

OIL AND GAS LEASE

AR 963587

AGREEMENT. Made and entered into the 4th day of April, 1984, by and between
James E. Vetting and Michele I. Vetting, 22670 WCR 54 LaSalle, CO 80645

~~whose present office address is~~ hereinafter called Lessor (whether one or more) and
Arlo L. Richardson whose past office address is PO Box 328 Greeley CO 80632 hereinafter called Lessee

WITNESSETH, That the Lessor, for and in consideration of Ten and More----- DOLLARS cash in hand paid, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the said Lessor, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipe lines, and erection of structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of Weld

State of **Colorado** _____, described as follows, to-wit:

The NE $\frac{1}{4}$ of Section 26, Township 5 North, Range 65 West of the 6th P.M. lying North of the right of way to the Union Pacific Railroad Company, Weld County, Colorado.

JEV Note: All references herein to 1/8th royalty shall by this reference be
MIV amended to be 15.0%

and containing 133.0 acres, more or less

It is agreed that this lease shall remain in force for a term of 120 months and as long thereafter as oil or gas of whatsoever kind is produced from said premises or on an acreage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on an acreage pooled therewith but is being so produced on an acreage pooled therewith, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises or on an acreage pooled therewith, and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on an acreage pooled therewith, the production of oil or gas shall cease from any cause other than the expiration of the primary term of this lease, commencing on the date of completion of the well, no drilling operations within ninety (90) days from the date of production shall be commenced, then this lease shall terminate on the date of completion of the hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on an acreage pooled therewith.

2. This is a **PAID-UP LEASE**. In consideration of the down payment, Lessee agrees that Lessee shall not be obligated, except as otherwise herein provided, to continue any operations during the primary term. Lessee may, at any time or times during or after the primary term, surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to Lessee or by filing for record a release or releases, and be relieved of all obligations thereafter arising as to the acreage so surrendered.

3. In consideration of the premises the said Lessee covenants and agrees:
 - (a) To deliver to the credit of Lessor, free of cost, in the pipe line to which Lessor may connect wells on said land, the equal one-eighth (1/8) of all gas produced and saved from the leased premises;

2nd. To pay (less one-eighth (1/8) of the gross proceeds each year, payable quarterly, for the gas from each well where gasoline is found, while the same is being used off the premises, and if used in the manufacture of gasoline a royalty of one-eighth (1/8), payable monthly at the prevailing market rate for gas.

3rd. To pay lessor for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product a royalty of one-eighth (1/8) of the proceeds, at the month of the well, payable monthly at the prevailing market rate.

4 Where gas from a well capable of producing gas is not sold or used, lessor may pay or tender as royalty to the royalty owners One Dollar per acre per net acre of land claimed hereunder, such payment or tender to be made on or before the anniversary date of this lease not less than 15 days after the expiration of 90 days from the date such sale is shut in and thereafter on or before the anniversary date of this lease during the ensuing life of the lease. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease.

5 If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in fee royalties) herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

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

7. When requested by Lessor, Lessee shall bury Lessor's pipe line below plow depth

8. No well shall be drilled nearer than 200 feet to the house or barn now on said premises w

9. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land

10. 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.

11. The rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (his assignment or otherwise) shall be binding on Lessee until Lessor has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

any act or omission of any other person, and hereby giving the right and power at any time and from time to time as a securing right, either before or after production, as to all or any part of the land described herein 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, 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, any unit previously formed to include formations not producing oil and gas, may be reformed to exclude such non-producing formations. The formation, which declaration shall be accomplished by Lessee's executing and filing with the appropriate governmental authority, a declaration, which declaration shall describe the unit. Any unit may include land upon which there has theretofore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or reworking operations on a well shut in for want of a market 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 on a well shut in for want of a market under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on production from the unit so pooled royalties only on the acreage of surface acreage allocated to this lease, such allocation shall be that proportion of the total acreage of the unit as the acreage of surface acreage covered by this lease and included in the unit bears to the total acreage of the unit. In addition to the foregoing, Lessor shall have the right to unitize, or to enter into a cooperative unit with any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative 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 of 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 unit plan of development or operation and, particularly, all drilling and development requirements shall be deemed satisfied in compliance with the drilling and development requirements of such approved cooperative unit plan of development or operation. Any part of the above described lands or any part thereof, shall hereafter be operated under any such cooperative 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. Lessor shall formally execute and file with the appropriate governmental authority a plan of development or operation adopted by Lessor and approved by the appropriate governmental authority. This lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessor held liable in damages, for failure to comply therewith, if compliance is prevented by, or such failure is the result of, any such Law, Order, Rule or Regulation.

BY, or if such failure is the result of, any such Law, Order, Rule or Regulation, the Lessor hereby agrees, that the Lessor shall have the right at any time to redeem for Lessor, by payment, any mortgages, 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, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this law is made, as recited herein.

15. Should any one or more of the parties hereto named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor," as used in this lease, shall mean any one or more of all of the parties who execute this lease as Lessor. All the provisions of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessee.

IN WITNESS WHEREOF, this instrument is executed as of the date first above written

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The addendum attached hereto is incorporated herein and made apart of this lease *JEU* JEV

The addendum attached hereto is incorporated herein and made a part of this document.

James E. Vetting Michele I. Vetting
James E. Vetting Michele I. Vetting

Michele I. Vetting

No.	FROM
	TO
Dated	, 19
No. Acres	County,
Term	
This instrument was filed for record on the	
Day of	19, at
o'clock	M., and duly recorded in
Volume	Page
of the records of this office.	
By	County Clerk.
	Deputy.
When recorded return to	

ADDENDUM TO OIL AND GAS LEASE DATED APRIL 4, 1984,
NAMING JAMES E. VETTING AND MICHELE I. VETTING AS
LESSORS AND ARLO L. RICHARDSON AS LESSEE COVERING
PART OF THE NE $\frac{1}{4}$ OF SECTION 26, TOWNSHIP 5 NORTH, RANGE
65 WEST OF THE 6TH P.M. LYING NORTH OF THE RIGHT OF WAY
OF UNION PACIFIC RAILROAD COMPANY, WELD COUNTY, COLORADO

This Attachment is made a part of the attached oil and gas lease.

1. Ancillary Rights. The attached lease includes the granting to Lessee of necessary rights incident to the exploration for and production of oil and gas which may involve the laying of necessary pipelines and the installation of necessary power lines, tanks and other producing equipment.

2. Time of Drilling and Exploration. So far as is reasonably practicable Lessee will attempt to conduct its drilling and exploration activities on the subject premises out of the crop season. Crop season is defined as April 1 to December 15, provided if crops are harvested at an earlier date or no crop is in existence for that crop year, Lessee may disregard these limitations. Nothing herein shall be deemed to be a prohibition of drilling and exploration during crop season.

3. Minimum Use of Surface. Lessee shall make all reasonable efforts to make use of the minimum amount of Lessor's property. Lessee shall attempt to use not more than three (3) acres of Lessor's property per well site. Use of Lessor's property shall include the well site itself, any roads constructed, pipelines installed, tank batteries placed or any other use of the surface of Lessor's land. This shall not be deemed a prohibition against use of more than three (3) acres, but in the event more is used Lessor may claim further damage than that provided for herein.

4. Location of Facilities and Improvements. Lessee shall make all reasonable efforts to locate all of its facilities constructed or installed under this Lease in such a manner as to minimize damage to Lessor's premises. Lessee will consult with Lessor as to the location of the same so as to minimize damages as much as reasonably practicable. As used herein the term "facilities" includes but not to the exclusion of others, all wells, roads, pipelines, pits, power lines, tanks and heater-treaters. In particular, Lessee will not drill a well nearer than 300 feet to established improvements without the consent of Lessor, unless the dictates of the requirements and regulations of the Colorado Oil and Gas Commission require otherwise. Additionally, Lessee will do everything possible to stay a safe and reasonable distance away from active irrigation facilities while at the same time complying with the requirements of the Oil and Gas Commission.

5. Roadways. Lessee whenever reasonably possible shall use established roadways on the premises. If Lessee is required for purposes of ingress and egress to the well site to establish a new roadway or if existing roadways are used and are damaged by such use, then Lessee shall improve such roadway with gravel and only high quality gravel and other suitable materials shall be used.

6. Pipelines. All pipelines shall be buried beneath plow depth and water packed upon installation. In excavating for pipelines or slush pits the soils will be separated so that the topsoil and subsurface soils shall be placed back in the proper order and leveled, with topsoil on top. So far as is reasonably possible, all pipelines shall be located so that they run parallel, rather than perpendicular to crop rows as planted or planned to be planted.

No pipeline shall be permitted which does not serve a well or wells located on the Lessor's premises.

7. Restoration. Upon completion of drilling operations and if there is to be no production or shutting-in of the well, all facilities and material brought on the leased premises shall be removed, including but not limited to all concrete, betonite and drilling mud and not just buried. All of the premises shall be restored to their original condition as completely as possible. If there is production then this obligation shall not apply to facilities necessary to produce and maintain such production until production ceases, at which time the same obligation shall apply to such production facilities. Any fences removed or damaged shall be restored to their condition prior to such removal or damage.

8. Abstracting Costs. Lessee shall pay to Lessor, upon demand, the customary charge of abstract companies in Weld County for each abstract entry which would be required to be included within Lessor's abstract by reason of Lessee causing any document to be recorded concerning this lease of the leased premises.

9. Providing Information. At Lessor's request Lessee will provide Lessor all geological information obtained from Lessee's drilling and exploration free of charge within two months after completion of a well.

10. Damages. Lessee shall pay Lessor \$10000.00 for each and every well which may be drilled on the subject premises prior to the commencement of drilling operations, assuming that drilling operations are conducted out of the crop season and assuming further that no more than three (3) acres of Lessor's property are affected per well site. This shall be deemed full and adequate compensation for the use of the surface of the subject premises in accordance with the provisions hereof. If drilling operations are conducted during crop season, Lessee shall pay Lessor all damages to the crops within 30 days of demand by Lessor. Further, if Lessee causes any other damage to Lessor's property, such as damages to improvements or interference with irrigation, Lessee shall pay Lessor all actual damages within 30 days of demand. If Lessee deems any such demands excessive then Lessee and Lessor shall each appoint one arbitrator to assess the damages, and the two arbitrators shall appoint a third arbitrator and the decision of the majority of said arbitrators as to the dollar amount of damages shall be binding on both parties hereto. Any such arbitrator selected shall be reasonably familiar with the values of the property and damages involved. It is expressly understood that the \$10000.00 per well site is all that is required to be paid by Lessee for the use of that portion of the subject premises for placement of Lessee's wells, tanks, heater treaters, pipeline or other necessary facilities, assuming the same are done out of crop season, but the \$10000.00 per well is not satisfaction for any crop damage or other damage to Lessor's property that may be caused by Lessee's activities.

11. Overhead Pivot Irrigation Systems. No well shall be located or equipped and no pumps, tanks, separators, heater-treaters, power lines nor any other facilities shall be so located on the lands covered by this lease so as to interfere with the operation of any overhead center pivot irrigation system on the lands covered by this lease. If necessary to prevent interference pumps shall be lowered below the surface of the ground.

12. Nature of Attachment. This attachment sets forth additional terms and conditions of this Lease between the parties hereto and is more specific than the attached printed form. If there is a conflict between this attachment and the attached printed form, this attachment shall control.

13. Shut-In Gas Clause. This lease shall not be extended for more than 3 years beyond the primary term by virtue of the shut-in gas clause, the provisions of paragraph 4 of the lease to the contrary notwithstanding.

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14. Lessee shall notify lessors at least ten days prior to entering upon the leased premises for the purpose of drilling operations of the date it intends to commence operations for drilling.

15. All roads and pipelines constructed on the leased premises in connection with the exploration for, production and marketing of oil or gas on or from the leased premises shall be located so that they run parallel rather than perpendicular or diagonally to crop rows as planted or planned to be planted unless otherwise agreed by lessors.

16. Wherever possible all pipelines used in connection with the drilling operations on the leased premises shall run parallel to the railroad right of way or public highways adjacent to the leased premises.