

OIL AND GAS LEASE

DUPLICATE ORIGINAL
UPRR CO. COPY

THIS AGREEMENT made this 8th day of January 23-49 a. 61
1971, between UNION PACIFIC RAILROAD COMPANY, a Utah corporation authorized to do business in the State of Colorado
Lessor, and PAN AMERICAN PETROLEUM CORPORATION, a Delaware corporation authorized to do business in said State, Lessee,

WITNESSETH:

1. Lessor, for a good and valuable consideration, receipt of which is hereby acknowledged and in consideration of the royalties herein provided, and of the agreement of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil and gas (gas for all purposes being defined without limitation, to include dry gas, casinghead gas, distillate, condensate, helium and all other gaseous substances), and associated liquid hydrocarbons, and, subject to the provisions of Sections 14, 15 and 16 hereof, laying pipe lines, building tanks, power stations, telephone lines and other structures thereon to produce, save, take care of, treat, transport and own said products and housing its employees, the following described land in Weld County, Colorado to-wit:

See description on attached Exhibit "A"

In addition to the land above described, Lessor hereby grants, leases and lets exclusively unto Lessee to the same extent as if specifically described herein all oil, gas and associated liquid hydrocarbons underlying lakes, rivers, streams, roads, easements and rights-of-way (other than railroad rights-of-way) which traverse or adjoin any of said lands. For rental payment purposes, the land included within this lease shall be deemed to contain 5,738.56 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall be for a term of 5 years from its date (called "primary term") and as long thereafter as oil, gas or associated liquid hydrocarbons or any of them are produced from said land hereunder, or drilling or reworking operations are conducted thereon.

3. Lessee, within three months from the date of this lease, shall commence the actual drilling of a test well on the leased premises; and thereafter shall prosecute the drilling of said well diligently, without unnecessary delay and in a workmanlike manner. If the actual drilling of said well is not commenced within the time prescribed, this lease will automatically terminate.

4. The royalties to be paid by Lessee are: (a) on oil and on associated liquid hydrocarbons, 15% of that produced and saved from said land, the same to be delivered free of cost at the wells, or to the credit of Lessor into the pipe line to which the wells may be connected; (b) on gas produced from said land and sold or used off the premises or in the manufacture of gasoline or other products therefrom, the market value at the well of 15% of the gas so sold or used; provided that on gas sold at the wells the royalty shall be 15% of the amount realized from such sale. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells, for all operations hereunder, and the royalty on oil and gas shall be computed after deducting any so used.

While there is a well on the leased premises or on acreage pooled therewith capable of producing only gas, but from which well production is not being sold or used, and in the absence of oil or other production from said premises, this lease shall be extended for a period of 90 days from the date such well is shut-in, and Lessee may tender or pay annually as royalty a sum equal to the amount of annual rentals which would be payable during the primary term to defer drilling operations on the leased premises then subject to this lease; payment or tender of such royalty to be made as provided in Section 5 hereof, with the first payment to be made on or before 90 days from and after the date on which such well is shut-in and a similar payment to be made annually thereafter on or before the anniversary date on which such well is shut-in. If such payments are so made, it shall be considered that gas is being produced in paying quantities from the leased premises under all the terms and provisions of this lease.

If any portion of the leased premises is included in a pooled unit, the amount of the shut-in royalty applicable to the Lessor's interest therein shall be reduced in the proportion that the amount of Lessor's net mineral acres included in any such pooled unit upon which such gas well is situated bears to the total acreage contained in such pooled unit as provided in Section 7 hereof.

Lessee shall use reasonable diligence to market gas capable of being produced in paying quantities from a shut-in well, but shall be under no obligation to market same under terms, conditions or circumstances which, in Lessee's good faith judgment, are unreasonable or unsatisfactory.

Lessee may from time to time purchase any royalty portion of oil or associated liquid hydrocarbons in its possession, paying the market price therefor prevailing in the field where produced on the date of purchase; provided, however, that if Lessor shall so elect, Lessee shall deliver to Lessor in kind its royalty share of oil and associated liquid hydrocarbons. In the event of such election, Lessor shall give to Lessee not less than 60 days' notice of its election and shall take said royalty share in kind for a period of not less than six (6) months following the termination of said sixty (60) day period. Any such deliveries are to be made from the facilities of Lessee, which shall have been installed for its own convenience at times and in amounts which equitably adjust deliveries of both parties.

5. If the well provided for in Section 3 hereof is drilled and completed as a dry hole and if operations for drilling are not commenced on said land as hereinafter provided on or before one year from this date, the lease shall then terminate as to both parties, unless on or before such anniversary date Lessee shall pay or tender to Lessor, Att'n: Assistant Treasurer, Natural Resources Division-Petroleum, P. O. Box 1007, Salt Lake City, Utah, the sum of Five Thousand Seven Hundred Thirty-Eight and 56/100 Dollars (\$ 5,738.56).

(herein called rental), which shall cover the privilege of deferring commencement of operations for drilling for a period of twelve (12) months. In like manner and upon like payments or tenders annually the commencement of operations for drilling may be further deferred for successive periods of twelve (12) months each during the primary term. The payment or tender of rental herein referred to may be made in currency, draft or check at the option of the Lessee; and the depositing of such currency, draft or check in any post office, properly addressed to the Lessor, on or before the rental paying date, shall be deemed payment as herein provided. Lessee may at any time execute and place of record a release or releases covering any portion or portions of the above described premises, furnishing a copy thereof to Lessor, and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

If Lessee shall, on or before any rental date, make a bona fide attempt to pay rental to Lessor and if such payment shall be in an incorrect amount, Lessee shall be unconditionally obligated to pay to Lessor the rental properly payable for the rental period involved, but this lease shall be maintained in the same manner as if such erroneous rental payment had been properly made, provided that the erroneous rental payment be corrected within thirty (30) days after receipt by Lessee of written notice from such Lessor of such error accompanied by any documents and other evidence necessary to enable Lessee to make proper payment.

6. Should any well drilled on the above described land during the primary term before production is obtained be a dry hole, or should production be obtained during the primary term and thereafter cease, then and in either event, if operations for drilling an additional well are not commenced or operations for reworking an old well are not pursued on said land on or before the first rental paying date next succeeding the cessation of production or drilling or reworking on said well or wells, then this lease shall terminate unless Lessee, on or before said date, shall resume the payment of rentals. Upon resumption of the payment of rentals, Section 5 governing the payment of rentals, shall continue in force just as though there had been no interruption in the rental payments. If during the last year of the primary term and prior to the discovery of oil, gas or associated liquid hydrocarbons on said land Lessee should drill a dry hole thereon, or if after discovery of oil, gas or associated liquid hydrocarbons before or during the last year of the primary term the production thereof should cease during the last year of said term from any cause, no rental payment or operations are necessary in order to keep the lease in force during the remainder of the primary term. If, at the expiration of the primary term, Lessee is conducting operations for drilling a new well or reworking an old well, this lease nevertheless shall continue in force as long as such drilling or reworking operations continue, or if, after the expiration of the primary term, production on this lease shall cease, this lease nevertheless shall continue in force if drilling or reworking operations are commenced within sixty (60) days after such cessation of production; if production is restored or additional production is discovered as a result of any such drilling or reworking operations, conducted without cessation of more than sixty (60) days, this lease shall continue as long thereafter as oil, gas or associated liquid hydrocarbons are produced and as long as additional drilling or reworking operations are had without cessation of such drilling or reworking operations for more than sixty (60) consecutive days.

7. Lessee, at its option, is hereby given the right and power to pool or combine the land covered by this lease, or any portion thereof, as to oil and gas, or either of them, with any other land, lease or leases when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said premises, such pooling to be into a well unit or units not exceeding forty (40) acres, plus an acreage tolerance of ten per cent (10%) of forty (40) acres, for oil, and not exceeding six hundred and forty (640) acres, plus an acreage tolerance of ten per cent (10%) of six hundred and forty (640) acres, for gas, except that larger units may be created to conform to any spacing or well unit pattern that may be prescribed by governmental authorities having jurisdiction. Lessee may pool or combine acreage covered by this lease, or any portion thereof, as above provided, as to oil or gas in any one or more strata, and units so formed need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall execute in writing and place of record an instrument or instruments identifying and describing the pooled acreage. The entire acreage so pooled into a unit shall be treated for all purposes, except the payment of royalties, as if it were included in this lease, and drilling or reworking operations thereon or production of oil or gas therefrom, or the completion thereon of a well as a shut-in gas well, shall be considered for all purposes, except the payment of royalties, as if such operations were on or such production were from or such completion were on the land covered by this lease, whether or not the well or wells be located on the premises covered by this lease. In lieu of the royalties elsewhere herein specified, Lessor shall receive from a unit so formed, only such portion of the royalty stipulated herein as the amount of its net mineral acres placed in the unit bears to the total acreage so pooled in the particular unit involved. Should any unit as originally created hereunder contain less than the maximum number of acres hereinabove specified, then Lessee may at any time thereafter, whether before or after production is obtained on the unit, enlarge such unit by adding additional acreage thereto, but the enlarged unit shall in no event exceed the acreage content hereinabove specified. In the event an existing unit is so enlarged, Lessee shall execute and place of record a supplemental declaration of unitization identifying and describing the land added to the existing unit, provided, that if such supplemental declaration of unitization is not filed until after production is obtained on the unit as originally created, then and in such event the supplemental declaration of unitization shall not become effective until the first day of the calendar month next following the filing thereof. In the absence of production Lessee may terminate any unitized area by filing of record notice of termination.

This Section 7 shall not affect the provisions of Section 3.

8. Lessee shall have the right at any time without Lessor's consent to surrender all or any portion of the leased premises and be relieved of all obligations as to the acreage surrendered arising subsequent to the date of surrender. Lessee shall have the right at any time during or within one year after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing.

9. The rights of either party hereunder may be assigned, in whole or in part, and the provisions hereof shall extend to the successors and assigns of the parties hereto, but no change or division in ownership of the land, rentals, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No change in the ownership of the land, or any interest therein, shall be binding on Lessee until Lessee shall be furnished with a certified copy of all recorded instruments, all court proceedings and all other necessary evidence of any transfer, inheritance, or sale of said rights. In event of the assign-

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ment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be apportionable among the several leasehold owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. In case Lessee assigns this lease, in whole or in part, Lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

10. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation, or if prevented by an act of God, of the public enemy, labor disputes, inability to obtain material, failure of transportation, or other cause beyond the control of Lessee other than financial.

If, during the term of this lease, oil or gas or associated liquid hydrocarbons are discovered upon the leased premises, but Lessee is prevented from producing the same by reason of any of the causes set out in this Section, this lease shall nevertheless be considered as producing and shall continue in full force and effect until Lessee is permitted to produce the oil, gas or associated liquid hydrocarbons, and as long thereafter as such production continues in paying quantities or drilling or reworking operations are continued as elsewhere herein provided.

11. Lessee at its option may discharge any tax, mortgage or other lien upon said land, either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same. If Lessor owns an interest in said land less than the entire fee simple estate in and to oil, gas and associated liquid hydrocarbons, then the royalties and rentals to be paid Lessor shall be reduced proportionately.

12. This lease does not cover oil shale.

13. The rights granted under this lease are granted without covenants of title or to give possession or for quiet enjoyment.

14. Lessor reserves the right to use such portions of the leased premises as may not be required by Lessee in the conduct of its operations hereunder, for all purposes not inconsistent with the rights granted hereby, and Lessee shall so conduct its operations as not to interfere unreasonably with such use; provided, nevertheless, that the use of the leased premises by the Lessor shall not unreasonably interfere with the operations of the Lessee.

15. Lessee shall not make any entry upon or under any portion of the right of way or station grounds of Lessor for any of the purposes of this lease, and shall not drill any well or maintain any structures within two hundred feet (200') (a) of any railroad tracks or buildings on said right of way or station grounds, or (b) of any buildings upon the leased premises.

16. Notwithstanding anything to the contrary in this lease contained, no well shall be drilled upon or into and no facilities shall be installed upon any lands in which Lessor owns the mineral rights only, until the consents of the surface owners have been obtained under written instruments satisfactory to Lessor. Lessor will endeavor to obtain such consents and the Lessee agrees to cooperate. Any payments which the Lessor elects to pay to the surface owners shall be paid by Lessor out of its royalty.

Lessee shall pay for all damage to surface owners' lands, buildings and growing crops caused by construction, operations or maintenance of facilities, shall bury all pipe lines below plow depth where they cross cultivated lands, shall construct gates where necessary for crossing fenced lands and keep the gates in repair and closed, and shall indemnify Lessor with respect to such obligations.

17. Lessee agrees to hold Lessor harmless from and to indemnify it against any and all claims, demands, actions and causes of action for injury to or loss or destruction of property, and for injury to or death of any person, arising out of or in connection with operations hereunder.

Lessee shall not permit or suffer any lien or other encumbrance to be filed or to remain against the leased premises as a result of its operations hereunder, and Lessee agrees to hold Lessor harmless from and to indemnify it against any and all claims, demands, actions and causes of action which may result from the filing of any such lien or encumbrance.

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

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

APPROVED AS TO FORM AND EXECUTION

J. A. Redeker
General Attorney - Petroleum

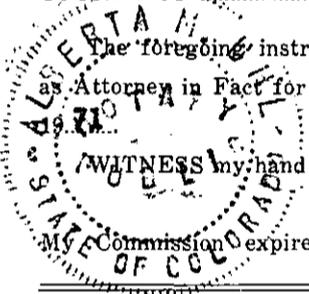
UNION PACIFIC RAILROAD COMPANY

By *J. A. Redeker*
Its Attorney in Fact

STATE OF COLORADO
COUNTY OF ARAPAHOE } ss.

Colorado-Wyoming
Acknowledgment

The foregoing instrument was acknowledged before me by J. A. Redeker
as Attorney in Fact for UNION PACIFIC RAILROAD COMPANY, this 8th day of January



WITNESS my hand and official seal.

Alberta M. Uhl
Notary Public

My Commission expires October 23, 1971

STATE OF _____ } ss.
COUNTY OF _____

Utah-Nebraska
Acknowledgment

On the _____ day of _____, 19____, personally appeared before me, a Notary Public in and for said County, _____, personally known to me, who, being by me duly sworn did say that he is the Attorney in Fact of UNION PACIFIC RAILROAD COMPANY and that said instrument was signed as his voluntary act as Attorney in Fact for and in behalf of said corporation by authority and said _____ acknowledged to me that he, as such Attorney in Fact, executed the same.

WITNESS my hand and notarial seal the date last aforesaid.

Notary Public

My Commission expires _____

Vertical recording information form with fields for:
No. _____
OIL AND GAS LEASE
FROM UNION PACIFIC RAILROAD COMPANY TO PAN AMERICAN PETROLEUM CORPORATION
Dated _____, 19____
Section _____ Township _____ Range _____
No. of Acres _____ County, _____
STATE OF _____ COUNTY OF _____ ss.
This instrument was filed for record on the _____ day of _____, 19____ at _____ o'clock _____ M., and duly recorded in book _____, page _____ of the records of this office.
By _____
When Recorded Return to _____

LEASE DESCRIPTION - EXHIBIT 'A'

Weld County, Colorado

Township 2 North - Range 65 West

Section 13: NW/4, S/2
Section 15: NW/4, S/2
Section 23: NW/4, S/2
Section 25: NW/4, S/2
Section 27: NW/4, S/2



Township 2 North - Range 64 West

Section 9: NW/4, S/2
Section 11: NW/4, S/2
Section 15: NW/4, S/2
Section 17: NW/4, S/2
Section 19: Lots 1 and 2 (W/2 W/2) (138.56), E/2 W/2, SE/4
Section 21: NW/4, S/2
Section 23: NW/4, S/2

Containing 5738.56 acres, more or less.

THIS AGREEMENT made this 8th day of January 1971, between UNION PACIFIC RAILROAD COMPANY, a Utah corporation authorized to do business in the State of Colorado, Lessor, and PAN AMERICAN PETROLEUM CORPORATION, a Delaware corporation authorized to do business in said State, Lessee.

WITNESSETH:

1. Lessor, for a good and valuable consideration, receipt of which is hereby acknowledged and in consideration of the royalties herein provided, and of the agreement of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil and gas (gas for all purposes being defined without limitation, to include dry gas, casinghead gas, distillate, condensate, helium and all other gaseous substances), and associated liquid hydrocarbons, and, subject to the provisions of Sections 14, 15 and 16 hereof, laying pipe lines, building tanks, power stations, telephone lines and other structures thereon to produce, save, take care of, treat, transport and own said products and housing its employees, the following described land in Field County, Colorado.
to-wit:

See description on attached Exhibit "A"

In addition to the land above described, Lessor hereby grants, leases and lets exclusively unto Lessee to the same extent as if specifically described herein all oil, gas and associated liquid hydrocarbons underlying lakes, rivers, streams, roads, easements and rights-of-way (other than railroad rights-of-way) which traverse or adjoin any of said lands. For rental payment purposes, the land included within this lease shall be deemed to contain 5,738.56 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall be for a term of 5 years from its date (called "primary term") and as long thereafter as oil, gas or associated liquid hydrocarbons or any of them are produced from said land hereunder, or drilling or reworking operations are conducted thereon.

3. Lessee, within three months from the date of this lease, shall commence the actual drilling of a test well on the leased premises; and thereafter shall prosecute the drilling of said well diligently, without unnecessary delay and in a workmanlike manner. If the actual drilling of said well is not commenced within the time prescribed, this lease will automatically terminate.

4. The royalties to be paid by Lessee are: (a) on oil and on associated liquid hydrocarbons, 15% of that produced and saved from said land, the same to be delivered free of cost at the wells, or to the credit of Lessor into the pipe line to which the wells may be connected; (b) on gas produced from said land and sold or used off the premises or in the manufacture of gasoline or other products therefrom, the market value at the well of 15% of the gas so sold or used; provided that on gas sold at the wells the royalty shall be 15% of the amount realized from such sale. Lessee shall have free use of oil, gas and water from said land, except water from Lessor's wells, for all operations hereunder, and the royalty on oil and gas shall be computed after deducting any so used.

While there is a well on the leased premises or on acreage pooled therewith capable of producing only gas, but from which well production is not being sold or used, and in the absence of oil or other production from said premises, this lease shall be extended for a period of 90 days from the date such well is shut-in, and Lessee may tender or pay annually as royalty a sum equal to the amount of annual rentals which would be payable during the primary term to defer drilling operations on the leased premises then subject to this lease; payment or tender of such royalty to be made as provided in Section 5 hereof, with the first payment to be made on or before 90 days from and after the date on which such well is shut-in and a similar payment to be made annually thereafter on or before the anniversary date on which such well is shut-in. If such payments are so made, it shall be considered that gas is being produced in paying quantities from the leased premises under all the terms and provisions of this lease.

If any portion of the leased premises is included in a pooled unit, the amount of the shut-in royalty applicable to the Lessor's interest therein shall be reduced in the proportion that the amount of Lessor's net mineral acres included in any such pooled unit upon which such gas well is situated bears to the total acreage contained in such pooled unit as provided in Section 7 hereof.

Lessee shall use reasonable diligence to market gas capable of being produced in paying quantities from a shut-in well, but shall be under no obligation to market same under terms, conditions or circumstances which, in Lessee's good faith judgment, are unreasonable or unsatisfactory.

Lessee may from time to time purchase any royalty portion of oil or associated liquid hydrocarbons in its possession, paying the market price therefor prevailing in the field where produced on the date of purchase; provided, however, that if Lessor shall so elect, Lessee shall deliver to Lessor in kind its royalty share of oil and associated liquid hydrocarbons. In the event of such election, Lessor shall give to Lessee not less than 60 days' notice of its election and shall take said royalty share in kind for a period of not less than six (6) months following the termination of said sixty (60) day period. Any such deliveries are to be made from the facilities of Lessee, which shall have been installed for its own convenience at times and in amounts which equitably adjust deliveries of both parties.

5. If the well provided for in Section 3 hereof is drilled and completed as a dry hole and if operations for drilling are not commenced on said land as hereinafter provided on or before one year from this date, the lease shall then terminate as to both parties, unless on or before such anniversary date Lessee shall pay or tender to Lessor, Attn: Assistant Treasurer, Natural Resources Division-Petroleum, P. O. Box 117, Lead, Colorado, 81041, the sum of Five Thousand Seven Hundred Thirty-Eight and 56/100 Dollars (\$5,738.56).

(herein called rental), which shall cover the privilege of deferring commencement of operations for drilling for a period of twelve (12) months. In like manner and upon like payments or tenders annually the commencement of operations for drilling may be further deferred for successive periods of twelve (12) months each during the primary term. The payment or tender of rental herein referred to may be made in currency, draft or check at the option of the Lessee; and the depositing of such currency, draft or check in any post office, properly addressed to the Lessor, on or before the rental paying date, shall be deemed payment as herein provided. Lessee may at any time execute and place of record a release or releases covering any portion or portions of the above described premises, furnishing a copy thereof to Lessor, and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

If Lessee shall, on or before any rental date, make a bona fide attempt to pay rental to Lessor and if such payment shall be in an incorrect amount, Lessee shall be unconditionally obligated to pay to Lessor the rental properly payable for the rental period involved, but this lease shall be maintained in the same manner as if such erroneous rental payment had been properly made, provided that the erroneous rental payment be corrected within thirty (30) days after receipt by Lessee of written notice from such Lessor of such error accompanied by any documents and other evidence necessary to enable Lessee to make proper payment.

6. Should any well drilled on the above described land during the primary term before production is obtained be a dry hole, or should production be obtained during the primary term and thereafter cease, then and in either event, if operations for drilling an additional well are not commenced or operations for reworking an old well are not pursued on said land on or before the first rental paying date next succeeding the cessation of production or drilling or reworking on said well or wells, then this lease shall terminate unless Lessee, on or before said date, shall resume the payment of rentals. Upon resumption of the payment of rentals, Section 5 governing the payment of rentals, shall continue in force just as though there had been no interruption in the rental payments. If during the last year of the primary term and prior to the discovery of oil, gas or associated liquid hydrocarbons on said land Lessee should drill a dry hole thereon, or if after discovery of oil, gas or associated liquid hydrocarbons before or during the last year of the primary term the production thereof should cease during the last year of said term from any cause, no rental payment or operations are necessary in order to keep the lease in force during the remainder of the primary term. If, at the expiration of the primary term, Lessee is conducting operations for drilling a new well or reworking an old well, this lease nevertheless shall continue in force as long as such drilling or reworking operations continue, or if, after the expiration of the primary term, production on this lease shall cease, this lease nevertheless shall continue in force if drilling or reworking operations are commenced within sixty (60) days after such cessation of production; if production is restored or additional production is discovered as a result of any such drilling or reworking operations, conducted without cessation of more than sixty (60) days, this lease shall continue so long thereafter as oil, gas or associated liquid hydrocarbons are produced and as long as additional drilling or reworking operations are had without cessation of such drilling or reworking operations for more than sixty (60) consecutive days.

7. Lessee, at its option, is hereby given the right and power to pool or combine the land covered by this lease, or any portion thereof, as to oil and gas, or either of them, with any other land, lease or leases when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said premises, such pooling to be into a well unit or units not exceeding forty (40) acres, plus an acreage tolerance of ten per cent (10%) of forty (40) acres, for oil, and not exceeding six hundred and forty (640) acres, plus an acreage tolerance of ten per cent (10%) of six hundred and forty (640) acres, for gas, except that larger units may be created: to conform to any spacing or well unit pattern that may be prescribed by governmental authorities having jurisdiction. Lessee may pool or combine acreage covered by this lease, or any portion thereof, as above provided, as to oil or gas in any one or more strata, and units so formed need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall execute in writing and place of record an instrument or instruments identifying and describing the pooled acreage. The entire acreage so pooled into a unit shall be treated for all purposes, except the payment of royalties, as if it were in fact a single acreage, and drilling or reworking operations thereon or production of oil or gas therefrom, or the completion thereon of a well as a shut-in gas well, shall be considered for all purposes, except the payment of royalties, as if such operations were on or such production were from or such completion were on the land covered by this lease, whether or not the well or wells be located on the premises covered by this lease. In lieu of the royalties elsewhere herein specified, Lessor shall receive from a unit so formed, only such portion of the royalty stipulated herein as the amount of its net mineral acres placed in the unit bears to the total acreage so pooled in the particular unit involved. Should any unit as originally created hereunder contain less than the maximum number of acres hereinabove specified, then Lessee may at any time thereafter, whether before or after production is obtained on the unit, enlarge such unit by adding additional acreage thereto, but the enlarged unit shall in no event exceed the acreage content hereinabove specified. In the event an existing unit is so enlarged, Lessee shall execute and place of record a supplemental declaration of unitization identifying and describing the land added to the existing unit; provided, that if such supplemental declaration of unitization is not filed until after production is obtained on the unit as originally created, then and in such event the supplemental declaration of unitization shall not become effective until the first day of the calendar month next following the filing thereof. In the absence of production Lessee may terminate any unitized area by filing of record notice of termination.

This Section 7 shall not affect the provisions of Section 3.

8. Lessee shall have the right at any time without Lessor's consent to surrender all or any portion of the leased premises, and be relieved of all obligations as to the acreage surrendered arising subsequent to the date of surrender. Lessee shall have the right at any time during or within one year after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing.

9. The rights of either party hereunder may be assigned, in whole or in part, and the provisions hereof shall extend to the successors and assigns of the parties hereto, but no change or division in ownership of the land, rentals, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No change in the ownership of the land, or any interest therein, shall be binding on Lessee until Lessee shall be furnished with a certified copy of all recorded instruments, all court proceedings and all other necessary evidence of any transfer, inheritance, or sale of said rights. In event of the assign-

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LEASE DESCRIPTION - EXHIBIT "A"

Weld County, Colorado

Township 2 North - Range 65 West

Section 13: NW/4, S/2
Section 15: NW/4, S/2
Section 23: NW/4, S/2
Section 25: NW/4, S/2
Section 27: NW/4, S/2



Township 2 North - Range 64 West

Section 9: NW/4, S/2
Section 11: NW/4, S/2
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Section 19: Lots 1 and 2 (W/2 W/2) (138.56), E/2 W/2, SE/4
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Containing 5738.56 acres, more or less.

UNION PACIFIC
OIL AND

LEASE DESCRIPTION - EXHIBIT "A"

2/1/12
Weld County, Colorado

Township 2 North - Range 65 West

<i>401</i>	Section 13: NW/4, S/2	480.00
<i>401</i>	Section 15: NW/4, S/2	480.00
<i>501</i>	Section 23: NW/4, S/2	480.00
<i>501</i>	Section 25: NW/4, S/2	480.00
<i>501</i>	Section 27: NW/4, S/2	480.00

Township 2 North - Range 64 West

<i>501</i>	Section 9: NW/4, S/2	480.00
<i>501</i>	Section 11: NW/4, S/2	480.00
<i>501</i>	Section 15: NW/4, S/2	480.00
<i>501</i>	Section 17: NW/4, S/2	480.00
<i>401</i>	Section 19: Lots 1 and 2 (W/2 W/2) (138.56), E/2 W/2, SE/4	458.56
<i>501</i>	Section 21: NW/4, S/2	480.00
<i>501</i>	Section 23: NW/4, S/2	480.00

Containing 5738.56 acres, more or less.

5738.56

LEASE DESCRIPTION - EXHIBIT "A"

Weld County, Colorado

Township 2 North - Range 65 West

401 Section 13: NW/4, S/2
401 Section 15: NW/4, S/2
501 Section 23: NW/4, S/2
501 Section 25: NW/4, S/2
501 Section 27: NW/4, S/2

480.00
480.00
480.00
480.00
480.00

Township 2 North - Range 64 West

501 Section 9: NW/4, S/2
501 Section 11: NW/4, S/2
501 Section 15: NW/4, S/2
501 Section 17: NW/4, S/2
401 Section 19: Lots 1 and 2 (W/2 W/2) (138.56), E/2 W/2, SE/4
501 Section 21: NW/4, S/2
501 Section 23: NW/4, S/2

480.00
480.00
480.00
480.00
480.00
480.00
480.00

Containing 5738.56 acres, more or less.

5,738.56

RATIFICATION OF LEASES

KNOW ALL MEN BY THESE PRESENTS:

The undersigned UNION PACIFIC RESOURCES COMPANY ("UPRC") formerly known as Champlin Petroleum Company, successor in interest to Union Pacific Railroad Company, does hereby ratify, approve and confirm the oil and gas leases described on the attached Exhibit "A" ("the Leases") insofar and only insofar as the Leases cover the lands described on the attached Exhibit "A" ("the Leased Lands"), and does hereby grant, lease and let the Leased Lands unto AMOCO PRODUCTION COMPANY, its successors and assigns for the purpose and upon the terms, conditions, provisions and agreements in the Leases, and further declares and confirms that the Leases are in full force and effect as of September 1, 1990. UPRC agrees not to make any claims relating to the enforcement of obligations arising under the Leases for a period of one (1) year beginning September 1, 1990. This ratification and grant of the Leases is made subject to all of the terms and conditions set forth in the Agreement and does not and shall not modify, enlarge or extend the rights conferred and reserved by the parties in the Agreement or in the Leases.

EXHIBIT A

600061--- STATE: COLORADO
U 0050

COUNTY: WELD

ORIG
LESSOR

ORIG
LESEE

LEASE
DATE

RECD RECD
BOOK PAGE

RECORDING
FILE/DOC

LEGAL
DESC

ORIG LESSOR	ORIG LESEE	LEASE DATE	RECD BOOK	RECD PAGE	RECORDING FILE/DOC
UNION PACIFIC RR CO	PAN AMERICAN PETR CORP	01/08/71	640	NONE	1561890
<u>T2N-R64W</u>					
SEC 9:	S/2, NW/4				
SEC 11:	S/2, NW/4				
SEC 15:	S/2, NW/4				
SEC 17:	S/2, NW/4				
SEC 19:	Lots 1,2 (138.56), E/2W/2, SE/4				
SEC 21:	S/2, NW/4				
SEC 23:	S/2, NW/4				
<u>T2N-R65W</u>					
SEC 13:	S/2, NW/4				
SEC 15:	S/2, NW/4				
SEC 23:	S/2, NW/4				
SEC 25:	S/2, NW/4				
SEC 27:	S/2, NW/4				

B 1284 REC 0223520 12/10/90 16:12
F 19 MARY ANN FEUERSTEIN CLERK & REC
40.00 17/028
PER WELD CO, CO

Exhibit "A" to that certain Assignment of Oil and Gas Leases
Weld County, Colorado

Amoco LPN	Lease Date	Lessor	Lessee	Book	Page	Document No.	Tw	Rng	Sec	Description
600040	11/30/70	Union Pacific Railroad Company	Pan American Petroleum Corporation	638		1559661	3 N	68 W	3	SE/4NW/4 COI-PA000041
									29	NW/4, S/2 COI-PA0000676, COI-PA000041
									35	NW/4, S/2 COI-PA000041
600041	12/2/70	Union Pacific Railroad Company	Pan American Petroleum Corporation	638		1559662	1 N	66 W	31	SE/4NW/4, SW/4NE/4 COI-PA000042
600048	11/18/70	Union Pacific Railroad Company	Pan American Petroleum Corporation	637		1559256	4 N	68 W	3	W/2 Lot 2(38.89), SW/4NW/4, SW/4 COI-PA000032
									25	NW/4, S/2 COI-PA000032, COI-PA0000678
									9	NW/4, S/2 " "
600049	11/25/70	Union Pacific Railroad Company	Pan American Petroleum Corporation	637		1559257	1 N	66 W	23	NW/4, S/2 COI-PA000036
									27	NW/4, S/2 "
									33	NW/4, S/2 "
600052	11/24/70	Union Pacific Railroad Company	Pan American Petroleum Corporation	637		1559258	2 N	64 W	3	Lot 2(79.20), S/2NW/4, S/2 COI-PA000033
600058	12/23/70	Union Pacific Railroad Company	Pan American Petroleum Corporation	639		1560588	5 N	67 W	17	NW/4, S/2 COI-PA000046, COI-PA0000684
									29	W/2SW/4, SE/4SW/4 COI-PA000046
									31	Lots 1, 2(145.76), E/2W/2, SE/4 COI-PA000046
									33	W/2SW/4, SE/4SW/4 COI-PA000046
600060	1/8/71	Union Pacific Railroad Company	Pan American Petroleum Corporation	640		1562223	5 N	66 W	15	NW/4, SE/4, SW/4NE/4 COI-PA000051

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Exhibit "A" to that certain Assignment of Oil and Gas Leases
Weld County, Colorado

Amoco LPN	Lease Date	Lessor	Lessee	Book	Page	Document No.	Twn	Rng	Sec	Description
600061	1/8/71	Union Pacific Railroad Company	Pan American Petroleum Corporation	640		1561890	2 N	64 W	11	NW/4, S/2 COI-PA000050
							2 N	64 W	23	NW/4, S/2 "
600085	10/16/72	Champlin Petroleum Company	Amoco Production Company	681		1602713	1 N	68 W	33	NW/4, S/2 (except 8.6 ac in ROW to Community Ditch and Res. Co.) COI-PA000052
617365	3/8/77	Champlin Petroleum Company	Amoco Production Company	794		1716303	3 N	63 W	7	Lots 1, 2, E/2W/2, SE/4 COI-PA000174
							3 N	63 W	15	W/2, SE/4 COI-PA000174
							3 N	63 W	17	W/2, SE/4 "
							3 N	64 W	35	W/2, SE/4 COI-PA000174, COI-M0000668
617366	10/11/76	Champlin Petroleum Company	Amoco Production Company	787		1709361	1 N	64 W	5	Lots 3 & 4 (79.70), S/2NW/4, S/2 COI-PA000173
							1 N	64 W	7	Lots 1,2,3,4,(149.96), E/2W/2, SE/4 "
							1 N	64 W	9	W/2, SE/4 "
							1 N	64 W	11	W/2, SE/4 "
							1 N	64 W	15	W/2, SE/4 "
							1 N	64 W	17	W/2, SE/4 "
							1 N	64 W	23	W/2, SE/4 "
							2 N	63 W	29	W/2, SE/4 "
							2 N	63 W	33	W/2, SE/4 "

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3 of 4 R 21.00 D 0.00 JA Suki Tsukamoto

Exhibit "A" to that certain Assignment of Oil and Gas Leases
Weld County, Colorado

Amoco LPN	Lease Date	Lessor	Lessee	Book	Page	Document No.	Twn	Rng	Sec	Description
629500	12/12/77	Champlin Petroleum Company	Amoco Production Company	821		1742594	1 N	63 W	27	NW/4, S/2 [01-PA000193]
							1 N	63 W	29	NW/4, S/2 "
							1 N	63 W	35	NW/4, S/2 "
							1 N	64 W	31	Lots 1, 2, E/2W/2, SE/4 "
629524	8/2/77	Champlin Petroleum Company	Amoco Production Company	806		1727554	3 N	63 W	27	W/2, SE/4
629540	6/27/77	Champlin Petroleum Company	Amoco Production Company	806		1727638	4 N	63 W	11	W/2, SE/4 containing approximately 475.79 acres [01-PA000204]
629564	11/8/77	Champlin Petroleum Company	Amoco Production Company	818		1739976	4 N	63 W	5	Lot 2(87.52), S/2NW/4, S/2 [01-PA000213]
							4 N	63 W	15	NW/4, S/2 "
							4 N	63 W	17	NW/4, S/2 "

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Chronological listing of events subsequent to the consummation of Oil and Gas License/Lease dated 1-8-71 with Pan Am Pet Corp., covering portion of same section as Lays 2 North, Range 64 and 65 West, Well County, Calif., which have affected same, i. e., assignments, contractions, etc.. Also shown are any Surface Owner's Agreements secured in connection with the above and events which have affected same or changed the claimant of any rights or royalties provided for under the terms of the individual Surface Owner's Agreements, i. e., deed, death, mortgage requirements, etc.

Date of event and file volume No. Where same can be located.	Brief explanation
7-21-71 Vol. 1	O.O. with <u>see E Rowland</u> <u>Station 1000</u> covering <u>the SW 1/4</u> <u>of Section 27, Range 2 North, Lays</u> <u>65 West</u>
1-1-71	O.O. with <u>see E Rowland</u> <u>Station 1000</u> covering <u>the SW 1/4</u> <u>of Section 27, Range 2 North, Lays</u> <u>65 West</u>
2-1-71 ^{Pan Am Stan.} Vol. 5	Change of name, <u>Pan American Petroleum Corporation</u> <u>to Amoco Production Company.</u>

Date of event and
file volume No.
where same can be
located.

Brief explanation

8-17-73	Vol. 2	SOA with Filader Industries, Inc., covering $5\frac{1}{2}$ of 15-2N-65W, ex. Beebe Canal R/W.
6-20-73	Vol. 2	SOA with Raymond B. Guest & Constance J. Guest, covering $SW\frac{1}{4}$ of 13-2N-65W.
5-12-73	Vol. 2	SOA with Jesse E. Powers & Gladys C. Powers, covering $NW\frac{1}{4}$ & $5\frac{1}{2}$ of 23-2N-65W.
1-22-74	Vol. 2	SOA with Jessie E. Powers & Gladys C. Powers, covering $NE\frac{1}{4}$ 23 & 27-2N-65W.
1-31-77 1-31-77	Vol. 3	SOA with Richard E. Harkis, covering the $NE\frac{1}{4}$ of 15-2N-65W.
10-2-79	Vol. 3	SOA with William E. Thornton, et al., covering the $SE\frac{1}{4}$ of sec. 13-2N-65W.
11-1-79	Vol. 3	SOA with Max Thomason, covering the $N\frac{3}{4}NW\frac{1}{4}$ of 15-2N-65W.
11-15-79	Vol. 3	SOA with Richard E. Harkis, covering the $NW\frac{1}{4}$ of 13-2N-65W.
7-3-81	Vol. 4	SOA with Frances R. Nichols, et al., covering the $S\frac{3}{4}NW\frac{1}{4}$ of sec. 15-2N-65W.

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Weld County, Colorado

Amoco LPN	Lease Date	Lessor	Lessee	Book	Page	Document No.	Twn	Rng	Sec	Description
600040	11/30/70	Union Pacific Railroad Company	Pan American Petroleum Corporation	638		1559661	3 N	68 W	3	SE/4NW/4 (01-PA000041)
							4 N	67 W	29	NW/4, S/2 (01-PA0000676, 01-PA0000677)
							4 N	68 W	35	NW/4, S/2 (01-PA000004)
600041	12/2/70	Union Pacific Railroad Company	Pan American Petroleum Corporation	638		1559662	1 N	66 W	31	SE/4NW/4, SW/4NE/4 (01-PA000004)
600048	11/18/70	Union Pacific Railroad Company	Pan American Petroleum Corporation	637		1559256	4 N	68 W	3	W/2 Lot 2(38.89), SW/4NW/4, SW/4 (01-PA000002)
							4 N	68 W	25	NW/4, S/2 (01-PA0000003, 01-PA0000007)
							5 N	67 W	9	NW/4, S/2
600049	11/25/70	Union Pacific Railroad Company	Pan American Petroleum Corporation	637		1559257	1 N	66 W	23	NW/4, S/2 (01-PA0000030)
							1 N	66 W	27	NW/4, S/2
							1 N	66 W	33	NW/4, S/2
600052	11/24/70	Union Pacific Railroad Company	Pan American Petroleum Corporation	637		1559258	2 N	64 W	3	Lot 2(79.20), S/2NW/4, S/2 (01-PA0000033)
600058	12/23/70	Union Pacific Railroad Company	Pan American Petroleum Corporation	639		1560588	5 N	67 W	17	NW/4, S/2 (01-PA0000043, 01-PA0000053)
							6 N	67 W	29	W/2SW/4, SE/4SW/4 (01-PA0000010)
							6 N	67 W	31	Lots 1, 2(145.76), E/2W/2, SE/4 (01-PA0000010)
							6 N	67 W	33	W/2SW/4, SE/4SW/4 (01-PA0000043)
600060	1/8/71	Union Pacific Railroad Company	Pan American Petroleum Corporation	640		1562223	5 N	66 W	15	NW/4, SE/4, SW/4NE/4 (01-PA0000051)

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Exhibit "A" to that certain Assignment of Oil and Gas Leases
Weid County, Colorado

Amoco LPN	Lease Date	Lessor	Lessee	Book Page	Document No.	Twn	Rng	Sec	Description
600061	1/8/71	Union Pacific Railroad Company	Pan American Petroleum Corporation	640	1561890	2 N	64 W	11	NW/4, S/2 <i>01-PA000050</i>
						2 N	64 W	23	NW/4, S/2
600085	10/16/72	Champlin Petroleum Company	Amoco Production Company	681	1602713	1 N	68 W	33	NW/4, S/2 (except 8.6 ac in ROW to Community Ditch and Res. Co.) <i>01-PA000072</i>
617365	3/8/77	Champlin Petroleum Company	Amoco Production Company	794	1716303	3 N	63 W	7	Lots 1, 2, E/2W/2, SE/4 <i>01-PA000174</i>
						3 N	63 W	15	W/2, SE/4 <i>01-PA000174</i>
						3 N	63 W	17	W/2, SE/4
						3 N	64 W	35	W/2, SE/4 <i>01-PA000174, 01-PA0000607</i>
617366	10/11/76	Champlin Petroleum Company	Amoco Production Company	787	1709361	1 N	64 W	5	Lots 3 & 4 (79.70), S/2NW/4, S/2 <i>01-PA000173</i>
						1 N	64 W	7	Lots 1,2,3,4,(149.96), E/2W/2, SE/4
						1 N	64 W	9	W/2, SE/4
						1 N	64 W	11	W/2, SE/4
						1 N	64 W	15	W/2, SE/4
						1 N	64 W	17	W/2, SE/4
						1 N	64 W	23	W/2, SE/4
						2 N	63 W	29	W/2, SE/4
						2 N	63 W	33	W/2, SE/4

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Exhibit "A" to that certain Assignment of Oil and Gas Leases
Weld County, Colorado

Amoco LPN	Lease Date	Lessor	Lessee	Book	Page	Document No.	Twn	Rng	Sec	Description
629500	12/12/77	Champlin Petroleum Company	Amoco Production Company	821		1742594	1 N	63 W	27	NW/4, S/2 (01-1200019)
							1 N	63 W	29	NW/4, S/2 "
							1 N	63 W	35	NW/4, S/2 "
							1 N	64 W	31	Lots 1, 2, E/2W/2, SE/4 "
629524	8/2/77	Champlin Petroleum Company	Amoco Production Company	806		1727554	3 N	63 W	27	W/2, SE/4
629540	6/27/77	Champlin Petroleum Company	Amoco Production Company	806		1727638	4 N	63 W	11	W/2, SE/4 containing approximately 475.79 acres (01-12000204)
629564	11/8/77	Champlin Petroleum Company	Amoco Production Company	818		1739976	4 N	63 W	5	Lot 2(87.52), S/2NW/4, S/2 (01-12000213)
							4 N	63 W	15	NW/4, S/2 "
							4 N	63 W	17	NW/4, S/2 "

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