Bk 267/g 462

This Agreement, Entered into this the 19 day of November, 19##, between John A Tiffany

hereinafter called lessor, and Hans Aspaas and Harold Payne hereinafter called lessee, does witness:

1. That lessor, for and in consideration of the sum of Ten and no/100 Dollars ($ 10.00), in hand paid, and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted and leased and hereby grants, leases and lets unto the lessee for the purpose of mining and operating for and producing oil and gas, casinghead gas and casinghead gasoline, laying pipe lines, building tanks, storing oil, building powers, stations, telephone lines and other structures thereon to produce, save, take care of and manufacture all of such substances, and for housing and boarding employees, the following described tract of land in La Plata County, Colorado to-wit:

NW ¼ Sec 1 Twp 32 NR 7 WNpm. N½ of SW ¼ Sec 1 Twp 32 NR7WNMPM. NE ¼ of SE ¼ Sec 2 Twp 32 NR 7 WNMPM. W½ of SE¼ Sec 2 Twp 32 Nr7 WNMPM. E½ of SW¼ Sec 2 Twp 32 NR7 WNMPm. NE¼ of NW¼ Sec 11 Twp 32 NR7 WNMPM.

No. 182705
Oil and Gas Lease, From John A. Tiffany to Hans Aspaas and Harold Payne
STATE OF COLORADO)
COUNTY OF LA PLATA) ss:

This instrument was filed for record on the 14 day of Dec. 1945 at 8:06 o'clock A.M., and duly recorded in Book 253, Page 424 of the records of this office.
Edith C. Kiel Register of Deeds.
By_____

In Section 1, 2, & 11, Township 32, Range 7, and containing 480 acres, more or less.

2. This lease shall remain in force for a term of ten (10) years and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of them is produced.

3. This lease shall deliver to the credit of the lessor as royalty, free of cost, in the pipe line to which lessee may connect its wells the equal one-eighth part of all oil produced and saved from the leased premises, or at the lessee's option, may pay to the lessor for such one-eighth royalty the market price for oil of like grade and gravity prevailing on the day such oil is run into the pipe line, or into storage tanks.

4. The lessee shall pay lessor, as royalty, one-eighth of the proceeds from the sale of the gas, as such, for gas from wells where gas only is found, and where not sold shall pay Fifty ($50.00) Dollars per annum as royalty from each such well, and while such royalty is so paid such well shall be held to be a producing well under paragraph numbered two hereof. The lessor to have gas free of charge from any gas well on the leased premises for stoves and inside lights in the principal dwelling house on said land by making his own connections with the well, the use of said gas to be at the lessor's sole risk and expense. The lessee shall pay to lessor for gas produced from any oil well and used by the lessee for the manufacture of gasoline or any other product as royalty, one-eighth of the market value of such gas at the mouth of the well. If said gas is sold by the lessee, then as royalty one-eighth of the proceeds of the sale thereof.

5. If operations for the drilling of a well for oil or gas are not commenced on said land on or before one year from this date, this lease shall terminate as to both parties, unless the lessee shall, on or before one year from this date, pay or tender to the lessor or for the lessor's credit in the Ignacio State Bank at Ignacio, Colorado, or its successors, which bank and its successors are the lessor's agent and shall continue as the depository of any and all sums payable under this lease, regardless of changes of ownership in said land or in the oil and gas, or in the rentals to accrue thereunder, the sum of Two Hundred and Forty and no/100 Dollars ($ 240.00) which shall operate as rental and cover the privilege of deferring the commencement of drilling operations for a period of one year. In like manner and upon like payments or tenders, the commencement of drilling operations may be further deferred for like periods successively. All payments or tenders may be made by check or draft of lessee or any assignee thereof, mailed or delivered on or before the rental paying date. Notwithstanding the death of the lessor, or his successor in interest, the payment or tender of rentals in the manner provided above shall be binding on the heirs, devisees, executors, and administrators of such person.

6. If at any time prior to the discovery of oil or gas on this land and during the term of this lease, the lessee shall drill a dry hole, or holes, on this land, this lease shall not terminate, provided operations for the drilling of a well shall be commenced within twelve months from the expiration of the last rental period for which rental has been paid, or provided that within said period the lessee begins or resumes the payment of rentals in the manner and amount herein above provided; and in this event the preceding paragraphs hereof governing the payment of rentals and the manner and effect thereof shall continue in force.

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

8. The lessee shall have the right to use free of cost, gas, oil and water found on said land for its operations thereon, except water from the wells of the lessor. When required by lessor, the lessee shall bury pipe lines below plow depth and shall pay for damage caused by its operations to growing crops on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the lessor. Lessee shall have the right at any time during or after the expiration of this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing.

9. 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 the heirs, executors, administrators, successors and assigns, but no change of ownership in the land or in the rentals or royalties shall be binding on the lessee until after notice to the lessee and it has been furnished with the written transfer or assignment or a certified copy thereof. In the event this lease shall be assigned as to a part or as to parts of the above described lands, and the holder or owner of any such part or parts shall fail or make default in the payment of the proportionate part of the rent due from him or them, such default shall not operate to defeat or affect this lease in so far as it covers a part or parts of said land upon which the said lessee or any assignee hereof shall make the payment of said rentals. If at any time there be as many as four parties entitled to rentals or royalties, lessee may withhold payments thereof unless and until all parties designate, in writing, in a recordable instrument to be filed with the lessor, a common agent to receive all payments due hereunder, and to execute division and transfer orders on behalf of said parties, and their respective successors in title.

10. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder.

11. Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if lessee shall commence drilling operations at any time while this lease is in force, this lease shall remain in force and its term shall continue so long as such operations are prosecuted and, if production results therefrom, then as long as production continues.

12. If within the primary term of this lease production on the leased premises shall cease from any cause, this lease shall not terminate provided operations for the drilling of a well shall be commenced before or on the next ensuing rental paying date; or, provided lessee begins or resumes the payment of rentals in the manner and amount hereinbefore provided. If, after the expiration of the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided lessee resumes operations for drilling a well within sixty (60) days from such cessation, and this lease shall remain in force during the prosecution of such operations and, if production results therefrom, then as long as production continues.

13. If the leased premises shall hereafter be owned in severalty or in separate tracts, the premises, nevertheless, shall be developed and operated as one lease and all royalties accruing hereunder shall be treated as an entirety and shall be divided among and paid to such separate owners in the proportion that the acreage owned by each such separate owner bears to the entire leased acreage. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may be hereafter divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks. It is hereby agreed that, in the event this lease shall be assigned as to a part or as to parts of the above described lands, and the holder or owner of any such part or parts shall fail or make default in the payment of the proportionate part of the rent due from him or them, such default shall not operate to defeat or affect this lease in so far as it covers a part or parts of said land upon which the said lessee or any assignee hereof shall make the payment of said rentals. If at any time there be as many as four parties entitled to rentals or royalties, lessee may withhold payments thereof unless and until all parties designate, in writing, in a recordable instrument to be filed with the lessee, a common agent to receive all payments due hereunder, and to execute division and transfer orders on behalf of said parties, and their respective successors in title.

14. Lessor may at any time and from time to time surrender this lease as to any part or parts of the leased premises by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the proper county.

15. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor or lessee.

16. This lease shall not be terminated, in whole or in part, nor shall lessee be held liable in damages, for failure to comply with the express or implied covenants hereof, if compliance therewith is prevented by, or if such failure is the result of, any Federal or State laws, executive orders, rules, or regulations. If, at the end of the primary term hereof, such term has not been extended by production or drilling as in this lease provided, and lessee, by reason of any of the above recited causes, is unable to drill a well on the leased premises for oil or gas, the primary term and the rental provision hereof shall be extended automatically from year to year until the first anniversary hereof occurring ninety (90) or more days following the removal of such delaying cause. During any period that lessee is unable to produce and/or market any products from the leased premises by reason of any of the above recited causes, this lease shall remain in full force and effect.

17. Lessee is hereby given the right at its option, at any time and from time to time, to pool or unitize all or any part or parts of the above described land with other land, lease, or leases in the immediate vicinity thereof, such pooling to be into units not exceeding the minimum size tract on which a well may be drilled under laws, rules, or regulations in force at the time of such pooling or unitization: provided, however, that such units may exceed such minimum by not more than ten acres if such excess is necessary in order to conform to ownership subdivisions or lease lines. Lessee shall exercise said option, as to each desired unit, by executing and recording an instrument identifying the unitized area. Any well drilled or operations conducted on any part of such unit shall be considered a well drilled or operations conducted under this lease, and there shall be allocated to the portion of the above described land included in any such unit such proportion of the actual production from all wells on such unit as lessee's interest, if any, in such portion, computed on an acreage basis, bears to the entire acreage of such unit. And it is understood and agreed that the production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production from the portion of the above described land included in such unit in the same manner as though produced from the above described land under the terms of this lease.

IN WITNESS WHEREOF, we sign the day and year first above written.

Loyal E. Crosby — John A. Tiffany

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STATE OF _____ } ss. ACKNOWLEDGMENT FOR CORPORATION
County of _____ }

Be it remembered that on this _____ day of _____, 19____, before me, the undersigned, a Notary Public, duly commissioned, in and for the county and state aforesaid, came _____, president of _____, a corporation of the State of _____, personally known to me to be such officer, and to be the same person who executed as such officer the foregoing instrument of writing in behalf of said corporation, and he duly acknowledged the execution of the same for himself and for said corporation for the uses and purposes therein set forth.

In Witness Whereof, I have hereunto set my hand and official seal on the day and year last above written.

My commission expires _____ _____ Notary Public.

STATE OF Colorado } (Oklahoma, Kansas and Colorado)
County of La Plata } ss. ACKNOWLEDGMENT FOR INDIVIDUAL

Notarial Seal

Before me, the undersigned, a Notary Public, within and for said County and State, on this 19th day of November, 1945, personally appeared John A Tiffany and _____ to me personally known to be the identical person ____ who executed the within and foregoing instrument and acknowledged to me that he executed the same as his 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 Nell B. Daulton
My Commission expires July 20, 1949 Notary Public.

Filed for record the 30 day of Oct. A. D. 1947, at 9:55 o'clock A. M. Edith C. Kiel Recorder.
No. 193666 By Nancy V. Self Deputy.

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