Recorded at ______ o'clock ______

PRODUCERS 88 PAID UP
Rev 5-60 No 2

Recep n No. 379701 MILDRED ALS ORI
GARFIELD COUNTY

BOOK 706 PAGE

OIL AND GAS LEASE

AGREEMENT Made and entered into the 28th day of December 19 86 by and

James F. Reynolos

whose post office address is 3333 S. Wabash Ct., Denver, Co. 80222 hereinafter called Lessor (whether one or m

Barrett Energy Company whose post office address is 1125-17th St., Suite / 2100, Denv hereinafter calle

WITNESSETH That the Lessor for and in consideration of ----Ten and More---- DO cash in hand paid the receipt of which is hereby acknowledged and the covenants and agreements hereinafter contained has granted leased and let and by these presents does grant demise lease and let exclusively unto the said Lessee the land hereinafter described exclusive right for the purpose of mining exploring by geophysical and other methods and operating for and producing therefrom oil and whatsoever nature or kind with rights of way and easements for laying pipe lines and erection of structures thereon to produce save and of said products all that certain tract of land situated in the County of Garfield

State of Colorado described as follows to wit

RECEIVED SEP 18 20
COGCC

TOWNSHIP 6 SOUTH, RANGE 94 WEST
Section 25: SE/4 NW/4, SW/4 NE/4,
E/2 SW/4, SE/4
Section 36: E/2 W/2, W/2 E/2
TOWNSHIP 7 SOUTH, RANGE 94 WEST
Section 1: NE/4

and containing 800.00 acres more or less

1 It is agreed that this lease shall remain in force for a term of five years from this date and as long thereafter as oil or gas of wh nature or kind is produced from said leased premises or on acreage pooled therewith or drilling operations are continued as hereinafter p If at the expiration of the primary term of this lease oil or gas is not being produced on the leased premises or on acreage pooled there Lessee is then engaged in drilling or re working operations thereon then this lease shall continue in force so long as operations are being ously prosecuted on the leased premises or on acreage pooled therewith and operations shall be considered to be continuously prosecut more than ninety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the dri subsequent well If after discovery of oil or gas on said land or on acreage pooled therewith the production thereof should cease from a after the primary term this lease shall not terminate if Lessee commences additional drilling or re working operations within ninety (90) d date of cessation of production or from date of completion of dry hole If oil or gas shall be discovered and produced as a result of suc tions at or after the expiration of the primary term of this lease this lease shall continue in force so long as oil or gas is produced from th premises or on acreage pooled therewith

2 This is a PAID UP LEASE In consideration of the down cash payment Lessor agrees that Lessee shall not be obligated except was provided herein to commence or continue any operations during the primary term Lessee may at any time or times during or afte mary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to Lessor or by filing for release or releases and be relieved of all obligation thereafter accruing as to the acreage surrendered

3 In consideration of the premises the said Lessee covenants and agrees

1st To deliver to the credit of Lessor free of cost in the pipe line to which Lessee may connect wells on said land the equal or ~~(1/8)~~ part of all oil produced and saved from the leased premises

15% 2nd To pay Lessor ~~one eighth (1/8)~~ of the gross proceeds each year payable quarterly for the gas from each well where g found while the same is being used off the premises and if used in the manufacture of gasoline a royalty of ~~one eighth (1/8)~~ 15% monthly at the prevailing market rate for gas

15% 3rd To pay Lessor for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other a royalty of ~~one eighth (1/8)~~ of the proceeds at the mouth of the well payable monthly at the prevailing market rate

4 When gas from a well capable of producing gas is not sold or used Lessee may pay or tender as royalty to the royalty ow Dollar per year per net royalty acre retained hereunder such payment or tender to be made on or before the anniversary date of this l ensuing after the expiration of 90 days from the date such well is shut in and thereafter on or before the anniversary date of this lease du period such well is shut in If such payment or tender is made it will be considered that gas is being produced within the meaning of

5 If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein then the (including any shut in gas royalties) herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to th and undivided fee

6 Lessee shall have the right to use free of cost gas oil and water produced on said land for Lessee's operation thereon except w the wells of Lessor

7 When requested by Lessor Lessee shall bury Lessee's pipe line below plow depth

8 No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of Lessor

9 Lessee shall pay for damages caused by Lessee's operations to growing crops on said land

10 Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises including the right to d remove casing

11 The rights of Lessor and Lessee hereunder may be assigned in whole or part No change in ownership of Lessor's interest (by ass or otherwise) shall be binding on Lessee until Lessee has been furnished with notice consisting of certified copies of all recorded instru documents and other information necessary to establish a complete chain of record title from Lessor and then only with respect to p thereafter made No other kind of notice whether actual or constructive shall be binding on Lessee No present or future division of ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessee and all operations may be conducted without regard to any such division If all or any part of this lease is assigned no leasehold owner shall be l any act or omission of any other leasehold owner

12 Lessee at its option is hereby given the right and power at any time and from time to time as a recurring right either before production as to all or any part of the land described herein and as to any one or more of the formations hereunder to pool or unitize t hold estate and the mineral estate covered by this lease with other land lease or leases in the immediate vicinity for the production of oil or separately for the production of either when in Lessee's judgment it is necessary or advisable to do so and irrespective of whether a similar to this exists with respect to such other land lease or leases Likewise units previously formed to include formations not produci gas may be reformed to exclude such non producing formations The forming or reforming of any unit shall be accomplished by Lessee e and filing of record a declaration of such unitization or reformation which declaration shall describe the unit Any unit may include la which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced Production drilli working operations or a well shut in for want of a market anywhere on a unit which includes all or a part of this lease shall be treated as i production drilling or reworking operations or a well shut in for want of a market under this lease In lieu of the royalties elsewhere here fied including shut in gas royalties Lessor shall receive on production from the unit so pooled royalties only on the portion of such pro allocated to this lease such allocation shall be that proportion of the unit production that the total number of surface acres covered by t and included in the unit bears to the total number of surface acres in such unit In addition to the foregoing Lessee shall have the right to pool or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time with like approval to modify change or terminate any such plan or agreement and in such event the terms conditions and provisions lease shall be deemed modified to conform to the terms conditions, and provisions of such approved cooperative or unit plan of develop operation and particularly all drilling and development requirements of this lease express or implied shall be satisfied by compliance drilling and development requirements of such plan or agreement and this lease shall not terminate or expire during the life of such plan ment In the event that said above described lands or any part thereof shall hereafter be operated under any such cooperative or unit development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan then the tion allocated to any particular tract of land shall for the purpose of computing the royalties to be paid hereunder to Lessor be regarded a been produced from the particular tract of land to which it is allocated and not to any other tract of land and the royalty payments to b hereunder to Lessor shall be based upon production only as so allocated Lessor shall formally express Lessor's consent to any cooperative plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of

13 All express or implied covenants of this lease shall be subject to all Federal and State Laws Executive Orders Rules or Regulatio 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 pr by or if such failure is the result of any such Law Order Rule or Regulation

JFR 14 Lessor hereby ~~warrants and agrees to defend the title to the lands herein described and~~ agrees that the Lessee shall have the righ time to redeem for Lessor by payment any mortgages taxes or other liens on the above described lands in the event of default of pay Lessor and be subrogated to the rights of the holder thereof and the undersigned Lessors for themselves and their heirs successor and hereby surrender and release all right of dower and homestead in the premises described herein insofar as said right of dower and home st in any way affect the purposes for which this lease is made as recited herein

15 Should any one or more of the parties hereinabove named as Lessor fail to execute this lease it shall nevertheless be binding such parties who do execute it as Lessor The word "Lessor" as used in this lease shall mean any one or more or all of the parties who the lease as Lessor All the provisions of this lease shall be binding on the heirs successors and assigns of Lessor and Lessee

IN WITNESS WHEREOF this instrument is executed as of the date first above written

James F. Reynolds SS# [redacted]