

OIL AND GAS LEASE



01684949  
DUPLICATE 700 PAGE 778

AGREEMENT Made and entered into this 25th day of November 1986 by and between

James D. Akins and Ruth E. Akins, Joint Tenants

whose post office address is 3912 Starland Dr., Flintridge, Calif. 91011 hereinafter called Lessor (whether one or more) and  
BARRETT ENERGY COMPANY whose post office address is 1125 17th St., Denver, CO. 80202 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, devised, 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 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:

Township 6 South, Range 94 West, 6th P. M.  
Section 36: E1E1

RECEIVED  
NOV 26 2008  
COGCC

and containing 160.00 acres more or less five

1. It is agreed that this lease shall remain in force for a term of 5 years from this date and as long thereafter as oil or gas of whatsoever nature or kind 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 in working operations thereon then this lease shall continue in force so long as operations are being conducted 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 therefrom should cease from any cause after the primary term of this lease shall not terminate if Lessee commences additional drilling or working 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 Lessee agrees that Lessee shall not be obligated to accept as other wise 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 in whole 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 release 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

(1) 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 (1/8) part of all oil produced and saved from the leased premises.

(2) To pay Lessor one-eighth (1/8) of the gross proceeds each year payable quarterly for the gas from each well where gas only is found with the same to be 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.

(3) To pay Lessor for gas produced from any 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 mouth 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 Lessee may pay or tender to be made on or before the anniversary date of this lease or at the expiration of 90 days from the date such well is shut in and thereafter on or before the anniversary date of this lease during the period such well is shut in. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease (including any shut in gas royalty) herein provided for shall be paid the Lessor only in the proportion which Lessee's interest bears to the whole and undivided fee.

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

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

7. No well shall be drilled or reworked in excess of 200 feet in the house or barn room on said premises without written consent of Lessor.

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

9. 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.

10. The rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor or interest in the leased premises 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 interests 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 interest shall be liable for any act or omission of any other party hereto.

11. Lessee, at its option, is hereby given the right and power at any time and from time to time to acquire, 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, in pool or unit, 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. The lease units previously formed to include formations not producing oil or gas may be reformed to include such non-producing formations. The forming of a formation of any unit shall be accomplished by Lessee's creating and filing of record a declaration of such unit or formation 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 under this lease shall be included as if it were a production drilling or reworking operation or a well shut in for want of a market under this lease. In the event of the royalty to be when hereinafter provided including that in gas royalties Lessee shall receive no production from the unit so pooled therewith 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 Lessee shall have the right to unitize pool or a unitize all or any part of the above described lands into 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 each 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 regarded as having been produced from the particular tract of land in 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. Lessee shall normally express its 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.

12. 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.

13. 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, in redem 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 here by 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.

14. 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

James D. Akins  
James D. Akins

Ruth E. Akins  
Ruth E. Akins