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1 of 3 R 15.00 D 0.00 GARFIELD COUNTY CO

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Producers 88-C revised

OIL AND GAS LEASE

THIS AGREEMENT, Entered into this the 15th day of November 1999 by and between Puckett Land Co., a Colorado Corporation, 5460 S. Quebec St., Suite 250, Englewood, CO 80111, hereinafter called Lessor and Petroleum Development Corporation, 103 East Main Street, PO Box 26, Bridgeport, WV 26330, hereinafter called Lessee, does witness:

1. That lessor, for and in consideration of the sum of ten and more 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, and with the right to unitize this lease 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, 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, and storing oil, said tract of land with any reversionary rights therein being situated in Garfield County, Colorado and described as follows:

Township 6 South, Range 96 West, 6th P.M.

Section 19: SW/4;

Section 30: SW/4, W/2SE/4, Lots 3 and 4;

Section 31: NW/4, N/2SW/4, Lots 6 and 7;

Township 6 South, Range 97 West, 6th P.M.

Section 23: NE/4, S/2;

Section 24: All;

Section 25: All;

Section 26: All;

Section 35: All (Lots 1-4);

Section 36: All (Lots 1-4);

Township 7 South, Range 96 West, 6th P.M.

Section 6: S/2, S/2NE/4, Lots 4 and 5;

Section 7: N/2, SE/4;

Section 13: Lots 4, 10, 11, 12 and 13;

Section 14: E/2SE/4;

Section 17: NW/4;

Section 18: N/2;

Section 23: Lot 1;

Section 24: Lots 2, 3 and 4;

Township 7 South, Range 97 West, 6th P.M.

Section 1: All;

Section 2: All;

Section 11: NW/4, N/2S/2;

Section 12: N/2, N/2S/2.

containing 7393.69 acres, more or less, hereinafter called leased premises.

2. It is agreed that this lease shall remain in full force for a term of five (5) years from this date, and as long thereafter as oil or gas, or either of them, is produced from said land or the premises are being developed or operated. This lease incorporates by reference that certain Letter Agreement dated November 15, 1999 between the parties to this lease. The Letter Agreement requires that Lessee drill a certain number of wells each year in order to maintain this lease. Lessee shall release all undrilled acreage in this Lease if Lessee fails to timely drill all wells required by the Letter Agreement. In the event of a conflict between the terms of this lease and the letter agreement, the terms of the letter agreement will prevail.

3. In consideration of the premises the said lessee covenants and agrees:

To deliver to the credit of lessor, free of all costs, expenses and taxes, including ad valorem taxes, in the pipe line or tank truck to which lessee may connect his wells, the equal of seventeen percent (17%) of all oil produced and saved from the leased premises. The royalty rate will be reduced to fourteen and one-half percent (14.5%) for oil produced from wells located on top of the mesa.

For gas (including casinghead gas) and all other substances covered hereby, the royalty shall be seventeen percent (17%) of the proceeds realized by lessee from sale thereof, free of all costs, expenses and taxes, including ad valorem taxes. The royalty rate will be reduced to fourteen and one-half percent (14.5%) for gas and other leased substances produced from wells located on top of the mesa.

4. Where gas from a well or wells, capable of producing gas only, is not sold or used for a period of one year, lessee shall pay or tender as royalty, an amount equal to the delay rental as provided in paragraph five hereof, payable annually on the anniversary date of this lease following the end of each such year during which such gas is not sold or used, and while said royalty is so paid or tendered this lease shall be held as a producing property under paragraph two hereof. Notwithstanding anything to the contrary hereunder contained herein, this lease may not be maintained in force or effect solely by the payment of shut-in royalty for a period more than two (2) years.

5. If operations for the drilling of a well for oil or gas are not commenced on said land on or before the 15th day of November, 2000 this lease shall terminate as to both parties, unless the lessee shall on or before said date pay or tender to the lessor the sum of

THE PUCKETT COMPANIES

5460 SOUTH QUEBEC SUITE 250
GREENWOOD VILLAGE, COLORADO 80111-1917

271
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\$7393.69 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 like 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 direct to lessor, 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. Lessee may at any time execute and deliver to Lessor, and place of record, a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereon is reduced by said release or releases.

6. If 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 shall be paid the 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.

7. When requested 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 1000 feet to any 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. Lessee agrees, upon the completion of any test as a dry hole or upon the abandonment of any producing well, to restore the premises to their original contour as near as practicable and to remove all installations within nine (9) months.

8. 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.

9. 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.

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 re-working or 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, the as long as production continues.

10. Lessee is hereby given the right at its option, at any time from time to time, to pool or unitize any part or parts of the above described land, lease, or leases in the immediate vicinity thereof, such pooling to be into units not exceeding the minimum size tract on which a well may be drilled under laws, rules, or regulations in force at the time of pooling or unitization, or eighty (80) acres, whichever is less: provided, however, that units may exceed such minimum by not more than ten acres if such excess is necessary in order to conform to ownership subdivisions or lease lines. Lessee shall exercise said option, as to each desired unit, by executing and recording an instrument identifying the unitized area. Any well drilled or operations on any part of each such unit shall be considered a well drilled or operations conducted under this lease, and there shall be allocated to the portion of the above described land included in any such unit, such portion of the actual production from all wells on such unit as lessor's interest, if any, in such portion, computed on an acreage basis, bears to the entire acreage of such unit. And it is understood and agreed that the production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production from the portion of the above described land included in such unit in the same manner as though produced from the above described land under the terms of this lease.

11. Notwithstanding anything contained herein to the contrary, the royalty payable under this lease shall be calculated on all oil, gas (including all its constituents) and other by-products produced and saved from the leased premises.

12. Notwithstanding anything to the contrary herein contained, in the event a portion or portions of the land herein leased is pooled or unitized with other lands so as to form a pooled unit or units, operations, completion of a well upon, or production from such unit or units will not maintain this lease in force as to the lands not included in such unit or units. The lease may be maintained in force as to any land covered hereby and not included in such unit or units in any manner provided for herein; provided that if it be by rental payments, the rentals shall be reduced in proportion to the number of acres covered hereby and included in such unit or units. Notwithstanding anything contained to the contrary herein, Lessee agrees to release all lands that are not within a producing unit at the end of the three-year primary term, and pooled units shall not exceed eighty (80) acres.

13. Notwithstanding anything to the contrary herein, this oil and gas lease applies only to depths from the bottom of the Oil Shale Mining Zone (defined below) to the bottom of the Castlegate Sandstone or its stratigraphic equivalent.

14. Lessee or its assigns will provide Lessor with a copy of all daily drilling reports and all reports and logs filed with the appropriate local, state or federal commission within 30 days after filing. The intention of this provision is that Lessor be as fully informed as Lessee about the geology and engineering of each well drilled on, or spaced to include leased premises.

15. In this lease, "proceeds realized by Lessee" include any proceeds from any payment made under a take or pay provision of a gas contract or in settlement of liability for a breach thereof.

16. Lessee, its heirs, successors and assigns shall indemnify and hold Lessor harmless from liability for any violation(s), whether through negligence or otherwise, of federal, state and/or common law in producing, generating, transporting, or disposing of



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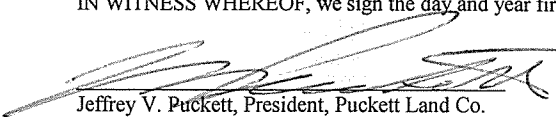
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hazardous wastes, on or from the leased premises, and for any liability whatsoever caused or allowed by Lessee's actions or inaction's.

17. All oil and/or gas proceeds accruing to Lessor under this lease or by state law shall be without deduction, directly or indirectly, for the cost of producing or storing the oil, and/or gas produced hereunder.

18. Notwithstanding anything contained herein to the contrary, this lease does not include the Oil Shale Mining Zone, which shall be defined as the stratigraphic equivalent of that zone present between the surface and 1452 feet, or the top of the Orange Marker as found on the logs from and in #1 South Sulfur well located in SE/4NW/4NE/4, Section 26, Township 3 South, Range 99 West, Rio Blanco County, Colorado. If, however, the logs from a well actually drilled on lands subject to this lease by Lessee do not clearly and unambiguously show an equivalent Oil Shale Mining Zone, Lessee shall consult with Lessor and the parties shall mutually agree on the top and bottom of the Oil Shale Mining Zone.

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

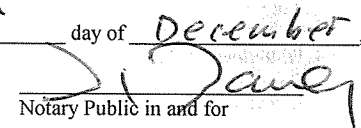

Jeffrey V. Puckett, President, Puckett Land Co.


R. E. Puckett, Secretary, Puckett Land Co.

State of Colorado
County of Arapahoe

Before me, the undersigned, a notary public in and for said county and state, on this day personally appeared Jeffrey V. Puckett and R. E. Puckett, President and Secretary respectively of Puckett Land Co. known to me to be the persons who executed the foregoing instrument, and acknowledged to me that they executed the same as the free act and deed of Puckett Land Co..

Given under my hand and seal of office this 8th day of December, 1999.


Notary Public in and for

Arapahoe County, Colorado

My Commission expires: 8-10-02

State of Colorado
County of _____

Before me, the undersigned, a notary public in and for said county and state, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this _____ day of _____, 1999.

Notary Public in and for

County, Colorado

My Commission expires: _____