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**OIL AND GAS LEASE**

AGREEMENT, Made and entered into the 15th day of July, 19 74

by and between DACONO INVESTMENTS LTD.  
2000 Gaylord Street

whose mailing address is Denver, Colorado 80205 hereinafter called Lessor (whether one or more),  
and FRED C. JULANDER

Suite 414, 1776 Lincoln Street, Denver, Colorado 80203, hereinafter called Lessee:

WITNESSETH: That the said lessor, for and in consideration of Ten and more DOLLARS,  
cash in hand paid, the receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on part of lessee to be paid, kept  
and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto the said lessee for the sole and only purpose  
of exploring by geophysical and other methods, mining and operating for oil and gas, and of laying of pipe lines, and of building tanks, power stations and  
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:

Township 1 North, Range 68 West, 6th P.M.

Section 2: W $\frac{1}{2}$  of Lot 2 (39.59 acres), SW $\frac{1}{4}$ NW $\frac{1}{4}$ , less 7.543 acres  
described in Special Warranty Deed dated the 9th day  
of April, 1957, recorded in Book 1475 at Page 488  
of the records of Weld County

of Section 2, Township 1 North, Range 68 West, and containing 72.047 acres, more or less.

It is agreed that this lease shall remain in force for a term of 9 months from this date, and as long thereafter as oil or gas or either of them  
is produced from said land by lessee.

- In consideration of the premises the said lessee covenants and agrees:
- 1st. To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect wells on said land, the equal one-eighth ( $\frac{1}{8}$ ) part of all oil produced and saved from the leased premises.
  - 2nd. To pay lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth ( $\frac{1}{8}$ ), at the market price at the well for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly. Where gas from a well producing gas only is not sold or used, lessee may pay or tender as royalty One Dollar (\$1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned.

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

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.

- When requested by lessor, lessee shall bury lessee's pipe lines below plow depth.
- No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of lessor.
- Lessee shall pay for damages caused by lessee's operations to growing crops on said land.
- 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.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment or a true copy thereof. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

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.

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 lessee held liable in 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.

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, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

SEE ADDENDUM ATTACHED HERETO AND MADE A PART HEREOF AS EXHIBIT "A"

IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written.

Witnesses:  
\_\_\_\_\_  
\_\_\_\_\_

DACONO INVESTMENTS LTD.  
a Colorado Limited Partnership  
By: Parmer A. Gillespie, Jr.  
Parmer A. Gillespie, Jr., President,  
Clear-Creek-Improvement Corp.,  
General Partner

STATE OF .....  
COUNTY OF ..... } ss.

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,  
Nebraska, North Dakota, South Dakota  
ACKNOWLEDGMENT — INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this.....  
day of....., 19....., personally appeared.....

and.....  
....., to me known to be the identical person....., described in and who executed  
the within and foregoing instrument of writing and acknowledged to me that.....duly 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 affixed my notarial seal the day and year last above written.  
My Commission Expires.....  
Notary Public.

STATE OF .....  
COUNTY OF ..... } ss.

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,  
Nebraska, North Dakota, South Dakota  
ACKNOWLEDGMENT — INDIVIDUAL

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My Commission Expires.....  
Notary Public.

State of ..... COLORADO .....  
County of ..... DENVER ..... } ss.

ACKNOWLEDGMENT (For use by Corporation)

On this 16th day of August, A. D. 1974, before me personally  
appeared Parmer A. Gillespie, Jr., to me personally known, who, being by  
me duly sworn, did say that he is the President of Clear Creek Improvement Corp., General  
partner of Dacono Investments Ltd, and that the seal affixed to said instrument is the corporate seal of said corpora-

tion and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said  
Parmer A. Gillespie, Jr. acknowledged said instrument to be the free act and deed of said corporation.

Witness my hand and seal this 16th day of August, A. D. 1974  
Sherron Cadenhead  
Notary Public.

(SEAL) My Commission Expires November 8, 1976

Vertical lines and text for recording details: No., FROM, TO, Dated, No. Acres, County, Term, This instrument was filed for record on the day of, o'clock M., and duly recorded in Volume, Page, of the records of this office, County Clerk, Deputy, When recorded return to

EXHIBIT "A"

Attached to and made a part of Oil and Gas Lease dated July 15, 1974, by and between Dacono Investments Ltd., lessor, and Fred C. Julander, lessee.

Lessee is hereby granted the right and power to pool or combine the acreage covered by this lease, or any portion thereof, with other land, lease or leases in the vicinity thereof at any time and from time to time, whether before or after production, when in Lessee's judgment it is necessary or advisable to do so for the prevention of waste and the conservation and greatest ultimate recovery of oil or gas. Such pooling shall be into a unit or units not exceeding in area the acreage prescribed or required in any Federal or State law, order, rule or regulation for the drilling or operation of one well, or for obtaining the maximum allowable production from one well, or 80 acres each for the production of oil, or 640 acres each for the production of gas, whichever is the larger plus a tolerance over the maximum area of 80 acres for the production of oil or 640 acres for the production of gas to include additional acreage in any irregular governmental subdivision or lot or portion thereof. Such pooling shall be effected by Lessee's executing and filing in the office where this lease is recorded an instrument identifying and describing the pooled acreage. The production of pooled substances and development and operation on any portion of a unit so pooled, including the commencement, drilling, completion and operation of a well thereon, shall be considered and construed, and shall have the same effect, except for the payment of royalty, as production, development and operation on the leased premises under the terms of this lease. The royalties herein provided shall accrue and be paid to Lessor on pooled substances produced from any unit in the proportion, but only in the proportion, that Lessor's acreage interest in the land covered hereby and placed in the unit bears to the total acreage in the land placed in such unit.

Lessee agrees to pay to Lessor the sum of \$1,000.00-----, for each well drilled on the leased premises as liquidated damages to growing crops, and other damages of whatsoever nature to the leased premises, caused by its operations thereon, including but not limited to those arising in constructing, operating and maintaining necessary roads, pits, well separator, drip and related well equipment, tank battery, fuel and water lines, and from all work on the surface of said lands in connection with the drilling, completion, connection and operation of such well. Lessee agrees to conduct his operations upon the leased premises in a prudent manner, and will confine itself to work ordinarily and customarily carried out in connection with the operations provided for under the terms of this lease. Lessee agrees upon completion of any test well as a dry hole or upon the abandonment of any producing well, to restore the premises to their original contour as near as practicable and to remove all installations within a reasonable time.

Lessee agrees to locate all tank batteries on a one (1) acre tract to be located in the southwest portion of the SW $\frac{1}{4}$ NW $\frac{1}{4}$  utilizing no more than one (1) acre for these installations. Lessee shall make an annual rental payment of \$250.00 to lessor for the use of said one (1) acre tract. The first such payment shall be paid in advance on or before the July 15 date next occurring after installation of said tank batteries with subsequent payments on or before July 15 of ensuing years. This tank battery provision and its obligations shall be independent of the oil and gas lease obligations contained herein.

DACONO INVESTMENTS, LTD.  
a Colorado Limited Partnership

Signed for identification

By:   
Parmer A. Gillespie Jr., President  
Clear Creek Improvement Corp.,  
General Partner

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Lessor  
LANSON'S FARM A PARTNERSHIP

DACO NO 38-2  
Jay 1/1/2012  
\_JJ-CD-NB

Lessor  
Fred Foreman, etal

DACO NO 29-2  
Jay 1/16/2012  
\_JJ-CD-NB

**LEASE PLAT**  
T 1 N, R 68 W, Section 2: NW/4NW/4

Lessor  
Colorado Dept of Highways

DACO NO 4-2  
Jay 1/12/2012  
\_JJ-CD-NB

2

Lessor  
Mvian Hillian, etal

1-68 3

Lessor  
DACONO INVESTMENTS LTD

DACO NO 31-2  
Jay 12/25/2011  
\_JJ-CD-NB



