

922

OIL AND GAS LEASE

This Lease Agreement (the "Lease") is entered into on 11-29-07 between A & B Hill Ranch, Inc. whose address is 38507 WCR 101, Briggsdale, Colorado 80611 the "Lessor" and New Frontier Energy whose address is 1789 W. Littleton Blvd. Littleton, Colorado 80120 the "Lessee."

The Lessor, in consideration of Ten Dollars (\$10.00) in hand paid, of the royalties herein provided and the covenants herein contained hereby grants, leases and lets exclusively to Lessee, for the purposes of exploring, for developing, producing and marketing oil and gas along with all hydrocarbon and non-hydrocarbon substances produced therewith including helium, carbon dioxide and other commercial gases as well as hydrocarbon gas (referred herein as "covered minerals"), but excluding uranium. The following described land (the leased premises) in Weld County, Colorado to wit:

Township 7 North, Range 60 West, 6th P.M.
Section 20: SE1/4

If at the end of the primary term, this lease is not otherwise continued in force under the provisions hereof, this lease shall expire, unless Lessee on or before the end of the primary term shall pay or tender to Lessor, the sum of \$10.00 multiplied by the number of mineral acres owned by Lessor in the land above described and then subject to this lease, and subject to other provisions of this lease, the primary term shall extend for an additional term of one (1) year from the end of the primary term hereof.

Containing 160 acres, more or less, which are referred to in this Lease as the "land," "lands," or "lease premises."

1. It is agreed that this Lease shall remain in force for a term of three (3) years from this date (the "Primary Term") and as long thereafter as oil or gas of whatever nature or is produced from the leased premises. If, at the expiration of the primary term of this Lease, oil or gas is not being produced on the lease premises but Lessee is then engaged in drilling or reworking operations, then this Lease shall continue in force so long as operations are being continuously prosecuted on the lease premises 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 the land 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 the date of cessation of production or from the date of completion of a dry hole. If oil or gas shall be discovered and produced as a result of those 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 lease.

2. This is a PAID-UP LEASE. In consideration of the cash payment, (which payment is accepted by Lessor as good and sufficient consideration for the rights granted to Lessee in this Lease), Lessor agrees that Lessee shall not be obligated, except as otherwise provided, 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 as to all or any portion of the 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 accruing as to the acreage surrendered.

3. As royalty, the Lessee covenants and agrees:

a. To deliver to the credit of Lessor, free of cost, in the pipeline to which Lessee may connect wells on the land, the equal (15%) part of all oil (including but not limited to condensate and distillate) produced and saved from the lease premises or at Lessee's option, pay Lessor for the (15%) royalty, the market price for oil of like grade and gravity prevailing on the day the oil is run into the pipeline or into storage tanks.

b. To pay Lessor for gas of whatever nature or kind (with all of its constituents) produced and sold or used off the lease premises, or used in the manufacture of products, (15%) of the gross proceeds realized by Lessee for the gas sold, used off the premises, or used in the manufacture of products, the gross proceeds to be free of cost to the lessor. Gas of any kind or nature unavoidably lost, or which may be used by Lessee in any process in recovering oil or other liquid hydrocarbons from the lease premises, or returned to the ground, whether through wells located on the lease premises or elsewhere, shall not be deemed to have been sold or used off the lease premises within the meaning, express or implied, of this Lease.

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 Five Dollars per net royalty acre retained by this Lease, and not to be shut-in more than two years. This payment or tender is 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 the payment or tender is made, it will be considered that gas is being produced within the meaning of this Lease.

5. If Lessor owns a lesser interest in the land than the entire and undivided fee simple estate, then the royalties (including any shut-in gas royalty) provided for in this Lease shall be paid to the Lessor only in the proportion which That'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 the land or for Lessee's operations, except water from the wells of Lessor.
7. When requested by Lessor, Lessee shall bury Lessee's pipeline below three feet, on cultivated lands.
8. No well shall be drilled nearer than 1,500 feet to the house or barn now on the land without written consent of Lessor.
9. Lessee shall pay for damages caused by Lessee's operations to growing crops on the land.
10. Lessee shall have the right at any time to remove all machinery and fixtures placed on the land, including the right to draw and remove casing.
11. The rights of Lessor and Lessee 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 later 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 the 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 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. 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 with them, if compliance is prevented by, or if the failure is the result of, any Law, Order, Rule or Regulation.
13. Should any one or more of the parties named as Lessor fail to execute this Lease, it shall nevertheless be binding on all 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.
14. This Lease shall not be terminated, forfeited, or canceled for failure by Lessee to perform in whole or in part any of its implied covenants, conditions, or stipulations until it shall have been first finally and judicially determined that the failure or default exists, and then Lessee shall be given a reasonable time to correct any default so determined, or at Lessee's election it may surrender the Lease with the option of reserving under the terms of this Lease each producing well and forty (40) acres surrounding it as selected by

Lessee, together with the right of ingress and egress. Reasonable time will be mutually agreed upon by Lessor and Lessee.

15. No part of the surface of the lease premises shall, without the written consent of the Lessee, be let, granted, or licensed by the Lessor to any other party for the erection, construction, location or maintenance of structures, tanks, pits, reservoirs, equipment, or machinery to be used for the purpose of exploring, developing or operating adjacent lands for oil or gas.

16. If said lessor owns a less interest in the above-described lands than the entire undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid the lesser only in proportion, which his interest bears to the whole and undivided fee. Any interest in the production from the lands herein described to which the interest of lessor may be subject shall be deducted from the royalty herein reserved.

17. This Lease is executed as of the date of the acknowledgments below, but shall be deemed effective for all purposes as of the Effective Date stated above

18. Should any person, firm or corporation have an interest in the above-described land not leased to lessee, or should any one or more of the parties named above as lessors not execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

19. Lessee shall comply with all orders, rules and regulations of the Colorado State Oil and Gas Conservation Commission and agrees that it will restore all lands utilized in its drilling activities as near its former conditions as practicably possible, said restoration shall commence as soon as practicably possible as allowed by weather and soil conditions.

20. Pursuant to the orders, rules and regulations of The Colorado State Oil and Gas Conservation Commission, prior to the commencement of any operations being conducted on said lands by Lessee, its successors or assigns Lessors shall be contacted and advised of the proposed operations, access route and timing. Whenever possible, Lessee shall use existing roads.

21. All operations and access shall be conducted in such a manner as to minimize conflicts with Lessor's farming or ranching operations. In the event Lessee's operations result in permanent production facilities, Lessee shall confer with Lessor on what fencing, including cattle guards, is necessary to keep livestock out of, or away from, producing well equipment. Lessee shall build such fence as agreed between the parties.

22. Any Conservation Reserve Program lands owned by Lessor that are held in Lease with the Department of Agriculture at Lessees expense will reimburse to Lessor any fees incurred by Lessor from the Department of Agriculture for use said lands involving erection of any and all structures, including but not limited to, location or



3524922 12/20/2007 11:28A Weld County, CO
5 of 6 R 31.00 D 0.00 Steve Moreno Clerk & Recorder

maintenance of structures, tanks, pits, reservoirs, roads, equipment, or machinery to be used for the purpose of exploring, developing or operating of said lands for oil & gas.

23. Lessee agrees to pay Lessor prior to commencement of any drilling operations upon the said lands, the sum of \$3000.00 per drill site as surface damages claimed by Lessor arising or caused by the drilling, completing, setting of pumping units, burying of lines, constructing tank battery facilities and roads.

Lessor

Brian Hill
Brian Hill, President

521-90-5786
Social Security I.D.

Amy Hill
Amy Hill, Secretary

523-59-7325
Social Security I.D.

Acknowledgment for all Instruments

STATE OF Colorado
COUNTY OF Weld

The foregoing instrument was acknowledged before me by Kathy P. Wilby this
29 day of November, 2007.



STATE OF Colorado
COUNTY OF Weld

Kathy P. Wilby
Notary Public in and for the State of CO
Printed Name: Kathy P. Wilby
Commission Expires: My Commission Expires 9/24/2011