



00202875

STATE OF COLORADO
BOARD OF LAND COMMISSIONERS

OIL AND GAS LEASE NO. OG 94/2193-I



Containing 160.00 acres, more or less:

Land Fund Internal Improvement

THIS LEASE AGREEMENT, Dated this 18th day of August, 1994, made and entered into by and between the STATE OF COLORADO, acting by and through the STATE BOARD OF LAND COMMISSIONERS, hereinafter called Lessor, and Jay Deason
2128 M Road, Austin CO 81410
hereinafter called Lessee:

WITNESSETH

WHEREAS, Said Lessee has applied to Lessor for an oil and gas lease covering the land herein described, and has paid a filing fee in the amount of \$ 20.00, plus a bonus consideration of \$ -0-, fixed by Lessor as an additional consideration for the granting of this lease, and Lessee agrees to pay an annual rental of \$ 240.00, computed at the rate of \$ 1.50, per acre or fraction thereof per year.

WHEREAS, All the requirements relative to said application have been duly complied with and said application has been approved and allowed by Lessor;

THEREFORE, In consideration of the agreements herein, on the part of Lessee to be paid, kept and performed, Lessor does lease exclusively to Lessee for the sole and only purpose of drilling for, development of and production of oil and gas, or either of them, thereon and therefrom with the right to own, except as set forth in the METHANE FROM COAL SEAMS paragraph herein, all oil and gas so produced and saved therefrom and not reserved as royalty by Lessor under the terms of this lease, together with rights-of-way, easements and servitudes for pipelines, telephone and telegraph lines, tanks and fixtures for producing and caring for such products, and any and all rights and privileges necessary for the exploration and operation of said land for oil and gas, the following described land situated in the County of Logan, State of Colorado, and more particularly described as follows:

<u>DESCRIPTION OF LAND</u>	<u>SECTION</u>	<u>TOWNSHIP</u>	<u>RANGE</u>
NW4	21	7N	53W

Surface Patents: Yes X No

TO HAVE AND TO HOLD Said land, and all the rights and privileges granted hereunder to Lessee until the hour of twelve o'clock noon on the 18th day of August, 1999, as primary term, and so long thereafter as oil and gas, or either of them, is produced in paying quantities from said land or Lessee is diligently engaged in bona fide drilling or reworking operations on said land, subject to the terms and conditions herein. Drilling or reworking operations shall be deemed to be diligently performed if there is no delay or cessation thereof for a period greater than 60 consecutive days unless an extension in writing is granted by Lessor; provided that such drilling or reworking operations are commenced during said primary term or any extension thereof or while this lease is in force by reason of production of oil and gas or either of them, or that such reworking is commenced within 60 days upon cessation of production for the purpose of re-establishing the same, and provided further that such production is commenced during such primary term or any extension thereof, or while this lease is in force by reason of such drilling or reworking operations or other production.