

OIL AND GAS LEASE

WITNESSED, Entered into this the 4th day of March 19 71
John A. Wilson and Esther M. Wilson, husband and wife; S. Glen Wilson and Marie R. Wilson
band and wife and Paul C. Wilson and Margaret Wilson, husband and wife - Box 252
Willow Jacket, Colorado 81335

hereinafter called Lessor,
Mobil Oil Corporation - P.O. Box 633, Midland, Texas 79701
 hereinafter called Lessee, does witness:

1. That Lessor, for and in consideration of the sum of Ten and no/100 Dollars in hand paid and of the covenants and agreements hereinafter contained to be performed by the Lessee, has this day granted, leased, and let and by these presents does hereby grant, lease, and let exclusively unto the Lessee the hereinafter described land, with the right to subdivide this land or any part thereof with other oil and gas leases as to all or any part of the lands covered thereby as hereinafter provided, for the purpose of carrying on geological, geophysical and other exploratory work, including core drilling, and the drilling, mining, and operating for, producing, and saving all of the oil, gas, casinghead gas, casinghead gasoline and all other gases and their respective constituent vapors, and for constructing roads, laying pipe lines, building tanks, setting off, building power, stations, telephone lines and other structures thereon necessary or convenient for the economical operation of said land alone or jointly with neighboring lands, to produce, save, take care of, and manufacture all of such substances, and for securing and handling employees, said tract of land with any reversionary rights therein being situated in the County of Montezuma State of Colorado and described as follows:

Township 38 North-Range 13 West, N.M.P.M. Township 37 North-Range 18 West, N.M.P.M.
Section 20: S 1/4 S 1/4 Section 30: S 1/4 S 1/4 Section 12: S 1/4 S 1/4 Section 13: N 1/4 S 1/4
Section 29: N 1/4 S 1/4 Section 14: S 1/4 N 1/4, S 1/4 N 1/4, S 1/4 S 1/4

and containing 840 acres, more or less.

2. This lease shall remain in force for a term of Ten years and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of the products covered by this lease is or can be produced.

3. The Lessee shall deliver to Lessor as royalty, free of cost, on the lease, or into the pipe line to which Lessee may connect its wells the equal one-eighth part of all oil produced and saved from the leased premises, or at the Lessee's option may pay to the Lessor for such one-eighth royalty the market price for oil of like grade and gravity prevailing on the day such oil is run into the pipe line or into storage tanks.

4. The Lessee shall pay to Lessor for gas produced from any oil well and used by the Lessee for the manufacture of gasoline or any other product as royalty 1/10 of the market value of such gas at the mouth of the well; if said gas is sold by the Lessee, then as royalty 1/10 of the proceeds of the sale thereof at the mouth of the well. The Lessee shall pay Lessor as royalty 1/10 of the proceeds from the sale of gas as such at the mouth of the well where gas only is found and where such gas is not sold or used, Lessee shall pay or tender annually at the end of each yearly period during which such gas is not sold or used, as royalty, an amount equal to the delay rental provided in paragraph 5 hereof, and while said royalty is so paid or tendered this lease shall be held as a producing lease under paragraph 2 hereof; the Lessor to have gas free of charge from any gas well on the leased premises for stoves and inside lights in the principal dwelling house on said land by making his own connections with the well, the use of such gas to be at the Lessor's sole risk and expense.

5. If operations for the drilling of a well for oil or gas are not commenced on said land on or before the 4th day of March 19 72 this lease shall terminate as to both parties, unless the Lessee shall on or before said date pay or tender to the Lessor or for the Lessor's credit in the

Mancos State Bank at Mancos, Colorado 81328 or its successors, which Bank and its successors are the Lessor's agent and shall continue as the depository of any and all sums payable under this lease regardless of changes of ownership in said

land or in the oil and gas or in the rentals to accrue hereunder, the sum of Eighty-four Dollars, which shall operate as a rental and cover the privilege of deferring the commencement of operations for drilling for a period of one year. In like manner and upon like payments or tenders the commencement of operations for drilling may further be deferred for life periods successively. All payments or tenders may be made by check or draft of Lessee or any assignee thereof, mailed or delivered on or before the rental paying date, either direct to Lessor or assigns or to said depository bank and it is understood and agreed that the consideration first recited herein, the down payment, covers not only the privilege granted to the date when said first rental is payable as aforesaid, but also the Lessee's option of extending that period as aforesaid and any and all other rights conferred. Notwithstanding the death of the Lessor or his successors in interest, the payment or tender of rentals in the manner above shall be binding on the heirs, devisees, executors, and administrators of such persons.

6. If at any time prior to the discovery of oil or gas on this land and during the term of this lease, the Lessee shall drill a dry hole, or holes on this land, this lease shall not terminate, provided operations for the drilling of a well shall be commenced by the next ensuing rental paying date, or provided the Lessee begins or resumes the payment of rentals in the manner and amount hereinabove provided, and in this event the preceding paragraphs hereto governing the payment of rentals and the manner and effect thereof shall continue in force.

7. In case said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein then the royalties and rentals herein provided for shall be paid the said Lessor only in the proportion which his interest bears to the whole and undivided fee. However, such rental shall be increased at the next succeeding rental anniversary after any reversion occurs to cover the interest so acquired.

8. The Lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations thereon, except water from the wells of the Lessor. When required by Lessor, the Lessee shall bury its pipe lines below plow depth and shall pay for damage caused by its operations to growing crops on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the Lessor. Lessee shall have the right at any time during, or after the expiration of, this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing, but Lessee shall be under no obligation to do so, nor shall Lessee be under any obligation to restore the surface to its original condition, where any alterations or changes were due to operations reasonably necessary under this lease.

9. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to the heirs, devisees, executors, administrators, successors, and assigns, but no change of ownership in the land or in the rentals or royalties or any sum due under this lease shall be binding on the Lessee until it has been furnished with either the original recorded instrument of conveyance or a duly certified copy thereof or a certified copy of the will of any deceased owner and of the probate thereof, or certified copy of the proceedings showing appointment of an administrator for the estate of any deceased owner, whichever is appropriate, together with all original recorded instruments of conveyance or duly certified copies thereof necessary in showing a complete chain of title back to Lessor to the full interest claimed and all advance payments of rentals made hereunder before receipt of said documents shall be binding on any direct or indirect assignee, grantee, devisee, administrator, executor, or heir of Lessor.

10. If the leased premises are now or shall hereafter be owned in severally or in separate tracts, the premises nevertheless shall be developed and operated as one lease, and all royalties accruing hereunder shall be treated as an entirety and shall be divided among and paid to such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage. There shall be no obligation on the part of the Lessee to offset wells on separate tracts into which the land covered by this lease may be hereafter divided by sale, devise, descent or otherwise or to furnish separate measuring or receiving tanks. It is hereby agreed that in the event this lease shall be assigned as to a part or as to parts of the above described land and the holder or owner of any such part or parts shall make default in the payment of the proportionate part of the rent due from him or them, such default shall not operate to defeat or affect this lease insofar as it covers a part of said land upon which the Lessee or any assignee hereof shall make due payment of said rentals.

11. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the Lessee, at its option, may pay and discharge in whole or in part any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder.

12. Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if Lessee shall commence operations for drilling at any time while this lease is in force, this lease shall remain in force and its terms shall continue so long as such operations are prosecuted and, if production results therefrom, then as long as production continues.

13. If within the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided operations for the drilling of a well shall be commenced before or on the next ensuing rental paying date; or, provided Lessee begins or resumes the payment of rentals in the manner and amount hereinbefore provided. If, after the expiration of the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided Lessee resumes operations for drilling a well within sixty (60) days from such cessation, and this lease shall remain in force during the prosecution of such operations and, if production results therefrom, then as long as production continues.

14. Lessee may at any time surrender or cancel this lease in whole or in part by delivering or mailing such release to the Lessor, or by placing same of record in the proper county. In case said lease is surrendered and canceled as to only a portion of the acreage covered thereby, then all payments and liabilities thereafter accruing under the terms of said lease as to the portion canceled shall cease and determine and any rentals thereafter paid may be apportioned on an acreage basis, but as to the portion of the acreage not released the terms and provisions of this lease shall continue and remain in full force and effect for all purposes.

All provisions hereof, express or implied, shall be subject to all federal and state laws and the orders, rules, or regulations (and interpretations thereof) of all governmental agencies administering the same, and this lease shall not be in any way terminated wholly or partially nor shall the Lessee be liable in damages for failure to comply with any of the express or implied provisions hereof if such failure accords with any such laws, orders, rules or regulations (or interpretations thereof). If Lessee should be prevented during the last six months of the primary term hereof from drilling a well hereunder by the order of any constituted authority having jurisdiction, thereafter, or if Lessee should be unable during said period to drill a well hereunder due to equipment necessary in the drilling thereof not being available on account of any cause, the primary term of this lease shall continue until six months after said order is suspended and/or said equipment is available, but the Lessee shall pay delay rentals herein provided during such extended time.

15. The unitization of this lease or any portion thereof with any other lease or leases or portions thereof shall be accomplished by the execution and filing by Lessee in the recording office of said county of an instrument declaring its purpose to unitize and describing the leases and land unitized, which unitization shall hereafter give the gas rights only and comprise an area not exceeding approximately 640 acres. The royalty provided for herein with respect to gas from gas wells shall be apportioned among the owners of such royalty on minerals produced in the unitized area in the proportion that their interests in the minerals under the lands within such unitized area bear to the minerals under all of the lands in the unitized area. Any well drilled on such unit shall be for all purposes a well under this lease and shall satisfy the rental provision of this lease as to all of the land covered thereby. Provided, however, Lessee shall be under no obligation, express or implied, to drill more than one gas well on said unit.

17. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of John A. Wilson and Esther M. Wilson

18. In the event Lessee drills a well or wells on the lease premises and such well or wells are not productive of oil and/or gas, prior to plugging and abandoning such well or wells, and if potable water or gas is capable of being produced therefrom, Lessee shall contact Lessor and afford to them the election to take over such well or wells under such terms and conditions as may thereafter be agreed to by Lessee and Lessor.

S. GLEN WILSON (OccSec# 322-32-1770)

C1679

MARGARET WILSON

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IN WITNESS WHEREOF, we sign the day and year first above written.

Arthur A. Wilson (SEAL)
ARTHUR A. WILSON (SocSec#526-24-1129) (SEAL)

Esther M. Wilson (SEAL)
ESTHER M. WILSON (SEAL)

S. Glen Wilson (SEAL)
S. GLEN WILSON (SocSec# 522-32-1770)

BOOK 430 PAGE 233

Marie R. Wilson (SEAL)

MARIE R. WILSON (SEAL)

Paul G. Wilson (SEAL)
PAUL G. WILSON (SocSec# 522-32-1770) (SEAL)

Margaret Wilson
MARGARET WILSON

C 1679

STATE OF COLORADO
COUNTY OF MONTEZUMA

ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans., Ohio., and Colo.)

Before me, the undersigned, a Notary Public, within and for said county and state, on this 18th day of March, 1971, personally appeared Arthur A. Wilson and Esther M. Wilson

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth. IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires September 10, 1972 *Caroline A. Murphy* Notary Public.

STATE OF COLORADO
COUNTY OF MONTEZUMA

ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans., Ohio., and Colo.)

Before me, the undersigned, a Notary Public, within and for said county and state, on this 18th day of March, 1971, personally appeared S. Glen Wilson and Marie R. Wilson

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth. IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires Sept. 10, 1972 *Caroline A. Murphy* Notary Public.

STATE OF COLORADO
COUNTY OF MONTEZUMA

ss. ACKNOWLEDGMENT FOR CORPORATION

On this day of A. D., 1971, before me, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared to me personally known to be the identical person who signed the name of the maker thereof to the within and foregoing instrument as its President and acknowledged to me that executed the same as free and voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.

My commission expires Notary Public.

No. C 1679

OIL AND GAS LEASE

FROM

*Arthur A. Wilson,
et al*

TO
MOBIL OIL CORPORATION

Montezuma County, Colo.

Date

Section

No. of Acres

Term

County

STATE OF Colorado
County of Montezuma

This instrument was filed for record on the 14th day of April, 1971 at 10:12 o'clock A. M., and duly recorded in Book 416 Page 234 of the records of this office.

By *C. A. Murphy* Register of Deeds.

RETURN TO
WHOM MOBILE OIL CORPORATION
TITLE RECORDS SECTION
P.O. BOX 444 MINLAND, TEXAS

THE KANSAS BLUE PRINT CO.
WICHITA, KANSAS
PHOTOCAT SERVICE UP-TO-DATE OIL MAPS

NOTE: When signature by mark in Kansas, said mark to be witnessed by at least two persons and also acknowledged by mark, use regular Kansas acknowledgment.

STATE OF Oregon
COUNTY OF Jackson

ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans., Ohio., and Colo.)

Before me, the undersigned, a Notary Public, within and for said county and state, on this 12th day of March, 1971, personally appeared Paul C. Wilson and Margaret Wilson

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth. IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires July 13, 1974 *D. Douglas Roach* Notary Public.

Recorded at 8:30 o'clock A. M. March 30, 1976
Reception No. 306529 Jean DeGraff Recorder Montezuma Co. Colo.
EL

OIL AND GAS LEASE

BOOK 182 PAGE 356THIS AGREEMENT, made and entered into this 22nd day of March, 1976, by and between
NEIL F. ELLIS and LUCILLE H. ELLIS, H/Whereinafter called the lessor (whether one or more), whose Post Office address is P. O. Box 644
Albany, Oregon 97321

and MOUNTAIN FUEL SUPPLY COMPANY, a Utah corporation at 180 East 1st South, Salt Lake City, Utah 84111 hereinafter called the lessee:

WITNESSETH:

-----Ten and More-----

1. That the lessor, for and in consideration of the sum of ----- Dollars in hand paid by the lessee, the receipt and sufficiency of which is hereby acknowledged, and of the covenants and agreements herein contained on the part of the lessee to be paid, kept and performed, by these presents does grant, demise, lease and let exclusively unto the lessee, its successors and assigns, for the purpose of investigating, exploring by geological, geophysical, and other methods, prospecting, drilling, mining, and operating for and producing oil, liquid hydrocarbons, all gases (including without limitation, hydrogen sulfide gas), and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata and conducting secondary recovery operations, laying pipelines, storing oil, building tanks, power stations, roads, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases, and their respective constituent products and other products manufactured therefrom, and all other rights and privileges necessary, incident or convenient for the economical operation of said lands, alone or conjointly with neighboring lands, the following described premises, situate in Township 38 North, Range 18 West, NMPM County of Montezuma, State of Colorado, to wit:

Sec 20: S½S½Sec 29: N½N½Sec 30: E½E½INITIAL
HEREcontaining 480.00 acres, more or less, hereby releasing all rights under and by virtue of the Homestead Exemption Laws of said state.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of five (5) years from this date (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or their respective constituent products, or any of them, is or can be produced from said lands or land with which said land is pooled by the lessee.

3. The royalties to be paid by lessee are: (a) on oil and other than liquid hydrocarbons saved at the well, one-eighth (1/8) of that produced and saved from said land, same to be delivered at the wells or to the credit lessor in the pipeline to which the wells may be connected, or lessee, at its option, may pay to lessor for such one-eighth (1/8) royalty, the market price at the well for oil of like grade and gravity prevailing at the time of production; (b) on gas, including casinghead gas and all gaseous substances produced from said land and sold or used off the premises or in the manufacture of gasoline or other products therefrom, the market value at the mouth of the well of one-eighth (1/8) of the gas so sold or used, provided that on gas sold at the wells the royalty shall be one-eighth (1/8) of the amount realized from such sale; and (c) at any time, either before or after the expiration of the primary term of this lease, if there is a gas well or wells on the above land (and for the purposes of this clause (c) the term "gas well" shall include wells capable of producing natural gas, condensate, distillate or any gaseous substance and wells classified as gas wells by any government authority) and such well or wells are shut in before or after production therefrom, lessee and any assignee hereunder may pay or tender an advance annual royalty equal to the amount of delay rentals provided for in this lease for the acreage then held under this lease by the party making such payment or tender, and if such payment or tender is made, it shall be considered under all provisions of this lease that gas is being produced from the leased premises in paying quantities for one (1) year from the date such payment or tender is made, and in like manner subsequent advance annual royalty payments may be made or tendered and it will be considered under all provisions of this lease that gas is being produced from the leased premises in paying quantities during any annual period for which royalty is paid or tendered. Such advance royalty may be paid or tendered in the same manner as provided herein for the payment or tender of delay rentals. Royalty accruing to the owners thereof on any production from the leased premises during any annual period for which advance royalty is paid may be credited against such advance payment. When there is a shut-in gas well or wells on the leased premises, if this lease is not continued in force under some other provision hereof, it shall nevertheless continue in force for a period of ninety (90) days from the last date on which a gas well located on the leased premises is shut in, or for ninety (90) days following the date to which this lease is continued in force by some other provision hereof, as the case may be, within which ninety-day period lessee or any assignee hereunder may commence or resume the payment or tender of the advance royalty as herein provided.

4. If operations for the drilling of a well are not commenced on said lands on or before one (1) year from the date hereof this lease shall terminate unless the lessee shall, on or before one (1) year from the date hereof, pay or tender to the lessor or for the lessor's credit in the Citizens Valley

Bank at Albany, Oregon, 97321 NEIL F. ELLIS or LUCILLE H. ELLIS
or its successors, which bank, or its successors, shall be the lessor's agent and shall continue as the depository of any and all sums payable under this lease, regardless of ownership in said lands or in the oil and gas, or in the rentals to accrue thereunder, the sum of Four Hundred Eighty

Dollars (\$ 480.00) which shall operate as rental and cover the privilege of deferring the commencement of drilling operations for the further period of one (1) year. In like manner and upon like payment or tenders, the commencement of drilling operations may be further deferred for like periods successively. All payments or tenders may be made by check of lessee, or any assignee thereof, mailed to the post office address of the lessor as hereinabove set forth or delivered on or before the rental paying period. Provided, however, the lessee shall be granted a thirty (30) day grace period within which to make payments and this lease shall not be forfeited if such payments are made within said thirty (30) day grace period after the time for payment as provided in this paragraph. If at any time more than six persons shall be entitled to participate in the rentals or royalties hereunder, lessee at its election may pay all rentals and royalties thereafter accruing, to the credit of this lease in the depository bank last designated by lessor as herein provided, or lessee may withhold payment unless and until such persons shall designate, in a recordable instrument to be filed with the lessee, a common agent or trustee to receive all payments hereunder, and to execute and deliver rental receipts, division orders and/or transfer orders on behalf of said persons and their respective successors in interest.

5. If prior to discovery of oil, liquid hydrocarbons, gas or their respective constituent products, or any of them, on said land or on land pooled therewith lessee should drill and abandon a dry hole or holes thereon, or if, after discovery of oil, liquid hydrocarbons, gas or their respective constituent products, or any of them, the production hereof should cease from any cause, this lease shall not terminate if lessee commences additional drilling or reworking operations within sixty (60) days thereafter, or (if it be within the primary term) commences or resumes the payment or tender of rentals on or before the rental paying date next ensuing after the expiration of three (3) months from date of completion and abandonment of said dry hole or holes or the cessation of production. If at the expiration of the primary term, oil, liquid hydrocarbons, gas or their respective constituent products, or any of them, is not being produced on said land or land pooled therewith but lessee is then engaged in operations for drilling or reworking of any well or wells thereon, this lease shall remain in force so long as such operations or additional operations are commenced and prosecuted (whether on the same or successive wells) with no cessation of more than sixty (60) consecutive days, and, if they result in production, so long thereafter as oil, liquid hydrocarbons, gas or their respective constituent products, or any of them, is produced from said land or land pooled therewith. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within three hundred thirty (330) feet of and draining the leased premises, lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances.

6. Lessee may use oil, gas or water found on said lands free of cost, for operating purposes, but not water from lessor's wells; lessor to have free gas for stores and inside lines in the principal dwelling house on said lands from any well thereon producing gas only, by making his own connection therewith. The use of such gas to be at the sole risk and expense of the lessor. Gas, including casinghead gas and residue gas, produced from any oil or gas well unseparatedly lost, or which may be used by the lessee in any process for recovering oil or other liquid hydrocarbons from the leased premises, or returned to the ground, whether through wells located on the leased premises or elsewhere, shall not be deemed to have been sold or used off the premises within the meaning, express or implied, of any part of this lease. When requested by lessor, the lessee shall bury its pipeline below ordinary plow depth, and also pay damages caused by its operations to cultivated agricultural crops on said land. No well shall be drilled within two hundred (200) feet of any residence or barn now on said premises, without the consent of the lessor. Lessee shall have the right at any time during or within a reasonable time after the expiration, or other termination of this lease, to remove all machinery, fixtures, houses, buildings, and any and all structures, placed on said premises, including the right to draw and remove all casing.

7. The rights of either party hereunder may be assigned in whole or part, but no change or division in ownership of the land, rentals or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee. No such change or division in the ownership of the land,

rentals or royalties shall be binding upon lessee for any purposes until sixty (60) days after such person acquiring any interest has furnished lessee with the instrument or instruments, or certified copies thereof, constituting his chain of title from the original lessor. In the event of an assignment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be apportioned as between the several leasehold owners, ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. An assignment of this lease, in whole or part, shall, to the extent of such assignment, relieve and discharge lessee of any obligation hereunder, and if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of the rentals due from such lessee or assignee or fail to comply with any other provision of the lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall make payment of said rentals.

8. When drilling or other operations are delayed or interrupted as a result of any cause whatsoever beyond the control of the lessee, the time of such delay or interruption shall not be counted against lessee, anything in this lease to the contrary notwithstanding. All express or implied covenants of this lease shall be subject to all Federal and State laws, Executive orders, rules or regulations and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages for failure to comply therewith if compliance is prevented by, or if such failure is the result of, any such law, order, rule or regulation.

9. Lessee shall have the right to utilize, pool or combine all or any part of the above described lands with other lands in the same general area by entering into a cooperative or unit agreement setting forth a plan of development or operation approved by any governmental authority, and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in any such events, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions and provisions of such approved cooperative or unit agreement or plan of development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement except as may be otherwise provided in said agreement. In the event the above described lands, or any part thereof, shall hereafter be operated under any such cooperative or unit agreement or plan of development or operation whereby the production thereunder is allocated to different portions of the land covered by said agreement or plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not from any other tract of land; and the royalty payments to be made hereunder to lessor shall be based upon production only as so allocated. Nothing herein contained shall authorize or effect any transfer of any title to any leasehold, royalty or other interest unitized, pooled or combined. Lessee's execution of such cooperative or unit agreement or plan of development or operation shall be binding as to both lessor and lessee and their respective interests. Lessee, following such execution, shall furnish lessor with a copy of such unit agreement by mail at lessor's last known address as shown by lessor's records and shall give lessor written notice of approval of the same in the manner within a reasonable time after lessee is notified of such approval.

10. Lessor hereby warrants and agrees to defend the title to the lands herein described and agrees that the lessee, at its option, may pay and discharge any judgments, taxes, mortgages, or other liens on or against the above-described lands, and may also redeem said lands for and on behalf of the lessor or lessee, and in the event lessee exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such judgment, tax, mortgage, or other lien, any royalty or rentals accruing hereunder. The lessee may become purchaser at any and all tax or foreclosure sales of the above lands. Lessor agrees to pay one-eighth (1/8) of all taxes of whatever kind or character now or hereafter levied by any duly constituted taxing authority and upon the oil, gas, and other hydrocarbons produced from the premises hereinabove described, but the lessee shall have the right to pay such tax and to deduct the lessor's proportionate share thereof from any royalty payments accruing hereunder. In case the lessor owns a less interest in the above-described premises than the entire and undivided fee simple mineral estate therein, then the royalties and rentals in this lease provided for shall be paid to the lessor only in the proportion which his interest bears to the whole and undivided mineral fee.

11. If the leased premises are now or shall hereafter be owned in severally or in separate tracts, the premises, nevertheless, shall be developed and operated as one lease and the royalties accruing hereunder shall be treated as an entirety and shall be divided among and paid to such separate owners in the proportion that the acreage owned by each such separate owner bears to the entire leased acreage. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease is now or may hereafter be divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks.

12. This lease shall not be terminated, forfeited or cancelled for failure by lessee to perform in whole or in part any of its implied covenants, conditions, or stipulations until it shall have been first finally and judicially determined that such failure or default exists, and thereupon lessee shall be given a reasonable time thereafter to correct any default so determined, or at lessee's election, it may surrender the lease with option of reserving under the terms of this lease each producing well and ten (10) acres surrounding it as selected by lessee, together with the right of ingress and egress thereto. Lessee shall not be liable in damages for breach of any implied covenant or obligation.

13. Lessee may at any time surrender this lease as to all or any part of the lands or minerals covered hereby, by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the proper county; and if surrendered only as to a part of said lands, any delay rentals or acreage payments which may thereafter be payable hereunder shall be reduced proportionately. All lands leased shall remain subject to easement for right-of-way necessary or convenient for lessee's operations on land retained by it.

14. The provisions of this lease shall be construed as covenants running with the land, and shall inure to the benefit of and be binding upon the parties hereto, their heirs, executors, administrators, successors, and assigns.

IN WITNESS WHEREOF, this lease, which may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document, is executed as of the day and year first hereinabove written.

Witness:

X Neil F. Ellis
Neil F. Ellis

X Lucille H. Ellis
Lucille H. Ellis (spouse)

UTAH ACKNOWLEDGEMENT

STATE OF _____ } ss.
County of _____ }

On this _____ day of _____, 19____ personally appeared before me _____, the
signer _____ of the above instrument, who acknowledged to me that _____ executed the same.
Given under my hand and seal this _____ day of _____, 19____.
My Commission Expires: _____

Notary Public

COLORADO-WYOMING ACKNOWLEDGEMENT

STATE OF OREGON } ss.
County of LINN }

The foregoing instrument was acknowledged before me by Neil F. ELLIS and LUCILLE H. ELLIS, H/W
this 22 day of March, 1976.
Witness my Hand and Official Seal.
My Commission Expires: April 2, 1979

Notary Public

OIL AND GAS LEASE

THIS AGREEMENT made this 5th day of April 1976, between Clifton H. Fosnot, AKA, Clifton Herschel Fosnot, AKA, C.F. Fosnot, and Eugenia P. Fosnot, husband and wife

lessor (whether one or more), whose address is: P.O. Box 23 Cahone, Colorado 81320
and Shell Oil Company, P.O. Box 576, Houston, Texas 77001, lessee. 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 casinghead gas, casinghead gasoline, condensate and all related hydrocarbons, and including all other products produced therewith, 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, 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:

Township 38 North, Range 18 West N.M.P.M.

Section 20: S²S⁴

Section 29: N²M²

Section 30: E²M²

***Including 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) 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, delay rental or other payment hereunder, said land shall be deemed to contain 480.00 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. **eight (8)**

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 lessor 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 mouth 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-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 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 unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, 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 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 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 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 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. 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 which shall operate as delay rental and cover the privilege 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 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 lessor or to the depository bank on or before the last date for payment. Said delay rental shall be apportionable 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 shall not affect this lease 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 erroneous 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 tender nevertheless shall be fully effective and lessee shall have no obligation to make any further tender or payment in connection therewith until after lessor 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 thereupon be reduced in the proportion that the acreage released bears to the acreage which was covered by this lease immediately prior to such release.

6. If at any time or times during the primary term operations are conducted on said land and all operations are discontinued, this lease shall thereafter terminate on its anniversary date next following the ninetieth (90th) day after such discontinuance unless on or before such anniversary date lessee either (1) conducts operations or (2) commences or resumes the payment or tender of delay rental; provided, however, if such anniversary date is on or after 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 ninetieth (90th) 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 shut-in well provisions of paragraph 3 or the provisions of paragraph 11 are applicable. 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 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, 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, 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. 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 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 or 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 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 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 and the delay rental provisions 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.

Clifton H. Fosnot

Social Security or I.D. Number: _____

Social Security or I.D. Number: _____

Social Security or I.D. Number: _____

Social Security or I.D. Number: _____

Eugenia F. Fosnot

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 Colorado

COUNTY OF Montezuma

INDIVIDUAL ACKNOWLEDGMENT

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that Clifton H. Fosnot & Eugenia F. Fosnot, husband and wife, to me personally known, and known to me to be the same person s described in and who executed the foregoing instrument, appeared before me this day in person and acknowledged to me that the y 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 24 day of April, 1976.

My Commission Expires: March 5, 1978

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 _____, 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 _____ 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:

307353
This instrument was filed for record on the 3rd day of May, 1976 at 9:24 o'clock A.M., and duly recorded in Book 463, Page 275 of the _____ records of this office.

County Clerk
County of Montezuma State of Colo.
Joe P. H. Ed.

OIL AND GAS LEASE

THIS AGREEMENT made this 5th day of April BOOK 463 PAGE 277 19 76 between Harry A. Fosnot, a single manlessor (whether one or more), whose address is: Cahone, Colorado 81320
and Shell Oil Company, P.O. Box 576, Houston, Texas 77001, lessee, 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 casinghead gas, casinghead gasoline, condensate and all related hydrocarbons, and including all other products produced therewith, 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, 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:

Township 38 North, Range 18 West N.M.P.M.Section 20: S4S4Section 29: N4N4Section 30: E4E4***Including Carbon Dioxide**HAF

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, delay rental or other payment hereunder, said land shall be deemed to contain 480.00 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. eight (8)

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 lessor 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 mouth 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-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 the amount of annual delay rental provided for in this lease. Lessee shall make 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 unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, 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 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 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 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 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. 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 NationalCortez, 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 _____ which shall operate as delay rental and cover the privilege 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 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 lessor or to the depository bank on or before the last date for payment. Said delay rental shall be apportionable 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 shall not affect this lease 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 erroneous 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 tender nevertheless shall be fully effective and lessee shall have no obligation to make any further tender or payment in connection therewith until after lessor 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 thereupon be reduced in the proportion that the acreage released bears to the acreage which was covered by this lease immediately prior to such release.

6. 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 thereafter terminate on its anniversary date next following the ninetieth (90th) day after such discontinuance unless on or before such anniversary date lessee either (1) conducts operations or (2) commences or resumes the payment or tender 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 ninetieth (90th) 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 shut-in well provisions of paragraph 3 or the provisions of paragraph 11 are applicable. 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 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, 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, 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. 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 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 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 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 and the delay rental provisions 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.

Harry A. Fosnot

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:

Social Security or I.D. Number:

Social Security or I.D. Number:

STATE OF Colorado)

INDIVIDUAL ACKNOWLEDGMENT

COUNTY OF Montezuma)

SS:

I, the undersigned, Notary Public in and for said County and State, do hereby certify that Harry A. Fosnot, a single man

XXXX 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 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.

Given under my hand and official seal this 6th day of April, 19 76.

My Commission Expires: March 5, 1978

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

STATE OF _____)

INDIVIDUAL ACKNOWLEDGMENT

COUNTY OF _____)

SS:

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 _____ 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:

307354
This instrument was filed for record on the 3rd day of May, 1976 at 9:26 o'clock A.M., and duly recorded in Book 463, Page 277 of the _____ records of this office

County Clerk
County of Montezuma State of Colo.
Joseph Ed.

OIL AND GAS LEASE

BOOK 463 PAGE 279

THIS AGREEMENT made this 6th day of April, 19 76, between Velma James, a married woman dealing in her sole and separate propertylessor (whether one or more), whose address is: Box 143, Monticello, Utah 84535
and Shell Oil Company, P.O. Box 576, Houston, Texas 77001 lessee, 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 casinghead gas, casinghead gasoline, condensate and all related hydrocarbons, and including all other products produced therewith, 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, 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:

Township 38 North, Range 18 West N.M.P.M.Section 20: S2S2Section 29: N2E2Section 30: E2E2***Including 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) 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, delay rental or other payment hereunder, said land shall be deemed to contain 480.00 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. VJ
VJ

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 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 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 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 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 unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, 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 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 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 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 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. 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 Security Bank at Monticello, Utah 84535 or its successors,

which shall continue as the depository, regardless of changes in ownership of delay rental, royalties, or other moneys, the sum of \$ which shall operate as delay rental and cover the privilege 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 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 lessor or to the depository bank on or before the last date for payment. Said delay rental shall be apportionable 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 shall not affect this lease 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 erroneous 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 tender nevertheless shall be fully effective and lessee shall have no obligation to make any further tender or payment in connection therewith until after lessor 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 thereupon be reduced in the proportion that the acreage released bears to the acreage which was covered by this lease immediately prior to such release.

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6. 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 there- after terminate on its anniversary date next following the ninetyeth (90th) day after such discontinuance unless on or before such anniversary date lessee either (1) conducts operations or (2) commences or resumes the payment or tender 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 ninetyeth (90th) 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 shut-in well provisions of paragraph 3 or the provisions of paragraph 11 are applicable. Whenever used in this lease the word "operations" shall mean opera- tions 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 opera- tions 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 success- ive assigns. No change or division in the ownership of said land, royalties, delay rental, or other moneys, or any part thereof, howsoever effected, shall in- crease 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, 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, 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 here- under shall be apportionable as between the several leasehold owners, ratably according to the surface area or undivided interests of each, and default in de- lay 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. 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 pre- sumption 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 nearly as practicable in the form of a square cen- tered 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 here- under 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 spec- ified 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 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 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 sub- sequently 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 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.

Velma James
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:
Social Security or I.D. Number:
Social Security or I.D. Number:

STATE OF Utah)
COUNTY OF) SS.

INDIVIDUAL ACKNOWLEDGMENT

I, the undersigned, a Notary Public in and for said County and State, do hereby certify that Velma James, a married woman dealing
xxx in her sole and separate property to me personally known, and known to me to be the same person described in and who
executed the foregoing instru nt, 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 27 day of September, 19 76.

My Commission Expires: 2-11-77

Notary Public in and for said County and State, residing at
Monticello, Idaho

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 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:

RECORDS SECTION
COUNTY CLERK
P.O. BOX 100
HOUSTON, TEXAS 77001

307355
This instrument was filed for record on the 3rd day of
May, 1976 at 9:28 o'clock A.M.,
and duly recorded in Book 463, Page 279 of the
 records of this office.
 County Clerk
County of Montgomery State of Alabama
400 p.k. Ed.