

THIS AGREEMENT made this 14th day of February, 1946, between  
John T. Bailey, of Falfa, Colorado, and Hugh Foster of LaSalle, Colorado

Lessor (whether one or more), and  
Lessee, WITNESSETH:

Paul L. Davis

—Ten and no/100—

1. Lessor in consideration of 10.00 Dollars  
(\$ 10.00), in hand paid, of the royalties herein provided, and of the agreement of Lessee herein contained, hereby grants, leases  
and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil and gas, laying  
pipe lines, building tanks, power stations, telephone lines and other structures thereon to produce, save, take care of, treat, transport and own said  
products, and housing its employees, the following described land in La Plata County, Colorado, to-wit:

W $\frac{1}{2}$  of Section 12; SE $\frac{1}{4}$  of SE $\frac{1}{4}$  of Section 11; N $\frac{1}{2}$  of NW $\frac{1}{4}$ , NW $\frac{1}{4}$  of NE $\frac{1}{4}$  of Section 13;

~~XXXXXXX~~ Township 33, North Range 9, West, N.M.P.M.

It being intended hereby to include herein all lands and interests therein contiguous to or appurtenant to said described lands owned or  
claimed by lessor. For rental payment purposes, this lease shall be deemed to embrace 480 acres, whether it actually  
comprises more or less.

2. Subject to the other provisions herein contained, this lease shall be for a term of 10 years from this date (called "primary term") and  
as long thereafter as oil or gas is produced from said land hereunder, or drilling or reworking operations are conducted thereon.

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, produced from said land and sold or used off the premises or in the manufacture of gasoline or other product there-  
from, 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; where gas from a well producing gas only is not sold or used, Lessee may pay as royalty \$100.00 per well  
per year and if such payment is made it will be considered that gas is being produced within the meaning of Paragraph 2 hereof. Lessee shall  
have free use of oil, gas, coal, wood 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. Lessor shall have the privilege at his risk and expense of using gas from any gas well  
on said land for stoves and inside lights in the principal dwelling thereon out of any surplus gas not needed for operations hereunder.

4. If operations for drilling are not commenced on said land on or before one year from this date the lease shall then terminate as to both  
parties, unless on or before such anniversary date Lessee shall pay or tender to Lessor or to the credit of Lessor in

First National Bank at Bureau, Colorado Greeley, Colo. (which bank and its successors are Lessor's  
agent and shall continue as the depository for all rentals payable hereunder regardless of changes in ownership of said land or the rentals either  
by conveyance or by the death or incapacity of Lessor) the sum of Two Hundred Forty and no/100 Dollars

(\$ 240.00), (herein called rental), which shall cover the privilege of deferring commencement of operations for drilling for a  
period of twelve (12) months. In like manner and upon like payments or tenders annually the commencement of operations for drilling may be  
further deferred for successive periods of twelve (12) months each during the primary term. The payment or tender of rental may be made by the  
check or draft of Lessee delivered to Lessor or to said bank on or before such date of payment. If such bank (or any successor bank) should fail,  
liquidate or be succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make  
such payment or tender of rental until thirty (30) days after Lessor shall deliver to Lessee a proper recordable instrument, naming another bank  
as agent to receive such payments or tenders. The down cash payment is consideration for this lease according to its terms and shall not be allo-  
cated as mere rental for a period. Lessee may at any time execute and deliver to Lessor or to the depository above named 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, and thereafter the rentals payable hereunder shall be reduced in the proportion  
that the acreage covered hereby is reduced by said release or releases.

5. Should any well drilled on the above described land during the primary term before production is obtained be a dry hole, or should  
production be obtained during the primary term and thereafter cease, then and in either event, if operations for drilling an additional well are  
not commenced or operations for reworking an old well are not pursued on said land on or before the first rental paying date next succeeding the  
cessation of production or drilling or reworking on said well or wells, then this lease shall terminate unless Lessee, on or before said date, shall  
resume the payment of rentals. Upon resumption of the payment of rentals, Section 4 governing the payment of rentals, shall continue in force  
just as though there had been no interruption in the rental payments. If during the last year of the primary term and prior to the discovery of oil  
or gas on said land Lessee should drill a dry hole thereon, or if after discovery of oil or gas before or during the last year of the primary term the  
production thereof should cease during the last year of said term from any cause, no rental payment or operations are necessary in order to keep  
the lease in force during the remainder of the primary term. If, at the expiration of the primary term, Lessee is conducting operations for drilling  
a new well or reworking an old well, or if, after the expiration of the primary term, production on this lease shall cease, this lease nevertheless  
shall continue as long as said operations continue or additional operations are had, which additional operations shall be deemed to be had where  
not more than sixty (60) days elapse between abandonment of operations on one well and commencement of operations on another well, and if  
production is discovered, this lease shall continue as long thereafter as oil or gas is produced and as long as additional operations are had.

6. After production Lessee shall have the right without Lessor's consent to surrender all or any portion of the leased premises and be  
relieved of all obligation as to the acreage surrendered. 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, and no well shall be drilled within two hundred (200) feet of any residence or barn  
now on said land without Lessor's consent.

7. The rights of either party hereunder may be assigned, in whole or in part, and the provisions hereof shall extend to the heirs, successors  
and assigns of the parties hereto, 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 change in the ownership of the land, or any interest therein, shall be binding on Lessee  
until Lessee shall be furnished with a certified copy of all recorded instruments, all court proceedings and all other necessary evidence of any  
transfer, inheritance, or sale of said rights. In event of the assignment of this lease as to a segregated portion of said land, the rentals payable  
hereunder shall be apportionable among 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. In case Lessee assigns this lease, in whole or in part, Lessee shall be  
relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

8. 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. 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 rentals and royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in  
event of failure of title, it is agreed that if Lessor owns an interest in said land less than the entire fee simple estate, then the royalties and  
rentals to be paid Lessor shall be reduced proportionately.

All of the provisions of this lease shall inure to the benefit of and be binding upon the parties hereto, their heirs, administrators, successors  
and assigns.

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

(SEAL)

(SEAL)

(SEAL)

(SEAL)

(SEAL)

(SEAL)

(SEAL)

(SEAL)

John T. Bailey (SEAL)  
John T. Bailey

Hugh Foster (SEAL)  
Hugh Foster

(SEAL)

(SEAL)

(SEAL)

(SEAL)

(SEAL)

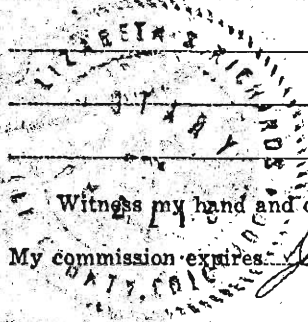


over 1767

STATE OF Colorado }  
County of Weld } SS.

Colorado Acknowledgment

The foregoing instrument was acknowledged before me this 5<sup>th</sup> day of February March, A. D., 1946 by John T. Bailey



Witness my hand and official seal:

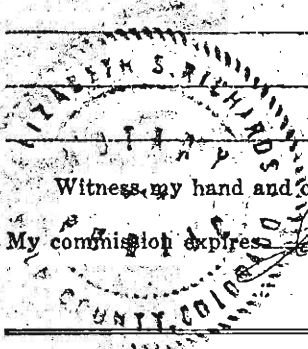
My commission expires January 2-1950

Elizabeth S. Richards  
Notary Public.

STATE OF COLORADO }  
County of Weld } SS.

Colorado Acknowledgment

The foregoing instrument was acknowledged before me this 5<sup>th</sup> day of February March, A. D., 1946 by Hugh Foster



Witness my hand and official seal:

My commission expires January 2-1950

Elizabeth S. Richards  
Notary Public.

COMPARED

No. 184630

OIL AND GAS LEASE

FROM  
John T. Bailey  
Hugh Foster  
TO  
Paul L. Davis

Dated       , 19         
Section        Township        Range         
No. of Acres         
County, Colorado       

STATE OF COLORADO }  
County of Weld } SS.

This instrument was filed for record on the 1<sup>st</sup> day of April, 1946  
at 9:01 o'clock A. M., and duly recorded  
in book 257 page 233 of the  
records of this office.

Carli C. Fiel  
Register of Deeds.

By 1.90.

Deputy.

When Recorded  
Return to       

COMPARED