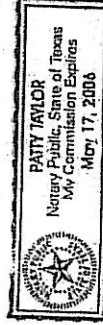
STATE OF TEXAS)

) 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:

37

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.