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JUN-11-75

BOOK 741

Recorded at 908 o'clock JUN 11 1975

Producers 88 Rev. 5 Year Lease)  
With 640 Acres Pooling Provision  
(Non-Development)

(FIVE YEAR PAID UP LEASE)  
OIL AND GAS LEASE

Rec. No. 1662545 S. Lee Shehee, Jr., Recorder  
2-1

THIS AGREEMENT made this 18th day of April, 1975, between  
Thomas A. Bales and E. Charlene Bales, his wife

Lessor (whether one or more), whose address is: Rt. 1, Box 49, Fort Lupton, Colorado  
and Amoco Production Company, Lessee, WITNESSETH:

1. Lessor in consideration of Ten and no/100----- Dollars  
10.00  
(\$10.00) in hand paid, of the royalties herein provided and of the agreements of Lessee herein contained, hereby grants, leases and lets ex-  
clusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil and gas, laying pipe lines, building  
roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous  
thereto, to produce, save, take care of, treat, transport, and own said products, and housing its employees, the following described land in  
Weld County, Colorado, to-wit:

Township 1 North, Range 66 West, 6th P.M.  
Section 7: That part of the NE $\frac{1}{4}$  described in a Deed recorded in Book 731, Reception  
Number 1652664, Weld County Records

Notwithstanding any provision of this lease to the contrary, no operations shall be conducted  
on the above described land without the written consent of lessor.

2. Without reference to the commencement, prosecution or cessation at any time of drilling or other development operations, and/or to the discovery, de-  
velopment or cessation at any time of production of oil or gas and without further payments than the royalties herein provided, and notwithstanding any-  
thing else herein contained to the contrary, this lease shall be for a term of 5 years from this date (called "primary term") and as long thereafter as oil  
or gas is produced from said land or land with which said land is pooled hereunder.

3. The royalties to be paid by Lessee, are: (a) on oil, one-eighth of that produced and saved from said land, the same 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 in its possession, paying the  
market price therefor prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead gas or other gaseous substance, pro-  
duced from said land, and sold or used off the premises or for the extraction of gasoline or other product therefrom, the market value at the well of one-  
eighth of the gas so sold or used, provided that on gas sold at the wells the royalty shall be one-eighth of the amount realized from such sale; while there is a  
gas well on this lease or on acreage pooled therewith but gas is not being sold or used, Lessee may pay as royalty, on or before ninety (90) days after the  
date on which said well is shut in and thereafter at annual intervals the sum of \$1.00 per acre, and if such payment is made or tendered, this lease shall not  
terminate and it will be considered that gas is being produced from this lease in paying quantities. Lessee shall have free use of oil, gas, coal and water from said  
land, except water from Lessor's wells, for all operations hereunder, and the royalty on oil and gas shall be computed after deducting any so used.

4. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease, or any portion thereof as to oil  
and gas, or either of them, with other land, lease or leases in the immediate vicinity thereof to the extent, hereinafter stipulated, when in Lessee's judgment  
it is necessary or advisable to do so in order properly to explore, or to develop and operate said leased premises in compliance with the spacing rules of  
the appropriate local governmental authority, or other lawful authority, or when to do so would, in the judgment of Lessee, promote the conservation of oil  
and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not substantially exceed 40 acres each in area,  
and units pooled for gas hereunder shall not substantially exceed in area 640 acres each plus a tolerance of 10% thereof, provided that should government-  
al authority having jurisdiction prescribe or permit the creation of units larger than those specified, units thereafter created may conform substantially in size  
with those prescribed by governmental regulations. Lessee under the provisions hereof may pool or combine acreage covered by this lease, or any portion  
thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata. The units formed by pooling as to any stratum or strata  
need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need  
not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or  
portions thereof into other units. Lessee shall file for record in the appropriate records of the county in which the leased premises are situated an instrument  
describing and designating the pooled acreage as a pooled unit. Lessee may at its election exercise its pooling option after commencing operations for or  
completing an oil gas well on the leased premises, and the pooled unit may include, but it is not required to include, land or leases upon which a well  
capable of producing oil or gas in paying quantities has theretofore been completed or upon which operations for the drilling of a well for oil or gas have  
theretofore been commenced. Operations for drilling on or production of oil or gas from any part of the pooled unit which includes all or a portion of the  
land covered by this lease regardless of whether such operations for drilling were commenced or such production was secured before or after the execution  
of this instrument or the instrument designating the pooled unit, shall be considered as operations for drilling on or production of oil or gas from land covered by  
this lease whether or not the well or wells be located on the premises covered by this lease, and the entire acreage constituting such unit or units, as to oil and gas,  
or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same  
were included in this lease. For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them, shall  
be entitled on production of oil and gas, or either of them, from the pooled unit, there shall be allocated to the land covered by this lease and included in  
said unit a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled units.  
Such allocation shall be on an acreage basis—that is to say, there shall be allocated to the acreage covered by this lease and included in the pooled unit  
that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease and  
included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of  
such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such  
production were from such land. The production from an oil well will be considered production from the lease or oil pooled unit from which it is producing  
and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from  
which it is producing and not from an oil pooled unit.

5. If at the expiration of the primary term oil or gas is not being produced on said land, or from land pooled therewith, but Lessee is then engaged  
in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 60 days prior to the end of the primary terms, the lease shall  
remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than 60 con-  
secutive days, and if they result in the production of oil or gas so long thereafter as oil or gas is produced from said land, or from land pooled therewith. If,  
after the expiration of the primary term of this lease and after oil or gas is produced from said land, or from land pooled therewith, the production thereof  
should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within 60 days after the cessation of  
such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 60 consecutive days, and  
if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land, or from land pooled therewith. Any pooled unit  
designated by Lessee in accordance with the terms hereof, may be dissolved by Lessee by instrument filed for record in the appropriate records of the county  
in which the leased premises are situated at any time after the completion of a dry hole or the cessation of production on said unit. In the event a well or  
wells producing oil or gas in paying quantities should be brought in on adjacent land and within 660 feet of and draining the lease premises, or land pooled  
therewith, Lessee agrees to drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances. 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.

6. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land,  
including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth.

7. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns  
but no change or division in ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of  
Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered  
U. S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment  
hereof in whole or in part liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who  
commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a  
recordable instrument executed by all such parties designating an agent to receive payment for all.

8. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or reversion  
of the estate created hereby nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any time  
being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if  
in default, shall have sixty days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument.  
After the discovery of oil or gas in paying quantities on said premises, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator  
but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capable  
of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder  
and capable of producing gas in paying quantities.

9. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien  
upon said land either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply royalties  
accruing hereunder toward satisfying same. Without impairment of Lessee's right under the warranty in event of failure of title, it is agreed that if Lessor  
owns an interest in the oil or gas on, in or under said land less than the entire fee simple estate, then the royalties to be paid Lessor shall be reduced  
proportionately. Should any one or more of the parties named as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties  
executing the same.

10. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations  
thereon or from producing oil or gas therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force  
majeure, any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such  
covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long  
as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the leased premises; and  
the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

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

x Thomas A. Bales  
Thomas A. Bales  
x E. Charlene Bales  
E. Charlene Lessor

Tax Identification Number

Tax Identification Number

614244

BOOK 741

1662545

2-2

INDIVIDUAL ACKNOWLEDGMENT

STATE OF \_\_\_\_\_

County of Weld } ss.

The foregoing instrument was acknowledged before me this 19th day of May,

1975 by Thomas A. Bales & Charlene Bales

My Commission expires 11-20-1978, 19\_\_\_\_, Don E. Baker Notary Public

INDIVIDUAL ACKNOWLEDGMENT

STATE OF \_\_\_\_\_

County of \_\_\_\_\_ } ss.

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_,

19\_\_\_\_ by \_\_\_\_\_

My Commission expires \_\_\_\_\_, 19\_\_\_\_, \_\_\_\_\_ Notary Public

Producers 88 Rev. ( 5 Year Lease) (2-66)  
With 640 Acres Pooling Provision

No. 1662545

**Oil and Gas  
Lease**

FROM

TO

Dated \_\_\_\_\_, 19\_\_\_\_

No. Acres \_\_\_\_\_

County, \_\_\_\_\_

WELD COUNTY, COLORADO

This instrument was filed for record on the

\_\_\_\_\_ day of JUN 11 1975, 19\_\_\_\_

at 9:08 o'clock 9 M., and duly

recorded in Book 741, Page \_\_\_\_\_

of the \_\_\_\_\_ records of this office.

By Don E. Baker County Clerk

By Raymond C. Culbert, Deputy

When recorded return to \_\_\_\_\_

RECORDED  
INDEXED  
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