

BOOK 25 PAGE 600

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Oil & Gas Agreement made the 16th day of February 1946 between Thomas Jacquez, Route #2,
Durango, Colorado.

Lessor (other one or more), and Paul L. Davis.

WITNESSETH

Ten and no/100

Dollars (\$10.00)

In consideration of the mutual rights herein provided, and of the agreement of Lessor hereto contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining oil and gas, water, shale, bitumen, tar, asphalt, sand and other substances located to the east of, over take care of, treat, transport and refine and produce, and however its explores, the following described land in La Plata County, Colorado, to-wit: W₁ of SE₁, E₁ of SW₁ of Section 32, T-34-N, R-10-W; SW₁ of NW₁ of Section 4; N₁, W₁ of SW₁ of Section 5; E₁ of NE₁ of SE₂, SE₁ of SW₂ of Section 6; NE₁ of NW₁ of Section 7; S₁ or SE₁, N₁ or SW₂, SE₁ of NW₂ of Section 15; SW₁ of SE₁, S₁ of SW₁ Sec. 16; NE₁ of NE₁, SE₁ of NW₁, E₁ or SW₁, W₁ or SE₂, SE₁ of SW₁ Sec. 20; N₁ or NW₁, W₁ or SW₁ Sec. 21; N₁ or NE₁ Sec. 22; NW₂ Sec. 23; S₁ or SW₂ Sec. 27; SW₁ or NE₁, SE₁ of SW₁, NE₁ of NW₂ of Sec. 28; W₁ or NE₁, NE₁ of NW₁ of Sec. 29; NE₁, E₁ of NW₁ Sec. 33; W₁ or NW₁ Sec. 34, T-33-N, R-10-W; NW₂ of SE₁, S₁ of NE₁, NW₁ or NE₁, NE₁ of NE₁ except 1 acre in form of square out of NE corner, of Sec. 1, T-32-N, R-10-W. MPM.

I.R.S.
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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 sublease.

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series, whether it actually comprises more or less.

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, or drilling or reworking operations are conducted thereon.

The royalties to be paid by Lessee are (a) one-eighth of that produced and saved from said land, the same to be delivered at the wells or in the event of Lessor's failure to do so, to the lessee at the wells, or (b) one-eighth of the net proceeds received from said land or sold or used off the premises or in the manufacture of gasoline or other products therefrom, whichever value at the well of one-eighth of the sum so sold or used, provided that the net proceeds from the sale of the royalties shall be one-eighth of the amount realized from such sale, whether gas or oil or both, and the same to be paid to Lessee at the rate of \$1.00 per barrel of oil, gas, coal, wood, oil, water or gas from said land, except where from Lessor's wells, for all operations heretofore and hereafter to be conducted until the monthly of December after deducting taxes to be paid, production taxes to have the right to deduct at his risk and expense of using gas from any gas well on said land for storage and lights lights in the principal dwelling thereon and of any services not needed for operations hereunder.

Operations for drilling are not commenced on said land or on before one year from this date the lease shall then terminate as to both parties, unless on or before such anniversary date has been fully paid or tendered to Lessor or is the credit of Lessor in The Burns National Bank at Durango, Colorado.

Subject to the death or incapacity of Lessor, the annual rentals shall remain payable during the primary term, notwithstanding the commencement of operations for drilling, may be further deferred for twelve months from the date of the first oil or gas delivered to Lessor or to said bank or before such date of payment. In like manner and upon like amounts as otherwise for any reason, the annual rentals shall fall, terminate or be suspended by another bank, or any other reasonable interest, naming another bank as payee, and the same to be paid to Lessor at the rate of \$1.00 per barrel of oil or gas delivered to Lessor or to said bank or before such date of payment. The down cash payment is cancellation for this lease according to its terms, subject to the same conditions and restrictions as to the annual rentals above named or places of record if released or released covering any portion or portions of the leasehold or the reduction of all obligations due to the amount surrendered, and thereafter the initial payment.

Should any well drilled on the above described land during the primary term before production is obtained in a dry hole, or should production be obtained during the primary term and should drilling, workovers, or other events, operations for drilling or additional wells are not commenced on said land or before one year from the date of the first oil or gas delivered to Lessor or to said bank or before such date of payment, the payment of rentals or termination of rental may be made in the same manner as the annual rentals, which shall cover the payment of rentals for drilling for a period of twelve (12) months. In like manner and upon like amounts as otherwise for any reason, the annual rentals shall fall, terminate or be suspended by another bank, or any other reasonable interest, naming another bank as payee, and the same to be paid to Lessor at the rate of \$1.00 per barrel of oil or gas delivered to Lessor or to said bank or before such date of payment. The down cash payment is cancellation for this lease according to its terms, subject to the same conditions and restrictions as to the annual rentals above named or places of record if released or released covering any portion or portions of the leasehold or the reduction of all obligations due to the amount surrendered, and thereafter the initial payment.

Should any well drilled on the above described land during the primary term before production is obtained in a dry hole, or should production be obtained during the primary term and should drilling, workovers, or other events, operations for drilling or additional wells are not commenced on said land or before one year from the date of the first oil or gas delivered to Lessor or to said bank or before such date of payment, the payment of rentals or termination of rental may be made in the same manner as the annual rentals, which shall cover the payment of rentals for drilling for a period of twelve (12) months. In like manner and upon like amounts as otherwise for any reason, the annual rentals shall fall, terminate or be suspended by another bank, or any other reasonable interest, naming another bank as payee, and the same to be paid to Lessor at the rate of \$1.00 per barrel of oil or gas delivered to Lessor or to said bank or before such date of payment. The down cash payment is cancellation for this lease according to its terms, subject to the same conditions and restrictions as to the annual rentals above named or places of record if released or released covering any portion or portions of the leasehold or the reduction of all obligations due to the amount surrendered, and thereafter the initial payment.

After production, Lessor 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 drill and rework all wells without notice or consent.

The rights of either party hereunder may be assumed, in whole or in part, and the provisions hereof shall extend to the heirs, successors and assigns of the parties hereto, but no change of 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 other necessary evidence of any transfer or transfers made according to the surface area of each, and default in the payment by one shall not affect the rights of other lessors or assignees hereunder. All such leases make this lease, in whole or in part, Lessor shall be relieved of all obligations with respect to the original lessor or lessors arising subsequent to the date of assignment.

All expenses or required payments of this lease shall be paid to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be discontinued, in whole or in part, 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.

Lessor shall have the right to defend the title to said land and agrees that Lessor at his option may discharge any tax, assessment or other fee upon said land, setting in traps or snares, and in event Lessor does so, it shall be subrogated to such fee with the right to enforce same and apply rentals and royalties becoming hereunder toward satisfying same. Without limitation, Lessor shall be relieved proportionately.

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

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

(SEAL)

(SEAL)

(SEAL)

(SEAL)

(SEAL)

(SEAL)

(SEAL)

Thomas Jacquez

(SEAL)

(SEAL)

(SEAL)

(SEAL)

(SEAL)

(SEAL)

(SEAL)

STATE OF COLORADO,

County of La Plata

The foregoing instrument was acknowledged before me this 16th day of February, A. D. 1946, by Thomas Jacquez.

COLORADO ACKNOWLEDGMENT

Witness my hand and official seal
My commission expires Dec. 9, 1946

Rubie K. Jones

Notary Public

STATE OF COLORADO,

County of

The foregoing instrument was acknowledged before me this 16th day of February, A. D. 1946, by Thomas Jacquez.

COLORADO ACKNOWLEDGMENT

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STATE OF COLORADO) ss.
LA PLATA COUNTY)

I, Leta Sauer, Clerk and Recorder in and for said
County of La Plata, in the State aforesaid, do hereby
certify that the above and foregoing is a true, correct
and complete transcription and copy from the records of
my office as the same appears in book ~~207~~ ¹⁸⁰

At page 180 <sup>20th
WITNESS my hand and official seal this 20th
day of January, 1983.</sup>

LETA SAUER, Clerk and Recorder
By Vivian D. Johnson Deputy