

Recorded at 2:14 o'clock P. M. JUN 21 1987

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GARFIELD COUNTY, CO



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OIL AND GAS LEASE

BOOK 713 PAGE 71

AGREEMENT, Made and entered into the 20th day of February, 1987, by and between

First Interstate Bank of Denver, David W Garlett and Gerald M Quiat Co-Trustees  
under the will of Evelyn Q Garlett

whose post office address is PO Box 5825, Denver, Co 80217 hereinafter called Lessor (whether one or more) and  
Barrett Energy Company whose post office address is 1125-17th St., Ste. 2100, Denver, Co 80202

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 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 gas of the  
whatsoever nature or kind with rights of way and easements for laying pipe lines and erection of structures thereon to produce 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  
Section 25 SE/4 NW/4, SW/4 NE/4  
Section 36 E/2 W/2, W/2 E/2  
TOWNSHIP 7 SOUTH, RANGE 94 WEST  
Section 1 NE/4

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and containing 800.00 acres more or less  
1 It is agreed that this lease shall remain in force for a term of TEN AND MORE years from this date and as long thereafter as oil or gas of whatever  
nature or kind is produced from said leased premises or on acreage pooled therewith or drilling operations are conducted thereon 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 or drilling operations  
Lessee is then engaged in drilling or reworking operations thereon then this lease shall continue in force so long as there is continuing production of oil or gas  
usually 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 opera-  
tions 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  
warranted herein to commence or continue any operations during the primary term Lessee may at any time or times during or after the pri-  
mary 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 pipe line to which Lessee may connect wells on said land the equal one-eighth 1/8  
of the net proceeds of the production of oil or gas from each well on said land and the equal one-eighth 1/8 of the net proceeds of the production of gas  
from each well on said land and the equal one-eighth 1/8 of the net proceeds of the production of gas from each well on said land and the equal one-eighth 1/8 of the net proceeds of the production of gas from each well on said land

2nd To pay Lessor one-eighth (1/8) of the net proceeds of the production of gas from each well on said land and the equal one-eighth 1/8 of the net proceeds of the production of gas from each well on said land and the equal one-eighth 1/8 of the net proceeds of the production of gas from each well on said land and the equal one-eighth 1/8 of the net proceeds of the production of gas from each well on said land

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 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 as royalty to the royalty owners One  
Dollar 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 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

5 If said Lessor owns a life interest in the above described land then the entire and undivided fee simple estate therein then the royalties  
(including any shut in gas royalty) herein provided for shall be paid 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 pipe line 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 lease-  
hold 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 re-  
working 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 above herein speci-  
fied 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 Lessee shall have the right to unitize  
pool or combine all or 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 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 as expressed 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 agree-  
ment 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 produc-  
tion 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 Lessee 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 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

14 Lessor hereby 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  
herby 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 purpose for which this lease is made as recited herein

15 Should any one or more of the parties heretofore 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

First Interstate Bank of Denver, David W. Garlett, and Gerald M Quiat Co-Trustees  
under the will of Evelyn Q Garlett

Attest: *Madeline E. Henderson*  
David W. Garlett, Co-Trustee

By: *Stanley W. Culbert*  
Vice-President and Trust Officer

Tax I D. # 84-6079837  
Executed with Rider Attached

Gerald M Quiat, Co-Trustee