

Recorded at 3:00 o'clock P.M. Sept 22 1975
 Reception No. 96844 Book 172 Page 403-404
 Vada Wood, Recorder, Dolores Co., Colorado. 746

OIL AND GAS LEASE

THIS AGREEMENT, made and entered into this 16th day of September 1975, by and between Annie Kathleen Blackham, a widow

hereinafter called the lessor (whether one or more), whose Post Office address is Route No. 3, Box 212 Montrose, CO 81401

and MOUNTAIN FUEL SUPPLY COMPANY, a Utah corporation at 180 East 1st South, Salt Lake City, Utah 84111 hereinafter called the lessee:

WITNESSETH:

1. That the lessor, for and in consideration of the sum of **** TEN AND MORE **** Dollars in hand paid by the lessee, the receipt and sufficiency of which is hereby acknowledged, and of the covenants and agreements herein contained on the part of the lessor, to be paid, kept and performed, by these presents does grant, demise, lease and let exclusively unto the lessee, its successors and assigns, for the purpose of investigating, exploring, by geological, geophysical, and other methods, prospecting, drilling, mining, and operating for and producing oil, liquid hydrocarbons, all gases (including without limitation, hydrogen sulfide gas), and their respective constituent products, including gas, water, other fluids, and air into subsurface strata and conducting secondary recovery operations, laying pipelines, erecting oil, building tanks, power stations, roads, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases, and their respective constituent products and other products manufactured therefrom, and all other rights and privileges necessary, incident or convenient for the economical operation of said lands, alone or conjointly with neighboring lands, the following described premises, situate in Township 40 North Range 18 West, N.M.P.M., County of Dolores, State of Colorado to wit:

Section 15: SW4
 Section 25: All of Tract 99

containing 320.00 acres, more or less, hereby releasing all rights under and by virtue of the Homestead Exemption Laws of said state:

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of ten (10) years from this date (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or their respective constituent products, or any of them, is or can be produced from said lands or land with which said land is pooled by the lessee.

3. The royalties to be paid by lessee are: (a) on oil, and other than liquid hydrocarbons saved at the well, one-eighth (1/8) of that produced and saved from said land, same to be delivered at the well or to the credit lessee in the pipeline to which the well may be connected, or lessee, at its option, may pay to lessor for such one-eighth (1/8) royalty, the market price at the well for oil of like grade and gravity prevailing at the time of production; (b) on gas, including casinghead gas and all gaseous substances produced from said land and sold or used off the premises or in the manufacture of gasoline or other products therefrom, the market value at the mouth of the well of one-eighth (1/8) of the gas so sold or used, provided that on gas sold at the well the royalty shall be one-eighth (1/8) of the amount realized from such sale; and (c) at any time, either before or after the expiration of the primary term of this lease, if there is a gas well or wells on the above land (and for the purpose of this clause (c) the term "gas well" shall include wells capable of producing natural gas, condensate, distillate or any gaseous substance and wells classified as gas wells by any government authority, and such well or wells are shut in before or after production therefrom, lessee and any assignee hereunder may pay or tender an advance annual royalty equal to the amount of delay rentals provided for in this lease for the acreage then held under this lease by the party making such payment or tender, and if such payment or tender is made, it shall be considered under all provisions of this lease that gas is being produced from the leased premises in paying quantities for one (1) year from the date such payment or tender is made, and in like manner subsequent advance annual royalty payments may be made or tendered and it will be considered under all provisions of this lease that gas is being produced from the leased premises in paying quantities during any annual period for which royalty is paid or tendered. Such advance royalty may be paid or tendered in the same manner as provided herein for the payment or tender of delay rentals. Royalty accruing to the owner thereof on any production from the leased premises during any annual period for which advance royalty is paid may be credited against such advance payment. When there is a shut-in gas well or wells on the leased premises, if this lease is not continued in force under some other provision hereof, it shall nevertheless continue in force for a period of ninety (90) days from the last date on which a gas well located on the leased premises is shut in, or for ninety (90) days following the date to which this lease is continued in force by some other provision hereof, as the case may be, within which ninety-day period lessee or any assignee hereunder may commence or resume the payment or tender of the advance royalty as herein provided.

4. If operations for the drilling of a well are not commenced on said lands on or before one (1) year from the date hereof this lease shall terminate unless the lessee shall on or before one (1) year from the date hereof, pay or tender to the lessor or for the lessor's credit in the

The First National Bank at Box 730, Montrose, CO 81401 or its successors, which bank, or its successors, shall be the lessor's agent and shall continue as the depository of any and all sums payable under this lease, regardless of ownership in said lands or in the oil and gas, or in the rentals to accrue thereunder, the sum of **No/100 - - - - -** Dollars (\$) which shall operate as rental and cover the privilege of deferring the commencement of drilling operations for the further period of one (1) year. In like manner and upon like payment or tenders, the commencement of drilling operations may be further deferred for like periods successively. All payments or tenders may be made by check of lessee, or any assignee thereof, mailed to the post office address of the lessor as hereinabove set forth or delivered on or before the rental paying period. Provided, however, the lessee shall be granted a thirty (30) day grace period within which to make payments and this lease shall not be forfeited if such payments are made within said thirty (30) day grace period after the time for payment as provided in this paragraph. If at any time more than six persons shall be entitled to participate in the rentals or royalties hereunder, lessee at its election may pay all rentals and royalties thereafter accruing, to the credit of this lease in the depository bank last designated by lessee as herein provided, or lessee may withhold payment unless and until such persons shall designate, in a recordable instrument to be filed with the lessee, a common agent or trustee to receive all payments hereunder, and to execute and deliver rental receipts, division orders and/or transfer orders on behalf of said persons and their respective successors in interest.

5. If prior to discovery of oil, liquid hydrocarbons, gas or their respective constituent products, or any of them, on said land or on land pooled therewith lessee should drill and abandon a dry hole or holes thereon, or if, after discovery of oil, liquid hydrocarbons, gas or their respective constituent products, or any of them, the production hereof should cease from any cause, this lease shall not terminate if lessee commences additional drilling or reworking operations within sixty (60) days thereafter, or (if it be within the primary term) commences or resumes the payment or tender of rentals on or before the rental paying date next ensuing after the expiration of three (3) months from date of completion and abandonment of said dry hole or holes or the cessation of production. If at the expiration of the primary term, oil, liquid hydrocarbons, gas or their respective constituent products, or any of them, is not being produced on said land or land pooled therewith but lessee is then engaged in operations for drilling or reworking of any well or wells thereon, this lease shall remain in force so long as such operations or additional operations are commenced and prosecuted (whether on the same or successive wells) with no cessation of more than sixty (60) consecutive days, and, if they result in production, so long thereafter as oil, liquid hydrocarbons, gas or their respective constituent products, or any of them, is produced from said land or land pooled therewith. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within three hundred thirty (330) feet of and draining the leased premises, lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances.

6. Lessee may use oil, gas or water found on said lands free of cost, for overlying purposes, but not water from lessee's wells; lessor to have free gas for stoves and inside lines in the principal dwelling house on said lands from any well thereon producing gas only, by making his own connection therewith. The use of such gas to be at the sole risk and expense of the lessee. Gas, including casinghead gas and residue gas, produced from any oil or gas well unavoids the use of such gas to be at the sole risk and expense of the lessee in any process for recovering oil or other liquid hydrocarbons from the leased premises, or returned to the wellbore, or which may be used by the lessee in any process for recovering oil or other liquid hydrocarbons from the leased premises, or returned to the wellbore, whether through wells located on the leased premises or elsewhere, shall not be deemed to have been sold or used off the premises within the meaning, express or implied, of any part of this lease. Water recovered by lessee shall be bory its pipeline below ordinary plow depth, and also pay damages caused by its operations to cultivated agricultural crops on said land. No well shall be drilled within two hundred (200) feet of any residence or barn now on said premises, without the consent of the lessor. Lessee shall have the right at any time during or within a reasonable time after the expiration, or other termination of this lease, to remove all machinery, fixtures, houses, buildings, and any and all structures, placed on said premises, including the right to draw and remove all casing.

7. The rights of either party hereunder may be assigned in whole or part, but no change or division in ownership of the land, rentals or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee. No such change or division in the ownership of the land,

rentals or royalties shall be binding upon lessee for any purposes until sixty (60) days after such person acquiring any interest has furnished lessee with the instrument or instruments, or certified copies thereof, constituting his chain of title from the original lessor. In the event of an assignment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be apportioned as between the several leasehold owners, ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. An assignment of this lease, in whole or part, shall, to the extent of such assignment, release and discharge lessee of any obligation hereunder, and, if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of the rentals due from such lessee or assignee or fail to comply with any other provision of the lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall make payment of said rentals.

8. When drilling or other operations are delayed or interrupted as a result of any cause whatsoever beyond the control of the lessee, the time of such delay or interruption shall not be counted against lessee, anything in this lease to the contrary notwithstanding. 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, herewith, if compliance is prevented by, or if such failure is the result of, any such law, order, rule or regulation.

9. Lessee shall have the right to utilize, pool or combine all or any part of the above described lands with other lands in the same general area by entering into a cooperative or unit agreement setting forth a 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 any 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 agreement or 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 terms and provisions of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. 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 except as may be otherwise provided in said agreement. In the event the above described lands, or any part thereof, shall hereafter be operated under any such cooperative or unit agreement or plan of development or operation whereby the production thereunder is allocated to different portions of the land covered by said agreement or plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to lessee, be regarded as having been produced from the particular tract of land to which it is allocated and not from any other tract of land; and the royalty payments to be made hereunder to lessee shall be based upon production only as so allocated. Nothing herein contained shall authorize or affect any transfer of any title to any leasehold, royalty or other interest undivided, pooled or combined. Lessee's execution of such cooperative or unit agreement or plan of development or operation shall be binding as to both lessor and lessee and their respective interests. Lessee, following such execution, shall furnish lessor with a copy of such unit agreement by mail at lessor's last known address as shown by lessor's records and shall give lessor written notice of approval of the same in the manner within a reasonable time after lessee is notified of such approval.

10. Lessor hereby warrants and agrees to defend the title to the lands herein described and agrees that the lessee, at its option, may pay and discharge any judgments, taxes, mortgages, or other liens on or against the above-described lands, and may also reconvey said lands for and on behalf of the lessor or lessee, and in the event lessee 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 judgment, tax, mortgage, or other lien, any royalty or rentals accruing hereunder. The lessee may become purchaser of any and all tax or foreclosure sales of the above lands. Lessor agrees to pay one-eighth (1/8) of all taxes of whatsoever kind or character now or hereafter levied by any duly constituted taxing authority and upon the oil, gas, and other hydrocarbons produced from the premises hereinabove described, but the lessee shall have the right to pay such tax and to deduct the lessor's proportionate share thereof from any royalty payments accruing hereunder. In case the lessor owns a less interest in the above-described premises than the entire and undivided fee simple mineral estate therein, then the royalties and rentals in this lease provided for shall be paid to the lessor only in the proportion which his interest bears to the whole and undivided mineral fee.

11. If the leased premises are now or shall hereafter be owned in severally or in separate tracts, the premises, nevertheless, shall be developed and operated as one lease and the 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 is now or may hereafter be divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks.

12. This lease shall not be terminated, forfeited or cancelled 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 such failure or default exists, and thereupon lessee shall be given a reasonable time thereafter to correct any default so determined, or at lessee's election, it may surrender the lease with option of reserving under the terms of this lease such producing well and ten (10) acres surrounding it as selected by lessee, together with the right of ingress and egress thereto. Lessee shall not be liable in damages for breach of any implied covenant or obligation.

13. Lessee may at any time surrender this lease as to all or any part of the lands or minerals covered hereby, by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the proper county; and if surrendered only as to a part of said lands, any delay rentals or acreage payments which may thereafter be payable hereunder shall be reduced proportionately. All lands leased shall remain subject to easement for right-of-way necessary or convenient for lessee's operations on land retained by it.

14. The provisions of this lease shall be construed as covenants running with the land, and shall inure to the benefit of and be binding upon the parties hereto, their heirs, executors, administrators, successors, and assigns.

IN WITNESS WHEREOF, this lease, which may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document, is executed as of the day and year first hereinabove written.

Witness:

Annie Kathleen Blackham
Annie Kathleen Blackham

UTAH ACKNOWLEDGMENT

STATE OF _____
County of _____

On this _____ day of _____, 19____, personally appeared before me, the
signer _____ of the above instrument, who acknowledged to me that _____ executed the same.
Given under my hand and seal this _____ day of _____, 19____.
My Commission Expires: _____

Notary Public

COLORADO-WYOMING ACKNOWLEDGMENT

STATE OF COLORADO
County of MONTROSE

The foregoing instrument was acknowledged before me by Annie Kathleen Blackham, a widow

this _____ day of _____, 1975
Witness my hand and official seal.
My Commission Expires: _____

Barbara D. Robinson
Notary Public

Recorded at _____
 Reception No. 97408 Book 150 Page 8-9

Yada Wood, Recorder, Dolores Co., Colorado. *aw*

OIL AND GAS LEASE

THIS AGREEMENT, made and entered into this 10 day of December, 1975, by and between
Florence M. Eames, a widow and sole heir of Edwin Leslie Eames

hereafter called the lessor (whether one or more), whose Post Office address is 400 So. Burnside Avenue Apt. 1E
Los Angeles, California 90036

and MOUNTAIN FUEL SUPPLY COMPANY, a Utah corporation at 150 East 1st South, Salt Lake City, Utah 84111 hereinafter called the lessee

WITNESSES:

WITNESSETH:

"1. That the lessor, for and in consideration of the sum of _____ Dollars in hand paid by the lessee, the receipt and sufficiency of which is hereby acknowledged, and of the covenants and agreements herein contained on the part of the lessor, the lessee to be paid, rent and par-
formed, by these presents does hereby demise, lease and let exclusively unto the lessee, its successors and assigns, for the purpose of investigating, exploring,
by geologist, geophysicist, or other methods, prospecting, drilling, mining, and operating for and producing all, liquid hydrocarbons, all gases (including
and without limitation hydrogen sulfide gas), and their respective constituent products, including water, other fluids, and air into subsurface strata; and
conducting secondary recovery operations, laying pipelines, storing oil, building tanks, power stations, roads, telephone lines, and other structures; and
things necessary to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbon gases, and their respective
constituent products and other products manufactured therefrom, and all other rights and privileges necessary, incident or convenient for the economical
operation of said lands alone or consistently with neighboring lands, the following described premises, situate in Township _____ Range _____
_____ 40 North _____

County of Dolores of Colorado to wit:
18 West, NMPM

Section 15: SW $\frac{1}{2}$

containing 160.00 acres, more or less, hereby releasing all rights under and by virtue of the Homestead Exemption Laws of said state.

containing 160.00 acres, more or less, hereby releasing all rights under and by virtue of the Homestead Act of 1906, and the laws amendatory thereof, to the following named persons, their heirs and assigns forever:

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of ten (10) years from this date (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or their respective constituent products, or any of them, is or can be produced from said lands or land with which said land is pooled by the lessee.

3. The royalty to be paid to the well owners (1/2) of that produced and saved

[illegible]

4. If operations for the drilling of a well are not commenced on said lands on or before one (1) year from the date hereof this lease shall terminate unless the lessee shall, on or before one (1) year from the date hereof, pay or tender to the lessor or for the lessor's credit in the sum of _____ Dollars (\$ _____) to the lessor.

Security Pacific National Bank
5779 Wilshire Blvd. Los Angeles, California 90036. Acct # 031-278
Bank at _____, its successors, which bank, or its successors, shall be the lessor's agent and shall continue as the depository of any and all sums payable under this lease, and is
regardless of ownership in said lands or in the oil and gas, or in the rentals to accrue thereunder, the sum of _____ and agree the provision of deferring the commencement of

regardless of ownership in said lands or in the oil and gas, or in the rentals to accrue thereunder, the sum of \$100,000.00 Dollars (one hundred thousand dollars) which shall operate as rental and cover the privilege of deferring the commencement of drilling operations for the further period of one (1) year. To like manner and upon like payment or tenders, the commencement of drilling operations may be further deferred for like periods successively. All payments or tenders may be made by check of lessee, or any assignee thereof, mailed to the post office of the lessor as hereinabove set forth or delivered on or before the rental paying period. Provided, however, the lessee shall be granted a thirty (30) day grace period within which to make payments and this lease shall not be forfeited if such payments are made within said thirty (30) day grace period after the time for payment as provided in this paragraph. If at any time more than six persons shall be entitled to participate in the rentals or royalties hereunder, lessee at its election may pay all rentals and royalties thereafter according to the credit of this lease in the depository bank last designated by lessee as herein provided, or lessee may withhold payment unless and until such persons shall designate, in a recordable instrument to be filed with the lessee, a common agent or trustee to receive all payments hereunder, and to execute and deliver rental receipts, division orders and/or transfer orders on behalf of said persons and their respective successors in interest.

[illegible][illegible]

7. The rights of either party hereunder may be assigned in whole or part, but no change or division in ownership of the Inuit, rentals or royalties, however accumulated, shall operate to enhance the obligations or diminish the rights of lessor. No such change or division in the ownership of the Inuit, rentals or royalties shall operate to release the assignor from its obligations hereunder.

rentals or royalties shall be binding upon lessee for any purposes until sixty (60) days after such person acquiring any interest has furnished lessee with the instrument or instruments, or certified copies thereof, constituting his chain of title from the original lessor. In the event of an assignment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be apportioned as between the several leasehold owners, ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. An assignment of this lease, in whole or part, shall, to the extent of such assignment, relieve and discharge lessee of any obligation hereunder, and, if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of the rentals due from such lessee or assignee or fail to comply with any other provision of the lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall make payment of said rentals.

8. When drilling or other operations are delayed or interrupted as a result of any cause whatsoever beyond the control of the lessee, the time of such delay or interruption shall not be counted against lessee, anything in this lease to the contrary notwithstanding. 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 to 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.

9. Lessee shall have the right to utilize, pool or combine all or any part of the above described lands with other lands in the same general area by entering into a cooperative or unit agreement setting forth a 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 any 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 agreement or 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 except as may be otherwise provided in said agreement. In the event the above described lands, or any part thereof, shall hereafter be operated under any such cooperative or unit agreement or plan of development or operation whereby the production thereunder is allocated to different portions of the land covered by said agreement or 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 to which it is allocated and not from any other tract of land; and the royalty payments to be made hereunder to lessor shall be based upon production only as so allocated. Nothing herein contained shall authorize or effect any transfer of any title to any leasehold, royalty or other interest unleased, pooled or combined. Lessee's execution of such cooperative or unit agreement or plan of development or operation shall be binding as to both lessor and lessee and their respective interests. Lessor, following such execution, shall furnish lessor with a copy of such unit agreement by mail at lessor's last known address as shown by lessee's records and shall give lessor written notice of approval of the same in the manner within a reasonable time after lessee is notified of such approval.

10. Lessor hereby warrants and agrees to defend the title to the lands herein described and agrees that the lessee, at its option, may pay and discharge any judgments, taxes, mortgages, or other liens on or against the above-described lands, and may also redeem said lands for and on behalf of the lessor or lessee, and in the event lessee 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 judgment, tax, mortgage, or other lien, any royalty or rentals accruing hereunder. The lessee may become purchaser at any and all tax or foreclosure sales of the above lands. Lessor agrees to pay one-eighth (1/8) of all taxes of whatever kind or character now or hereafter levied by any duly constituted taxing authority and upon the oil, gas, and other hydrocarbons produced from the premises hereinabove described, but the lessee shall have the right to pay such tax and to deduct the lessor's proportionate share thereof from any royalty payments accruing hereunder. In case the lessor owns a less interest in the above-described premises than the entire and undivided fee simple mineral estate therein, then the royalties and rentals in this lease provided for shall be paid to the lessor only in the proportion which his interest bears to the whole and undivided mineral fee.

11. If the leased premises are now or shall hereafter be owned in severalty or in separate tracts, the premises, nevertheless, shall be developed and operated as one lease and the 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 effect wells on separate tracts into which the land covered by this lease is now or may hereafter be divided by sale, devise, or otherwise, or to furnish separate measuring or recording tanks.

12. This lease shall not be terminated, forfeited or cancelled 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 such failure or default exists, and thereupon lessee shall be given a reasonable time thereafter to correct any default so determined, or at lessor's election, it may surrender the lease with option of reserving under the terms of this lease each producing well and ten (10) acres surrounding it as selected by lessee, together with the right of ingress and egress thereon. Lessee shall not be liable to damages for breach of any implied covenant or obligation.

13. Lessee may at any time surrender this lease as to all or any part of the lands or minerals covered hereby, by delivering or mailing a release thereof to the lessor or by filing a release thereof of record in the proper county; and, if surrendered only as to a part of said lands, any delay rentals or future payments which may thereafter be payable hereunder shall be reduced proportionately. All lands leased shall remain subject to assessment for right-of-way necessary or convenient for lessee's operations on land retained by it.

14. The provisions of this lease shall be construed as covenants running with the land, and shall inure to the benefit of and be binding upon the parties hereto, their heirs, executors, administrators, successors, and assigns.

IN WITNESS WHEREOF, this lease, which may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document, is executed as of the day and year first hereinabove written.

Witness:

Florence M. Eames
Florence M. Eames

Social Security Number
[REDACTED]

UTAH ACKNOWLEDGEMENT

STATE OF _____ ss.
County of _____
On this _____ day of _____, 19____, personally appeared before me _____, the
signer _____ of the above instrument, who acknowledged to me that _____ executed the same.
Given under my hand and seal this _____ day of _____, 19____.
My Commission Expires: _____

Notary Public

COLORADO-WYOMING ACKNOWLEDGMENT

STATE OF CALIFORNIA ss.
County of LOS ANGELES
The foregoing instrument was acknowledged before me by Florence M. Eames, a widow
this 10th day of December, 1975
Witness my Hand and Official Seal
My Commission Expires: 11-11-79
Janet L. Peterson
Notary Public
OFFICIAL SEAL
JANET L. PETERSON
NOTARY PUBLIC - CALIFORNIA
PRINCIPAL OFFICE IN
LOS ANGELES COUNTY
My Commission Expires November 11, 1979

Recorded at 1:02 o'clock P.M. Sept. 19, 1975
Reception No. 94,854 Book 148 Page 388-389
Vada Wood, Recorder, Dolores Co., Colorado. 748

P 388

OIL AND GAS LEASE

THIS AGREEMENT, made and entered into this 8th day of September 1975, by and between
BESSIE SMART, a divorced woman dealing in her own and separate
interests,
hereinafter called the lessor (whether one or more), whose Post Office address is CAHONE, COLORADO 81320

and MOUNTAIN FUEL SUPPLY COMPANY, a Utah corporation at 180 East 1st South, Salt Lake City, Utah 84111; hereinafter called the lessee.

WITNESSETH:

TEN AND MORE

1. That the lessor, for and in consideration of the sum of TEN AND MORE Dollars in hand paid by the lessee, the receipt and sufficiency of which is hereby acknowledged, and of the covenants and agreements herein contained, on the part of the lessee to be paid, kept and performed, by the lessor, does grant, demise, lease and let exclusively unto the lessee, its successors and assigns, for the purpose of investigating, exploring, by ecological, geophysical, and other methods, prospecting, drilling, mining, and operating for and producing oil, liquid hydrocarbons, all gases (including without limitation, hydrogen sulfide gas), and their respective constituent products; injecting gas, water, other fluids, and air into subsurface strata and conducting secondary recovery operations, laying pipelines, wiring, oil, building tanks, power stations, roads, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases, and their respective constituent products and other products manufactured therefrom, and all other rights and privileges necessary, incident or convenient for the economical operation of said lands, alone or jointly with neighboring lands, the following described premises, situate in Township 40 North Range 18 West County of Dolores State of Colorado in which

B.S. Sections 2 and 11, All of Tract No. 42 (Lots D, E, F, G)
Section 10; Lot No. 1, Tract 75.
Section 11: Lots 2, 3, 4, S¹/₂ NW¹/₂
Section 24: Lots 1, 2, 3, 4, W¹/₂ NW¹/₂
B.S. Section 25: Tract No. 99 (SE¹/₂)
B.S. Section 15: SW¹/₄

B.S. containing 809.72 acres, more or less, hereby releasing all rights under and by virtue of the Homestead Exemption Laws of said state,

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of ten (10) years from this date (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or their respective constituent products, or any of them, is or can be produced from said lands or land with which said land is pooled by the lessee.

3. The royalties to be paid by lessee are: (a) on oil and other than liquid hydrocarbons saved at the well, one-eighth (1/8) of that produced and saved, from said land, same to be delivered at the well, or to the credit lessor in the pipeline to which the wells may be connected, or lease, at its option, may pay to lessor for such one-eighth (1/8) royalty, the market price at the well for oil on this grade and gravity prevailing at the time of production; (b) on gas, including casinghead gas and all gaseous substances produced from said land and sold or used off the premises or in the manufacture of gasoline or other products therefrom, the market value at the mouth of the well of one-eighth (1/8) of the gas as sold or used, provided that on gas sold at the well the royalty shall be one-eighth (1/8) of the amount realized from such sale; and (c) at any time, either before or after the expiration of the primary term of this lease, if there is a gas well or wells on the above land (and for the purpose of this clause (c) the term "gas well" shall include wells capable of producing natural gas, condensate, distillate or any gaseous substance and wells classified as gas wells by any government authority) and such well or wells are shut in before or after production therefrom, lessee and any assignee hereunder may pay or tender an advance annual royalty equal to the amount of delay rentals provided for in this lease for the acreage then held under this lease by the party making such payment or tender, and if such payment or tender is made, it shall be considered under all provisions of this lease that gas is being produced from the leased premises in paying such payment or tender for one (1) year from the date such payment or tender is made, and in like manner subsequent advance annual royalty payments may be made or tendered and it will be considered under all provisions of this lease that gas is being produced from the leased premises in paying quantities during any annual period for which royalty is paid or tendered. Such advance royalty may be paid or tendered in the same manner as provided herein for the payment or tender of delay rentals. Royalty accruing to the owners thereof on any production from the leased premises during any annual period for which advance royalty is paid may be credited against such advance payment. When there is a shut-in gas well or wells on the leased premises, if this lease is not continued in force under same other provision hereof, it shall nevertheless continue in force for a period of ninety (90) days from the last date on which a gas well located on the leased premises is shut in, or for ninety (90) days following the date to which this lease is continued in force by some other provision hereof, as the case may be, within which ninety-day period lessee or any assignee hereunder may commence or resume the payment or tender of the advance royalty as herein provided.

4. If operations for the drilling of a well are not commenced on said lands on or before one (1) year from the date hereof, this lease shall terminate unless the lessee shall, on or before one (1) year from the date hereof, pay or tender to the lessor or for the lessor's credit in the

B.S. First National Bank

B.S. Bank at Cortez, Colorado or its successors, which bank, or its successors, shall be the lessor's agent and shall continue as the depository of any and all sums payable under this lease.

B.S. regardless of ownership in said lands or in the oil and gas, or in the rentals to accrue thereunder, the sum of 22,100 Dollars (\$22,100.00) which shall operate as rental and cover the privilege of deferring the commencement of drilling operations for the further period of one (1) year, in like manner and upon like payment or tenders, the commencement of drilling operations may be further deferred for like periods successively. All payments or tenders may be made by check of lessee, or any assignee thereof, mailed to the post office address of the lessor as hereinafter set forth or delivered on or before the rental payment period. Provided, however, the lessee shall be granted a thirty (30) day grace period within which to make payments and this lease shall not be forfeited if such payments are made within said thirty (30) day grace period after the time for payment as provided in this paragraph. If at any time more than six persons shall be entitled to participate in the rental or royalties hereunder, lessee at its election may pay all rentals and royalties thereafter accruing to the credit of this lease in the depository bank last designated by lessee as herein provided, or lessee may withhold payment unless and until such persons shall designate, in a recordable instrument to be filed with the lessee, a common agent or trustee to receive all payments hereunder, and to execute and deliver rental receipts, division orders and/or transfer orders on behalf of said persons and their respective successors in interest.

5. If prior to discovery of oil, liquid hydrocarbons, gas or their respective constituent products, or any of them, on said land or on land pooled therewith, lessee should drill and abandon a dry hole or holes thereon, or if after discovery of oil, liquid hydrocarbons, gas or their respective constituent products, or any of them, the production hereof should cease from any cause, this lease shall not terminate if lessee commences additional drilling or reworking operations within sixty (60) days thereafter, or (if it be within the primary term) commences or resumes the payment or tender of rentals on or before the rental payment date next ensuing after the expiration of three (3) months from date of completion and abandonment of said dry hole or holes at the cessation of production. If at the expiration of the primary term, oil, liquid hydrocarbons, gas or their respective constituent products, or any of them, is not being produced on said land or land pooled therewith but lessee is then engaged in operations for drilling or reworking of any well or wells thereon, this lease shall remain in force so long as such operations or additional operations are commenced and prosecuted (whether on the same or successive wells) with no cessation of more than sixty (60) consecutive days, and, if they result in production, so long thereafter as oil, liquid hydrocarbons, gas or their respective constituent products, or any of them, is produced from said land or land pooled therewith. In the event a well or wells producing oil or gas (or paying quantities) should be brought in on adjacent land and within three hundred thirty (330) feet of said drilling the leased premises, lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances.

6. Lessee may use oil, gas or water found on said lands free of cost, for operating purposes, but not water from lessor's wells; lessor to have free gas for stores and inside lines in the principal dwelling house on said lands from any well thereon producing gas only, by making his own connection therewith, the use of such gas to be at the sole risk and expense of the lessor. Gas, including casinghead gas and redhorse gas, produced from any oil or gas well unworked, sold, lost, or which may be used by the lessee in any process for recovering oil or other liquid hydrocarbons from the leased premises, or returned to the ground, whether through wells located on the leased premises or elsewhere, shall not be deemed to have been sold or used off the premises within the meaning, express or implied, of any part of this lease. When requested by lessee, the lessee shall bury its pipeline below ordinary plow depth, and also pay damages caused by its operations to cultivated agricultural crops on said land. No well shall be drilled within two hundred (200) feet of any residence or barn now on said premises, without the consent of the lessor. Lessee shall have the right at any time during or within a reasonable time after the expiration, or other termination of this lease, to remove all machinery, fixtures, houses, buildings, and any and all structures, placed on said premises, including the right to drive and remove all casing.

7. The rights of either party hereunder may be assigned in whole or part, but no change or division in ownership of the land, rentals or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee. No such change or division in the ownership of the land,

rentals or royalties shall be binding upon lessee for any purpose until sixty (60) days after each person acquiring any interest has furnished lessee with the instrument or instruments, or certified copies thereof, constituting his chain of title from the original lessor. In the event of an assignment of this lease as to a designated portion of said land, the rentals payable hereunder shall be apportioned as between the several leasehold owners, ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. An assignment of this lease, in whole or part, shall, to the extent of such assignment, release and discharge lessee of any obligation hereunder, and, if lessor or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of the rentals due from such lease or assignee or fail to comply with any other provision of the lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall make payment of said rentals.

8. When drilling or other operations are delayed or interrupted as a result of any cause whatsoever beyond the control of the lessee, the time of such delay or interruption shall not be counted against lessee, anything in this lease to the contrary notwithstanding. 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.

9. Lessee shall have the right to utilize, pool or combine all or any part of the above described lands with other lands in the same general area for entering into a cooperative or unit agreement with third parties for a 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 any 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 agreement or 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, except as may be otherwise provided in said agreement. In the event the above described lands, or any part thereof, shall hereafter be operated under any such cooperative or unit agreement, plan of development or operation whereby the production thereunder is allocated to different portions of the land covered by said agreement or plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to lessee, be regarded as having been produced from the particular tract of land to which it is allocated and not from any other tract of land; and the royalty payments to be made hereunder to lessee shall be based upon production only as so allocated. Nothing herein contained shall authorize or affect any transfer of any title to any leasehold, royalty or other interest utilized, pooled or combined. Lessee's execution of such cooperative or unit agreement or plan of development or operation shall be binding as to both lessor and lessee and their respective interests. Lessee, following such execution, shall furnish lessor with a copy of such unit agreement by mail at lessor's last known address as shown by lessor's records and shall give lessor written notice of approval of the same in the manner within a reasonable time after lessee is notified of such approval.

10. Lessor hereby warrants and agrees to defend the title to the lands herein described and agrees that the lessee, at its option, may pay and discharge any judgments, taxes, mortgages, or liens, or claims on or against the above-described lands, and may also redeem said lands for and on behalf of the lessor or lessee, and in the event lessee 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 judgment, tax, mortgage, or other lien, any royalty or rentals accruing hereunder. The lessee may become purchaser of any and all tax or foreclosure sales of the above lands. Lessor agrees to pay one-eighth (1/8) of all taxes of whatever kind or character now or hereafter levied by any duly constituted taxing authority and upon the oil, gas, and other hydrocarbons produced from the premises hereinafter described, but the lessee shall have the right to pay such tax and to deduct the lessor's proportionate share thereof from any royalty payments accruing hereunder. In case the lessor owns a less interest in the above-described premises than the entire and undivided fee simple interest therein, then the royalties and rentals in this lease provided for shall be paid to the lessor only in the proportion which his interest bears to the whole and undivided mineral fee.

11. If the leased premises are now or shall hereafter be owned in severally or in separate tracts, the premises, nevertheless, shall be developed and operated as one lease and the royalties accruing hereunder shall be treated as an entirety and shall be divided among and paid to each separate owner 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 effect wells on separate tracts into which the land covered by this lease is now or may hereafter be divided by sale, devise, or otherwise, or to furnish separate metering or recording tanks.

12. This lease shall not be terminated, forfeited or cancelled 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 such failure or default exists, and thereupon lessee shall be given a reasonable time thereafter to correct any default so determined; or at lessee's election, it may surrender the lease with option of reserving under the terms of this lease such producing well and ten (10) acres surrounding it as elected by lessee, together with the right of ingress and egress thereto. Lessee shall not be liable in damages for breach of any implied covenant or obligation.

13. Lessee may at any time surrender this lease as to all or any part of the lands or minerals covered hereby, by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the proper county; and if surrendered only as to a part of said lands, any delay rentals or acreage payments which may thereafter be payable hereunder shall be reduced proportionately. All lands leased shall remain subject to reversion for right-of-way necessary or convenient for lessee's operations on land released by it.

14. The provisions of this lease shall be construed as covenants running with the land and shall inure to the benefit of and be binding upon the parties hereto, their heirs, executors, administrators, successors, and assigns.

15. WITNESSETH, this lease, which may be executed in any number of counterparts with the same force and effect as if all parties had signed, the same document, is executed as of the day and year first hereinbefore written.

Witness:

BESSIE SMART
BESSIE SMART

UNIT ACKNOWLEDGEMENT

STATE OF _____

County of _____

On this _____ day of _____, 19____, personally appeared before me _____

_____ of the above instrument, who acknowledged to me that _____ executed the same.

Given under my hand and seal this _____ day of _____, 19____.

My Commission Expires _____

COLORADO WITNESSING ACKNOWLEDGEMENT

STATE OF COLORADO

County of MONTEZUMA

The following named persons acknowledged before me to

_____ BESSIE SMART

_____ SEPTEMBER 1975

_____ My Commission Expires _____

_____ Notary Public