

PRODUCERS 88-PAID UP

OIL AND GAS LEASE

AGREEMENT, Made and entered into the 10th day of March, 2006
by and between T & T Associates, Ltd.
whose post office address is P.O. Box 930, Palisade, CO 81526-0930 hereinafter called Lessor (whether one
or more) and Apollo Energy, L.L.C. whose post office address is
1557 Ogden Street, Suite 300, Denver, CO 80218 hereinafter called Lessee

WITNESSETH, That the Lessor, for and in consideration of Ten and more (\$10.00+) 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 Lessee, 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, specifically including coalbed methane and any and all substances produced in association therewith from coal-
bearing formations, 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 Garfield, State of Colorado, described as follows, to-wit:

SEE EXHIBIT "A" & "B" ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE.

Containing 51.59 acres, more or less, together with the right of ingress and egress at all times, for the purpose of mining, drilling, exploring,
operating, and developing these lands for oil, gas, and other minerals, and storing, handling, transporting, and marketing them with the right to
remove all of GRANTEE'S property and improvements.

1. It is agreed that this lease shall remain in force for a term of three (3) years from this date and as long thereafter as oil or gas of
whosoever nature or kind, specifically including coalbed methane and any and all substances produced in association therewith from coal-
bearing formations, is produced from said leased premises or on 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 acreage pooled
therewith but Lessee is then engaged in drilling or reworking operations thereon, then this lease shall continue in force so long as operations are
being continuously prosecuted on the leased premises or on 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 acreage pooled therewith, the production thereof should cease
from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or reworking operations within
ninety (90) days from date of cessation of production or from date of completion of dry 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 acreage pooled therewith.

2. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as
otherwise provided herein, to commence or 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 Lessor or by filing for record
a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.

3. In consideration of the premises the said Lessee covenants and agrees:

1st To deliver to the credit of Lessor, free of cost, in the pipeline to which Lessee may connect wells on said land, the equal one-
eighth (1/8) part of all oil produced and saved from the leased premises.

2nd To pay Lessor for gas of whatsoever nature or kind (with all of its constituents) produced and sold or used off the leased
premises, or used in the manufacture of products therefrom one-eighth (1/8) of the actual amount received by the Lessee, said payments to be
made monthly.

4. During any period (whether before or after expiration of the primary term hereof) when gas is not being sold or used and the well or
wells are shut in and there is no current production of oil or operations on said leased premises sufficient to keep this lease in force, Lessee shall
pay or tender a royalty of One Dollar (\$1.00) per year per net royalty acre retained hereunder, such payment or tender to be made on or before the
anniversary date of this lease next ensuing after the expiration of ninety (90) days from the date such well is shut in and thereafter on the
anniversary date of this lease during the period such well is shut in, to the royalty owners. When such payment or tender is made, it will be
considered that gas is being produced within the meaning of the entire 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 gas royalty) herein provided for shall be paid to the Lessor only in the proportion which Lessor's interest bears to the
whole and undivided fee.

6. 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 Lessee's pipeline below plow depth.

8. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of Lessor.

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

10. 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.

11. The rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by
assignment or otherwise) shall be binding on Lessee until Lessee 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.

12. Lessee, at its option, 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 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 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 include 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 theretofore been completed or upon which operations for drilling have theretofore been commenced.
Production, drilling, or reworking operations or 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 or 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 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. In addition to the foregoing,

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Lessee shall have the right to utilize, pool, or combine all or any part of the described lands 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 this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands 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 regulated 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 express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.

13. All express or implied covenants of 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 for damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule, or Regulation.

14. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any 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 lease is made, as recited herein.

15. Should any one or more of the parties hereinabove 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 or 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.

T & T ASSOCIATES, LTD.

By: [Signature]
Its: General Partner

By: _____
Its: _____

APOLLO ENERGY, LLC

By: [Signature]
Its: Louis A. Oswald, III
Operations Manager

STATE OF Colorado
COUNTY OF Garfield

ACKNOWLEDGMENT

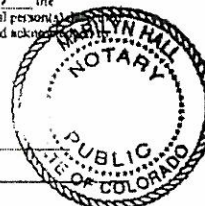
BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 31 day of May, 2006, personally appeared TED CLARK and BENJAMIN PATRICK, respectively, of T & T Associates Ltd. to me known to be the identical person(s) in and who executed the within and foregoing instrument of writing, being duly authorized to act on behalf of said entity, and acknowledged to me that they duly executed the same as a free and voluntary act and deed for the purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last written above.

My Commission Expires

8-25-07

[Signature]
Notary Public



STATE OF COLORADO }
COUNTY OF Douglas }

ACKNOWLEDGMENT—CORPORATE

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 6th day of June, 2006, personally appeared Louis A. Oswald, III, Operations Manager of Apollo Energy, LLC, to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing, being duly authorized to act on behalf of said LLC, and acknowledged to me that he duly executed the same as his free and voluntary act and deed for the purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last written above.

My Commission Expires

6/4/09

[Signature]
Notary Public

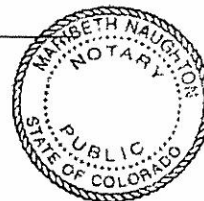


EXHIBIT "A"
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Attached to that certain Oil and Gas Lease dated March 23, 2006 by and between T & T and Associates, Ltd., as Lessor, and Apollo Energy, LLC, as Lessee.

Parcel I

A parcel of land located within Lots 2, 3, 4, and 5 of Section 7, Township 7 South, Range 95 West of the 6th P.M., Garfield County, Colorado, and more particularly described as follows:

Beginning at a point on the north line of a County Road, from whence the W ¼ corner of said Section 7 bears S 65°58'10" W 677.33 feet; thence N 07°25'13" W along a fence (said fence being the east line of that parcel conveyed to Eshe and Watennan) 571.24 feet to a point on the southeast right-of-way of Denver and Rio Grande Western R.R.; thence N 40° E along said right-of-way 1161.97 feet; thence S 75°30' E 735.00 feet to a point on the east line of said Lot 2 (west or right bank of Colorado River); thence S 09°20' W along the east line of said Lot 2 and continuing on the same course along the east line of said Lot 5 437.00 feet; thence S 18°01'42" E continuing along the east line of said Lot 5 673.92 feet to a point on the north line of said County Road; thence S 82°29'50" W along said north line 1404.04 feet to the southeast corner of a parcel conveyed to Western Slope Gas Co.; thence N 07°30'10" W along the east line of said parcel 50.00 feet; thence S 82°29'50" W along the north line of said parcel 50.00 feet; thence S 07°30'10" E along the west line of said parcel 50.00 feet to the north line of said County Road; thence S 82°29'50" W along said north line 81.52 feet to the Point of Beginning.

Above described parcel containing 36.37 acres, more or less.

Parcel II

Also a parcel of land located within Lot 2 of Section 7, Township 7 South, Range 95 West of the 6th P.M., Garfield County, Colorado, and more particularly described as follows:

Beginning at a point on the north line of Parcel I and the left bank of an irrigation ditch from whence the W ¼ corner of said Section 7 bears S 46°12'29" W 2351.67 feet; thence along said bank with the following six (6) courses:

1. N 21°00'18" E 145.12 feet;
2. thence N 71°16'53" E 158.08 feet;
3. thence S 54°03'07" E 111.80 feet;
4. thence S 13°41'43" E 56.39 feet;
5. thence S 08°33'11" W 140.96 feet to a point on the north line of said Parcel I;
6. thence N 75°30' W along said north line 294.00 feet to the Point of Beginning.

Above described parcel containing 1.22 acres, more or less.

EXCEPTING that parcel of land described in deed from Roy L. Damron, Jr. to Cora E. Burngardner recorded April 10, 1974 in Book 457 at Page 598 as Reception No. 262525 and more particularly described as follows:

A parcel located in Lot 4 of Section 7, Township 7 South, Range 95 West of the 6th P.M., Garfield County, Colorado, and more particularly described as follows:

Beginning on a point, on the north line of a county road, from whence the W ¼ corner of said Section 7 bears S 65°58'10" W 677.33 feet; thence N 82°29'50" E along a fence line on the north line of said County Road 81.52 feet; thence N 07°30'10" W along a fence line 50.00 feet; thence N 07°25'13" W along a fence line 75.00 feet; thence S 82°29'50" W 81.45 feet; thence S 07°25'13" E along a fence line 125.00 feet to the Point of Beginning.

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Parcel III

A tract of land situated in the N ½ of Section 7, Township 7 South, Range 95 West of the 6th P.M., Garfield County, Colorado, and more particularly described as follows:

Beginning at a point whence the Meander Corner on the North Line of said Section 7 bears N 47°27' E 1598.0 feet; thence S 10°00' W 150.0 feet; thence S 10°00' E 1122.0 feet; thence N 35°38' E 300.0 feet; thence N 57°37' E 458.0 feet; thence N 17°00' W 440.0 feet thence N 75°55' W 740.4 feet to the Point of Beginning.

Above described parcel containing 14.0 acres, more or less.