

OIL AND GAS LEASE

THIS AGREEMENT made this 7th day of February 1975 between  
Theron C. Story  
Kathryn M. Story  
his wife

lessor (whether one or more, whose address is Rte. 1, Box 46, Cortez, Colorado 81321  
and B. A. Watlington, Suite 1129, Three Park Central, 1515 Chaparral, S.W.,  
Denver, Colorado 80262) and B. A. Watlington, Suite 1129, Three Park Central, 1515 Chaparral, S.W.,  
Denver, Colorado 80262

1. Lessor, in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, do hereby grant, lease and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil and gas, including casinghead gas, casinghead gasoline, condensate and all related hydrocarbons, and including all other products produced therefrom, hereinafter referred to collectively as "said minerals", together with the right to make surveys on said land, by pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, contrain roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in Lessee's operations in exploring, drilling for, producing, treating, storing and transporting said minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Montezuma, State of Colorado, and is described as follows:

TWN 36 NORTH, RGE 17 WEST, N.M.P.M.  
Section 7: SE4

\*carbon dioxide gas.

This lease also covers and includes any land contiguous to or adjoining the land above described, other than those constituting regular governmental subdivisions, and (a) covered or claimed by Lessee by litigation, prescription, possession, reversion or unrecorded instrument or (b) as to which Lessor has a preferential right of acquisition. For the purpose of determining the amount of any bonus, delay rental or other payment hereunder, said land shall be deemed to contain 160 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of ten (10) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. As royalty, Lessee covenants and agrees: (a) To deliver to the credit of lessor in the pipe line to which Lessee may connect its wells, the equal one-eighth part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessee the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil; (b) To pay Lessor on gas and casinghead gas produced from said land (1) when sold by Lessee, one-eighth of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the month of the well, of one-eighth of such gas and casinghead gas; (c) To pay Lessor on all other of said minerals produced and marketed or utilized by Lessee from said land, one-eighth either in kind or the market value thereof at the well, at Lessee's election. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market said minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow line, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety (90) consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety-day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, a sum equal to the amount of annual delay rental provided for in this lease. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety-day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the depository bank provided for below. Nothing herein shall impair Lessee's right to release as provided in paragraph 5 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4. Lessee is hereby granted the right, at its option, to pool or utilize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or interest, as to any or all of said minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance, provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance. If limited to one or more of the following: (1) gas, other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established or after enlargement, are required under any governmental rule or order, for the drilling or operation of a well at a regular location, or for determining maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the requirements of such governmental order or rule. Lessee shall exercise said option as to each defined unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by Lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease over though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered for all purposes, except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit that proportion, or the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of similar royalties from a well on the unit shall satisfy any limitation of term recurring production of oil or gas. The formation of any unit hereunder shall not have the effect of exchanging or transferring any interest under this lease between parties. Neither shall it impair the right of Lessee to a lease as provided in paragraph 5 hereof, except that Lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force Lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect. If at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. If operations are not conducted on said land on or before the first anniversary date hereof, this lease shall terminate as to both parties, unless Lessee on or before said date shall, subject to the further provisions hereof, pay or tender to Lessor or to Lessor's credit in the

First National Bank at Cortez, Colorado 81321 or its successors,

which shall continue as the depository, regardless of changes in ownership of delay rental, royalties, or other moneys, the sum of \$ [redacted] per acre, which shall operate as delay rental and cover the expense of deferring operations for one year from said date, in like manner and upon like payments or tenders, operations may be further deferred for like periods of one year, each during the primary term. If at any time that Lessee pays or tenders delay rental, royalties, or other moneys, two or more parties are, or claim to be, entitled to receive same, Lessee may, in lieu of any other method of payment herein provided, pay or tender such rental, royalties, or other moneys, in the manner herein specified, either jointly by such parties or separately to each in accordance with their respective ownership thereof, as Lessee may elect. Any payment hereunder may be made by check or draft of Lessee deposited in the mail or delivered to Lessor or to the depository bank on or before the date for payment. Said delay rental shall be apportioned as to said land on an acreage basis, and a failure to make proper payment or tender of delay rental as to any portion of said land or as to any interest therein as to which proper payment or tender is made. Any payment or tender which is made in an attempt to make proper payment, but which is incorrect in whole or in part as to parties, amounts, or depository, shall nevertheless be sufficient to prevent termination of this lease and to extend the time within which operations may be conducted in the same manner as though a proper payment had been made; provided, however, Lessee shall correct such error within thirty (30) days after Lessee has received written notice thereof from Lessor. If the depository bank should refuse to accept any rental tendered hereunder, the Lessee nevertheless shall be fully effective and Lessee shall have no obligation to make any further tender or payments in connection therewith until after Lessee shall have furnished Lessee with an instrument satisfactory to Lessee naming another bank as agent to receive such payment. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest. If this lease is so released as to all of said minerals and horizons under a portion of said land, the delay rental and other payments computed in accordance therewith shall, however, be reduced in the proportion that the acreage released bears to the acreage which was covered by this lease immediately prior to such release.

453 PAGE 232  
f. If at any time or times during the primary term operations are conducted on said land and if all operations are discontinued, this lease shall terminate on its anniversary date next following the nineteenth (19th) day after such discontinuance unless on or before such anniversary date lessee either (1) conducts operations or (2) commences or resumes the payment of delay rental; provided, however, if such anniversary date is at the end of the primary term, or if there is no further anniversary date of the primary term, this lease shall terminate at the end of such term or on the nineteenth (19th) day after discontinuance of all operations, whichever is the later date, unless on such later date either (1) lessee is conducting operations or (2) the lessee has provided for the payment of delay rental; and the provisions of paragraph 11 are applicable. Wherever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas or other of said minerals, or the production of oil, gas or other of said minerals, whether or not in paying quantities.

7. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any of said minerals or horizons. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns and successive assigns. No change or division in the ownership of said land, royalties, delay rental, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, delay rental, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, manuscripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, lessee may, nevertheless pay or tender such royalties, delay rental, or other moneys, or part thereof, to the credit of the decedent in the depository bank provided for above. In the event of assignment of this lease as to any part (whether divided or undivided) of said land, the delay rental payable hereunder shall be apportionable as between the several leasehold owners, ratably according to the surface area or undivided interests of each, and default in delay rental payment by one shall not affect the right of other leasehold owners hereunder.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessor shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations (but in no event less than forty acres), such acreage to be designated by lessor as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.

10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. If this lease covers a less interest in said minerals, or any of them, in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not), or no interest therein, then the royalties, delay rental, and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which its interest therein, if any, bears to the whole and undivided fee simple estate in said minerals. All royalty interest covered by this lease (whether or not owned by lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

11. If, while this lease is in force, at or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 1 hereof, and lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of lessee, the primary term and the delay rental provisions hereof shall be extended until the first anniversary date hereof plus sixty (60) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

12. Lessor hereby expressly relinquishes dower and releases all rights under and by virtue of the homestead exemption laws insofar as they may in any way affect the purpose for which this lease is made.

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

Social Security or I.D. Number: \_\_\_\_\_  
Theron O. Story  
Social Security or I.D. Number: \_\_\_\_\_  
Social Security or I.D. Number: \_\_\_\_\_  
Social Security or I.D. Number: \_\_\_\_\_  
Social Security or I.D. Number: \_\_\_\_\_

Social Security or I.D. Number: \_\_\_\_\_  
Kathryn M. Story  
Social Security or I.D. Number: \_\_\_\_\_  
Social Security or I.D. Number: \_\_\_\_\_  
Social Security or I.D. Number: \_\_\_\_\_

STATE OF Colorado )  
COUNTY OF Montezuma ) SS.

INDIVIDUAL ACKNOWLEDGMENT

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that Theron O. Story, K.E.C.  
and Kathryn M. Story, his wife to me personally known, and known to me to be the same person SS described and who  
executed the foregoing instrument, appeared before me this day in person and acknowledged to me that he executed and delivered the same as  
their free and voluntary act and deed, for the uses, purposes and consideration therein expressed, including the relinquishment of dower and homestead.  
Given under my hand and official seal this February day of 1975.

My Commission Expires: 11-1-76

Notary Public in and for said County and State, residing at  
Cortez, Colorado

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) SS.

INDIVIDUAL ACKNOWLEDGMENT

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that \_\_\_\_\_  
and \_\_\_\_\_ to me personally known, and known to me to be the same person \_\_\_\_\_ described and who  
executed the foregoing instrument, appeared before me this day in person and acknowledged to me that \_\_\_\_\_ he \_\_\_\_\_ executed and delivered the same as  
\_\_\_\_\_ free and voluntary act and deed, for the uses, purposes and consideration therein expressed, including the relinquishment of dower and homestead.  
Given under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My Commission Expires: \_\_\_\_\_

Notary Public in and for said County and State, residing at \_\_\_\_\_

WHEN RECORDED RETURN TO:

298678  
This instrument was filed for record on the 7th day of  
March 1975 at 2:41 o'clock P.M.,  
and duly recorded in Book 457 Page 331 of the  
records of this office.  
John De Graft County Clerk  
County of Montezuma State of Colo  
40-2-2

in said land in all opera-  
tions to draw and remove  
oil shall pay for damages

erals or horizons. All of  
operations and success-  
ors shall increase the obli-  
gation. Notwithstanding  
ownership of said land or  
of this lease until thirty  
years, or said lease, notice  
of record and which  
the owner, lessee may,  
for above.

or shall notify lessee in  
writing of said notice within  
ten days of the date of any  
such notice on lessee.  
If an admission or pay-  
ment remains in force and  
a unit under applicable  
form of a square cen-  
t there are operations.

and interests hereunder  
shall have the right  
to deduct amounts so  
as a less interest in said  
unit (specified or not),  
rent, shall be paid only  
in. All royalty interest  
on each party who ex-

son of the shut-in well  
is, whether or not sub-  
ject to control of lessee,  
of such delaying cause,

on laws insofar as they

ACKNOWLEDGMENT

described in and who  
delivered the same as  
dower and homestead.

ACKNOWLEDGMENT

described in and who  
delivered the same as  
dower and homestead.

day of  
of the  
County Clerk

Producers 88-80-440 (7-1)-Paid Up

# OIL AND GAS LEASE

THIS AGREEMENT made this 5th day of January, 1981, between  
Mary Elizabeth Harrison, a widow

lessor (whether one or more), whose address is 1204 Dincolle Circle, Sherman, Texas, 75091  
and Shell Oil Company, P.O. Box 576, Houston, Texas, 77001

1. Lessor, in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil and gas, including casinghead gas, casinghead liquor, condensate and all related hydrocarbons, and including all other products produced therewith, hereinafter referred to collectively as "oil and gas", together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, storing and transporting said minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Montezuma, State of Colorado, and is described as follows:

Township 36 North, Range 17 West, N.M.P.M.  
Section 7: NE/4SE/4; N/2SE/4SE/4;

\* Also includes Carbon Dioxide Gas

This lease also covers and includes any land contiguous to or adjoining the land above described, other than those constituting regular governmental subdivisions, and far owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or this is to which lessor has a preferential right of acquisition. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 60.0 acres, whether actually containing more or less, and the above stated acreage in any tract shall be deemed to be the true acreage thereof.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of Five (5) years from the date hereof, hereinafter called "primary term"; and as long thereafter as operations, as hereinafter defined, are conducted upon said land with a cessation for more than ninety (90) consecutive days.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor in the pipe line to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessor from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the well as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to pay one-eighth part of the cost of casinghead oil to render it marketable pipe line oil; (b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee, off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas; (c) To pay lessor on all other oil and gas minerals produced and marketed or utilized by lessee from said land, one-eighth either in kind or the market value thereof at the well, at lessee's election; if, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof may be pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market said minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety (90) consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety-day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety-day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the Merchants & Planters National Bank at Sherman, Texas or its successors, or in the Texas Commerce Bank National Association, Houston, Texas, or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty; if at any time that lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payments hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or lease, as to any or all of said minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance; provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas, other than casinghead gas; (2) fluid hydrocarbons (condensate) which are not liquids in the subsurface reservoir; (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement, are required under any governmental rule or order, for the drilling or operation of a well at a regular location, or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order of rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered for all purposes, except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land in which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder shall not have the effect of exchanging or transferring any interest under this lease between parties. Neither shall it impair the right of lessee to release as provided in paragraph 5 hereof, except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

6. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas or other of said minerals, or the production of oil, gas or other of said minerals, whether or not in paying quantities.

CO11027-1

537 867

GP26

2

SHL

7. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any of said minerals or horizons. All of the covenants, obligations and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns and successors-in-interest. No change or division in the ownership of said land, royalties or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary, in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, lessee may, nevertheless pay or tender such royalties or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessor in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations (but in no event less than forty acres), such acreage to be designated by lessee as readily as practicable in the form of a square centered in the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.

10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amount so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. If this lease covers a less interest in said minerals, or any of them, in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interests covered by this lease (whether or not owned by lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

11. If, while this lease is in force, at or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 7 hereof, and lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

12. Lessor hereby expressly relinquishes dower and releases and waives all rights under and by virtue of the homestead exemption laws insofar as they may in any way affect the purpose for which this lease is made.

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

Mary E. Harrison  
Social Security or I.D. Number: \_\_\_\_\_

Social Security or I.D. Number: \_\_\_\_\_

Social Security or I.D. Number: \_\_\_\_\_

Social Security or I.D. Number: \_\_\_\_\_

Social Security or I.D. Number: \_\_\_\_\_

Mary Elizabeth Harrison SS#

Social Security or I.D. Number: \_\_\_\_\_

Social Security or I.D. Number: \_\_\_\_\_

Social Security or I.D. Number: \_\_\_\_\_

STATE OF Texas )  
COUNTY OF Grayson ) SS.

# INDIVIDUAL ACKNOWLEDGMENT

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that Mary Elizabeth Harrison and \_\_\_\_\_, to me personally known, and known to me to be the same person described in and who executed the foregoing instrument, appeared before me this day in person and acknowledged to me that \_\_\_\_\_ executed and delivered the same as her free and voluntary act and deed, for the uses, purposes and consideration therein expressed, including the relinquishment of dower and homestead.

Given under my hand and official seal this 20 day of January, 1982.

My Commission Expires: 7-2-85

Notary Public in and for said County and State, residing at \_\_\_\_\_

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) SS.

# INDIVIDUAL ACKNOWLEDGMENT

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that \_\_\_\_\_ and \_\_\_\_\_, to me personally known, and known to me to be the same person described in and who executed the foregoing instrument, appeared before me this day in person and acknowledged to me that \_\_\_\_\_ executed and delivered the same as \_\_\_\_\_ free and voluntary act and deed, for the uses, purposes and consideration therein expressed, including the relinquishment of dower and homestead.

Given under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My Commission Expires: \_\_\_\_\_

Notary Public in and for said County and State, residing at \_\_\_\_\_

WHEN RECORDED RETURN TO:  
WHEN RECORDED RETURN TO:  
SHELL OIL COMPANY  
LAND DEPARTMENT  
P. O. BOX 991  
HOUSTON, TEXAS 77001

This instrument was filed for record on the \_\_\_\_\_ day of \_\_\_\_\_, 1982, at 9:30 o'clock A.M., and duly recorded in Book 527, Page 867 of the \_\_\_\_\_ of this office.  
Jean DeBart  
County of Grayson, State of Texas

## THIS AGREEMENT made this \_\_\_\_\_

lessor (whether one or more), whose as \_\_\_\_\_

1. Lessor, in consideration of the and of the covenants and agreements on and with the exclusive right of exploration, condensate and all related hydrocarbons, together with the right to make surveys, roads and bridges, dig canals, build tank operations in exploring, drilling for, or adjacent thereto. The land covered here and is described as follows:

This lease also covers and includes any divisions, and (c) owned or claimed, preferential right of acquisition. For it deemed to contain \_\_\_\_\_ acre true acreage thereof.

2. Unless sooner terminated or by date hereof, hereinafter called "primary for more than ninety (90) consecutive

3. As royalty, lessee covenants as eighth part of all oil produced and saved of such one-eighth part of such oil as if the cost of treating oil to render it marketable of the amount realized by lessee other products, the market value, at the duod and marketed or utilized by lessee tion of the primary term or at any time pooled, capable of producing oil or gas, s ted on said land for so long as said well agrees to use reasonable diligence to prod lessee shall not be obligated to install or shall not be required to settle before term, all such wells are shut-in for a peri expiration of said ninety-day period, less vided for in this lease, Lessee shall make such anniversary this lease. \_\_\_\_\_ parties who at the time \_\_\_\_\_ pay not w deposited in the depository bank provic assignment of this lease, \_\_\_\_\_ whole or in p acreage owned by ea

4. Lessee is hereby granted the rig with any other land, lease, or leases, as 10% acreage tolerance provided, however horizons, so as to contain not more than head gas, (2) liquid hydrocarbons (condo the conservation agency having jurisdicci quind under any governmental rule or o to be drilled, drilling, or already drilled. Lessee shall exercise said option as to ea this lease is recorded. Each of said optio after production has been established i established hereunder shall be valid and within the unit which are not effectively i except the payment of royalty, operator such unit that proportion of the total pr of surface acres in such land covered by shall be considered for all purposes, incla production of unitized minerals from the of the reversionary estate of any term so well on the unit shall satisfy any limitati changing or transferring any interest und, except that lessee may not so release as t lands within the unit. At any time wh where this lease is recorded a declaration of this paragraph 4, a unit once es or hereafter covers separate tracts, no p merely from the inclusion of such separa 4 with consequent allocation of productio ship differing, now or hereafter, either as

5. If operations are not conducted lessee on or before said date shall, subject \_\_\_\_\_

which shall continue as the de, story, re; which shall operate as delay rental and c tenders, operations may be further deferr rental, royalties, or other moneys, two o herein provided, pay or tender such rental, accordance with their respective ownership mail or delivered to lessor or to the depos basis, and a failure to make prop releases of this lease as to any part or all of in an attempt to make proper payment, bu prevent termination of this lease and to ex been made; provided, however, lessee shall postitory bank should refuse to accept any make any further tender or payment in co another bank as agent to receive such pay releases of this lease as to any part or all c releases of this lease as to any part or all c placed in accordance herewith shall the en immediately prior to such release.

## OIL AND GAS LEASE

THIS AGREEMENT, made this 24th day of May, 1983, between  
DOROTHY LEE LENBERG, GUARDIAN OF THE ESTATE OF JEAN MORGAN, A  
PROTECTED PERSON

lessor (whether one or more), whose address is: C/O D. Lenberg, 1502 Fordham Way, Mountain View, \*\*  
and, Shell Oil Company, P.O. Box 276, Houston, Texas, 77001 lessor, WITNESSETH:

1. Lessor, in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil and gas, including camphene gas, asphaltic shale, oil, condensate and all related hydrocarbons, and including all other products produced therefrom, hereinafter referred to collectively as "said minerals", together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, lay canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting said minerals produced from the land covered hereby, or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Montezuma, State of Colorado and is described as follows:

TOWNSHIP 36 NORTH, RANGE 17 WEST, N.M.P.M.  
Section 7: NESEK, NYSEKSEK, SISEKSEK, WASEK,  
Lot 1, Lot 2 and ESEK;

\* INCLUDING CARBON DIOXIDE GAS 9. 1/2 DILL

\*\* California 94040

This lease also covers and includes any land contiguous to or adjoining the land above described, other than those constituting regular governmental subdivisions, and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preferential right of acquisition. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 319.02 acres, whether actually containing more or less, and the above recital of acreage in any instrument shall be deemed to be the average thereof.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of ten (10) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor in the pipe line to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, no matter how or when, at the option of lessee, to pay lessor the average pooled market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, in heat one-eighth of the cost of treating oil to render it marketable pipe line oil; (b) To pay lessor in gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee on said land or in the manufacture of products or other products, at the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas; (c) To pay lessor on all other said minerals produced and marketed or utilized by lessee from said land, one-tenth either in kind or the market value thereof at the well, at lessee's election, if, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market said minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety (90) consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety-day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety-day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the SAVINGS BANK, STATE OF COLORADO, BANK AT DENVER, COLORADO, 513 1/2 or its successors, or in the Texas Commerce Bank National Association, Houston, Texas, or its successors, which shall continue in the depository, regardless of lessor's death, until the death of the last surviving party entitled to receive such shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to a share owned by each.

4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or lease, or to any of all of said minerals or horizons, so as to establish units containing not more than 60 surface acres, plus 10% acreage tolerance; provided, however, units may be established as to any one or more horizons, or as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas, other than casinghead gas; (2) liquid hydrocarbons (condensate) which are not liquids in the surface reservoir; (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of these herein permitted, either at the time established, or after enlargement, are required under any governmental rule or order, for the drilling or operation of a well at a regular location, or for obtaining maximum allowable from any well to be drilled, drilled, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered for all purposes, except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit that proportion of the total production of unitized minerals from the unit, after deducting any need in lease or unit operations, which the number of surface acres in such land covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder shall not have the effect of extinguishing or transferring any interest under this lease between parties. Neither shall it impair the right of lessor to release as provided in paragraph 5 hereof, except this lease may not so release as to lands within a unit while there are operations thereon on unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force lessee may designate any unit established hereunder or filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or interests, from that as in any other part of the leased premises.

5. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

6. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas or other of said minerals, or the production of oil, gas or other of said minerals, whether or not in paying quantities.

7. Lessee shall have the right to shut in any well at any time. No well shall be drilled or operated by its operations to

8. The rights and obligations of the parties to this lease shall be determined by the provisions of this lease, and no other actual or constructive of the royalties or other payments of shut-in royalties or division, evidence of such change or of record owner to establish it nevertheless pay or tender to

9. In the event of lessor's death, lessee shall have the right to shut in any well at any time. No well shall be drilled or operated by its operations to

10. Lessee hereby covenants to pay or tender to lessor the average pooled market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, in heat one-eighth of the cost of treating oil to render it marketable pipe line oil

11. If, while this lease is in force, the provisions of paragraph 3 hereof are not complied with, the primary term hereof shall terminate and this lease may be a void

12. Lessee hereby covenants to pay or tender to lessor the average pooled market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, in heat one-eighth of the cost of treating oil to render it marketable pipe line oil

GUARDIAN  
PROTECTED PERSON

Social Security of

Social Security of

STATE OF Calif

COUNTY OF Santa

I, the undersigned

do hereby certify

that the foregoing is

the true and correct

copy of the original

My Commission Expires

STATE OF

COUNTY OF

I, the undersigned

do hereby certify

that the foregoing is

the true and correct

My Commission Expires

11

GP26

3

SAL

7. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to drill and operate a well. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

8. The rights and covenants of any party hereto may be assigned from time to time in whole or in part and as to any of said minerals or royalties. All the covenants, obligations and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns and assigns. No change or division in the ownership of said land, royalties or other moneys, or any part thereof, however effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or in lessee, its successors or assigns, no change or division in the ownership of said land, royalties or other moneys, or the right to receive the same, however effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors or assigns, notice of such change or division, supported by either originals or duly verified copies of the instruments which have been properly filed or recorded and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary to the prompt and correct payment of such royalties or other moneys, or part thereof, to the credit of the decedent in a depository bank provided by the decedent. Nevertheless, pay or tender such royalties or other moneys, or part thereof, to the credit of the decedent in a depository bank provided by the decedent.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor, by written notice, setting out specifically in what respects lessee has breached this contract, Lessee shall then have sixty (60) days after receipt of such notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the doing of any act by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as in which there are operations to constitute a drilling or maximum allowable under applicable governmental regulations (but in no event less than forty acres), such acreage to be designated by lessee as clearly as practicable on the map of the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.

10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's right of remedies hereunder shall be exhausted primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. If this lease covers a less interest in said minerals, or any of them, in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys accruing from any part as to which this lease covers less than such full interest shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the chain well provisions of paragraph 3 hereof, and lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

12. Lessor hereby expressly relinquishes dower and releases and waives all rights under and by virtue of the homestead exemption laws insofar as they may in any way affect the purpose for which this lease is made.

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

Dorothy Lee Lenberg  
GUARDIAN OF THE ESTATE OF JEAN MORGAN,  
A PROTECTED PERSON

Social Security or I.D. Number: \_\_\_\_\_

Social Security or I.D. Number: \_\_\_\_\_

Social Security or I.D. Number: \_\_\_\_\_

Social Security or I.D. Number: \_\_\_\_\_

Social Security or I.D. Number: \_\_\_\_\_

Social Security or I.D. Number: \_\_\_\_\_

STATE OF California )

COUNTY OF Santa Clara ) SS.

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that Dorothy Lee Lenberg, Guardian of the Estate of Jean Morgan, is personally known, and known to me to be the same person described in and who executed the foregoing instrument, appeared before me this day in person and acknowledged to me that she executed and delivered the same as her free and voluntary act and deed, for the uses, purposes and consideration therein expressed, including the relinquishment of dower and homestead.

Given under my hand and official seal this 25th day of May, 1983.

My Commission Expires: April 26, 1985

Notary Public in and for said County and State, residing at: Mountain View, California  
My Commission Expires April 26, 1985

STATE OF \_\_\_\_\_ )

COUNTY OF \_\_\_\_\_ ) SS.

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that \_\_\_\_\_ is personally known, and known to me to be the same person described in and who executed the foregoing instrument, appeared before me this day in person and acknowledged to me that he executed and delivered the same as his free and voluntary act and deed, for the uses, purposes and consideration therein expressed, including the relinquishment of dower and homestead.

My Commission Expires: \_\_\_\_\_

Notary Public in and for said County and State, residing at: \_\_\_\_\_

WHEN RECORDED RETURN TO:

This instrument was filed for record on the 25th day of May, 1983, at Mountain View, California, and duly recorded in Book 551, Page 931, of the records of this office.  
County of San Diego, State of California  
Jean Desreil  
Grand Jury

This lease shall there-  
after date lease  
any date to at the end  
or on the nineteenth  
operations or (2) the  
it shall mean opera-  
search for or in an  
in paying quantities.

and land in all opera-  
to draw and remove  
hall pay for damages  
is or horizons. All of  
assign and success-  
ver effected, shall im-  
ment of production.  
ion in the ownership  
upon the then record  
sor or lessor's heirs,  
have been properly  
as shall be necessary  
n of the death of the  
int in the depository  
rental payable here-  
and default in de-

shall notify lessee in  
of said notice within  
the bringing of any  
ach notice on lessee.  
an admission or pre-  
stain in force and  
nit under applicable  
om of a square cen-  
here are operations.

s and interests here-  
lessee shall have the  
erof and to deduct  
is lease covers a less  
erent is herein spec-  
overs less than such  
ed fee simple estate  
l. This lease shall be

of the shut-in well  
whether or not opera-  
tions have been com-  
menced by lessee, the  
days following the

laws insofar as they

ud  
Helen  
Leonard

KNOWLEDGMENT

and Betty  
cribed in and who  
livered the same as  
er and homestead.

304  
KNOWLEDGMENT

cribed in and who  
livered the same as  
er and homestead.

day of  
o'clock P.M.  
County Clerk  
Leads

RECORDED AT 1235 JUL 8 1984

CO-7559-2

Producers 88-80-640 (7-71) Paid Up

RECORDING NO. 323601 JOHN JEFFERY RECORDS, INC. 1000 N. 10th St. OKM

# OIL AND GAS LEASE

23rd day of July 1983

THIS AGREEMENT made this 23rd day of July 1983, by and between THE SUNSET HOME OF THE UNITED METHODIST CHURCH, SOMETIMES REFERRED TO AS METHODIST SUNSET HOME, AN ILLINOIS NOT-FOR-PROFIT CORPORATION, HAVING \*\* LESSOR (whether one or more), whose address is: 418 Washington Street, Quincy, Illinois 62301 and, SHELL OIL COMPANY, P.O. Box 570, Houston, Texas 77001.

1. Lessor, in consideration of the sum of Ten Dollars (\$10.00), and other good and valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the term of years and with the exclusive right of exploring, drilling, mining and operating for producing and owning oil and gas, including, assigned and unassigned, and with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of said water, gas, oil, brine, and other fluids, build tanks, power stations, telephone lines, employee houses and other structures on said land, access to the same, and operations in exploring, drilling for, producing, treating, storing and transporting said minerals produced from the land covered hereby, and all other operations adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Montezuma, State of Colorado and is described as follows:

TOWNSHIP 36 NORTH, RANGE 17 WEST, N.M.P.M.  
Section 7: NE4SE4, N2SE4SE4, W2SE4 and S4SE4SE4;

\* Including Carbon Dioxide Gas

\*\* OFFICES IN QUINCY, ILLINOIS.

This lease is subject to all of the terms and provisions of the McElmo Dome (Leadville) Unit Agreement, effective April 1, 1983, recorded at Book 548, Page 806, of the Clerk-Recorder Records of Montezuma County, Colorado.

This lease also covers and includes any land contiguous to or adjoining the land above described, other than those constituting regular governmental subdivisions, and (a) owned or claimed by limitation, prescription, possession, reversion or unrecorded instrument or (b) to which lessee has a preferential right of acquisition. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 160 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the acreage thereof.

2. Unless sooner terminated or longer kept in force under other provision hereof, this lease shall remain in force for a term of 10 years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with the exception for more than ninety (90) consecutive days.

3. As royalty, lessee covenants and agrees: (a) To deliver in the credit of lessor, in the pipe line to which lessee may connect its wells, the proportionate part of all oil produced and saved by lessor from said land, or from time to time, at the option of lessee, to pay lesser the acreage pooled market place of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to be one-eighth of the cost of treating oil to render it marketable pipe line oil; (b) To pay lessor on gas and casinghead gas produced from said land (1) when said by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of casinghead or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas; (c) To pay lessor on all other oil and minerals produced and marketed or utilized by lessee from said land, one-tenth either in kind or the market value thereof at the well, at lessee's election, if of the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market said minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tanks, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety (90) consecutive days, and during such time there are no operations on said land, then as of before the expiration of said ninety-day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of said land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety-day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the Mercantile Trust & Savings Bank, at Quincy, Illinois, or its successors, or in the Texas Commerce Bank National Association, Houston, Texas, or its successors, which shall continue as the depositories, regardless of changes in the ownership of said lease royalty. If at any time that lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly as such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date of payment. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4. Lessor is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or interest, as to any or all of said minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance; provided, however, units may be established as to any one or more horizons, or existing wells may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas, other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction if larger units than any of those herein permitted, either at the time established, or after enlargement, are required under any governmental rule or order, for the drilling or operation of a well at a regular location, or for obtaining maximum allowable flow from a well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order at the time this lease is recorded. Each of said options may be exercised by lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on a field, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered for all purposes, except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversion, mineral estate of any tract of land or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder shall not have the effect of exchanging or transferring any interest under this lease between parties. Neither shall it impair the right of lessee to release as provided in paragraph 5 hereof, except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled lands are released as to lands within the unit. As any time while this lease is in force lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a disclaimer to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

6. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completion, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas or other oil and minerals, or the production of oil, gas or other oil and minerals, whether or not in paying quantities.

GP26

4

SHL



1. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

2. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any or said interests or interests. All of the covenants, obligations and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and assigns. No change or division in the ownership of said land, royalties or other moneys, or any part thereof, however effected, shall increase the obligation or diminish the rights of Lessee, in, during, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice of intent of or to Lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties or other moneys, or of the right to receive the same, now or hereafter effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, Lessee may, nevertheless pay, or tender such royalties or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.

3. In the event Lessee considers that Lessee has not complied with all its obligations hereunder, both explicit and implied, Lessee shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The giving of said notice shall be precedent to the bringing of any action by lessor on this lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any act by Lessee, and to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to all arrearages accrued and as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations (but in no event less than forty acres), such acreage to be designated by Lessee in writing as practicable in the form of a survey submitted at the well, or in such shape as the existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such elements on said land as are necessary to operations on the acreage so retained.

4. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that Lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to demand amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. If this lease covers a less interest in said minerals, or any of them, in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalties and other moneys covered by this lease (whether or not owned by lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

5. If, while this lease is in force, at or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land, by reason of (1) any law, order, rule or regulation, whether or not subsequently determined to be invalid; or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter if operations as if such delay had not occurred.

6. Lessor hereby expressly relinquishes, covenants and waives all rights under and by virtue of the homestead exemption laws of this State which may in any way affect the purpose for which this lease is made.

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

The Sunset Home of the United Methodist Church, sometimes referred to as Methodist Sunset Home, an Illinois not-for-profit Corporation

By: Richard Thomas  
President, Richard Thomas

Social Security or I.D. Number:

Attest: Ethel Knodel  
Secretary, Ethel Knodel

Social Security or I.D. Number:

Tax I.D. NO: [redacted]

Social Security or I.D. Number:

Social Security or I.D. Number:

Social Security or I.D. Number:

WHEN RECORDED RETURN TO  
CORPORATE ACKNOWLEDGMENTS  
STATE OF ILLINOIS  
COUNTY OF Adams  
SS.  
JAN 3 1984  
JAN 3 1984

STATE OF Illinois

COUNTY OF Adams

I, Hubert G. Staff, a Notary Public in and for said County and State, do hereby certify that Richard Thomas, to me personally known, and known to me to be the same person who executed the foregoing instrument as President of the Sunset Home of the United Methodist, a Illinois not-for-profit corporation, appeared before me this day in person and, being first duly sworn, acknowledged that he is the President of said corporation, that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed, sealed, and delivered in behalf of said corporation by authority of its Board of Directors, and further acknowledged said instrument and his execution thereof to be the free and voluntary act and deed of said corporation and his own free and voluntary act and deed for the uses, purposes and considerations therein expressed.

Given under my hand and official seal this 15th day of December, 1983.

My Commission Expires:

4/8/84

\*\* Church, sometimes referred to as Methodist Sunset Home, an Illinois not-for-profit Corporation,

Hubert G. Staff  
Notary Public in and for said County and State, residing at 625 Vermont  
Quincy, IL 62301

My Commission  
810 Mid  
Denve