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PRODUCER'S 88-FMcB  
Paid Up  
Rev. 1986

**OIL AND GAS LEASE**  
**PAID UP**

THIS AGREEMENT is made and entered into as of the 15th day of March, 19 88, by and between

EDITH I. WILLIAMS, a widow  
4323 14th Street Drive  
Greeley, Colorado 80634

hereinafter called "Lessor" (whether one or more) and ARLO L. RICHARDSON, P.O. BOX 328, GREELEY, COLORADO 80632

hereinafter called "Lessee". WITNESSETH:

1. Lessor, for and in consideration of the sum of Ten and more DOLLARS (\$ 10.00 +), in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, demises, leases and lets exclusively unto Lessee the land hereinafter described, for the purpose of investigating, exploring and drilling for, producing, saving, taking, owning, transporting, storing, handling and treating oil and gas, together with all rights, privileges and easements useful for Lessee's operations hereunder on said land and on lands in the same field, including but not limited to the following rights: to lay pipe lines; to build roads; and to construct tanks, pump and power stations, power and communications lines, and other structures and facilities. The phrase "oil and gas", as used in this lease, shall embrace all hydrocarbons, as well as other substances produced therewith. The said land included in this lease is situated in the County of Weld State of Colorado, and is described as follows, to-wit:

See Exhibit A attached hereto and, by this reference, made a part hereof.

including all oil and gas underlying lakes, streams, roads, easements and rights-of-way which traverse or adjoin said land; and including all lands owned or claimed by Lessor as a part of any tract above described; and containing 39.00 acres of land, more or less, hereby releasing and waiving all rights under and by virtue of the homestead exemption laws of this state. This lease shall cover all the interest in said land now owned by or hereafter vested in Lessor. For the purpose of calculating any payments based on acreage, Lessee, at Lessee's option, may act as if said land and its constituent parcels contain the acreage above stated, whether they actually contain more or less. Lessee may inject water, gas or other substances into any zone or stratum underlying said land and not productive of fresh water.

2. Subject to the other provisions herein contained, this lease shall remain in force for a period of one (1) year from the date hereof, called "primary term", and so long thereafter as oil or gas is produced from said land hereunder or Lessee is engaged in drilling or reworking operations on said land hereunder as herein provided.

3. Royalties to be paid Lessor are: (a) on oil, one-eighth (1/8) of that produced and saved from said land, to be delivered at the wells or to the credit of Lessor into the pipe line to which the wells may be connected. Lessee may from time to time purchase any royalty oil, paying therefor the market value in the field where produced on the day it is run to the pipe line or storage tanks; (b) on gas, including casinghead gas or other gaseous substances, produced from said land and sold or used off the premises, the market value at the well of one-eighth (1/8) of the gas so sold or used, provided that on gas sold at the well the royalty shall be one-eighth (1/8) of the amount realized from such sales; (c) on other substances produced with oil or gas, and covered by this lease, one-eighth (1/8) of their value at the well. If at any time oil and/or gas from a well capable of producing oil and/or gas is not being sold or used off the premises, and this lease is not being otherwise maintained in full force and effect, Lessee shall pay or tender to Lessor, as royalty, the sum of One Dollar (\$1.00) per acre per year on the acreage then held by Lessee hereunder, the first such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of 90 days after the date such well is shut in and subsequent payments or tenders to be made on or before the anniversary date of this lease; provided, however, that if oil or gas from any such well is sold or used off the premises before the applicable anniversary date of this lease (even if such well is again shut in before such date), or if on such date this lease is being maintained in force and effect other than by reason of such shut in well, Lessee shall not be obligated to pay or tender, on or before that particular anniversary date, said sum as shut in royalty. If such payment or tender is made, it will be considered that oil and/or gas, as applicable, is being produced within the meaning of this lease. During such time, Lessee may remove the pumping unit, rods, tubing and other equipment from the well or wells for use elsewhere in Lessee's business, consistent with all applicable laws, rules and regulations. Lessee may use, free of royalty, oil, gas and water produced from said land by Lessee for all operations hereunder.

4. This is a PAID-UP LEASE. In consideration of the cash payment herewith, 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 of record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.

5. 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, completing 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 acreage pooled therewith.

6. Lessee shall pay for or repair damages caused by Lessee's operations to growing crops, buildings, irrigation ditches, culverts and fences. If requested by Lessor, Lessee will bury pipe lines below ordinary plow depth when crossing cultivated land. No well shall be drilled within two hundred (200) feet of any residence or barn now on said land without the consent of Lessor. Lessee shall have the right at any time to remove all Lessee's property and fixtures, including the right to draw and remove all casing. No default of Lessee hereunder with respect to any well or portion of said land shall impair Lessee's rights with respect to any other well or portion of said land.

7. The rights of Lessor and Lessee hereunder may be assigned in whole or in 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, and Lessee may continue to make payments precisely as if no change had occurred. 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 Lessee's operations may be conducted without regard to any such division. If all or any part of the Lessee's interest hereunder shall be assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

8. Whenever, as a result of any cause beyond Lessee's control (such as fire, flood, adverse field or weather conditions, windstorm or other Act of God; law, order or regulation of any governmental agency; or inability to secure men, material or transportation), Lessee is prevented from complying with any provision of this lease, Lessee shall not be liable for damages or forfeiture of this lease, in whole or in part, and Lessee's obligations hereunder shall be suspended so long as such cause persists.

9. Lessee may at any time or times pool or unitize this lease and the lands covered hereby, in whole or in part, or as to any stratum or strata, with other lands and leases in the same field, so as to constitute a unit or units, whenever, in Lessee's judgement, required to promote or encourage the conservation of natural resources by facilitating an orderly or uniform well spacing pattern; a cycling, pressure maintenance, re-pressuring or secondary recovery program; or any cooperative or unit plan of development or operation approved by the Secretary of the Interior of the United States. The size of any such unit may be increased by including acreage believed to be productive, and decreased by excluding acreage believed to be unproductive, or the owners of which fail or refuse to join the unit, but any increase or decrease in Lessor's royalties resulting from any such change in any such unit shall not be retroactive. Any such unit may be established, enlarged, or diminished, and, in the absence of production therefrom, may be abolished and dissolved, by filing for record a declaration of pooling or unitization describing the lands and formations so pooled or unitized. Drilling or reworking operations upon or production of oil or gas from any part of such unit shall be treated and considered, for all purposes of this lease, as such operations upon or such production from this lease. Lessee shall allocate to the portion of this lease included in any such unit a fractional part of all production from any part of such unit, on one of the following bases: (a) the ratio between the participating acreage in this lease included in such unit and the total of all participating acreage included in such unit; or (b) the ratio between the quantity of recoverable production underlying the portion of this lease included in such unit and the total of all recoverable production underlying such unit; or (c) any other basis approved by State or Federal authorities having jurisdiction thereof. Upon production from any part of such unit, Lessor herein shall be entitled to the royalties provided in this lease on the fractional part of the unit production so allocated to that portion of this lease included in such unit, and no more.

~~10. Lessor warrants and agrees to defend the title to said land.~~ The royalties herein above provided are determined with respect to the entire mineral estate in oil and gas and if Lessor owns a lesser interest, the royalties to be paid Lessor shall be reduced proportionately. Lessee at its option may pay or discharge in whole or in part any tax, mortgage or other lien upon said land, or may redeem the same from any purchaser at any tax sale ~~and such payments made~~ and such payments made

by the Lessee may be deducted from any amounts of money which may become due the Lessor under the terms of this Lease.

11. This lease shall be binding upon all who execute it, or not they are named in the granting clause hereof and who or not all parties named in the granting clause execute this lease. All the provisions of this lease shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of Lessor and Lessee.

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F 1817 MARY ANN FEUERSTEIN CLERK & RECORDER WELD CO, CO

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

X *Edith I Williams*  
EDITH I. WILLIAMS

Soc. Sec No.  
or Tax I.D. No.



STATE OF Colorado  
COUNTY OF Weld } ss. ACKNOWLEDGMENT FOR INDIVIDUAL

Before me, the undersigned, a Notary Public, within and for said county and state, on this 6th day of April, 19 88, personally appeared Edith I. Williams and \_\_\_\_\_ to me personally known to be the identical person \_\_\_\_\_ who executed the within and foregoing instrument and acknowledged to me that she executed the same as her free and voluntary act and deed for the uses and purposes therein set forth.



IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.  
My commission expires March 7, 1992  
*[Signature]* Notary Public  
Address \_\_\_\_\_

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_ } ss. ACKNOWLEDGMENT FOR INDIVIDUAL

Before me, the undersigned a Notary Public, within and for the said county and state, on this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_, personally appeared \_\_\_\_\_ and \_\_\_\_\_ to me personally known to be the identical person \_\_\_\_\_ who executed the within and foregoing instrument and acknowledged to me that \_\_\_\_\_ executed the same as \_\_\_\_\_ free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.  
My commission expires \_\_\_\_\_  
\_\_\_\_\_  
Notary Public  
Address \_\_\_\_\_

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_ } ss. ACKNOWLEDGMENT FOR CORPORATION

On this \_\_\_\_\_ day of \_\_\_\_\_, A.D., 19 \_\_\_\_\_, before me, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared \_\_\_\_\_, to me personally known to be the identical person who signed the name of the maker thereof to the within and foregoing instrument as its \_\_\_\_\_ President and acknowledged to me that \_\_\_\_\_ executed the same as \_\_\_\_\_ free and voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.  
Given under my hand and seal the day and year last above written.

My commission expires \_\_\_\_\_  
\_\_\_\_\_  
Notary Public  
Address \_\_\_\_\_

EXHIBIT A

TO

Oil and Gas Lease dated March 15, 1988, between Edith I. Williams, as Lessor, and Arlo L. Richardson, as Lessee.

This Exhibit is made a part of this lease as fully as if the provisions herein were a part of the printed form. In the event of a conflict between the provisions hereof and those of the printed form, the provisions of this Exhibit shall prevail.

1. The said lands are situated in Weld County, Colorado, and are described as follows:

Township 5 North, Range 65 West, 6th. P.M.

Sec. 15: Lots 1 and 2 in the SE $\frac{1}{4}$ NE $\frac{1}{4}$  of said Section 15, according to the subdivision of lands by the Union Colony of Colorado, lying North of the right-of-way of U.S. Highway 34; and a tract of land in the SW $\frac{1}{4}$ NE $\frac{1}{4}$  more particularly described as follows: Beginning at the NE corner of said SW $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 15, thence South 00°12' West along the East line of said SW $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 15, a distance of 569 feet, more or less, thence North 45°22' West a distance of 810.9 feet, more or less, to a point on the North line of said SW $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 15, thence South 89°30' East along the North line of said SW $\frac{1}{4}$ NE $\frac{1}{4}$  of Section 15, a distance of 579.1 feet, more or less, to the point of beginning.

2. Lessee will pay for all damages caused by its operations, including damage to growing crops, buildings, ditches and other improvements, upon the land above described, and shall restore the surface of the lands to as near its original condition as practicable following completion, either as a producer or as a dry hole, of any well drilled hereunder. If, by reason of operations of Lessee, there is damage to real or personal property upon the lands herein described which is not associated with normal drilling operations, such as damage to structures, fences, culverts, cement ditches and underground tile lines, such damage shall be repaired by Lessee or Lessee shall promptly pay the Surface Owner for such additional damage.

3. ~~Prior to Lessee moving a drilling rig onto the land herein described, Lessee shall pay to the surface owner(s) as surface damages the aggregate amount of \$3,500.00, per well, and aggregate additional surface damages prorated on the basis of \$1,400.00 per acre, for each acre used by Lessee in excess of two acres (exclusive of the 20-foot wide access road herein described) in connection with the drilling, completion and operation of such well. Lessee shall make all reasonable attempts to limit the drillsite area, exclusive of access roads, to two acres.~~

4. Lessee shall delineate its drillsite area and access road with a single strand wire fence during drilling and completion operations.

5. The owner(s) of the surface of the land shall be entitled to designate reasonable ways of ingress and egress to the well site. Such ways of ingress and egress shall be limited to a maximum of 20 feet in width. Also, Lessee shall locate the well as close to the Southeast corner of the SE $\frac{1}{4}$ NE $\frac{1}{4}$  of said Section 15 as allowed under applicable orders of the Colorado Oil and Gas Conservation Commission.

6. Lessee shall install cattle guards as necessary to prevent cattle or other animals grazing in the field from passing through the access road fence opening. If Lessor determines that grazing livestock are at risk of injury from Lessee's permanent production equipment located on the lands specifically described herein, Lessee shall, within 30 days of receiving written notification by Lessor, construct fences around such equipment to protect grazing livestock from injury. Fences shall be sufficient to turn ordinary cattle.

7. Notwithstanding anything to the contrary contained in this Lease, all reference to royalty herein shall be deemed to be changed to read seventeen and one-half percent (17 $\frac{1}{2}$ %) instead of one-eighth (1/8).

8. Lessee agrees to indemnify and hold Lessor harmless from and against all losses, claims, costs and expenses, including reasonable attorney's fees, resulting from Lessee's operations hereunder.

9. Notwithstanding anything to the contrary contained in Paragraph 3 of the printed portion of this Lease, Lessee shall pay to the Lessor in lieu of any other payment for a shut-in gas well, the sum of ██████████ per year. Such sum shall be subject to proportionate reduction and shall be paid to Lessor in the proportion that the lands covered by this Lease bear to the lands in the entire S $\frac{1}{2}$ NE $\frac{1}{4}$ . This Lease shall not be extended for more than two years beyond its primary term by the payment of shut-in royalty; provided, however, that such restriction shall not apply if the involved well shall be connected to a gas line and be subject to a valid contract for the sale of gas from such well.

10. The authority to pool or unitize the lands described in this Lease are limited to the creation of a spacing unit consisting of the S $\frac{1}{2}$ NE $\frac{1}{4}$  of said Section 15 or such larger unit as may be required under any valid order of the Colorado Oil and Gas Conservation Commission.

11. Where excavations are made upon the premises, top soil shall be bladed to the side. When the excavation is backfilled, such shall be tamped and top soil returned to its proper position. All reserve pits shall be pumped and contents hauled away from the premises. No refuse, plastic sheets, metal, junk or other items shall be buried on the premises, but shall be disposed of away from the premises.

12. With reference to Paragraph No. 8 of the printed portion of this Lease, it is agreed that the primary term of this Lease shall not be extended for period in excess of six months for any of the reasons described in said Paragraph No. 8.

13. Lessor hereby consents to Lessee allowing Eugene Woodrow Robb and Shirley M. Robb ("Robbs") to use free gas (at the Robbs sole risk and expense) from any well drilled in the SW $\frac{1}{4}$ NE $\frac{1}{4}$  of said Section 15 for domestic use in the existing principal dwelling on the 7.50 acre parcel owned by the Robbs in the said SW $\frac{1}{4}$ NE $\frac{1}{4}$ . Lessor further agrees that Lessee need not pay royalty on such free gas used by the Robbs or subsequent surface owners of said tract.

(williams.exa)