

RECORDED AS RECEIVED

PRODUCERS 88-PAID UP
Rocky Mtn

OIL AND GAS LEASE

THIS LEASE AGREEMENT is made and entered into this 11th day of May, 2011, by and between McVey Family, LLC, a Colorado Limited Liability Company whose address is 200 Riverview Drive, La Belle, FL 33935, hereinafter called Lessor and Anadarko E&P Company LP, whose address is 1099 18th Street, Suite 1800, Denver, CO 80202, hereinafter called Lessee:

WITNESSETH: that lessor, for and in consideration of Ten and 00/100 DOLLARS (\$10.00) in hand paid, receipt of which is hereby acknowledged, and of the agreements of lessee hereinafter set forth, hereby grants, demises, leases and lets exclusively unto said lessee the lands hereinafter described, together with any reversionary rights therein, for the purpose of prospecting, exploring by geophysical and other methods, drilling, mining, operating for and producing oil or gas, or both, including, but not as a limitation, casinghead gas, casinghead gasoline, gas-condensate (distillate), coal-bed methane gas and any substance, whether similar or dissimilar, produced in a gaseous state, together with the right to construct and maintain pipe lines, telephone and electric lines, tanks, powers, ponds, roadways, plants, equipment, and structures thereon to produce, save and take care of said oil and gas, and the exclusive right to inject air, gas, water, brine and other fluids from any source into the subsurface strata and any and all other rights and privileges necessary, incident to, or convenient for the economical operation of said land, alone or jointly with neighboring land, for the production, saving and taking care of oil and gas, including the dewatering of coal-bed gas wells and the injection of air, gas, water, brine, and other fluids into the subsurface strata, said lands being situated in Adams County, Colorado, described as follows, to-wit:

Township 3 South, Range 65 West, 6th P.M.
Section 17: NE/4, S/2

4
4
1

and containing for all purposes of this lease, said lands shall be deemed to contain .484,00 gross acres, more or less, together with all strips or parcels of land. In addition to the above-described lands, this lease also covers any lakes, streams, rivers, roads, easements and rights-of-way which traverse or adjoin said lands, including any accretions, and any strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the lands described herein, including without limitation, all strips or parcels resulting from changes in the boundaries or center line of any lake, stream or river, and all riparian lands adjacent thereto. In consideration of the cash bonus paid to Lessor by Lessee for execution of this lease, Lessor agrees to execute, at Lessee's request, any additional or supplemental instruments for a more complete or accurate description of the land so covered.

Subject to the other provisions herein contained, this lease shall remain in force for a term of Four (4) years from (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from the above described land or drilling operations are continuously prosecuted as hereinafter provided. "Drilling operations" includes operations for the drilling of a new well, the reworking, deepening or plugging back of a well or hole or other operations conducted in an effort to obtain or re-establish production of oil or gas, including the dewatering of coal-bed gas wells. Drilling operations shall be considered to be "continuously prosecuted" if not more than 90 days shall elapse between the completion or abandonment of one well or hole and the commencement of drilling operations on another well or hole. If, at the expiration of the primary term of this lease, oil or gas is not being produced in paying quantities from the above described land but lessee is then engaged in drilling operations, this lease shall continue in force so long as drilling operations are continuously prosecuted; and if production of oil or gas results in paying quantities from any such drilling operations, this lease shall continue in force so long as oil or gas shall be produced in paying quantities. If, after the expiration of the primary term of this lease, production from the above described land should cease, this lease shall not terminate if lessee is then prosecuting drilling operations, or within 90 days after each such cessation of production commences drilling operations, and this lease shall remain in force so long as such operations are continuously prosecuted, and if production in paying quantities results therefrom, then as long thereafter as oil or gas is produced in paying quantities from the above described land. The phrase "in paying quantities", as used herein, shall mean that the production from a well generates sufficient revenue, averaged over a six -month period, to pay for the monthly costs of operation of said well, but not for any capital expenditures relating thereto.

In consideration of the premises, it is hereby mutually agreed as follows:

1. Lessee shall deliver, free of cost, to lessor at the wells, or to the credit of lessor in the pipeline to which the wells may be connected, the equal part of all oil and other liquid hydrocarbons produced and saved from the leased premises, or, at lessee's option, pay to lessor for such royalty the market price at the well for such oil and other liquid hydrocarbons of like grade and gravity prevailing on the day such oil and other liquid hydrocarbons are run from the lease stock tanks.

2. On gas, gas condensate, gas distillate, casinghead gas and all other gases, including their constituent parts, produced from said land and sold or produced from said land and used off the leased premises or in the manufacture of gasoline or other products, lessee shall pay to lessor a sum equal to 1/5th of the net proceeds received from the sale of such produced substance to an unaffiliated party where the same is sold at the mouth of the well or, if not sold at the mouth of the well, then 1/5th of the market value thereof at the mouth of the well, but in no event more than 1/5th of the actual amount received by lessee for the sale thereof to an unaffiliated party. Without limiting the foregoing, it is expressly agreed that Lessee shall at all times have the right to deduct from Lessor's royalty on any gas produced hereunder the royalty share of all applicable production, severance, and other production-related taxes, but such deductions shall not include any state, federal or local sales or income taxes unless obligated by the applicable governmental agencies. Payment or tender of royalty or other payments due to Lessor under this lease may be made by U.S. mail or in person.

3. If a well capable of producing gas or gas and gas condensate in paying quantities located on the leased premises (or on acreage pooled or consolidated with all or a portion of the leased premises into a unit for the drilling or operation of such well) is at any time shut-in and no gas or gas condensate therefrom is sold or used off the premises or for the manufacture of gasoline or other products, such shut-in well shall be deemed to be a well on the leased premises producing gas in paying quantities and this lease shall continue in force during all of the time or times while such well is so shut-in, whether before or after the expiration of the primary term hereof. Lessee shall use reasonable diligence to market gas or gas and gas condensate capable of being produced from such shut-in well but shall be under no obligation to market such products under terms, conditions or circumstances which, in Lessor's judgment established in good faith, are uncommercial. Lessee shall be obligated to pay or tender to lessor on or before the anniversary date of this lease next ensuing after the expiration of ninety (90) days from the date such well is shut-in and thereafter on or before the succeeding anniversary dates of this lease during the period or periods such well is shut-in, as royalty, the sum of One dollar per net mineral acre (\$ 1.00); provided that, if gas or gas condensate from such well is sold or used as aforesaid prior to any such anniversary date of this lease, or if at any such anniversary date, this lease is being maintained in force and effect otherwise than by reason of such shut-in well, lessee shall not be obligated to pay or tender, on or before that particular anniversary date, said sum of money. Such payment shall be deemed a royalty under all provisions of this lease. Such payment may be made or tendered direct to lessor at the address shown above or at the last known address as shown by lessee's records. All payments or tenders may be made by cash, check or draft, mailed or delivered on or before the payment date, and the depositing of such cash, check or draft in any post office, addressed to the lessor on or before the payment date, shall be deemed payment or

ANADARKO PETROLEUM CORPORATION
ATTN SHARI BURN ROOM 16004
PO BOX 173779
DENVER, CO 80217-3779

Trans# 0

Karen

A

tender as herein provided. Notwithstanding the death of lessor, payment or tender of shut-in royalty to such deceased or to his credit in the manner provided herein shall be binding on the heirs, devisees, executors, administrators and personal representatives of lessor and his successors in interest. Royalty ownership as of the date of payment as shown by lessee's records shall govern the determination of the party or parties entitled to receive such payment. In consideration of the obligation so to pay, it shall within the meaning of all terms of this lease, including the Habendum clause, be conclusively deemed that gas is being produced from the premises during the time such gas or gas condensate is not sold or used. Notwithstanding any provision to the contrary herein, it is expressly agreed that the foregoing shut-in royalty obligation shall be in effect both during and after the primary term. A well in which coal-bed gas dewatering operations are being conducted shall be deemed a shut-in well under the terms of this paragraph.

4. THIS IS A PAID-UP LEASE. In consideration of the down payment, lessor agrees that lessee shall not be obligated to commence or continue any drilling operations during the primary term hereof or to make any rental payments during such primary term.

5. Should lessor hereafter acquire any additional right, title or interest in and to the said land, it shall be subject to the provisions hereof to the same extent as if owned by lessor at the date hereof.

6. If lessor owns a less interest in the land covered by this lease than the entire undivided fee simple mineral estate therein, then whether or not such less interest is referred to or described herein, all shut-in royalties and royalties herein provided shall be paid lessor only in the proportion which his interest bears to the whole and undivided mineral fee. However, any such shut-in royalty shall be increased at the next succeeding anniversary date after any reversion occurs to cover the interest so acquired provided that notice of said reversion is provided to lessee under the terms of this lease.

7. If the estate of either party hereto is assigned or sublet, and the privilege of assigning or subletting in whole or in part is expressly allowed, the express and implied covenants hereof shall extend to the sub lessees, successors and assigns of the parties; and in the event of an assignment or subletting by lessee, lessee shall be relieved and discharged as to the leasehold rights so assigned or sublet from any liability to lessor thereafter accruing upon any of the covenants or conditions of this lease, either express or implied. No change in the ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee or require separate measuring or installation of separate tanks by lessee. Notwithstanding any actual or constructive knowledge of or notice to lessee, no change in the ownership of said land or of the right to receive shut-in royalties or other royalties hereunder, or of any interest therein, whether by reason of death, conveyance or any other matter, shall be binding on lessee (except at lessee's option in any particular case) until 90 days after lessee has been furnished written notice thereof, and the supporting information hereinafter referred to, by the party claiming as a result of such change in ownership or interest. Such notice shall be supported by original or certified copies of all documents and other instruments or proceedings necessary in lessee's opinion to establish the ownership of the claiming party. If at any time there be as many as six parties (or more) entitled to receive royalties under this lease, lessee may withhold payment thereof unless and until all parties designate in writing in a recordable instrument to be filed with the lessee, the trustee or agent to receive all royalty payment due hereunder and to execute division and transfer orders on behalf of said parties and their respective successors in title. Any assignment by Lessee other than to Lessee's client, affiliates, subsidiaries or principles, shall require Lessor's written consent which consent shall not be unreasonably withheld. Any such assignment shall not relieve Lessee of any liability or obligation which exists or has accrued as of the date of the assignment.

8. Lessee may, at any time, execute and deliver to lessor or place of record a release covering all or any part of the acreage embraced in the leased premises or covering any one or more zones, formations or depths underlying all or any part of such acreage, and thereupon shall be relieved of all obligations thereafter to accrue with respect to the acreage, zones, formations or depths covered by such release. In the event of a release of this lease as to all rights in only a part of the acreage embraced in the leased premises, thereafter the shut-in royalties hereinabove provided for shall be reduced proportionately on an acreage basis.

9. Lessee is granted the right, from time to time while this lease is in force, whether before or after the commencement of drilling operations, to pool into a separate operating unit or units, all or any part of the land covered by this lease with other land, lease or leases, or interests therein (whether such other interests are pooled by a voluntary agreement on the part of the owners thereof or by the exercise of a right to pool by the lessees thereof), when in lessee's judgment it is necessary or advisable in order to promote conservation, to properly develop or operate the land and interests to be pooled, or to obtain a multiple production allowable from any governmental agency having control over such matters. Any pooling hereunder may cover all oil and gas, or any one or more of the substances covered by this lease, and may cover one or more or all zones or formations underlying all or any portion or portions of the leased premises. Any unit formed by such pooling shall be of abutting or cornering tracts and shall not exceed 640 acres (plus a tolerance of 10%) for gas or gas condensate and shall not exceed 40 acres (plus a tolerance of 10%) for any other substance covered by this lease provided a unit for a horizontal completion shall not exceed 640 acres plus a tolerance of 10%; provided that a larger unit may be formed for an oil well, a gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction; provided that if any governmental regulation or order shall prescribe a spacing pattern for the development of a field wherein the above described land, or a portion thereof, is located, or allocate a producing allowable based on acreage per well, then any such unit may embrace as much additional acreage as may be so prescribed or as may be permitted in such allocation of allowable. The area pooled and the zones or formations and substances pooled shall be set forth by lessee in a "declaration of pooling" filed for record in the county or counties in which the pooled area is located. Such pooling shall be effective on the date such declaration is filed unless an earlier or later effective date is specified in such declaration. In lieu of the royalties elsewhere herein specified, except shut-in gas well royalties, lessor shall receive on production from an area so pooled only such portion of the royalties which, in the absence of such pooling, would be payable hereunder to lessor on production from the land covered by this lease which is placed in the pooled area as the amount of the surface acreage in the land covered by this lease which is placed in the pooled area bears to the amount of the surface acreage of the entire pooled area. Nothing herein contained shall authorize or affect any transfer of any title to any leasehold, royalty or other interest pooled pursuant hereto. The commencement of a well, the conduct of other drilling operations, the completion of a well or of a dry hole, or the operation of a producing well on the pooled area, shall be considered for all purposes (except for royalty purposes) the same as if said well were located on, or such drilling operations were conducted upon, the lands covered by this lease whether or not such well is located upon, or such drilling operations are conducted upon, said lands. Lessee shall also have the right, but not the obligation, from time to time, while this lease is in force, to modify or terminate any prior declaration of pooling by either increasing or decreasing the size of the pooled unit, such right to be exercised by the recording of an instrument evidencing such modification or termination; provided, however, that this right may be exercised only to the extent that such modification or termination will result in pooled units of a size equal to any spacing pattern established by governmental regulation or order for the lands involved. Notwithstanding the limitations on termination of pooled units contained in the preceding sentence, lessee may also terminate any pooling effected pursuant hereto at any time the pooled unit is not producing and no drilling operations are being conducted thereon by executing and filing of record in the county or counties in which the pooled area is located a written declaration of the termination of such pooling, provided that the pooling of all interests not covered by this lease which comprise a part of such pooled unit be also terminated in some effective manner.

10. In addition to and not in limitation of the rights granted in paragraph 9 hereof, lessee shall have the right to unitize, pool or combine all or any part of the above-described lands or other lands in the same general area, including the commitment of all or any portion of said lands to a federal unit by executing a Ratification and Joinder to such a unit, or by entering into a cooperative or unit 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 federal unit, plan or agreement and, in 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 federal unit, cooperative or unit 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 federal unit,

plan or agreement, and this lease shall not terminate or expire during the life of such federal unit, plan or agreement. In the event that said lands or any part thereof shall hereafter be operated under any such federal unit, cooperative or unit plan of development or operation whereby the production thereof is allocated to different portions of the land covered by said federal unit or cooperative unit 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 a particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to lessor shall be based upon production only as so allocated. Lessor shall formally express lessor's consent to any federal unit, cooperative or unit plan of development or operation adopted by lessee and approved by any governmental agency by executing a Ratification and Joinder to such federal unit, or by executing the cooperative or unit plan upon request of lessee, but such consent shall not be deemed necessary to bind the interest of lessor to such federal unit or cooperative or unit plan of development or operation.

11. Subject to the restrictions set out herein, Lessee shall have the right to use, free of cost, oil and gas, but not water produced on said land for its operations. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing. No part of the surface of the leased premises shall, without the written consent of lessee, be let, granted or licensed by lessor to any other party for the location, construction 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, gas or other minerals. In addition, and not by way of limitation, lessee shall have the right for one year after the expiration of the terms of this lease to enter the leased premises and remove any machinery or fixtures placed on the premises as well as the right to draw and remove casing during said period of time. Lessee may use, reinject or dispose of any water produced from the formation where oil and gas is also being produced as part of that production; provided, however, under no circumstances shall Lessee produce, use, or dispose of any water from any other formation. Any produced water or waste which is not reinjected into the producing formation shall be held in sealed containers or transported via flowlines, and shall be disposed of off of the Lands by Lessee. Lessee is responsible for obtaining any permits or other authorization related to production, use or reinjection of produced waters.

12. Lessee shall bury below plow depth its pipe lines on the leased premises. No well shall be drilled nearer than 200 feet to any house or barn now on said premises without the written consent of the owner of the surface on which such house or barn is located. Lessee shall pay for damages to growing crops caused by its operations on said lands.

13. Lessor hereby warrants and agrees that it has not transferred, leased or otherwise intentionally clouded the title of its mineral interest covered hereby. Lessee may purchase or lease the rights of any party claiming any interest in said land and exercise such rights as may be obtained thereby but lessee shall not suffer any forfeiture nor incur any liability to lessor by reason thereof. Lessee shall have the right at any time to pay for lessor, any mortgage, taxes or other lien on said lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and any such payments made by lessee for lessor may be deducted from any amounts of money which may become due lessor under this lease. Furthermore, if any claim is asserted or any action or proceeding instituted by lessor, or any third party claiming title to the leased land or any part thereof or any interest therein or any production therefrom, adverse to lessor or adverse to the rights claimed in good faith by lessee under this lease, then during the pendency of such controversy and until 90 days after determination thereof, lessee may defer or discontinue payment of any sums due hereunder and all operations on the leased land or, if it operates wells, it may deposit royalties accruing hereunder in respect to the production therefrom in any bank in the state in which the leased premises are located to abide the final determination of such controversy.

14. All express provisions and implied covenants of this lease shall be subject to all applicable laws, governmental orders, rules and regulations. This lease shall not be terminated in whole or in part, nor lessee held liable in damages, because of a temporary cessation of production or of drilling operations due to breakdown of equipment or due to the repairing of a well or wells, or because of failure to comply with any of the express provisions or implied covenants of this lease if such failure, whether or not foreseeable, is the result of the exercise of governmental authority, war, armed hostilities, terrorism, lack of market, act of God, strike, civil disturbance, fire, explosion, flood or any other cause reasonably beyond the control of lessee.

15. No litigation shall be initiated by Lessor for damages, forfeiture or cancellation with respect to any breach or default by Lessee hereunder, for a period of at least 60 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default within such period. If Lessee commences action to cure the claim default within the 60 day period, it shall diligently pursue such action until the default is cured.

16. This lease and all provisions thereof shall be applicable to and binding upon the parties and their respective successors and assigns. Reference herein to lessor and lessee shall include reference to their respective successors and assigns. 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.

17. The lessors for themselves and their heirs, successors and assigns, hereby expressly release and waive any and all rights of homestead, dower, curtesy and augmented estate rights.

18. ADDITIONAL PROVISIONS: In the event of a conflict or inconsistency between the printed terms of the Lease and the terms of these Additional Provisions the Additional Provisions shall govern and control and shall be deemed to supersede the printed terms of the Lease.

a) At the expiration of the primary term hereof, this lease shall not terminate if lessee is then engaged in the drilling or reworking of any well on the leased premises and does not allow more than 180 days to elapse between the completion or abandonment of one well on such land and the commencement of another well thereon until the leased premises have been "fully developed", as hereinafter defined. Operations for drilling or reworking of a well shall be deemed continuous if not more than 180 days lapses between the completion of drilling or reworking operations on one well on the leased premises or lands pooled therewith and the commencement of drilling or reworking operations on another well on the leased premises or lands pooled therewith. Should Lessee fail to timely commence drilling or reworking operation on a well in accordance with the aforesaid 180 day continuous drilling or development program prior to the point in time the leased premises have been fully developed or at such time as lessee ceases drilling or reworking operations pursuant to such 180 day continuous drilling program, then this lease shall terminate as to all lands not included in or otherwise allocated to a well unit. For the purpose hereof, the term "well unit" shall mean the proration, drilling or spacing unit created for a well capable of producing oil and/or gas in paying quantities as prescribed and permitted by the applicable rules and regulations of the governmental authority having jurisdiction, and the term "fully developed" shall mean the point in time when the entirety of the leased premises has been included in a well unit, or units as prescribed and permitted by the applicable rules and regulations of the governmental authority having jurisdiction. Completion as defined herein shall be the date on which the drilling rig is released from a wellsite.

b) Lessee shall provide Lessor with a copy of any title opinion which it receives that covers all or any part of the Lands.

c) Lessor shall have the right to review and audit Lessee's books and records upon reasonable advance written notice to Lessee in Lessee's corporate office to verify that all payments called for hereunder have been properly made, provided Lessor give notice before the end of any calendar year this lease is in effect in order to conduct a review for the preceding two calendar years.

d) Lessor's royalty shall not be subject to Post Production Costs but will bear its proportionate share of: (i) all production, severance and ad valorem taxes, and (ii) applicable charges after Oil and Gas Substances are in a marketable condition and have reached a recognized market for same including transportation charges, if any. As used in this provision, Post Production Costs shall mean all costs actually incurred by lessee or its affiliate and all losses of produced volumes whether by use as fuel, line loss, flaring, venting or otherwise from and after the wellhead until the

Oil and Gas Substances are in a marketable condition and have reached a recognized market for same. For the purposes of this lease, "a recognized market" means that location at which Lessee could sell Oil and/or Gas Substances in an arm's length transaction.

e) It is understood and agreed that the shut-in royalty provided in the Lease shall be \$10.00 per year per net mineral acre covered by the Lease and that the Lease may not be maintained in force for any single period of time longer than 24 consecutive months after the expiration of the primary term hereof solely by the provision of the shut-in royalty clause. The shut-in status of any well shall persist only so long as it is necessary to correct, through the exercise of good faith and due diligence, the condition giving rise to the shut-in of the well.

f) Lessee agrees to defend, indemnify and save and hold harmless Lessor, its members, managers, shareholders and partners, and their respective officers, directors, employees, agents, representatives, contractors and subcontractors, forever from and against all losses, costs, expenses, liabilities, obligations, damages, demands, suits, and fines and sanctions of every kind and character (including reasonable fees and expenses of attorneys, technical experts and expert witnesses reasonably incident to matters indemnified against), which arise from or in connection with (i) any activities, operations, acts or omissions of Lessee or its agents, representatives, contractors and subcontractors on the leased premises or on lands adjacent to the leased premises, including, without limitation, any spill, release or discharge of any substance (including any pollutant or hazardous or toxic substance) or any violation of any environmental or other laws, or (ii) the breach by Lessee of this Lease.

g) The Parties have also entered into a surface use agreement covering the leased premises, the terms and provisions of which shall control in the event of a conflict with the terms and provisions of this lease.

IN WITNESS WHEREOF, this lease is executed as of the day and year first above written.

McVey Family, LLC

[Handwritten Signature]
By: Linda McVey, Manager

STATE of Florida

ACKNOWLEDGEMENT-INDIVIDUAL

COUNTY of Hendry

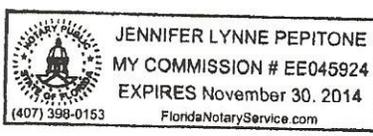
BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 11th day of May, 2011, personally appeared Linda McVey, to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its Manager and acknowledged to me that she DULY executed same as free and voluntary act and deed for the uses and purposes therein set forth and in the capacity stated therein.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

My Commission Expires: Nov. 30, 2014

[Handwritten Signature]
Notary Public:

Address:



PRODUCERS 88-PAID UP
Rocky Mtn

OIL AND GAS LEASE

THIS LEASE AGREEMENT is made and entered into this 11th day of May, 2011, by and between **Sun Empire VI, L.L.C.**, a Colorado Limited Liability Company whose address is 2 Adams Street, No. 601, Denver, CO 80206, hereinafter called Lessor and Anadarko E&P Company LP, whose address is 1099 18th Street, Suite 1800, Denver, CO 80202, hereinafter called Lessee:

WITNESSETH: that lessor, for and in consideration of Ten and 00/100 DOLLARS (\$10.00) in hand paid, receipt of which is hereby acknowledged, and of the agreements of lessee hereinafter set forth, hereby grants, demises, leases and lets exclusively unto said lessee the lands hereinafter described, together with any reversionary rights therein, for the purpose of prospecting, exploring by geophysical and other methods, drilling, mining, operating for and producing oil or gas, or both, including, but not as a limitation, casinghead gas, casinghead gasoline, gas-condensate (distillate), coal-bed methane gas and any substance, whether similar or dissimilar, produced in a gaseous state, together with the right to construct and maintain pipe lines, telephone and electric lines, tanks, powers, ponds, roadways, plants, equipment, and structures thereon to produce, save and take care of said oil and gas, and the exclusive right to inject air, gas, water, brine and other fluids from any source into the subsurface strata and any and all other rights and privileges necessary, incident to, or convenient for the economical operation of said land, alone or jointly with neighboring land, for the production, saving and taking care of oil and gas, including the dewatering of coal-bed gas wells and the injection of air, gas, water, brine, and other fluids into the subsurface strata, said lands being situated in Adams County, Colorado, described as follows, to-wit:

Township 3 South, Range 65 West, 6th P.M.
Section 17: W2NW

and containing for all purposes of this lease, said lands shall be deemed to contain 80.00 gross acres, more or less, together with all strips or parcels of land. In addition to the above-described lands, this lease also covers any lakes, streams, rivers, roads, easements and rights-of-way which traverse or adjoin said lands, including any accretions, and any strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the lands described herein, including without limitation, all strips or parcels resulting from changes in the boundaries or center line of any lake, stream or river, and all riparian lands adjacent thereto. In consideration of the cash bonus paid to Lessor by Lessee for execution of this lease, Lessor agrees to execute, at Lessee's request, any additional or supplemental instruments for a more complete or accurate description of the land so covered.

Subject to the other provisions herein contained, this lease shall remain in force for a term of Four (4) years from (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from the above described land or drilling operations are continuously prosecuted as hereinafter provided. "Drilling operations" includes operations for the drilling of a new well, the reworking, deepening or plugging back of a well or hole or other operations conducted in an effort to obtain or re-establish production of oil or gas, including the dewatering of coal-bed gas wells. Drilling operations shall be considered to be "continuously prosecuted" if not more than 90 days shall elapse between the completion or abandonment of one well or hole and the commencement of drilling operations on another well or hole. If, at the expiration of the primary term of this lease, oil or gas is not being produced in paying quantities from the above described land but lessee is then engaged in drilling operations, this lease shall continue in force so long as drilling operations are continuously prosecuted; and if production of oil or gas results in paying quantities from any such drilling operations, this lease shall continue in force so long as oil or gas shall be produced in paying quantities. If, after the expiration of the primary term of this lease, production from the above described land should cease, this lease shall not terminate if lessee is then prosecuting drilling operations, or within 90 days after each such cessation of production commences drilling operations, and this lease shall remain in force so long as such operations are continuously prosecuted, and if production in paying quantities results therefrom, then as long thereafter as oil or gas is produced in paying quantities from the above described land. The phrase "in paying quantities", as used herein, shall mean that the production from a well generates sufficient revenue, averaged over a six -month period, to pay for the monthly costs of operation of said well, but not for any capital expenditures relating thereto.

In consideration of the premises, it is hereby mutually agreed as follows:

1. Lessee shall deliver, free of cost, to lessor at the wells, or to the credit of lessor in the pipeline to which the wells may be connected, the equal part of 1/5th of all oil and other liquid hydrocarbons produced and saved from the leased premises, or, at lessee's option, pay to lessor for such royalty the market price at the well for such oil and other liquid hydrocarbons of like grade and gravity prevailing on the day such oil and other liquid hydrocarbons are run from the lease stock tanks.

2. On gas, gas condensate, gas distillate, casinghead gas and all other gases, including their constituent parts, produced from said land and sold or produced from said land and used off the leased premises or in the manufacture of gasoline or other products, lessee shall pay to lessor a sum equal to 1/5th of the net proceeds received from the sale of such produced substance to an unaffiliated party where the same is sold at the mouth of the well or, if not sold at the mouth of the well, then 1/5th of the market value thereof at the mouth of the well, but in no event more than 1/5th of the actual amount received by lessee for the sale thereof to an unaffiliated party. Without limiting the foregoing, it is expressly agreed that Lessee shall at all times have the right to deduct from Lessor's royalty on any gas produced hereunder the royalty share of all applicable production, severance, and other production-related taxes, but such deductions shall not include any state, federal or local sales or income taxes unless obligated by the applicable governmental agencies. Payment or tender of royalty or other payments due to Lessor under this lease may be made by U.S. mail or in person.

3. If a well capable of producing gas or gas and gas condensate in paying quantities located on the leased premises (or on acreage pooled or consolidated with all or a portion of the leased premises into a unit for the drilling or operation of such well) is at any time shut-in and no gas or gas condensate therefrom is sold or used off the premises or for the manufacture of gasoline or other products, such shut-in well shall be deemed to be a well on the leased premises producing gas in paying quantities and this lease shall continue in force during all of the time or times while such well is so shut-in, whether before or after the expiration of the primary term hereof. Lessee shall use reasonable diligence to market gas or gas and gas condensate capable of being produced from such shut-in well but shall be under no obligation to market such products under terms, conditions or circumstances which, in lessee's judgment exercised in good faith, are unsatisfactory. Lessee shall be obligated to pay or tender to lessor on or before the anniversary date of this lease next ensuing after the expiration of ninety (90) days from the date such well is shut-in and thereafter on or before the succeeding anniversary dates of this lease during the period or periods such well is shut-in, as royalty, the sum of One dollar per net mineral acre (\$ 1.00); provided that, if gas or gas condensate from such well is sold or used as aforesaid prior to any such anniversary date of this lease, or if at any such anniversary date, this lease is being maintained in force and effect otherwise than by reason of such shut-in well, lessee shall not be obligated to pay or tender, on or before that particular anniversary date, said sum of money. Such payment shall be deemed a royalty under all provisions of this lease. Such payment may be made or tendered direct to lessor at the address shown above or at the last known address as shown by lessee's records. All payments or tenders may be made by cash, check or draft, mailed or delivered on or before the payment date, and the depositing of such cash, check or draft in any post office, addressed to the lessor on or before the payment date, shall be deemed payment or

tender as herein provided. Notwithstanding the death of lessor, payment or tender of shut-in royalty to such deceased or to his credit in the manner provided herein shall be binding on the heirs, devisees, executors, administrators and personal representatives of lessor and his successors in interest. Royalty ownership as of the date of payment as shown by lessee's records shall govern the determination of the party or parties entitled to receive such payment. In consideration of the obligation so to pay, it shall within the meaning of all terms of this lease, including the Habendum clause, be conclusively deemed that gas is being produced from the premises during the time such gas or gas condensate is not sold or used. Notwithstanding any provision to the contrary herein, it is expressly agreed that the foregoing shut-in royalty obligation shall be in effect both during and after the primary term. A well in which coal-bed gas dewatering operations are being conducted shall be deemed a shut-in well under the terms of this paragraph.

4. THIS IS A PAID-UP LEASE. In consideration of the down payment, lessor agrees that lessee shall not be obligated to commence or continue any drilling operations during the primary term hereof or to make any rental payments during such primary term.

5. Should lessor hereafter acquire any additional right, title or interest in and to the said land, it shall be subject to the provisions hereof to the same extent as if owned by lessor at the date hereof.

6. If lessor owns a less interest in the land covered by this lease than the entire undivided fee simple mineral estate therein, then whether or not such less interest is referred to or described herein, all shut-in royalties and royalties herein provided shall be paid lessor only in the proportion which his interest bears to the whole and undivided mineral fee. However, any such shut-in royalty shall be increased at the next succeeding anniversary date after any reversion occurs to cover the interest so acquired provided that notice of said reversion is provided to lessee under the terms of this lease.

7. If the estate of either party hereto is assigned or sublet, and the privilege of assigning or subletting in whole or in part is expressly allowed, the express and implied covenants hereof shall extend to the sub lessees, successors and assigns of the parties; and in the event of an assignment or subletting by lessee, lessee shall be relieved and discharged as to the leasehold rights so assigned or sublet from any liability to lessor thereafter accruing upon any of the covenants or conditions of this lease, either express or implied. No change in the ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee or require separate measuring or installation of separate tanks by lessee. Notwithstanding any actual or constructive knowledge of or notice to lessee, no change in the ownership of said land or of the right to receive shut-in royalties or other royalties hereunder, or of any interest therein, whether by reason of death, conveyance or any other matter, shall be binding on lessee (except at lessee's option in any particular case) until 90 days after lessee has been furnished written notice thereof, and the supporting information hereinafter referred to, by the party claiming as a result of such change in ownership or interest. Such notice shall be supported by original or certified copies of all documents and other instruments or proceedings necessary in lessee's opinion to establish the ownership of the claiming party. If at any time there be as many as six parties (or more) entitled to receive royalties under this lease, lessee may withhold payment thereof unless and until all parties designate in writing in a recordable instrument to be filed with the lessee, the trustee or agent to receive all royalty payment due hereunder and to execute division and transfer orders on behalf of said parties and their respective successors in title. Any assignment by Lessee other than to Lessee's client, affiliates, subsidiaries or principles, shall require Lessor's written consent which consent shall not be unreasonably withheld. Any such assignment shall not relieve Lessee of any liability or obligation which exists or has accrued as of the date of the assignment.

8. Lessee may, at any time, execute and deliver to lessor or place of record a release covering all or any part of the acreage embraced in the leased premises or covering any one or more zones, formations or depths underlying all or any part of such acreage, and thereupon shall be relieved of all obligations thereafter to accrue with respect to the acreage, zones, formations or depths covered by such release. In the event of a release of this lease as to all rights in only a part of the acreage embraced in the leased premises, thereafter the shut-in royalties hereinabove provided for shall be reduced proportionately on an acreage basis.

9. Lessee is granted the right, from time to time while this lease is in force, whether before or after the commencement of drilling operations, to pool into a separate operating unit or units, all or any part of the land covered by this lease with other land, lease or leases, or interests therein (whether such other interests are pooled by a voluntary agreement on the part of the owners thereof or by the exercise of a right to pool by the lessees thereof), when in lessee's judgment it is necessary or advisable in order to promote conservation, to properly develop or operate the land and interests to be pooled, or to obtain a multiple production allowable from any governmental agency having control over such matters. Any pooling hereunder may cover all oil and gas, or any one or more of the substances covered by this lease, and may cover one or more or all zones or formations underlying all or any portion or portions of the leased premises. Any unit formed by such pooling shall be of abutting or cornering tracts and shall not exceed 640 acres (plus a tolerance of 10%) for gas or gas condensate and shall not exceed 40 acres (plus a tolerance of 10%) for any other substance covered by this lease provided a unit for a horizontal completion shall not exceed 640 acres plus a tolerance of 10 % ; provided that a larger unit may be formed for an oil well, a gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction; provided that if any governmental regulation or order shall prescribe a spacing pattern for the development of a field wherein the above described land, or a portion thereof, is located, or allocate a producing allowable based on acreage per well, then any such unit may embrace as much additional acreage as may be so prescribed or as may be permitted in such allocation of allowable. The area pooled and the zones or formations and substances pooled shall be set forth by lessee in a "declaration of pooling" filed for record in the county or counties in which the pooled area is located. Such pooling shall be effective on the date such declaration is filed unless an earlier or later effective date is specified in such declaration. In lieu of the royalties elsewhere herein specified, except shut-in gas well royalties, lessor shall receive on production from an area so pooled only such portion of the royalties which, in the absence of such pooling, would be payable hereunder to lessor on production from the land covered by this lease which is placed in the pooled area as the amount of the surface acreage in the land covered by this lease which is placed in the pooled area bears to the amount of the surface acreage of the entire pooled area. Nothing herein contained shall authorize or affect any transfer of any title to any leasehold, royalty or other interest pooled pursuant hereto. The commencement of a well, the conduct of other drilling operations, the completion of a well or of a dry hole, or the operation of a producing well on the pooled area, shall be considered for all purposes (except for royalty purposes) the same as if said well were located on, or such drilling operations were conducted upon, the lands covered by this lease whether or not such well is located upon, or such drilling operations are conducted upon, said lands. Lessee shall also have the right, but not the obligation, from time to time, while this lease is in force, to modify or terminate any prior declaration of pooling by either increasing or decreasing the size of the pooled unit, such right to be exercised by the recording of an instrument evidencing such modification or termination; provided, however, that this right may be exercised only to the extent that such modification or termination will result in pooled units of a size equal to any spacing pattern established by governmental regulation or order for the lands involved. Notwithstanding the limitations on termination of pooled units contained in the preceding sentence, lessee may also terminate any pooling effected pursuant hereto at any time the pooled unit is not producing and no drilling operations are being conducted thereon by executing and filing of record in the county or counties in which the pooled area is located a written declaration of the termination of such pooling, provided that the pooling of all interests not covered by this lease which comprise a part of such pooled unit be also terminated in some effective manner.

10. In addition to and not in limitation of the rights granted in paragraph 9 hereof, lessee shall have the right to unitize, pool or combine all or any part of the above-described lands or other lands in the same general area, including the commitment of all or any portion of said lands to a federal unit by executing a Ratification and Joinder to such a unit, or by entering into a cooperative or unit 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 federal unit, plan or agreement and, in 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 federal unit, cooperative or unit 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 federal unit,

plan or agreement, and this lease shall not terminate or expire during the life of such federal unit, plan or agreement. In the event that said lands or any part thereof shall hereafter be operated under any such federal unit, cooperative or unit plan of development or operation whereby the production thereof is allocated to different portions of the land covered by said federal unit or cooperative unit 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 a particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to lessor shall be based upon production only as so allocated. Lessor shall formally express lessor's consent to any federal unit, cooperative or unit plan of development or operation adopted by lessee and approved by any governmental agency by executing a Ratification and Joinder to such federal unit, or by executing the cooperative or unit plan upon request of lessee, but such consent shall not be deemed necessary to bind the interest of lessor to such federal unit or cooperative or unit plan of development or operation.

11. Subject to the restrictions set out herein, Lessee shall have the right to use, free of cost, oil and gas, but not water produced on said land for its operations. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing. No part of the surface of the leased premises shall, without the written consent of lessee, be let, granted or licensed by lessor to any other party for the location, construction 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, gas or other minerals. In addition, and not by way of limitation, lessee shall have the right for one year after the expiration of the terms of this lease to enter the leased premises and remove any machinery or fixtures placed on the premises as well as the right to draw and remove casing during said period of time. Lessee may use, reinject or dispose of any water produced from the formation where oil and gas is also being produced as part of that production; provided, however, under no circumstances shall Lessee produce, use, or dispose of any water from any other formation. Any produced water or waste which is not reinjected into the producing formation shall be held in sealed containers or transported via flowlines, and shall be disposed of off of the Lands by Lessee. Lessee is responsible for obtaining any permits or other authorization related to production, use or reinjection of produced waters.

12. Lessee shall bury below plow depth its pipe lines on the leased premises. No well shall be drilled nearer than 200 feet to any house or barn now on said premises without the written consent of the owner of the surface on which such house or barn is located. Lessee shall pay for damages to growing crops caused by its operations on said lands.

13. Lessor hereby warrants and agrees that is has not transferred, leased or otherwise intentionally clouded the title of its mineral interest covered hereby. Lessee may purchase or lease the rights of any party claiming any interest in said land and exercise such rights as may be obtained thereby but lessee shall not suffer any forfeiture nor incur any liability to lessor by reason thereof. Lessee shall have the right at any time to pay for lessor, any mortgage, taxes or other lien on said lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and any such payments made by lessee for lessor may be deducted from any amounts of money which may become due lessor under this lease. Furthermore, if any claim is asserted or any action or proceeding instituted by lessor, or any third party claiming title to the leased land or any part thereof or any interest therein or any production therefrom, adverse to lessor or adverse to the rights claimed in good faith by lessee under this lease, then during the pendency of such controversy and until 90 days after determination thereof, lessee may defer or discontinue payment of any sums due hereunder and all operations on the leased land or, if it operates wells, it may deposit royalties accruing hereunder in respect to the production therefrom in any bank in the state in which the leased premises are located to abide the final determination of such controversy.

14. All express provisions and implied covenants of this lease shall be subject to all applicable laws, governmental orders, rules and regulations. This lease shall not be terminated in whole or in part, nor lessee held liable in damages, because of a temporary cessation of production or of drilling operations due to breakdown of equipment or due to the repairing of a well or wells, or because of failure to comply with any of the express provisions or implied covenants of this lease if such failure, whether or not foreseeable, is the result of the exercise of governmental authority, war, armed hostilities, terrorism, lack of market, act of God, strike, civil disturbance, fire, explosion, flood or any other cause reasonably beyond the control of lessee.

15. No litigation shall be initiated by Lessor for damages, forfeiture or cancellation with respect to any breach or default by Lessee hereunder, for a period of at least 60 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default within such period. If Lessee commences action to cure the claim default within the 60 day period, it shall diligently pursue such action until the default is cured.

16. This lease and all provisions thereof shall be applicable to and binding upon the parties and their respective successors and assigns. Reference herein to lessor and lessee shall include reference to their respective successors and assigns. 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.

17. The lessors for themselves and their heirs, successors and assigns, hereby expressly release and waive any and all rights of homestead, dower, curtesy and augmented estate rights.

18. ADDITIONAL PROVISIONS: In the event of a conflict or inconsistency between the printed terms of the Lease and the terms of these Additional Provisions the Additional Provisions shall govern and control and shall be deemed to supersede the printed terms of the Lease.

a) At the expiration of the primary term hereof, this lease shall not terminate if lessee is then engaged in the drilling or reworking of any well on the leased premises and does not allow more than 180 days to elapse between the completion or abandonment of one well on such land and the commencement of another well thereon until the leased premises have been "fully developed", as hereinafter defined. Operations for drilling or reworking of a well shall be deemed continuous if not more than 180 days lapses between the completion of drilling or reworking operations on one well on the leased premises or lands pooled therewith and the commencement of drilling or reworking operations on another well on the leased premises or lands pooled therewith. Should Lessee fail to timely commence drilling to reworking operation on a well in accordance with the aforesaid 180 day continuous drilling or development program prior to the point in time the leased premises have been fully developed or at such time as lessee ceases drilling or reworking operations pursuant to such 180 day continuous drilling program, then this lease shall terminate as to all lands not included in or otherwise allocated to a well unit. For the purpose hereof, the term "well unit" shall mean the proration, drilling or spacing unit created for a well capable of producing oil and/or gas in paying quantities as prescribed and permitted by the applicable rules and regulations of the governmental authority having jurisdiction, and the term "fully developed" shall mean the point in time when the entirety of the leased premises has been included in a well unit, or units as prescribed and permitted by the applicable rules and regulations of the governmental authority having jurisdiction. Completion as defined herein shall be the date on which the drilling rig is released from a wellsite.

b) Lessee shall provide Lessor with a copy of any title opinion which it receives that covers all or any part of the Lands.

c) Lessor shall have the right to review and audit Lessee's books and records upon reasonable advance written notice to Lessee in Lessee's corporate office to verify that all payments called for hereunder have been properly made, provided Lessor give notice before the end of any calendar year this lease is in effect in order to conduct a review for the preceding two calendar years.

d) Lessor's royalty shall not be subject to Post Production Costs but will bear its proportionate share of: (i) all production, severance and ad valorem taxes, and (ii) applicable charges after Oil and Gas Substances are in a marketable condition and have reached a recognized market for same including transportation charges, if any. As used in this provision, Post Production Costs shall mean all costs actually incurred by lessee or its affiliate and all losses of produced volumes whether by use as fuel, line loss, flaring, venting or otherwise from and after the wellhead until the

Oil and Gas Substances are in a marketable condition and have reached a recognized market for same. For the purposes of this lease, "a recognized market" means that location at which Lessee could sell Oil and/or Gas Substances in an arm's length transaction.

e) It is understood and agreed that the shut-in royalty provided in the Lease shall be \$10.00 per year per net mineral acre covered by the Lease and that the Lease may not be maintained in force for any single period of time longer than 24 consecutive months after the expiration of the primary term hereof solely by the provision of the shut-in royalty clause. The shut-in status of any well shall persist only so long as it is necessary to correct, through the exercise of good faith and due diligence, the condition giving rise to the shut-in of the well.

f) Lessee agrees to defend, indemnify and save and hold harmless Lessor, its members, managers, shareholders and partners, and their respective officers, directors, employees, agents, representatives, contractors and subcontractors, forever from and against all losses, costs, expenses, liabilities, obligations, damages, demands, suits, and fines and sanctions of every kind and character (including reasonable fees and expenses of attorneys, technical experts and expert witnesses reasonably incident to matters indemnified against), which arise from or in connection with (i) any activities, operations, acts or omissions of Lessee or its agents, representatives, contractors and subcontractors on the leased premises or on lands adjacent to the leased premises, including, without limitation, any spill, release or discharge of any substance (including any pollutant or hazardous or toxic substance) or any violation of any environmental or other laws, or (ii) the breach by Lessee of this Lease.

g) The Parties have also entered into a surface use agreement covering the leased premises, the terms and provisions of which shall control in the event of a conflict with the terms and provisions of this lease.

IN WITNESS WHEREOF, this lease is executed as of the day and year first above written.

Sun Empire VI, L.L.C.

Israel Sonenreich
By: Israel Sonenreich, Manager

STATE of Colorado

ACKNOWLEDGEMENT-INDIVIDUAL

COUNTY of Denver

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 11th day of May, 2011, personally appeared Israel Sonenreich, to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its Manager and acknowledged to me that he DULY executed same as free and voluntary act and deed for the uses and purposes therein set forth and in the capacity stated therein.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

My Commission Expires: 11/12/2013



Beth A. Beck
Notary Public:

Address:

PRODUCERS 88-PAID UP
Rocky Mtn

OIL AND GAS LEASE

THIS LEASE AGREEMENT is made and entered into this 11th day of May, 2011, by and between **Sun Empire VIII, L.L.C.**, a Colorado Limited Liability Company whose address is 2 Adams Street, No. 601, Denver, CO 80206, hereinafter called Lessor and Anadarko E&P Company LP, whose address is 1099 18th Street, Suite 1800, Denver, CO 80202, hereinafter called Lessee:

WITNESSETH: that lessor, for and in consideration of Ten and 00/100 DOLLARS (\$10.00) in hand paid, receipt of which is hereby acknowledged, and of the agreements of lessee hereinafter set forth, hereby grants, demises, leases and lets exclusively unto said lessee the lands hereinafter described, together with any reversionary rights therein, for the purpose of prospecting, exploring by geophysical and other methods, drilling, mining, operating for and producing oil or gas, or both, including, but not as a limitation, casinghead gas, casinghead gasoline, gas-condensate (distillate), coal-bed methane gas and any substance, whether similar or dissimilar, produced in a gaseous state, together with the right to construct and maintain pipe lines, telephone and electric lines, tanks, powers, ponds, roadways, plants, equipment, and structures thereon to produce, save and take care of said oil and gas, and the exclusive right to inject air, gas, water, brine and other fluids from any source into the subsurface strata and any and all other rights and privileges necessary, incident to, or convenient for the economical operation of said land, alone or jointly with neighboring land, for the production, saving and taking care of oil and gas, including the dewatering of coal-bed gas wells and the injection of air, gas, water, brine, and other fluids into the subsurface strata, said lands being situated in Adams County, Colorado, described as follows, to-wit:

Township 3 South, Range 65 West, 6th P.M.
Section 17: E2NW

and containing for all purposes of this lease, said lands shall be deemed to contain 80.00 gross acres, more or less, together with all strips or parcels of land. In addition to the above-described lands, this lease also covers any lakes, streams, rivers, roads, easements and rights-of-way which traverse or adjoin said lands, including any accretions, and any strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the lands described herein, including without limitation, all strips or parcels resulting from changes in the boundaries or center line of any lake, stream or river, and all riparian lands adjacent thereto. In consideration of the cash bonus paid to Lessor by Lessee for execution of this lease, Lessor agrees to execute, at Lessee's request, any additional or supplemental instruments for a more complete or accurate description of the land so covered.

Subject to the other provisions herein contained, this lease shall remain in force for a term of Four (4) years from (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from the above described land or drilling operations are continuously prosecuted as hereinafter provided. "Drilling operations" includes operations for the drilling of a new well, the reworking, deepening or plugging back of a well or hole or other operations conducted in an effort to obtain or re-establish production of oil or gas, including the dewatering of coal-bed gas wells. Drilling operations shall be considered to be "continuously prosecuted" if not more than 90 days shall elapse between the completion or abandonment of one well or hole and the commencement of drilling operations on another well or hole. If, at the expiration of the primary term of this lease, oil or gas is not being produced in paying quantities from the above described land but lessee is then engaged in drilling operations, this lease shall continue in force so long as drilling operations are continuously prosecuted; and if production of oil or gas results in paying quantities from any such drilling operations, this lease shall continue in force so long as oil or gas shall be produced in paying quantities. If, after the expiration of the primary term of this lease, production from the above described land should cease, this lease shall not terminate if lessee is then prosecuting drilling operations, or within 90 days after each such cessation of production commences drilling operations, and this lease shall remain in force so long as such operations are continuously prosecuted, and if production in paying quantities results therefrom, then as long thereafter as oil or gas is produced in paying quantities from the above described land. The phrase "in paying quantities", as used herein, shall mean that the production from a well generates sufficient revenue, averaged over a six -month period, to pay for the monthly costs of operation of said well, but not for any capital expenditures relating thereto.

In consideration of the premises, it is hereby mutually agreed as follows:

1. Lessee shall deliver, free of cost, to lessor at the wells, or to the credit of lessor in the pipeline to which the wells may be connected, the equal part of 1/5th of all oil and other liquid hydrocarbons produced and saved from the leased premises, or, at lessee's option, pay to lessor for such royalty the market price at the well for such oil and other liquid hydrocarbons of like grade and gravity prevailing on the day such oil and other liquid hydrocarbons are run from the lease stock tanks.

2. On gas, gas condensate, gas distillate, casinghead gas and all other gases, including their constituent parts, produced from said land and sold or produced from said land and used off the leased premises or in the manufacture of gasoline or other products, lessee shall pay to lessor a sum equal to 1/5th of the net proceeds received from the sale of such produced substance to an unaffiliated party where the same is sold at the mouth of the well or, if not sold at the mouth of the well, then 1/5th of the market value thereof at the mouth of the well, but in no event more than 1/5th of the actual amount received by lessee for the sale thereof to an unaffiliated party. Without limiting the foregoing, it is expressly agreed that Lessee shall at all times have the right to deduct from Lessor's royalty on any gas produced hereunder the royalty share of all applicable production, severance, and other production-related taxes, but such deductions shall not include any state, federal or local sales or income taxes unless obligated by the applicable governmental agencies. Payment or tender of royalty or other payments due to Lessor under this lease may be made by U.S. mail or in person.

3. If a well capable of producing gas or gas and gas condensate in paying quantities located on the leased premises (or on acreage pooled or consolidated with all or a portion of the leased premises into a unit for the drilling or operation of such well) is at any time shut-in and no gas or gas condensate therefrom is sold or used off the premises or for the manufacture of gasoline or other products, such shut-in well shall be deemed to be a well on the leased premises producing gas in paying quantities and this lease shall continue in force during all of the time or times while such well is so shut-in, whether before or after the expiration of the primary term hereof. Lessee shall use reasonable diligence to market gas or gas and gas condensate capable of being produced from such shut-in well but shall be under no obligation to market such products under terms, conditions or circumstances which, in lessee's judgment exercised in good faith, are unsatisfactory. Lessee shall be obligated to pay or tender to lessor on or before the anniversary date of this lease next ensuing after the expiration of ninety (90) days from the date such well is shut-in and thereafter on or before the succeeding anniversary dates of this lease during the period or periods such well is shut-in, as royalty, the sum of One dollar per net mineral acre (\$ 1.00); provided that, if gas or gas condensate from such well is sold or used as aforesaid prior to any such anniversary date of this lease, or if at any such anniversary date, this lease is being maintained in force and effect otherwise than by reason of such shut-in well, lessee shall not be obligated to pay or tender, on or before that particular anniversary date, said sum of money. Such payment shall be deemed a royalty under all provisions of this lease. Such payment may be made or tendered direct to lessor at the address shown above or at the last known address as shown by lessee's records. All payments or tenders may be made by cash, check or draft, mailed or delivered on or before the payment date, and the depositing of such cash, check or draft in any post office, addressed to the lessor on or before the payment date, shall be deemed payment or

tender as herein provided. Notwithstanding the death of lessor, payment or tender of shut-in royalty to such deceased or to his credit in the manner provided herein shall be binding on the heirs, devisees, executors, administrators and personal representatives of lessor and his successors in interest. Royalty ownership as of the date of payment as shown by lessee's records shall govern the determination of the party or parties entitled to receive such payment. In consideration of the obligation so to pay, it shall within the meaning of all terms of this lease, including the Habendum clause, be conclusively deemed that gas is being produced from the premises during the time such gas or gas condensate is not sold or used. Notwithstanding any provision to the contrary herein, it is expressly agreed that the foregoing shut-in royalty obligation shall be in effect both during and after the primary term. A well in which coal-bed gas dewatering operations are being conducted shall be deemed a shut-in well under the terms of this paragraph.

4. THIS IS A PAID-UP LEASE. In consideration of the down payment, lessor agrees that lessee shall not be obligated to commence or continue any drilling operations during the primary term hereof or to make any rental payments during such primary term.

5. Should lessor hereafter acquire any additional right, title or interest in and to the said land, it shall be subject to the provisions hereof to the same extent as if owned by lessor at the date hereof.

6. If lessor owns a less interest in the land covered by this lease than the entire undivided fee simple mineral estate therein, then whether or not such less interest is referred to or described herein, all shut-in royalties and royalties herein provided shall be paid lessor only in the proportion which his interest bears to the whole and undivided mineral fee. However, any such shut-in royalty shall be increased at the next succeeding anniversary date after any reversion occurs to cover the interest so acquired provided that notice of said reversion is provided to lessee under the terms of this lease.

7. If the estate of either party hereto is assigned or sublet, and the privilege of assigning or subletting in whole or in part is expressly allowed, the express and implied covenants hereof shall extend to the sub lessees, successors and assigns of the parties; and in the event of an assignment or subletting by lessee, lessee shall be relieved and discharged as to the leasehold rights so assigned or sublet from any liability to lessor thereafter accruing upon any of the covenants or conditions of this lease, either express or implied. No change in the ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee or require separate measuring or installation of separate tanks by lessee. Notwithstanding any actual or constructive knowledge of or notice to lessee, no change in the ownership of said land or of the right to receive shut-in royalties or other royalties hereunder, or of any interest therein, whether by reason of death, conveyance or any other matter, shall be binding on lessee (except at lessee's option in any particular case) until 90 days after lessee has been furnished written notice thereof, and the supporting information hereinafter referred to, by the party claiming as a result of such change in ownership or interest. Such notice shall be supported by original or certified copies of all documents and other instruments or proceedings necessary in lessee's opinion to establish the ownership of the claiming party. If at any time there be as many as six parties (or more) entitled to receive royalties under this lease, lessee may withhold payment thereof unless and until all parties designate in writing in a recordable instrument to be filed with the lessee, the trustee or agent to receive all royalty payment due hereunder and to execute division and transfer orders on behalf of said parties and their respective successors in title. Any assignment by Lessee other than to Lessee's client, affiliates, subsidiaries or principles, shall require Lessor's written consent which consent shall not be unreasonably withheld. Any such assignment shall not relieve Lessee of any liability or obligation which exists or has accrued as of the date of the assignment.

8. Lessee may, at any time, execute and deliver to lessor or place of record a release covering all or any part of the acreage embraced in the leased premises or covering any one or more zones, formations or depths underlying all or any part of such acreage, and thereupon shall be relieved of all obligations thereafter to accrue with respect to the acreage, zones, formations or depths covered by such release. In the event of a release of this lease as to all rights in only a part of the acreage embraced in the leased premises, thereafter the shut-in royalties hereinabove provided for shall be reduced proportionately on an acreage basis.

9. Lessee is granted the right, from time to time while this lease is in force, whether before or after the commencement of drilling operations, to pool into a separate operating unit or units, all or any part of the land covered by this lease with other land, lease or leases, or interests therein (whether such other interests are pooled by a voluntary agreement on the part of the owners thereof or by the exercise of a right to pool by the lessees thereof), when in lessee's judgment it is necessary or advisable in order to promote conservation, to properly develop or operate the land and interests to be pooled, or to obtain a multiple production allowable from any governmental agency having control over such matters. Any pooling hereunder may cover all oil and gas, or any one or more of the substances covered by this lease, and may cover one or more or all zones or formations underlying all or any portion or portions of the leased premises. Any unit formed by such pooling shall be of abutting or cornering tracts and shall not exceed 640 acres (plus a tolerance of 10%) for gas or gas condensate and shall not exceed 40 acres (plus a tolerance of 10%) for any other substance covered by this lease provided a unit for a horizontal completion shall not exceed 640 acres plus a tolerance of 10% ; provided that a larger unit may be formed for an oil well, a gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction; provided that if any governmental regulation or order shall prescribe a spacing pattern for the development of a field wherein the above described land, or a portion thereof, is located, or allocate a producing allowable based on acreage per well, then any such unit may embrace as much additional acreage as may be so prescribed or as may be permitted in such allocation of allowable. The area pooled and the zones or formations and substances pooled shall be set forth by lessee in a "declaration of pooling" filed for record in the county or counties in which the pooled area is located. Such pooling shall be effective on the date such declaration is filed unless an earlier or later effective date is specified in such declaration. In lieu of the royalties elsewhere herein specified, except shut-in gas well royalties, lessor shall receive on production from an area so pooled only such portion of the royalties which, in the absence of such pooling, would be payable hereunder to lessor on production from the land covered by this lease which is placed in the pooled area as the amount of the surface acreage in the land covered by this lease which is placed in the pooled area bears to the amount of the surface acreage of the entire pooled area. Nothing herein contained shall authorize or affect any transfer of any title to any leasehold, royalty or other interest pooled pursuant hereto. The commencement of a well, the conduct of other drilling operations, the completion of a well or of a dry hole, or the operation of a producing well on the pooled area, shall be considered for all purposes (except for royalty purposes) the same as if said well were located on, or such drilling operations were conducted upon, the lands covered by this lease whether or not such well is located upon, or such drilling operations are conducted upon, said lands. Lessee shall also have the right, but not the obligation, from time to time, while this lease is in force, to modify or terminate any prior declaration of pooling by either increasing or decreasing the size of the pooled unit, such right to be exercised by the recording of an instrument evidencing such modification or termination; provided, however, that this right may be exercised only to the extent that such modification or termination will result in pooled units of a size equal to any spacing pattern established by governmental regulation or order for the lands involved. Notwithstanding the limitations on termination of pooled units contained in the preceding sentence, lessee may also terminate any pooling effected pursuant hereto at any time the pooled unit is not producing and no drilling operations are being conducted thereon by executing and filing of record in the county or counties in which the pooled area is located a written declaration of the termination of such pooling, provided that the pooling of all interests not covered by this lease which comprise a part of such pooled unit be also terminated in some effective manner.

10. In addition to and not in limitation of the rights granted in paragraph 9 hereof, lessee shall have the right to unitize, pool or combine all or any part of the above-described lands or other lands in the same general area, including the commitment of all or any portion of said lands to a federal unit by executing a Ratification and Joinder to such a unit, or by entering into a cooperative or unit 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 federal unit, plan or agreement and, in 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 federal unit, cooperative or unit 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 federal unit,

plan or agreement, and this lease shall not terminate or expire during the life of such federal unit, plan or agreement. In the event that said lands or any part thereof shall hereafter be operated under any such federal unit, cooperative or unit plan of development or operation whereby the production thereof is allocated to different portions of the land covered by said federal unit or cooperative unit 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 a particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to lessor shall be based upon production only as so allocated. Lessor shall formally express lessor's consent to any federal unit, cooperative or unit plan of development or operation adopted by lessee and approved by any governmental agency by executing a Ratification and Joinder to such federal unit, or by executing the cooperative or unit plan upon request of lessee, but such consent shall not be deemed necessary to bind the interest of lessor to such federal unit or cooperative or unit plan of development or operation.

11. Subject to the restrictions set out herein, Lessee shall have the right to use, free of cost, oil and gas, but not water produced on said land for its operations. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing. No part of the surface of the leased premises shall, without the written consent of lessee, be let, granted or licensed by lessor to any other party for the location, construction 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, gas or other minerals. In addition, and not by way of limitation, lessee shall have the right for one year after the expiration of the terms of this lease to enter the leased premises and remove any machinery or fixtures placed on the premises as well as the right to draw and remove casing during said period of time. Lessee may use, reinject or dispose of any water produced from the formation where oil and gas is also being produced as part of that production; provided, however, under no circumstances shall Lessee produce, use, or dispose of any water from any other formation. Any produced water or waste which is not reinjected into the producing formation shall be held in sealed containers or transported via flowlines, and shall be disposed of off of the Lands by Lessee. Lessee is responsible for obtaining any permits or other authorization related to production, use or reinjection of produced waters.

12. Lessee shall bury below plow depth its pipe lines on the leased premises. No well shall be drilled nearer than 200 feet to any house or barn now on said premises without the written consent of the owner of the surface on which such house or barn is located. Lessee shall pay for damages to growing crops caused by its operations on said lands.

13. Lessor hereby warrants and agrees that it has not transferred, leased or otherwise intentionally clouded the title of its mineral interest covered hereby. Lessee may purchase or lease the rights of any party claiming any interest in said land and exercise such rights as may be obtained thereby but lessee shall not suffer any forfeiture nor incur any liability to lessor by reason thereof. Lessee shall have the right at any time to pay for lessor, any mortgage, taxes or other lien on said lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and any such payments made by lessee for lessor may be deducted from any amounts of money which may become due lessor under this lease. Furthermore, if any claim is asserted or any action or proceeding instituted by lessor, or any third party claiming title to the leased land or any part thereof or any interest therein or any production therefrom, adverse to lessor or adverse to the rights claimed in good faith by lessee under this lease, then during the pendency of such controversy and until 90 days after determination thereof, lessee may defer or discontinue payment of any sums due hereunder and all operations on the leased land or, if it operates wells, it may deposit royalties accruing hereunder in respect to the production therefrom in any bank in the state in which the leased premises are located to abide the final determination of such controversy.

14. All express provisions and implied covenants of this lease shall be subject to all applicable laws, governmental orders, rules and regulations. This lease shall not be terminated in whole or in part, nor lessee held liable in damages, because of a temporary cessation of production or of drilling operations due to breakdown of equipment or due to the repairing of a well or wells, or because of failure to comply with any of the express provisions or implied covenants of this lease if such failure, whether or not foreseeable, is the result of the exercise of governmental authority, war, armed hostilities, terrorism, lack of market, act of God, strike, civil disturbance, fire, explosion, flood or any other cause reasonably beyond the control of lessee.

15. No litigation shall be initiated by Lessor for damages, forfeiture or cancellation with respect to any breach or default by Lessee hereunder, for a period of at least 60 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default within such period. If Lessee commences action to cure the claim default within the 60 day period, it shall diligently pursue such action until the default is cured.

16. This lease and all provisions thereof shall be applicable to and binding upon the parties and their respective successors and assigns. Reference herein to lessor and lessee shall include reference to their respective successors and assigns. 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.

17. The lessors for themselves and their heirs, successors and assigns, hereby expressly release and waive any and all rights of homestead, dower, curtesy and augmented estate rights.

18. **ADDITIONAL PROVISIONS:** In the event of a conflict or inconsistency between the printed terms of the Lease and the terms of these Additional Provisions the Additional Provisions shall govern and control and shall be deemed to supersede the printed terms of the Lease.

a) At the expiration of the primary term hereof; this lease shall not terminate if lessee is then engaged in the drilling or reworking of any well on the leased premises and does not allow more than 180 days to elapse between the completion or abandonment of one well on such land and the commencement of another well thereon until the leased premises have been "fully developed", as hereinafter defined. Operations for drilling or reworking of a well shall be deemed continuous if not more than 180 days lapses between the completion of drilling or reworking operations on one well on the leased premises or lands pooled therewith and the commencement of drilling or reworking operations on another well on the leased premises or lands pooled therewith. Should Lessee fail to timely commence drilling or reworking operation on a well in accordance with the aforesaid 180 day continuous drilling or development program prior to the point in time the leased premises have been fully developed or at such time as lessee ceases drilling or reworking operations pursuant to such 180 day continuous drilling program, then this lease shall terminate as to all lands not included in or otherwise allocated to a well unit. For the purpose hereof; the term "well unit" shall mean the proration, drilling or spacing unit created for a well capable of producing oil and/or gas in paying quantities as prescribed and permitted by the applicable rules and regulations of the governmental authority having jurisdiction, and the term "fully developed" shall mean the point in time when the entirety of the leased premises has been included in a well unit, or units as prescribed and permitted by the applicable rules and regulations of the governmental authority having jurisdiction. Completion as defined herein shall be the date on which the drilling rig is released from a wellsite.

b) Lessee shall provide Lessor with a copy of any title opinion which it receives that covers all or any part of the Lands.

c) Lessor shall have the right to review and audit Lessee's books and records upon reasonable advance written notice to Lessee in Lessee's corporate office to verify that all payments called for hereunder have been properly made, provided Lessor give notice before the end of any calendar year this lease is in effect in order to conduct a review for the preceding two calendar years.

d) Lessor's royalty shall not be subject to Post Production Costs but will bear its proportionate share of: (i) all production, severance and ad valorem taxes, and (ii) applicable charges after Oil and Gas Substances are in a marketable condition and have reached a recognized market for same including transportation charges, if any. As used in this provision, Post Production Costs shall mean all costs actually incurred by lessee or its affiliate and all losses of produced volumes whether by use as fuel, line loss, flaring, venting or otherwise from and after the wellhead until the

Oil and Gas Substances are in a marketable condition and have reached a recognized market for same. For the purposes of this lease, "a recognized market" means that location at which Lessee could sell Oil and/or Gas Substances in an arm's length transaction.

e) It is understood and agreed that the shut-in royalty provided in the Lease shall be \$10.00 per year per net mineral acre covered by the Lease and that the Lease may not be maintained in force for any single period of time longer than 24 consecutive months after the expiration of the primary term hereof solely by the provision of the shut-in royalty clause. The shut-in status of any well shall persist only so long as it is necessary to correct, through the exercise of good faith and due diligence, the condition giving rise to the shut-in of the well.

f) Lessee agrees to defend, indemnify and save and hold harmless Lessor, its members, managers, shareholders and partners, and their respective officers, directors, employees, agents, representatives, contractors and subcontractors, forever from and against all losses, costs, expenses, liabilities, obligations, damages, demands, suits, and fines and sanctions of every kind and character (including reasonable fees and expenses of attorneys, technical experts and expert witnesses reasonably incident to matters indemnified against), which arise from or in connection with (i) any activities, operations, acts or omissions of Lessee or its agents, representatives, contractors and subcontractors on the leased premises or on lands adjacent to the leased premises, including, without limitation, any spill, release or discharge of any substance (including any pollutant or hazardous or toxic substance) or any violation of any environmental or other laws, or (ii) the breach by Lessee of this Lease.

g) The Parties have also entered into a surface use agreement covering the leased premises, the terms and provisions of which shall control in the event of a conflict with the terms and provisions of this lease.

IN WITNESS WHEREOF, this lease is executed as of the day and year first above written.

Sun Empire VIII, L.L.C.

Israel Sonenreich
By: Israel Sonenreich, Manager

STATE of Colorado

ACKNOWLEDGEMENT-INDIVIDUAL

COUNTY of Denver

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 11th day of May, 2011, personally appeared Israel Sonenreich, to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its Manager and acknowledged to me that he DULY executed same as free and voluntary act and deed for the uses and purposes therein set forth and in the capacity stated therein.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

My Commission Expires: 11/12/2013

Beth A. Beck
Notary Public:

Address:

