

DISTRICT COURT, BOULDER COUNTY, COLORADO 1777 6 <sup>th</sup> St., Boulder, Colorado 80302 (303) 441-1866	<p style="text-align: center;"><b>▲ COURT USE ONLY ▲</b></p>
<p><b>Plaintiff:</b></p> <p>BOARD OF COUNTY COMMISSIONERS OF BOULDER COUNTY, Colorado;</p> <p><b>v.</b></p> <p><b>Defendants:</b></p> <p>8 NORTH, LLC, a Delaware limited liability company; and EXTRACTION OIL &amp; GAS, INC., a Delaware corporation.</p>	
<p><b>Attorneys for Plaintiffs:</b>          BOULDER COUNTY ATTORNEY          David Hughes, #24425          Deputy County Attorney          Katherine A. Burke, #35716          Senior Assistant County Attorney          Catherine (“Trina”) Ruhland, #42426          Senior Assistant County Attorney          Jasmine Rodenburg, #51194          Assistant County Attorney          Boulder County Attorney’s Office          P.O. Box 471          Boulder, Colorado 80306          Phone: 303-441-3190 Fax: 303-441-4794          Email: dhughes@bouldercounty.org          kaburke@bouldercounty.org          truhland@bouldercounty.org          jrodenburg@bouldercounty.org</p>	<p>Case Number:</p> <p>Div:</p>
<p style="text-align: center;"><b>COMPLAINT</b></p>	

Plaintiff, Board of County Commissioners of Boulder County, Colorado, alleges as follows:

## **INTRODUCTION**

1. Defendants seek to construct massive oil and gas facilities on property that is preserved and protected by a conservation easement. This lawsuit asks the Court to protect Boulder County and its residents from development that violates the terms of that conservation easement.

2. Boulder County purchased the conservation easement as a part of its conservation easement program, which is an essential part of the County's long-standing, multi-faceted commitment to conservation through responsible stewardship.

3. As a reflection of the importance of land conservation, in 1993 County voters first approved a county-wide sales and use tax to fund the acquisition and protection of open space lands, including associated water and mineral rights. Voters have approved and extended this tax and other open space taxes with similar provisions numerous times over the years (collectively referred to as the "Open Space Tax"). These funds are used as part of the conservation easement program.

4. Through the conservation easement program, Boulder County contracts with private land owners to place protective covenants over valuable properties to preserve the rural character and function of unincorporated Boulder County by protecting, among other values, open space and wildlife habitat, scenic values, agricultural and water resources, open space character, wildlife habitat, and scenic qualities. In exchange for these limitations on development that further these principles and values, private landowners receive monetary compensation in the form of both cash and tax breaks.

5. Because conservation easements, by their nature, limit the use and development of the land, Defendants have targeted those open, undeveloped lands as places in which they wish to locate their industrial, for-profit oil and gas activities. Defendants have repeatedly asserted that they have the right and ability to drill on conservation easement lands, and they have negotiated an agreement with underlying private landowners that would result in violations of the conservation easements.

## **PARTIES, JURISDICTION AND VENUE**

6. Boulder County is a political subdivision of the State of Colorado and a body politic and corporate. Plaintiff Board of County Commissioners of Boulder County (the "County"), is the duly constituted governing body of Boulder County, and is authorized to sue and be sued.

7. Defendant 8 North, LLC ("8 North"), is a Delaware limited liability company registered in Colorado with principal offices at 370 17th Street, Suite 5300, Denver, Colorado. 8 North is authorized to conduct business in the State of Colorado and is a registered oil and gas operator with the Colorado Oil and Gas Conservation Commission (the "COGCC").

8. Defendant Extraction Oil & Gas Inc. (“Extraction”) is a Delaware corporation with principal offices at 370 17th Street, Suite 5300, Denver, Colorado. Extraction is authorized to conduct business in the State of Colorado and is a registered oil and gas operator with the COGCC. 8 North is a corporate subsidiary of Extraction.

9. Jurisdiction is proper in this Court as a court of general jurisdiction under the Colorado Constitution and also under § 38-30.5-108, C.R.S.

10. Venue is proper in this Court under C.R.C.P. 98(a) because the leases and easement at issue and the rights and obligations subject to this action affect real property in Boulder County.

## **GENERAL ALLEGATIONS**

### **Background**

11. In 1978, the Boulder County Planning Commission adopted the Boulder County Comprehensive Plan (the “BCCP”), memorializing, in relevant part, Boulder County’s long-standing commitment to land conservation. The BCCP prioritizes preservation of “the rural character and function of the unincorporated area of Boulder County by protecting environmental resources, agricultural uses, open spaces, vistas, and the distinction between urban and rural areas of the county.” The BCCP guides all County land use activities.

12. Through the Open Space Tax, County residents have raised over \$400 million for open space acquisition and preservation. Whenever possible, the County purchases mineral rights along with the surface interests in a property, acquiring both for the purpose of preservation and conservation.

13. In addition to purchasing land and minerals in fee for conservation, the County acquires conservation easements over private property to preserve a variety of conservation values, including agricultural uses, open space character, water resources, wildlife habitat and scenic qualities.

14. On July 31, 2018, the COGCC approved a request from 8 North to establish a 2,720-acre drilling and spacing unit (the “DSU”) with COGCC Order No. 407-2518 and approved 8 North’s request for a total of 32 wells for drilling in the DSU with COGCC Order No. 407-2524. A map of the DSU is attached as Exhibit 1. The County objected to the DSU and the number of wells. The COGCC Orders are now on appeal in Denver District Court Case No. 2018CV033238.

15. The County does not ask this Court to review the COGCC’s approval of the DSU or well density. Rather, this action raises important contractual issues related to the establishment of the DSU and the associated proposed oil and gas development.

16. Over 90% of the DSU area is located in Boulder County covering all of Sections 13, 14, 23, and 24 in Township 2 North, Range 69 West. The remaining fraction of the DSU is located in Weld County, comprising half of Section 18 in Township 2 North, Range 68 West. The County owns a significant portion of the land in the DSU as open space land and owns conservation easements or other development restrictions over the majority of the remainder. The County owns the minerals under much of its open space property, some of which are leased for development with the County as successor lessor.

17. 8 North proposes to develop the entire DSU with 32 wells on one massive pad on a property in the Weld County fraction of the DSU that is subject to a conservation easement owned by Boulder County.

18. The oil and gas development proposed by 8 North is part of a rapid increase in oil and gas development in Colorado through hydraulic fracturing. Hydraulic fracturing did not begin in earnest in Colorado until 2010. Seventy-two percent of all horizontal well permits in Colorado were issued after 2007, with 36% of such permits issued in 2010 alone.

19. The proposed 8 North development represents a dramatic departure from conventional oil and gas drilling activity and operations. Conventional oil and gas activity involved vertical wells drilled close to the location of the resource. Oil and gas developed through hydraulic fracturing and horizontal drilling can be accessed from wellheads located miles away.

20. The location of large multi-well pads used for hydraulic fracturing on property protected by a conservation easement would significantly and adversely impact the longstanding County goals and policies aimed at protecting valued Boulder County open space, rural lands, scenic vistas, and natural resources, as well as significantly impair the massive financial investment County residents have made to support those goals.

### **The Pleasant View CE**

21. Through a series of transactions in 2003 and 2004, the County purchased a conservation easement from Pleasant View Farm, LLC, covering lands in Section 18, Township 2 North, Range 68 West, in Weld County and recorded in the Weld County real property records at Reception No. 3221556. The easement was amended May 28, 2009 in a second recording in Weld County at Reception No. 3625830 (as amended, the “Pleasant View CE”) attached as Exhibit 2. The property subject to the Pleasant View CE is within the DSU.

22. Boulder County purchased the Pleasant View CE for \$1,456,350.00 using Open Space Tax funds and grant funds from the National Resources Conservation Service (“NRCS”), an agency within the United States Department of Agriculture.

23. The property subject to the Pleasant View CE (the “CE Property”) is a 145-acre

parcel of agricultural land in the small portion of the DSU located within Weld County. This parcel borders Boulder County along the Weld County line.

24. The purpose of the Pleasant View CE, consistent with state statutes, are “to preserve the Property for the protection of soils designated by the NRCS as Prime Farmland, and agricultural uses, including farming and ranching activities, as well as to preserve the open space character, water resources, wildlife habitat and scenic qualities of the Property (the ‘Conservation Values’).” *See* § 38-30.5-102, C.R.S. (defining “conservation easement in gross” as “a right in the owner of the easement to prohibit or require a limitation upon . . . acts on or with respect to a land or water area . . . appropriate to the retaining or maintaining of such land . . . predominantly in a natural, scenic, or open condition, or for wildlife habitat, or for agricultural . . . use or condition consistent with the protection of open land”).

25. The Pleasant View CE also states that its intent is “to preserve the Property in its present form and prevent further development on the Property” and one of the affirmative rights conveyed to the County by the Pleasant View CE is “to preserve and protect in perpetuity the Conservation Values of the Property.”

26. The County acquired the Pleasant View CE for the benefit of and partially with funds paid by Boulder County residents.

27. The County has continuously monitored and enforced the Pleasant View CE since it was deeded to Boulder County in 2004.

28. The CE Property is currently owned by Rinn Valley Farms, LLC, a Colorado limited liability company (the “CE Property Owner”), which purchased the CE Property from Pleasant View Farm, LLC, on December 8, 2017, subject to the Pleasant View CE.

29. The Pleasant View CE prohibits the “mining or extraction of ...oil, natural gas, fuel, or any other mineral substance” except for any oil and gas leases which were in effect as of the date of the CE.

#### **The 1986 Oil and Gas Lease Relevant to the Pleasant View CE**

30. Only one oil and gas lease encumbered the CE Property when the Pleasant View CE was conveyed to the County.

31. On March 4, 1986 Ruth Opal Williams, Joe D. Meglemre, Bobetta Meglemre and Edith Wannenbergr granted an Oil and Gas Lease to Vessels Oil & Gas Company covering lands in Section 18, Township 2 North, Range 68 West in Weld County and recorded in the Weld County real estate records at Reception No. 02045895 (the “Pleasant View Lease”) attached as Exhibit 3.

32. 8 North assumed the rights and is now the real party in interest of the rights set

forth in the Pleasant View Lease.

33. The Pleasant View Lease permitted the lessee to drill and produce oil and gas from the Leased Premises.

34. The Pleasant View Lease defines the “Leased Premises” as Township 2 North, Range 68 West, 6<sup>th</sup> P.M., Section 18: Lot 2 (76.01), E ½ SW ¼ (All of the SW ¼), a total of 156.01 acres.

35. Other than the DSU recently established, which is currently under appeal, the Pleasant View Lease has not been pooled or unitized with other leases or lands.

36. 8 North proposes to place all 32 wells approved in Order 407-2524 on the CE Property to extract minerals from the entire 2,720-acre DSU, 90% of which is across the county line in Boulder County.

37. On June 19, 2018 the CE Property Owner and Extraction entered into an Easement, Right-of-Way, and Surface Use Agreement recorded in the Weld County real property records at Reception No. 4409021 (the “2018 SUA”) allowing for the 32-well pad proposed by 8 North to develop oil and gas. In entering into this agreement, Extraction worked in cooperation and concert with 8 North.

38. In the 2018 SUA, Extraction acknowledged the existence of the Pleasant View CE.

39. The Pleasant View CE only allows for development permitted under the Pleasant View Lease.

40. The Pleasant View Lease only authorized the extraction of the minerals under the CE Property.

41. By letter dated July 26, 2018, the County informed the CE Property Owner and 8 North that the 32-well pad is in violation of the Pleasant View CE. 8 North did not respond to the letter.

42. 8 North’s proposed 32-well pad, utilizing two-mile horizontal wellbores to conduct hydraulic fracturing under more than four square miles, is an intensive level and type of oil and gas development requiring surface uses not contemplated by the Pleasant View Lease or the Pleasant View CE.

43. Extraction’s execution of the 2018 SUA for the benefit of 8 North and 8 North’s vigorous pursuit of its applications to the COGCC affirm its intent to locate such wells on the CE property.

44. The development intended with the 2018 SUA and the COGCC applications and

orders threatens to interfere with, injure, impair and destroy the conservation values protected by the Pleasant View CE.

45. “Actual or threatened injury to or impairment of a conservation easement in gross or the interest intended for protection by such easement may be prohibited or restrained by injunctive relief granted by a court of competent jurisdiction in a proceeding initiated by the grantor or by an owner of the easement.” § 38-30.5-108(2), C.R.S.

### **Mineral Leases affected by the DSU**

46. Boulder County is the successor lessor of several mineral leases located in Boulder County that are within the DSU. The leases prohibit the establishment of the DSU. The COGCC’s approval of the DSU is currently under appeal; the County asks this Court to find that 8 North’s actions in seeking to establish and establishing the DSU breached the terms of several leases.

47. On March 4, 1980, C. Denzel Henry and Kathy J. Henry granted an Oil and Gas Lease to Buddy Baker, covering 130 acres in Section 24, Township 2 North, Range 69 West and Section 19, Township 2 North, Range 68 West, in Boulder and Weld Counties and recorded in the real property records of Boulder County at Reception No. 00388395 and in Weld County at 1819493 (the “Henry Lease”) attached as Exhibit 4.

48. The property and mineral rights identified in the Henry Lease are in the DSU.

49. On February 28, 2001, the County purchased the property described in the Henry Lease, together with the mineral rights that are subject to the Henry Lease. The County is the successor lessor to the Henry Lease.

50. The Henry Lease permits the lessee to pool or unitize the land described in the lease, but it limits the size of such a unit to “the minimum size tract on which a well may be drilled under laws, rules, or regulations in force at the time of such pooling or unitization.

51. On March 19, 1982, the Sisters of St. Francis a/k/a Poor Sisters of St. Francis Seraph granted an Oil and Gas Lease to Martin Exploration Management Corp., covering portions of Section 14, Township 2 North, Range 69 West, in Boulder County and recorded in the real property records of Boulder County at Reception No. 00489996 (the “St. Francis Lease”) attached as Exhibit 5.

52. On September 19, 2000, the County purchased the property described in the St. Francis Lease, together with the mineral rights that are subject to the St. Francis Lease. The County is the successor lessor to the St. Francis Lease.

53. The property and associated mineral rights identified in the St. Francis lease are in the DSU.

54. The St. Francis Lease permits the lessee to pool or unitize the land described in the lease, but it limits the size of such a unit to “the acreage prescribed or required in any Federal or State law, order, rule or regulation for the drilling or operation of one well.

55. On February 19, 1979, Denzel Hartshorn and Mildred C. Hartshorn granted an Oil and Gas Lease to Vessels Oil & Gas Company, covering 120 acres in Section 24, Township 2 North, Range 69 West, in Boulder County and recorded in the real property records of Boulder County at Reception No. 00323938 (the “Hartshorn Lease”) attached as Exhibit 6.

56. On January 18, 1995, the County purchased the property described in the Hartshorn Lease, together with the mineral rights that are subject to the Hartshorn Lease. The County is the successor lessor to the Hartshorn Lease.

57. The property and the mineral rights described in the Hartshorn lease are in the DSU.

58. The Hartshorn Lease permits the lessee to pool or unitize the land or leases in the immediate vicinity of the land described in the lease, but it limits the size of such a unit to “the minimum size tract on which a well may be drilled under laws, rules, or regulations in force at the time of such pooling or unitization.

59. On March 5, 1980, Jean Brewbaker granted an Oil and Gas Lease to Buddy Baker, covering 120 acres Section 24, Township 2 North, Range 69 West, in Boulder County and recorded in the real property records of Boulder County at Reception No. 00387762 (the “Brewbaker Lease”) attached as Exhibit 7.

60. On January 18, 1995, the County purchased the property described in the Brewbaker Lease, together with the mineral rights that are subject to the Brewbaker Lease. The County is the successor lessor to the Brewbaker Lease.

61. The property and the mineral rights described in the Brewbaker lease are in the DSU.

62. The Brewbaker Lease permits the lessee to pool or unitize the land in the immediate vicinity of the land described in the lease, but it limits the size of such a unit to “the minimum size tract on which a well may be drilled under laws, rules, or regulations in force at the time of such pooling or unitization.

63. On March 4, 1980, Jane Eastlack and Leon Eastlack granted an Oil and Gas Lease to Buddy Baker, covering 80 acres in Section 24, Township 2 North, Range 69 West, in Boulder County and recorded in the real property records of Boulder County at Reception No. 00387763 (the “Eastlack Lease”) attached as Exhibit 8.



64. On January, 18, 1995, the County purchased the property described in the Eastlack Lease, together with the mineral rights that are subject to the Eastlack Lease. The County is the successor lessor to the Eastlack Lease.

65. The property and mineral rights identified in the Eastlack Lease are in the DSU.

66. The Eastlack Lease permits the lessee to pool or unitize the land in the immediate vicinity of the land described in the lease, but it limits the size of such a unit to “the minimum size tract on which a well may be drilled under laws, rules, or regulations in force at the time of such pooling or unitization.

67. On Mar 4, 1980, James L. Henry and Nadine H. Henry granted an Oil and Gas Lease to Buddy Baker, covering 200 acres in Section 24, Township 2 North, Range 69 West, in Boulder County and recorded in the real property records of Boulder County at Reception No. 00387761 (the “James Henry Lease”) attached as Exhibit 9.

68. On January 18, 1995, the County purchased the property that is described in the James Henry Lease, together with the mineral rights that are subject to the James Henry Lease. The County is the successor lessor to the James Henry Lease.

69. The property and the mineral rights described in the James Henry lease are in the DSU.

70. The James Henry Lease permits the lessee to pool or unitize the land described in the lease, but it limits the size of such a unit to “the minimum size tract on which a well may be drilled under laws, rules, or regulations in force at the time of such pooling or unitization.

71. Pursuant to the terms of an Assignment, Bill of Sale and Conveyance dated June 1, 2015 and recorded in the real property records of Boulder County at Reception No. 03454428, Extraction assigned its right, title and interest in the Henry Lease, St. Francis Lease, Hartshorn Lease, Brewbaker Lease, Eastlack Lease, and James Henry Lease to 8 North. As a result, 8 North is the successor lessee for the Henry Lease, St. Francis Lease, Hartshorn Lease, Brewbaker Lease, Eastlack Lease, and James Henry Lease.

72. At the time the DSU was requested by 8 North and when it was approved by the COGCC, two sources of law defined the “minimum size tract on which a well may be drilled.”

73. First, § 34-60-116(2), C.R.S., stated “no drilling unit shall be smaller than the maximum area that can be efficiently and economically drained by one well.”

74. Second, COGCC Order 407-1 established 80-acre drilling and spacing units for the production of oil and gas and associated hydrocarbons from the Codell Formation and COGCC Order 407-87 established 80-acre units for the Niobrara Formation, applying that

spacing, emphasis added, “to *a well* drilled, completed or recompleted in . . . the underlying lands described herein.”

75. Thus, the minimum size tract on which one well could be drilled at the time 8 North sought to create the DSU, and the maximum size tract into which the cited leases could be incorporated, was 80 acres.

76. 8 North was prohibited by the Henry Lease, St. Francis Lease, Hartshorn Lease, Brewbaker Lease, Eastlack Lease, and James Henry Lease from requesting or establishing a 2,720-acre unit encompassing those lease areas.

77. By seeking to establish and establishing the DSU, 8 North violated the terms of the Henry Lease, St. Francis Lease, Hartshorn Lease, Brewbaker Lease, Eastlack Lease, and James Henry Lease.

78. As a result of 8 North’s breach of the Henry Lease, St. Francis Lease, Hartshorn Lease, Brewbaker Lease, Eastlack Lease, or James Henry Lease, the leases are forfeit and no longer in force or effect. All rights under the leases revert to the County.

#### **FIRST CLAIM FOR RELIEF**

#### **(§ 38-30.5-108(2), C.R.S., Injury or Impairment to a Conservation Easement—8 North and Extraction)**

79. The County incorporates the above allegations by reference.

80. The 32-well pad proposed by 8 North on the CE Property, or any number of wells that exceeds the number of wells necessary to extract the minerals under the CE Property, will injure, impair and destroy the Conservation Values for which the Pleasant View CE was purchased.

81. The 32-well pad contemplated in the SUA, or any number of wells that exceeds the number of wells necessary to extract the minerals under the CE Property, both threatens to injure and impair and will injure and impair the Conservation Values for which the Pleasant View CE was purchased.

82. The Pleasant View CE prohibits the 32-well pad or any number of wells that exceeds the number of wells necessary to extract the minerals under the CE Property.

83. The County’s property will suffer an injury to property interests protected by the Pleasant View CE as a result of 8 North’s and Extraction’s actions.

#### **SECOND CLAIM FOR RELIEF**

#### **(Intentional Interference with Contract—Extraction and 8 North)**

84. The County incorporates the above allegations by reference.
85. The County has a valid contract with the CE Property Owner in the form of a conservation easement in gross, the Pleasant View CE.
86. Extraction and 8 North are not parties to the Pleasant View CE.
87. Extraction and 8 North knew or should have known about the Pleasant View CE.
88. The terms of the SUA violate the Pleasant View CE by allowing for oil and gas development in excess of that allowed under the Pleasant View Lease.
89. Extraction and 8 North intended to induce the CE Property Owner to improperly breach the Pleasant View CE.
90. Extraction and 8 North induced a breach of the Pleasant View CE by executing the SUA with the CE Property Owner.
91. The County has suffered and will suffer damage as a direct result of Extraction's actions.

**THIRD CLAIM FOR RELIEF**  
**(Breach of Contract, Henry Lease—8 North)**

92. The County incorporates the above allegations by reference.
93. 8 North is the successor lessee of the Henry Lease.
94. The County is the successor lessor of the Henry Lease.
95. 8 North breached the terms of the Henry Lease by establishing the DSU.

**FOURTH CLAIM FOR RELIEF**  
**(Breach of Contract, St. Francis Lease—8 North)**

96. The County incorporates the above allegations by reference.
97. 8 North is the successor lessee of the St. Francis Lease.
98. The County is the successor lessor of the St. Francis Lease.
99. 8 North breached the terms of the St. Francis Lease by establishing the DSU.

**FIFTH CLAIM FOR RELIEF**

**(Breach of Contract, Brewbaker Lease—8 North)**

- 100. The County incorporates the above allegations by reference.
- 101. 8 North is the successor lessee of the Brewbaker Lease.
- 102. The County is the successor lessor of the Brewbaker Lease.
- 103. 8 North breached the Brewbaker Lease by establishing the DSU.

**SIXTH CLAIM FOR RELIEF**  
**(Breach of Contract, Eastlack Lease—8 North)**

- 104. The County incorporates the above allegations by reference.
- 105. 8 North is the successor lessee of the Eastlack Lease.
- 106. The County is the successor lessor of the Eastlack Lease.
- 107. 8 North breached the Eastlack Lease by establishing the DSU.

**SEVENTH CLAIM FOR RELIEF**  
**(Breach of Contract, James Henry Lease—8 North)**

- 108. The County incorporates the above allegations by reference.
- 109. 8 North is the successor lessee of the James Henry Lease.
- 110. The County is the successor lessor of the James Henry Lease.
- 111. 8 North breached the James Henry Lease by establishing the DSU.

**EIGHTH CLAIM FOR RELIEF**  
**(Declaratory Judgment, Henry Lease—8 North)**

- 112. The County incorporates the above allegations by reference.
- 113. The County and 8 North are the current parties to the Henry Lease.
- 114. An actual, current controversy exists between the parties regarding the application of the pooling and unitization clause in the Henry Lease with respect to the DSU.
- 115. The dispute between the parties involves the interpretation of the Henry Lease. The dispute will be effectively resolved by the Court's declaration of the respective rights of the

parties.

116. The County is entitled to declaratory judgment as provided for under § 13-51-101, et. seq. and C.R.C.P. 57(b).

**NINTH CLAIM FOR RELIEF**  
**(Declaratory Judgment, St. Francis Lease—8 North)**

117. The County incorporates the above allegations by reference.

118. The County and 8 North are the current parties to the St. Francis Lease.

119. An actual, current controversy exists between the parties regarding the application of the pooling and unitization clause in the St. Francis Lease with respect to the DSU.

120. The dispute between the parties involves the interpretation of the St. Francis Lease. The dispute will be effectively resolved by the Court's declaration of the respective rights of the parties.

121. The County is entitled to declaratory judgment as provided for under § 13-51-101, et. seq. and C.R.C.P. 57(b).

**TENTH CLAIM FOR RELIEF**  
**(Declaratory Judgment, Brewbaker Lease—8 North)**

122. The County incorporates the above allegations by reference.

123. The County and 8 North are the current parties to the Brewbaker Lease.

124. An actual, current controversy exists between the parties regarding the application of the pooling and unitization clause in the Brewbaker Lease with respect to the DSU.

125. The dispute between the parties involves the interpretation of the Brewbaker Lease. The dispute will be effectively resolved by the Court's declaration of the respective rights of the parties.

126. The County is entitled to declaratory judgment as provided for under § 13-51-101, et. seq. and C.R.C.P. 57(b).

**ELEVENTH CLAIM FOR RELIEF**  
**(Declaratory Judgment, Eastlack Lease—8 North)**

127. The County incorporates the above allegations by reference.

128. The County and 8 North are the current parties to the Eastlack Lease.

129. An actual, current controversy exists between the parties regarding the application of the pooling and unitization clause in the Eastlack Lease with respect to the DSU.

130. The dispute between the parties involves the interpretation of the Eastlack Lease. The dispute will be effectively resolved by the Court's declaration of the respective rights of the parties.

131. The County is entitled to declaratory judgment as provided for under § 13-51-101, et. seq. and C.R.C.P. 57(b).

**TWELFTH CLAIM FOR RELIEF**  
**(Declaratory Judgment, James Henry Lease—8 North)**

136. The County incorporates the above allegations by reference.

137. The County and 8 North are the current parties to the James Henry Lease.

138. An actual, current controversy exists between the parties regarding the application of the pooling and unitization clause in the James Henry Lease with respect to the DSU.

139. The dispute between the parties involves the interpretation of the James Henry Lease. The dispute will be effectively resolved by the Court's declaration of the respective rights of the parties.

140. The County is entitled to declaratory judgment as provided for under § 13-51-101, et. seq. and C.R.C.P. 57(b).

**WHEREFORE**, The County respectfully requests the Court to issue an order ruling as follows:

A. That 8 North's conduct and Extraction's conduct constitutes threatened or actual injury or impairment to the Pleasant View CE under § 38-30.5-108(2), C.R.S.;

B. Enjoining 8 North and Extraction from developing a 32-well pad on the CE Property under § 38-30.5-108, C.R.S.;

C. That Extraction and 8 North intentionally interfered with the Pleasant View CE, causing damages to the County;

D. That 8 North breached the terms of the Henry Lease and the Henry Lease is thereby forfeit and no longer in force and effect and all rights under the Henry Lease revert to the County;

E. That 8 North breached the terms of the St. Francis Lease and the St. Francis Lease is thereby forfeit and no longer in force and effect and all rights under the St. Francis Lease revert to the County;

F. That 8 North breached the terms of the Hartshorn Lease and the Hartshorn Lease is thereby forfeit and no longer in force and effect and all rights under the Hartshorn Lease revert to the County;

G. That 8 North breached the terms of the Brewbaker Lease and the Brewbaker Lease is thereby forfeit and no longer in force and effect and all rights under the Brewbaker Lease revert to the County;

H. That 8 North breached the terms of the Eastlack Lease and the Eastlack Lease is thereby forfeit and no longer in force and effect and all rights under the Eastlack Lease revert to the County;

I. That 8 North breached the terms of the James Henry Lease and the James Henry Lease is thereby forfeit and no longer in force and effect and all rights under the James Henry Lease revert to the County;

J. Declaring that establishment of the DSU violates the terms of the Henry Lease and the Henry Lease is thereby forfeit and no longer in force and effect and all rights under the Henry Lease revert to the County;

K. Declaring that establishment of the DSU violates the terms of the St. Francis Lease and the St. Francis Lease is thereby forfeit and no longer in force and effect and all rights under the St. Francis Lease revert to the County;

L. Declaring that establishment of the DSU violates the terms of the Hartshorn Lease and the Hartshorn Lease is thereby forfeit and no longer in force and effect and all rights under the Hartshorn Lease revert to the County;

M. Declaring that establishment of the DSU violates the terms of the Brewbaker Lease and the Brewbaker Lease is thereby forfeit and no longer in force and effect and all rights under the Brewbaker Lease revert to the County;

N. Declaring that establishment of the DSU violates the terms of the Eastlack Lease and the Eastlack Lease is thereby forfeit and no longer in force and effect and all rights under the Eastlack Lease revert to the County;

O. Declaring that establishment of the DSU violates the terms of the James Henry Lease and the James Henry Lease is thereby forfeit and no longer in force and effect and all rights under the James Henry Lease revert to the County;

- P. Awarding the County damages, together with all applicable interest, as follows:
- a. \$300 plus costs and reasonable attorney fees as provided in § 38-42-105;
  - b. all other damages available under applicable law, in an amount to be proven at trial; C.R.S.;
- Q. Granting the County all recoverable fees and costs; and
- R. For all such further relief the Court deems appropriate.

**Boulder County demands a jury on all issues so triable.**

DATED: September 25, 2018

BOULDER COUNTY ATTORNEY'S OFFICE

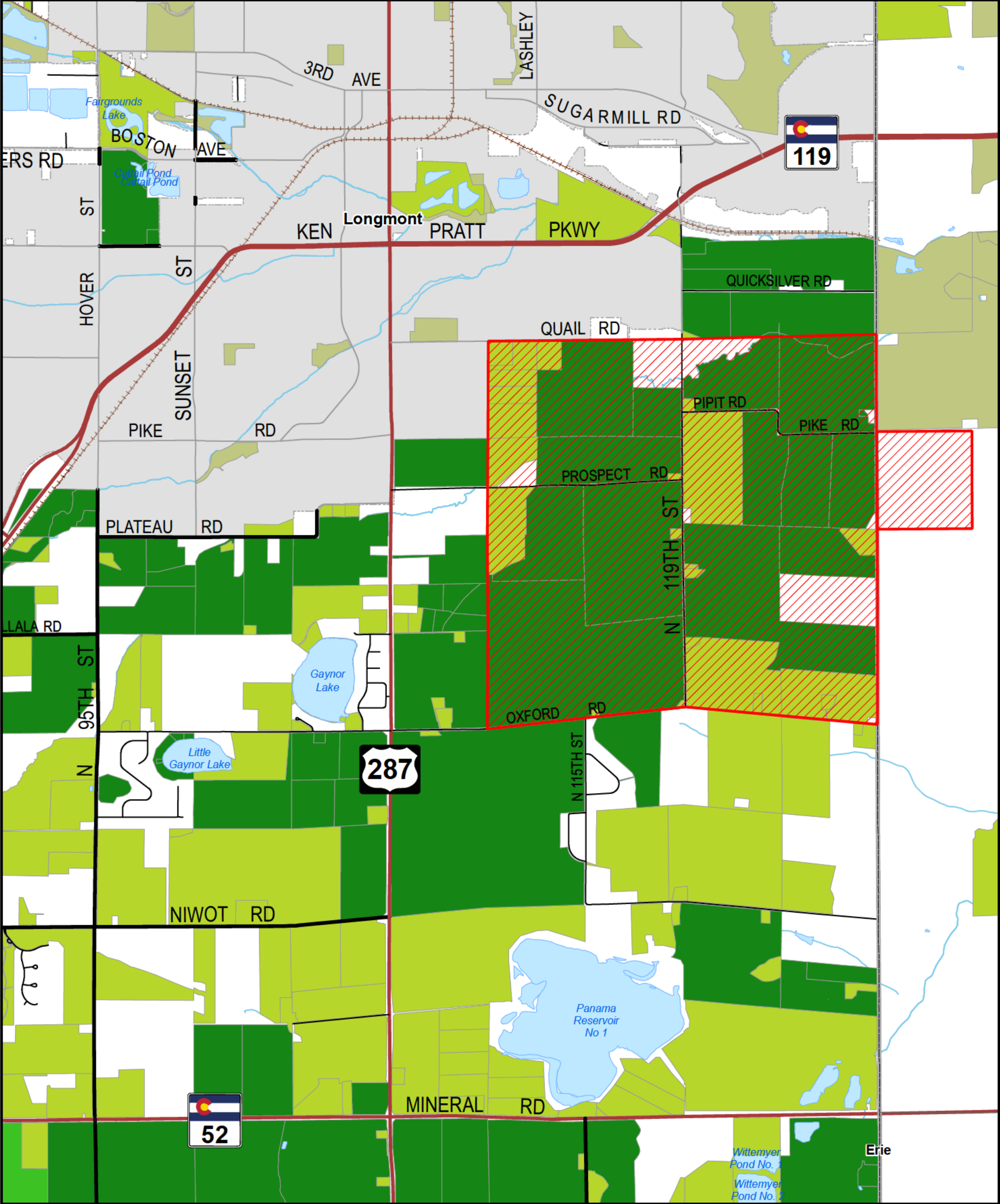
*/s/David Hughes*

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David Hughes,  
Deputy County Attorney  
Katherine A. Burke,  
Senior Assistant County Attorney  
Catherine ("Trina") Ruhland,  
Senior Assistant County Attorney  
Jasmine Rodenburg,  
Assistant County Attorney


*Attorneys for Plaintiff*








### Legend


 8North LLC


 County Open Space


 Joint County/Municipal Open Space

 County Conservation Easement

 OSMP Properties

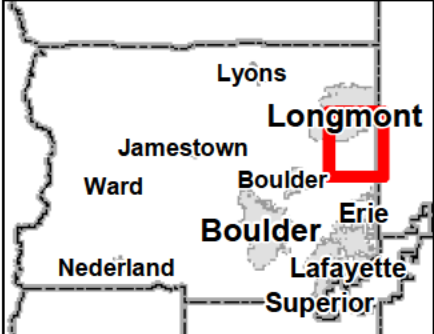
 Longmont Open Space


 Golf Courses

 Longmont Parks

#### Area of Detail

Date: 9/25/2018





0 0.5 Miles

The user agrees to all Terms of Use set forth by Boulder County. For Terms of Use, please visit: [www.bouldercounty.org/mapdisclaimer](http://www.bouldercounty.org/mapdisclaimer)

## EXHIBIT 2

830

### AMENDMENT TO DEED OF CONSERVATION EASEMENT IN GROSS

This Amendment to Deed of Conservation Easement in Gross (the "Amendment") is entered into this 30 day of March, 2009, by and between **Pleasant View Farm, LLC**, a Colorado limited liability company ("Grantor") and the **County of Boulder**, a body corporate and politic ("Grantee").

### RECITALS

A. Grantor is the owner of approximately 145.635 acres of agricultural land in Weld County, Colorado more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Property").

B. The Property is encumbered by that certain Deed of Conservation Easement in Gross dated the 10<sup>th</sup> day of September, 2004, and recorded on September 23, 2004 at Reception Number 3221556 (the "Original Conservation Easement").

C. Grantor and Grantee desire to amend the Original Conservation Easement to remove the 0.078-acre portion of the Property, more particularly described in Exhibit B and illustrated on Exhibit C, which exhibits are attached hereto and incorporated herein by reference (the "2009 Weld County Parcel") from being encumbered by the Conservation Easement to enable Weld County, a body corporate and politic of the State of Colorado ("Weld County") to use the 2009 Weld County Parcel for road intersection improvements.

D. Grantor and Grantee further desire to amend the Original Conservation Easement to allow Weld County to use temporarily the 0.056-acre portion of the Property, more particularly described in Exhibit D, attached hereto and incorporated herein by reference, and illustrated on Exhibit C (the "2009 Temporary Construction Parcel") for construction of road improvements at the intersection of County Line Road and Weld County 20.5 (the "Intersection Improvements"), and to require Weld County to restore the 2009 Temporary Construction Parcel to its current use and condition upon completion of the Intersection Improvements.

E. Paragraph 17 of the Original Conservation Easement requires the written consent of any amendment to the Original Conservation Easement by the US Department of Agriculture's Natural Resources Conservation Service ("NRCS"). The NRCS has given written approval for this Amendment, as evidenced by the letter attached hereto as Exhibit E and incorporated herein by reference.

F. Grantor and Grantee have determined that this Amendment is consistent with the conservation purposes of the Original Conservation Easement.

### AGREEMENT

**NOW THEREFORE**, in consideration of the above recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of

which is hereby acknowledged, but subject to the terms and conditions more fully set forth below, Grantor and Grantee hereby agree as follows:

1. The 2009 Weld County Parcel is hereby excluded from the legal description of the Property as described in Exhibit 1 of the Original Conservation Easement.
2. Weld County is hereby authorized to use temporarily the 2009 Temporary Construction Parcel for making the Intersection Improvements; provided that Weld County shall restore the 2009 Temporary Construction Parcel to its current use and condition upon completion of the Intersection Improvements.
3. NRCS' written approval of this Amendment is evidenced by the letter attached hereto as Exhibit E.
4. The remainder of the Original Conservation Easement is hereby ratified and confirmed, and except as otherwise amended herein, the Original Conservation Easement shall remain in full force and effect.
5. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, and such counterparts shall together constitute one and the same document.

IN WITNESS, WHEREOF, the parties have caused this instrument to be duly executed this 30 day of March, 2009.

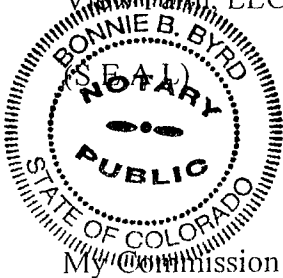
**GRANTOR:**

**Pleasant View Farm, LLC, a Colorado limited liability company**

By: David J. Magleum  
Its: Manager

STATE OF COLORADO )  
 ) ss.  
COUNTY OF BOULDER )

The foregoing instrument was acknowledged before me this 30th day of March, 2009, by David Magleum as Manager of Pleasant View Farm, LLC, a Colorado limited liability company. Witness my hand and official seal.



Bonnie B. Byrd  
Notary Public

My Commission Expires: 7/31/10

GRANTEE:

COUNTY OF BOULDER, a body corporate and politic

By: Ben Pearlman  
Ben Pearlman, Chair

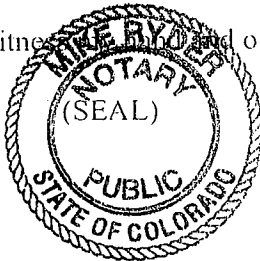
By: Cindy Domenico  
Cindy Domenico, Vice Chair

By: (EXCUSED)  
Will Toor, Commissioner

STATE OF COLORADO )  
 ) ss.  
COUNTY OF BOULDER )

The foregoing Deed of Conservation Easement in Gross was acknowledged before me this 12<sup>th</sup> day of February, 2009, by Ben Pearlman, Chair, and Cindy Domenico, Vice-Chair, and Will Toor, Commissioner, of the Board of County Commissioners of Boulder County.

Witness and official seal.



Mike Ryder  
Notary Public

My Commission Expires 06/08/2011  
My Commission Expires: 6/8/2011

**EXHIBIT A**  
**Legal Description**

**PARCEL 1**

A PARCEL OF LAND LOCATED IN THE SOUTHWEST QUARTER (SW 1/4) OF SECTION 18, TOWNSHIP 2 NORTH, RANGE 68 WEST OF THE 6TH P.M., WELD COUNTY, COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 18;

THENCE NORTH 88°02'43" EAST, ALONG THE SOUTH LINE OF SECTION 18, A DISTANCE OF 30.02 FEET TO A POINT THAT IS THIRTY (30) FEET EAST OF THE WEST SECTION LINE AND THE POINT OF BEGINNING;

THENCE NORTH 00°00'00" EAST, ALONG A LINE THAT IS THIRTY (30) FEET EAST OF AND PARALLEL TO THE WEST SECTION LINE, A DISTANCE OF 1005.26 FEET;

THENCE NORTH 88°30'00" EAST, A DISTANCE OF 530.00 FEET;

THENCE NORTH 00°00'00" EAST, A DISTANCE OF 300.00 FEET;

THENCE NORTH 88°56'00" EAST, A DISTANCE OF 2035.82 FEET TO A POINT ON THE NORTH-SOUTH CENTER SECTION LINE OF SECTION 18;

THENCE SOUTH 00°10'28" WEST, ALONG THE NORTH-SOUTH CENTER SECTION LINE, A DISTANCE OF 1269.62 FEET TO THE SOUTH QUARTER CORNER OF SECTION 18;

THENCE SOUTH 88°02'43" WEST, ALONG THE SOUTH LINE OF SECTION 18, A DISTANCE OF 2562.91 FEET TO A POINT THAT IS THIRTY (30) FEET EAST OF THE WEST LINE OF SECTION 18 AND THE POINT OF BEGINNING.

**TOGETHER WITH**

**PARCEL 2**

A PARCEL OF LAND LOCATED IN THE SOUTHWEST QUARTER (SW 1/4) OF SECTION 18, TOWNSHIP 2 NORTH, RANGE 68 WEST OF THE 6TH P.M., WELD COUNTY, COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 18;

THENCE NORTH 88°02'43" EAST, ALONG THE SOUTH LINE OF SECTION 18, A DISTANCE OF 30.02 FEET TO A POINT THAT IS THIRTY (30) FEET EAST OF THE WEST SECTION LINE;

THENCE NORTH 00°00'00" EAST, ALONG A LINE THAT IS THIRTY (30) FEET EAST OF AND PARALLEL TO THE WEST SECTION LINE, A DISTANCE OF 1005.26 FEET;

THENCE NORTH 88°30'00" EAST, A DISTANCE OF 530.00 FEET;

THENCE NORTH 00°00'00" EAST, A DISTANCE OF 300.00 FEET TO THE POINT OF BEGINNING;

THENCE CONTINUING NORTH 00°00'00" EAST, A DISTANCE OF 360.00 FEET;



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5 of 10 R 51.00 D 0.00 Steve Moreno Clerk & Recorder



Boulder County Clerk, CO AMEND

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04/03/2009 04:16P  
D 0.00

THENCE SOUTH 88°30'00" WEST, A DISTANCE OF 530.00 FEET TO A POINT THAT IS THIRTY (30) FEET EAST OF THE WEST SECTION LINE;

THENCE NORTH 00°00'00" EAST, ALONG A LINE THAT IS THIRTY (30) FEET EAST OF AND PARALLEL TO THE WEST SECTION LINE, A DISTANCE OF 540.00 FEET;

THENCE NORTH 88°56'00" EAST, A DISTANCE OF 2568.46 FEET TO A POINT ON THE NORTH-SOUTH CENTER SECTION LINE;

THENCE SOUTH 00°10'28" WEST, ALONG THE NORTH-SOUTH CENTER SECTION LINE, A DISTANCE OF 896.05 FEET TO A POINT THAT IS NORTH 00°10'28" EAST, A DISTANCE OF 1269.62 FEET FROM THE SOUTH QUARTER CORNER OF SAID SECTION 18;

THENCE SOUTH 88°56'00" WEST, A DISTANCE OF 2035.82 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH

PARCEL 3

A PARCEL OF LAND LOCATED IN THE SOUTHWEST QUARTER (SW 1/4) OF SECTION 18, TOWNSHIP 2 NORTH, RANGE 68 WEST OF THE 6TH P.M., WELD COUNTY, COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 18;

THENCE NORTH 88°02'43" EAST, ALONG THE SOUTH LINE OF SECTION 18, A DISTANCE OF 30.02 FEET TO A POINT THAT IS THIRTY (30) FEET EAST OF THE WEST SECTION LINE;

THENCE NORTH 00°00'00" EAST, ALONG A LINE THAT IS THIRTY (30) FEET EAST OF AND PARALLEL TO THE WEST SECTION LINE, A DISTANCE OF 1005.26 FEET;

THENCE NORTH 88°30'00" EAST, A DISTANCE OF 530.00 FEET;

THENCE NORTH 00°00'00" EAST, A DISTANCE OF 660.00 FEET;

THENCE SOUTH 88°30'00" WEST, A DISTANCE OF 530.00 FEET TO A POINT THAT IS THIRTY (30) FEET EAST OF THE WEST SECTION LINE;

THENCE NORTH 00°00'00" EAST, ALONG A LINE THAT IS THIRTY (30) FEET EAST OF AND PARALLEL TO THE WEST SECTION LINE, A DISTANCE OF 540.00 FEET TO THE POINT OF BEGINNING;

THENCE NORTH 88°56'00" EAST, A DISTANCE OF 2568.46 FEET TO A POINT ON THE NORTH-SOUTH CENTER SECTION LINE;

THENCE NORTH 00°10'28" EAST, ALONG THE NORTH-SOUTH CENTER SECTION LINE, A DISTANCE OF 433.25 FEET TO A POINT THAT IS THIRTY (30) FEET SOUTH OF THE EAST-WEST CENTER SECTION LINE;

THENCE SOUTH 88°30'51" WEST, ALONG A LINE THAT IS THIRTY (30) FEET SOUTH OF AND PARALLEL TO THE EAST-WEST CENTER SECTION LINE, A DISTANCE OF 2570.20 FEET TO A POINT THAT IS THIRTY (30) FEET EAST OF THE WEST SECTION LINE;



3625830 05/28/2009 09:13A Weld County, CO  
6 of 10 R 51.00 D 0.00 Steve Moreno Clerk & Recorder



Boulder County Clerk, CO AMEND

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04/03/2009 04:16P  
D 0.00

THENCE SOUTH 00°00'00" WEST. ALONG A LINE THAT IS THIRTY (30) FEET EAST OF AND PARALLEL TO THE WEST SECTION LINE, A DISTANCE OF 414.42 FEET TO THE POINT OF BEGINNING.

Together with a 50% undivided interest in 20 units of the Northern Colorado Water Conservancy District, 18 shares of Liggett Ditch and Reservoir Company and 9 shares of Six Mile No. 2 Reservoir Company.

## EXHIBIT-B

SW 1/4 S18-T2N-R68W

### LEGAL DESCRIPTION

#### RIGHT OF WAY

A PARCEL OF LAND, LOCATED IN THE SOUTHWEST ONE-QUARTER OF SECTION 18, TOWNSHIP 2 NORTH, RANGE 68 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF WELD, STATE OF COLORADO, AND BEING A PORTION OF LOT C OF RECORDED EXEMPTION NO. 1313-18-3 RE-3511, AS FILED IN THE WELD COUNTY CLERK AND RECORDERS OFFICE UNDER RECEPTION NO. 3060859 AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE WEST QUARTER CORNER OF SECTION 18, TOWNSHIP 2 NORTH, RANGE 68 WEST AND BEING A 2 1/2" ALUMINUM CAP STAMPED A.M. HASCALL LS#23500 AND IS BASED ON A GRID BEARING OF THE NORTH LINE OF THE SAID SOUTHWEST QUARTER AS BEARING NORTH 88°10'29" EAST A DISTANCE OF 2600.21 FEET TO THE CENTER QUARTER CORNER OF SAID SECTION, BEING A #6 REBAR WITH A 2 1/2" ALUMINUM CAP STAMPED GREENHORN & O'MARA PLS#23501.

THENCE NORTH 88°10'29" EAST A DISTANCE OF 29.23 FEET ALONG THE NORTH LINE OF THE SOUTHWEST QUARTER;  
THENCE DEPARTING SAID NORTH LINE SOUTH 01°49'31" EAST A DISTANCE OF 30.00 FEET TO A POINT ON THE EXISTING SOUTHERLY RIGHT-OF-WAY LINE OF WELD COUNTY ROAD 20.5 ALSO BEING THE POINT OF BEGINNING:

THENCE NORTH 88°10'29" EAST A DISTANCE OF 140.15 FEET ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE;  
THENCE DEPARTING SAID RIGHT-OF-WAY LINE SOUTH 73°46'23" WEST A DISTANCE OF 117.94 FEET;  
THENCE SOUTH 37°44'10" WEST A DISTANCE OF 26.46 FEET;  
THENCE SOUTH 05°01'48" WEST A DISTANCE OF 110.58 FEET TO A POINT ON THE EASTERLY RIGHT-OF-WAY LINE OF WELD COUNTY ROAD 1;  
THENCE NORTH 00°20'22" WEST A DISTANCE OF 159.57 FEET ALONG SAID EASTERLY RIGHT-OF-WAY LINE TO THE POINT OF BEGINNING.

SAID PARCEL CONTAINS 3392.6 SQ. FT. MORE OR LESS.

THE ABOVE DESCRIPTION WAS PREPARED BY LEON W. SIEVERS, RIGHT OF WAY AGENT AND SURVEYOR IN AND FOR WELD COUNTY, COLORADO AND IS BASED ON INFORMATION OBTAINED BY AN ACTUAL FIELD SURVEY.

LEON W. SIEVERS  
PLS 23520

#### RIGHT-OF-WAY ACQUISITION

PLEASANT VIEW, LLC  
WCR 20.5 & WCR 1  
WELD COUNTY, COLORADO



#### WELD COUNTY PUBLIC WORKS DEPARTMENT

#### WELD COUNTY ROAD 20.5 & 1 INTERSECTION IMPROVEMENT

PROJECT:	RC-42	SCALE:	
DATE:	SEPT. 2, 2008	DRAWN BY:	JHB
		SHEET:	1 of 3





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Boulder County Clerk, CO AMEND

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## EXHIBIT-D

SW 1/4 S18-T2N-R68W

### LEGAL DESCRIPTION

#### TEMPORARY CONSTRUCTION EASEMENT

A PARCEL OF LAND, LOCATED IN THE SOUTHWEST ONE-QUARTER OF SECTION 18, TOWNSHIP 2 NORTH, RANGE 68 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF WELD, STATE OF COLORADO, AND BEING A PORTION OF LOT C OF RECORDED EXEMPTION NO. 1313-18-3 RE-3511, AS FILED IN THE WELD COUNTY CLERK AND RECORDERS OFFICE UNDER RECEPTION NO. 3060859 AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE WEST QUARTER CORNER OF SECTION 18, TOWNSHIP 2 NORTH, RANGE 68 WEST AND BEING A 2 1/2" ALUMINUM CAP STAMPED A.M. HASCALL LS#23500 AND IS BASED ON A GRID BEARING OF THE NORTH LINE OF THE SAID SOUTHWEST QUARTER AS BEARING NORTH 88°10'29" EAST A DISTANCE OF 2600.21 FEET TO THE CENTER QUARTER CORNER OF SAID SECTION, BEING A #6 REBAR WITH A 2 1/2" ALUMINUM CAP STAMPED GREENHORN & O'MARA PLS#23501.

THENCE NORTH 88°10'29" EAST A DISTANCE OF 29.23 FEET ALONG THE NORTH LINE OF THE SOUTHWEST QUARTER;

THENCE DEPARTING SAID NORTH LINE SOUTH 01°49'31" EAST A DISTANCE OF 30.00 FEET TO A POINT INTERSECTING THE EXISTING SOUTHERLY RIGHT-OF-WAY LINE OF WELD COUNTY ROAD 20.5 AND THE EXISTING EASTERLY RIGHT-OF-WAY LINE OF WELD COUNTY ROAD 1;  
THENCE SOUTH 00°20'22" EAST A DISTANCE OF 159.57 FEET ALONG SAID EASTERLY RIGHT-OF-WAY LINE TO THE POINT OF BEGINNING;

THENCE DEPARTING SAID EASTERLY RIGHT-OF-WAY LINE NORTH 05°01'48" EAST A DISTANCE OF 110.58 FEET;

THENCE NORTH 37°44'10" EAST A DISTANCE OF 15.65 FEET;

THENCE SOUTH 00°20'22" EAST A DISTANCE OF 158.77 FEET;

THENCE SOUTH 89°39'38" WEST A DISTANCE OF 20.00 FEET TO A POINT ON THE EASTERLY RIGHT-OF-WAY LINE OF WELD COUNTY ROAD 1;

THENCE NORTH 00°20'22" WEST A DISTANCE OF 36.36 FEET ALONG SAID EASTERLY RIGHT-OF-WAY LINE TO THE POINT OF BEGINNING.

SAID PARCEL CONTAINS 2418.9 SQ. FT. MORE OR LESS.

THE ABOVE DESCRIPTION WAS PREPARED BY LEON W. SIEVERS, RIGHT OF WAY AGENT AND SURVEYOR IN AND FOR WELD COUNTY, COLORADO AND IS BASED ON INFORMATION OBTAINED BY AN ACTUAL FIELD SURVEY.

LEON W. SIEVERS  
PLS 23520

#### TEMPORARY CONSTRUCTION EASEMENT

PLEASANT VIEW, LLC  
WCR 20.5 & WCR 1  
WELD COUNTY, COLORADO



#### WELD COUNTY PUBLIC WORKS DEPARTMENT

#### WELD COUNTY ROAD 20.5 & 1 INTERSECTION IMPROVEMENT

PROJECT:	RC-42	SCALE:	
DATE:	SEPT. 2, 2008	DRAWN BY:	JHB
		SHEET:	2 of 3



Boulder County Clerk, CO AMEND

R 0.00

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04/03/2009 04:16P  
D 0.00

Exhibit E

Natural Resources Conservation Service  
655 Parfet Street, Room E200C  
Lakewood, Colorado 802153625830 05/28/2009 09:13A Weld County, CO  
10 of 10 R 51.00 D 0.00 Steve Moreno Clerk & Recorder

January 26, 2009

Janis Whisman, Conservation Easement Program Manager  
Boulder County Parks & Open Space Department  
5201 St. Vrain Road  
Longmont, CO 80503

Dear Ms. Whisman:

Our Office of General Counsel (OGC) attorney has reviewed the documents you sent related to Weld County's intent to acquire right-of-way for improvements to be made at the intersection of County Line Road and Weld County Road 20.5. He has no objection to it and doesn't believe it would be reasonable to require formal litigation on the matter. OGC concurred with the proposed sale of the easement area to Weld County in lieu of formal condemnation and did not provide an opinion on the proposed method of compensation for the right-of-way acreage. Since it is only 0.078 acre, the Natural Resources Conservation Service (NRCS) agrees that conducting an appraisal would be unreasonable.

When the sale is accomplished and you have received the proceeds, please forward a check made out to USDA-NRCS for the USA's 50 percent share along with the easement amendment that reflects the revised area.

Payment can be sent to:

Tim Carney, Assistant State Conservationist for Programs  
USDA - NRCS  
655 Parfet Street, Room E200C  
Lakewood, CO 80215

If you have questions, please contact Gary Finstad, Easements Coordinator, at  
(720) 544-2820.

Sincerely,

ALLEN GREEN  
State Conservationist

cc:

Tim Carney, Assistant State Conservationist for Programs, NRCS, Lakewood, CO  
Gary Finstad, Easements Coordinator, NRCS, Lakewood, CO

*Helping People Help the Land**An Equal Opportunity Employer and Provider*

## EXHIBIT 3

Form 88-(Producers)  
Colo. 1984-V

AR2045895

## OIL AND GAS LEASE

This LEASE AGREEMENT is made and entered into this 4th day of March, 19 86

to be effective on March 4, 19 86, (hereinafter called "Effective Date"), by and between RUTH OPAL WILLIAMS, a Single Woman, JOE D. MEGLEMRE and BOBETTA MEGLEMRE, Husband and Wife, EDITH M. WANNENBERG, A Widow 9232 Weld Co. RD.1 (hereinafter called "Lessor", whether one or more) and Longmont, Colorado 80501  
VESSELS OIL & GAS COMPANY, Denver, Colorado (hereinafter called "Lessee").

Lessor, in consideration for the sum of Ten Dollars (\$10.00) in hand paid, the receipt of which is hereby acknowledged 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 lands described below ("Leased Premises"), together with any reversionary rights therein, with the right to pool or unitize the Leased Premises or any part thereof with other lands as hereinafter provided, with the right of ingress and egress on any part of the Leased Premises and the right to use and disturb so much of the surface thereof as may be reasonably necessary, desirable or convenient to carry out the purposes set forth below.

This Lease is granted for the purpose of carrying on geological, geophysical and other exploratory work, including core drilling; for the purpose of drilling for, mining, producing, storing, saving, manufacturing and marketing all of the oil, gas, casinghead gas, condensate, casinghead gasoline, CO<sub>2</sub>, coal-bed gas, and all other liquid hydrocarbons, and all other gases and their respective constituent vapors that may be located in or on or produced from the Leased Premises; for the purpose of operating wells in connection with such activities; for the purpose of constructing roads, laying and operating pipe lines, power lines, building tanks, storing oil, building power stations, housing and boarding employees, building telephone lines and other structures on the Leased Premises in connection with such operations and in connection with the production of any such substances from the Leased Premises or any other lands.

The Leased Premises are situated in the County of Weld, State of Colorado, and are more particularly described as follows:

Township 2 North, Range 68 West, 6th P.M.  
Section 18: Lot 2 (76.01), E $\frac{1}{2}$ SW $\frac{1}{4}$  (All of SW $\frac{1}{4}$ )

B 1105 REC 02045895 03/12/86 10:41 \$6.00 1/002  
F 2007 MARY ANN FEUERSTEIN CLERK & RECORDER WELD CO, CO

containing 156.01 acres, more or less, which number of acres shall be the number of acres used to calculate any delay rentals or shut-in royalties payable hereunder.

The Leased Premises include all lakes, streams, roads, easements, rights-of-way and other lands which traverse or adjoin the above-described lands, and as to which Lessor owns or may claim an interest in the mineral estate or the rights to which may hereafter be established in Lessor.

TO HAVE AND TO HOLD the Leased Premises, subject to the other provisions herein contained, for a term of Two years from the Effective Date (called "Primary Term") and as long thereafter as any of the substances listed above is produced from the Leased Premises or from lands with which all or any part of the Leased Premises are pooled or unitized whether under the terms hereof or pursuant to another agreement. This Lease may also be extended past its primary term by actions or payments in lieu of production as hereinafter provided.

Lessor and Lessee agree to the following additional provisions:

1. The Lessee shall pay to the Lessor ~~one-eighth (1/8)~~ of the actual proceeds received for all oil and condensate produced from the Leased Premises and sold after the payment of all taxes on production and after deduction of applicable transportation charges, if any. The Lessor shall bear and shall pay any other taxes imposed on its share of production by law. 16%
2. Subject to Lessee's right to use gas, free of cost, for its operations as hereinafter provided, the Lessee shall pay Lessor a royalty on gas, including casinghead gas or other gaseous substances, produced from the Leased Premises and sold. The royalty on such gas shall be ~~one-eighth (1/8)~~ of the actual proceeds received by Lessee for the sale of the gas, pursuant to any contract or amendments thereto entered into by and between Lessee and a gas purchaser on such terms and conditions as Lessee may in its sole judgment, exercised in good faith, deem appropriate. "Proceeds" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. 16%
3. If a gas well capable of producing gas only and located on the Leased Premises, or on lands with which the Leased Premises or a portion thereof are pooled or unitized, is, at any time, shut-in, and no gas therefrom is sold or used, nevertheless such shut-in gas well shall, under all the provisions of this Lease, be deemed to be a well on the Leased Premises producing gas in paying quantities and this Lease shall continue in force during all the time or times while such well is so shut-in, whether before or after the expiration of the Primary Term, on the following conditions:
  - (a) Lessee shall use reasonable diligence to market the gas capable of being produced from any such shut-in gas well, but shall be under no obligation to market such gas under terms, conditions or circumstances which, in Lessee's judgment, exercised in good faith, are not in the best interest of both Lessor and Lessee.
  - (b) The term "stated date" as used in this paragraph shall mean any rental paying date of this Lease, or any subsequent anniversary thereof if there be a rental paying date, but if no rental paying date is specified in this Lease, then "stated date" shall mean any anniversary date of the Effective Date of this Lease. If on any such stated date there be on the Leased Premises or on lands with which the Leased Premises or portion thereof are pooled or unitized, one or more such gas wells capable of producing gas only and no gas has been sold or so used from any of such gas wells at any time during the twelve months period ending with such stated date, Lessee shall, before the expiration of sixty (60) days after such stated date, pay or tender a shut-in gas royalty for such period to each owner of the right to receive royalty on the gas produced from any part of the above-described lands covered by this Lease on such stated date at each such owner's address as last known to Lessee, or to the credit of each such owner in the depository bank named herein, in the manner provided herein for payment of delay rentals.
  - (c) The total amount of shut-in gas royalty payable to all such owners shall be determined by multiplying One Dollar (\$1.00) by the total number of acres of land covered by this Lease on such stated date, and each such owner shall receive that part thereof which is in the proportion that his mineral interest in the Leased Premises bears to the total number of acres of land covered by this Lease on such stated date; provided, however, that if on such stated date this Lease is being maintained in force and effect otherwise than by reason of any such shut-in gas well or shut-in gas wells, Lessee shall not be obliged to pay or tender any such sum of money as shut-in gas royalty.
  - (d) The language "a gas well capable of producing gas only", as used herein shall mean and include a well capable of producing gas or natural gas only; or a well capable of producing natural gas or condensate or distillate; or a well classified as a gas well by any governmental authority; or any well in which the gas-oil ratio is so high that a governmental authority will not permit liquid hydrocarbons to be produced therefrom unless the gas is marketed. Lessee shall not be required to perforate the casing in a well for such well to qualify as a gas well capable of producing gas for purposes hereof, and Lessee may, in its sole discretion and judgment, exercised in good faith, determine the capability of a well based upon an analysis of well logs or other data, without perforation.
4. If operations for the drilling of a well for oil or gas are not commenced on the Leased Premises on or before one year from the Effective Date, this Lease shall terminate as to both parties, unless

the Lessee shall on or before such date pay or tender to the Lessor or for the Lessor's credit in the First National

Bank, whose address is Longmont, Colorado 80501

or its successors. The sum of ---- One Hundred Fifty-Six and 01/100 ---- 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. Such 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 the Leased Premises or in the royalties or rentals to accrue hereunder. 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, either direct to Lessor or assigns or to said depository bank. This Lease shall not terminate in the event Lessee does not pay or tender such rentals, or does not calculate such rentals properly, but makes a good faith effort to do so and cures such failure within thirty (30) days after receipt of notice by Lessor of such failure. The consideration first recited in this Lease 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.

5. This Lease shall cover any reversionary or after-acquired interest which the Lessor may own in the Leased Premises including any interest which the Lessor may acquire by virtue of the termination of a life estate, term mineral interest or other precedent estate. With respect to the payment of and the right to receive delay rentals and royalties (including shut-in gas royalties), it is agreed that the acquisition or vesting of such interest shall be deemed to have occurred on the date on which the Lessor furnishes satisfactory evidence to Lessee of such event.

6. If prior to discovery of oil or gas on the Leased Premises or on lands pooled or unitized therewith, Lessee should drill a dry hole or holes thereon, or if after discovery of oil or gas production thereafter should cease for any cause, this Lease shall not terminate if Lessee commences additional drilling or reworking operations within ninety (90) days thereafter, or, if it be within the primary term, commences or resumes the payment or tender of rental on or before the rental-paying date next ensuing after the expiration of three (3) months from the date of completion of a dry hole or cessation of production. If at the expiration of the Primary Term, oil or gas is not being produced on the Leased Premises, or on acreage pooled or unitized therewith, but Lessee is then engaged in drilling or reworking operations thereon, this Lease shall remain in effect so long as operations are prosecuted, either on the same well or any other well thereafter commenced, with no cessation of more than ninety (90) consecutive days, and if they result in the production of oil or gas, this Lease shall remain in effect as long thereafter as such production continues. 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 as long as such operations are prosecuted and if production results therefrom, then as long as production continues. Drilling operations shall be deemed to be commenced as long as Lessee has obtained the necessary permits and financing for the well and is making a good effort to spud the well.

7. If Lessor owns a less interest in the Leased Premises than the entire and undivided fee simple estate therein, then the royalties, shut-in royalties and rentals herein provided shall be paid to the Lessor only in the proportion which its interest bears to the whole and undivided fee.

8. The Lessee shall have the right to use, free of cost, gas, oil and water found on the Leased Premises 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 the Leased Premises. No well shall be drilled nearer than 200 feet to any structure now on the Leased 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 the Leased 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 Leased Premises to their original contour as near as practicable and to remove all installations within a reasonable time.

9. Either party hereto may assign its interest herein, in whole or in part, and the provisions of this Lease shall be binding upon and inure to the benefit of heirs, devisees, executors, administrators, successors, and assigns of the parties hereto. No change of ownership in the Leased Premises 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 to demonstrate a complete chain of title back to Lessor to the full interest claimed. 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. 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, or otherwise, or to furnish separate measuring or receiving tanks. If at any time there be as many as four parties entitled to rentals or royalties, Lessee may withhold payments thereof unless and until all parties designate, in writing, in a recordable instrument to be filed with the Lessee, a common agent to receive all payments due hereunder, and to execute division and transfer orders on behalf of said parties, and their respective successors in title.

11. In the event this Lease shall be assigned as to a part or as to parts of the Leased Premises 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 such land upon which the Lessee or any assignee hereof shall make due payment of said rentals.

12. Lessor hereby warrants and agrees to defend the title to the Leased Premises 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 Leased Premises 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.

13. Lessee, at its option, is hereby given the right and power to pool or unitize the Leased Premises, or any portion thereof, or formations thereunder, as to oil and gas, or either of them, either before or after production, with any other land, lease or leases when in Lessee's judgment it is necessary or advisable to do so in order to properly develop or operate the Leased Premises, and regardless of whether authority similar to this exists with respect to such other land, lease or leases, such pooling to be into a unit or 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 such pooling or unitization. In the event that no such minimum size is prescribed by law, such units shall not exceed eighty (80) acres for oil, and shall not exceed six hundred and forty (640) acres for gas. Any such unit may exceed the minimum by up to ten percent (10%) of the minimum where necessary in order to conform to ownership subdivision or lease lines. The pooling or unitization in one or more instances shall not exhaust the rights of the Lessee hereunder to pool or unitize this Lease or portions thereof, or formations thereunder, into other units. Such pooling shall be accomplished by Lessee executing and placing of record an instrument or instruments identifying and describing the pooled or unitized acreage, and declaring such acreage to be pooled or unitized under the provisions hereof. Production, drilling or reworking operations anywhere in a unit which includes all or a part of the Leased Premises shall be treated as if it were production, drilling or reworking operations under this Lease on the Leased Premises. In lieu of the royalties, excepting shut-in gas royalties, elsewhere herein specified, Lessor shall receive from a unit so formed only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein bears to the total acreage so pooled or unitized in the particular unit involved. In the absence of production, Lessee may terminate any pooled or unitized area by filing of record notice of termination unless the instrument or instruments identifying and describing the pooled or unitized area contain provisions for termination upon certain contingencies.



14. In the interest of conservation, the protection of reservoir pressures and recovery of the greatest ultimate yield of oil or gas, Lessee shall have the right to combine the Leased Premises with other premises in the general area for the purpose of operating and maintaining repressuring and recycling facilities, and for such purpose may locate such facilities, including injection wells, upon the Leased Premises, and no royalties shall be payable hereunder upon any gas used for repressuring and recycling operations benefiting the Leased Premises.

15. Lessee may, at any time, and from time to time, execute and deliver to Lessor or place of record a release or releases covering either a full interest or an undivided interest in all or any part of the Leased Premises or in any one or more zones, formations or depths underlying all or any part of the Leased Premises and thereupon shall be relieved of all obligations thereafter to accrue with respect to the area, zones, formations, depths or undivided interests covered by such release. In the event of a release of this Lease as to all rights in only a part of the area embraced in the Leased Premises, or as to an undivided interest in all formations in all or a part of the Leased Premises, thereafter the delay rentals hereinabove provided for shall be reduced proportionately.

16. When drilling, production or other operations are delayed, interrupted or stopped by lack of water, labor, material, inability to obtain access to the Leased Premises, fire, flood, war, rebellion, insurrection, riot, strike, differences with workmen, failure of carriers to transport or furnish facilities for transportation of any product produced hereunder, lack of available or satisfactory market, in Lessee's opinion, for the oil or gas produced, or as a result of an order of any governmental agency (including, but not limited to orders restricting production) or as a result of any cause beyond the control of Lessee, the time of such delay, interruption or stoppage shall not be counted against the Lessee under any provision of this Lease, and this Lease shall not terminate by reason of any such delay, interruption or stoppage, and the period of such delay, interruption or stoppage shall be added to the term of this Lease.

17. This Lease and all its terms, conditions and stipulations shall extend to, and be binding on each of the parties who signs this Lease, regardless of whether such Lessor is named above and regardless of whether it is signed by any of the other parties herein named as Lessors. This Lease may be signed in counterparts, each to have the same effect as the original.

IN WITNESS WHEREOF, the undersigned Lessor(s) have executed this Lease as Lessor as of the Effective Date set forth above.

Ruth Opal Williams  
Ruth Opal Williams SS NO.: 523-58-693  
Joe D. Meglemre  
Joe D. Meglemre SS NO.:  
Bobetta Meglemre 524-34-7684  
Bobetta Meglemre SS NO.:  
Edith M. Wannenber 521-32-1947  
Edith M. Wannenber SS NO. 524-14-2609A

STATE OF COLORADO  
COUNTY OF WELD } ss.

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,  
Nebraska, North Dakota, South Dakota  
ACKNOWLEDGMENT—INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 6th  
day of March, 1986, personally appeared Ruth Opal Williams, Joe D. Meglemre,  
Bobetta Meglemre  
and Edith M. Wannenber

to me known to be the identical person S, described in and who executed  
the within and foregoing instrument of writing and acknowledged to me that they duly 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 affixed my notarial seal the day and year last above written.  
My Commission Expires September 5, 1988.

Cortland P. Brown Notary Public.  
Address: 8989 West 32nd Place  
Wheat Ridge, CO. 80033

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss.

ACKNOWLEDGMENT (For use by Corporation)

On this \_\_\_\_\_ day of \_\_\_\_\_, A.D. 19\_\_\_\_, before me personally  
appeared \_\_\_\_\_, to me personally known, who, being by  
me duly sworn, did say that he is the \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ and that the seal affixed to said instrument is the corporate seal of  
said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said  
\_\_\_\_\_ acknowledged said instrument to be free act and deed of said corporation.

Witness my hand and seal this \_\_\_\_\_ day of \_\_\_\_\_, A.D. 19\_\_\_\_.

Notary Public.

(SEAL)

Address: \_\_\_\_\_

My Commission expires \_\_\_\_\_

B 1105 REC 02045895 03/12/86 10:41 \$6.00 2/002  
F 2008 MARY ANN FEUERSTEIN CLERK & RECORDER WELD CO, CO

No.	FROM	TO	Dated _____ 19____	No. Acres	County	Term	This instrument was filed for record on the _____ day of _____ 19____, at _____ o'clock _____ M., and duly recorded in _____ Volume _____ Page _____ of the records of this office.	County Clerk.	Deputy.	When recorded return to _____
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WISSELS OIL AND GAS COMPANY  
CHERRY CREEK PLAZA #1220  
600 SO. CHERRY STREET,  
DENVER, CO 80222

03/20/86  
#1995

1819493

Res. No.

State of Colorado, Weld County Clerk &amp; Recorder

## C Rev 1974 OIL AND GAS LEASE

Form 88—(Producers)  
Kan., Okla. & Colo. 1937

THIS AGREEMENT, Entered into this the 4th day of March, 19 80  
between  
C. Danzel Henry and Kathy J. Henry, husband and wife  
8555 North East County Line Road  
Longmont, CO 80501  
and  
Buddy Baker, 1429 Larimer, Denver, CO 80202

hereinafter called lessor.

hereinafter called lessee, does witness:

1. That, now, 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, but this shall not be construed to be a condition precedent to the validity of this lease, and by these presents does hereby grant, lease, and let exclusively unto the lessor, the hereinafter described land, and with the right to utilize this lease or any part thereof with other oil and gas leases as to all or any part of the land, 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, storing oil, building power stations, telephone lines and other structures thereon necessary or convenient for the economical operation of said land alone or conjointly with neighboring lands, to produce, save, take care of, and manufacture all of such substances, and for housing and boarding employees, said tract of land with any reversionary rights therein being situated in the County of Weld and Boulder

State of Colorado and described as follows:

TOWNSHIP 2North-RANGE 69West  
Section 24: N4NE1/4

Recorded 2:07PM On MAR 20 1980  
388395

Reception No. Charlotte Houston, Boulder County Recorder

TOWNSHIP 2North-RANGE 68West  
Section 19: N4N1/4, N4NE1/4, N4S1/4, N4SW1/4 (North 50 acres N4NW1/4)

See Addendum attached hereto and made a part of

and containing 130.00 acres, more or less.

2. It is agreed that this lease shall remain in full force for a term of THREE (3) years from this date, and as long thereafter as oil or gas, or either of them, is produced from said land (or from lands with which said land is consolidated) or the premises are being developed or operated.  
3. In consideration of the premises the said lease covenants and agrees:  
To deliver to the credit of lessor, free of cost, in the pipe line to which lessor may connect his wells, the equal 15% part of all oil produced and saved from the leased premises.  
4. The lessee shall monthly pay lessor as royalty on gas marketed from each well where gas only is found, 15% of the proceeds if sold at the well, or if marketed by lessee off the leased premises, then 15% of its market value at the well. The lessee shall pay the lessor: (a) one-eighth (1/8) of the proceeds received by the lessor from the sale of unsegregated gas, produced from any oil well; (b) one-eighth (1/8) of the value, at the mouth of the well, computed at the prevailing market price, of the casinghead gas, produced from any oil well and used by lessee off the leased premises for any purpose or used on the leased premises by the lessee for purposes other than the development and operation thereof. Lessor shall have the privilege at his own risk and expense of using gas from any gas well on said land for stoves and inside lights in the principal dwelling located on the leased premises by making his own connections thereto.  
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 (5) 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 numbered two hereof.

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 81, 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 First National Bank at Longmont, CO, 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 One hundred thirty 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 as provided for 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, either direct to lessor or assignee 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. Lessee may at any time execute and deliver to Lessor, or place of record, a release or releases covering any portion or portions of the above described premises and to any successor under 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 surrendered bears to the acreage covered by said release or releases.

6. Should the first well drilled on the above described land be a dry hole, then, and in that event, if a second well is not commenced on said land within twelve months from expiration of the last rental period for which rental has been paid, this lease shall terminate as to both parties, unless the lessee on or before the expiration of said twelve months shall resume the payment of rentals in the same amount and in the same manner as hereinbefore provided. And it is agreed that upon the resumption of the payment of rentals, as above provided, that the last preceding paragraph hereof, governing the payment of rentals and the effect thereof shall continue in force just as though there had been no interruption in the rental payments.

7. 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 an 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. 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 a reasonable time.

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 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. 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.

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, then as long as production continues.

13. Lessee is hereby given the right at its option, at any time and from time to time, to pool or unitize all or any part or parts of the above described land with other 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 any rules, regulations or orders of the state of Colorado 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 acre. Any well drilled or operations conducted 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 proportion 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.

14. This lease and all its terms, conditions and stipulations shall extend to, and be binding on each of the parties who signs this lease, regardless of whether such lessor is named above and regardless of whether it is signed by any of the other parties herein named as lessors. This lease may be signed in counterparts, each to have the same effect as the original.

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

Witness  
Kathy J. Henry  
Kathy J. Henry SS# 522-52-2577

C. Danzel Henry  
C. Danzel Henry SS# 522-58-5988

FILM 1109

STATE OF Colorado

COUNTY OF Boulder

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,

Nebraska, North Dakota, South Dakota  
ACKNOWLEDGMENT - INDIVIDUAL

5-2

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 5th day of March, 1980, personally appeared C. Denzel Henry

and Kathy J. Henry, husband and wife

to me known to be the identical persons described in and who executed the within and foregoing instrument of writing and acknowledged to me that they duly 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 affixed my notarial seal the day and year last above written.  
My Commission Expires August 12, 1981

Notary Public.

STATE OF

COUNTY OF

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,

Nebraska, North Dakota, South Dakota  
ACKNOWLEDGMENT - INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this day of 19, personally appeared

and

to me known to be the identical person described in and who executed the within and foregoing instrument of writing and acknowledged to me that they duly 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 affixed my notarial seal the day and year last above written.  
My Commission Expires

Notary Public.

State of

County of

## ACKNOWLEDGMENT (For use by Corporation)

On this day of A. D. 19 before me personally appeared to me personally known, who, being by me duly sworn, did say that he is the of

and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said acknowledged said instrument to be the free act and deed of said corporation.

Witness my hand and seal this day of A. D. 19

(SEAL)

Notary Public.

My Commission expires

No.	FROM	TO	Date	No. Acres	County	Term	This instrument was filed for record on the day of 19 at o'clock M., and duly recorded in Volume of the records of this office.	County Clerk	Deputy	When recorded return to
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This addendum attached hereto and made a part of that certain Oil and Gas Lease dated March 4, 1980 by and between C. Denzel Henry and Kathy J. Henry, Lessors, and Buddy Baker, Lessee, covering the following described lands:

TOWNSHIP 2North-RANGE 69West, Boulder County, Colorado  
Section 24: N<sup>1</sup>/<sub>2</sub>NE<sup>1</sup>/<sub>4</sub>

TOWNSHIP 2North-RANGE 68West, Weld County, Colorado  
Section 19: N<sup>1</sup>/<sub>2</sub>SW<sup>1</sup>/<sub>4</sub>, N<sup>1</sup>/<sub>2</sub>SE<sup>1</sup>/<sub>4</sub>, N<sup>1</sup>/<sub>2</sub>SW<sup>1</sup>/<sub>4</sub> (North 50 acres N<sup>1</sup>/<sub>2</sub>SW<sup>1</sup>/<sub>4</sub>)

1. Ancillary Rights: The attached Lease includes the granting to Lessee necessary rights incident to the exploration and production of oil and gas such as the laying of reasonably necessary pipelines, building tanks, and the installation of necessary power lines.

2. Time of Drilling and Exploration: So far as is reasonably practicable, Lessee will attempt to conduct its drilling and exploration activities on the subject premises out of the crop season. Crop season is defined as April 1 to December 15, provided if crops are harvested at an earlier date or no crop is in existence for that crop year, Lessee may disregard these limitations. Nothing herein shall be deemed to be a prohibition of drilling and exploration during crop season.

3. Minimum Use of Surface: Lessee shall make all reasonable efforts to make use of the minimum amount of Lessor's property. Lessee shall attempt to use not more than three (3) acres of Lessor's property per well site. Use of Lessor's property shall include the well site itself, any roads constructed, pipelines installed, tank batteries placed or any other use of Lessor's surface. This shall not be deemed a prohibition against use of more than three (3) acres, but in the event more is used, Lessor may claim further damage.

4. Location of Facilities and Improvements: Lessee shall make all reasonable efforts to locate all of its facilities constructed or installed under this Lease in such a manner as to minimize damage to Lessor's premises. In that regard, Lessee will consult with Lessor as to the location of the same, so as to minimize damages as much as reasonably practicable. As used herein, the term "facilities" includes, but not to the exclusion of others, all wells, roads, pipelines, power lines, tanks and heater-treaters. In particular, Lessee will not drill a well nearer than 300 feet to established improvements, without the consent of Lessor, unless the dictates of the requirements and regulations of the Colorado Oil and Gas Commission require otherwise. Additionally, Lessee will do everything possible to stay a safe and reasonable distance away from active irrigation facilities while at the same time complying with the requirements of the Oil and Gas Commission.

5. Roadways: In addition to the requirements of paragraph 4 hereof, Lessee, whenever reasonably possible, shall use established roadways on the premises. If Lessee believes it reasonably required to improve any roadway with gravel, only high quality, small diameter gravel shall be used.

6. Pipelines: In addition to the requirements of paragraph 4 hereof, all pipelines shall be buried beneath plow depth; and water packed upon installation. In excavating for pipelines, the soils will be separated so that the topsoil and subsurface soils shall be placed back in the proper order and leveled, with topsoil on top. So far as is reasonably possible, all pipelines shall be located so that they run parallel, rather than in a perpendicular manner, to crop rows as planted or planned to be planted. No pipeline shall be permitted which does not serve a well or wells located on the Lessor's premises.



7. Restoration: Upon completion of drilling operations and if there is to be no production or shutting-in of the well, all facilities and all matters brought on the demised premises shall be removed, including all concrete, bentonite, drilling mud, sludge pits, etc., and not just buried. All of the premises shall be restored as complete as possible. If there is production, then this obligation shall not apply to facilities necessary to so produce and maintain such production until production ceases, at which time the same obligation shall apply to such production facilities.

8. Abstracting Costs: Lessee shall pay to Lessor, upon demand, the customary charge of abstract companies in Weld County for each abstract entry which would be required to be included within Lessor's abstract by reason of Lessee causing any document to be recorded concerning these premises.

9. Limitations on Unitization, Pooling: Notwithstanding anything to the contrary herein contained, drilling operations on a pooled unit or units established, as provided herein or by governmental authority, shall maintain this lease in force only as to that portion of the leased premises included in such unit or units. The lease may be maintained as to the remainder of the leased premises in any manner herein specified; provided, if it be by rental payments, rentals shall be payable only on the number of acres, if any, not within the surface area of such unit or units.

10. Providing Information: At Lessor's request, Lessee will provide Lessor all geological information obtained from Lessee's drilling/exploration free of charge.

11. Damages: Lessee shall pay Lessor \$1,500.00 for each and every well which may be drilled on the subject premises prior to the commencement of drilling operations, assuming that drilling operations are conducted out of the crop season and assuming further that no more than three (3) acres of Lessor's property are affected per well site. This shall be deemed full and adequate compensation for the use of the surface of the subject premises in accordance with the provisions hereof. If drilling operations are conducted during crop season, Lessee shall pay Lessor all damages to the crops within 30 days of demand by Lessor. Further, if Lessee causes any other damage to Lessor's property, such as damages to improvements or interference with irrigation, Lessee shall pay Lessor all actual damages within 30 days of demand. If Lessee deems any such demands excessive, then Lessee and Lessor shall each appoint one arbitrator to assess the damages, and the two arbitrators shall appoint a third arbitrator and the decision of the majority of said arbitrators as to the dollar amount of damages shall be binding on both parties hereto. Any such arbitrator selected shall be reasonably familiar with the values of the property or damages involved. It is expressly understood that the \$1,500.00 per well site is all that is required to be paid by Lessee for the use of that portion of the subject premises for placement of Lessee's wells, tanks, pipeline or other necessary facilities, assuming the same are done out of crop season, but the \$1,500.00 per well is not satisfaction for any crop damage or other damage to Lessor's property that may be caused by Lessee's activities.

12. No well shall be located or equipped and no pumps, tanks, separators, heater-treaters, power lines nor any other facilities shall be so located on the lands covered by this lease so as to interfere with the operation of any center pivot irrigation system on the lands covered by this lease. If necessary to prevent interference pumps shall be lowered below the surface of the ground.

Nature of this Attachment. This Attachment sets forth additional terms and conditions of the Lease between the parties and is more specific than the attached printed form. If there is any conflict between this Attachment and the attached printed form, this Attachment shall control.

Kathy J. Henry  
Kathy J. Henry

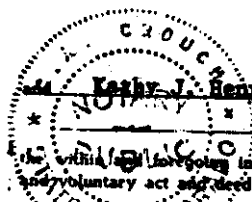
C. Denzel Henry  
C. Denzel Henry

Printed by P&M Printing, 511 16th St., Suite 222, (303) 698-1681

STATE OF Colorado  
COUNTY OF Boulder

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,  
Nebraska, North Dakota, South Dakota  
ACKNOWLEDGMENT — INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 5th  
day of March, 1980, personally appeared C. Denzel Henry

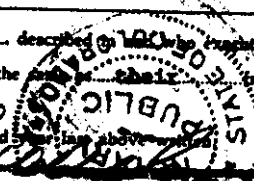


Kathy J. Henry, husband and wife

to me known to be the identical person(s) described in the foregoing instrument of writing and acknowledged to me that they duly 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 affixed my notarial seal the day and date first above written.  
My Commission Expires August 12, 1981

C. Denzel Henry  
C. Denzel Henry



FILM1203

EXHIBIT 5  
OIL AND GAS LEASE

3-1

AGREEMENT, Made and entered into this 19th day of March, 1982,  
by and between Sisters of St. Francis, a/k/a, Poor Sisters of St. Francis, Seraph,  
a Colorado Nonprofit Corporation  
P.O. Box 1060, Colorado Springs, Colorado 80901

Party of the first part, hereinafter called lessor (whether one or more) and  
Martin Exploration Management Corp. PO Box 298  
Blue Island, Ill. 60406  
Party of the second part, hereinafter called lessee

## WITNESSETH.

That lessor, for and in consideration of a rental of ten and more Dollars (\$ 10.00), paid in advance upon the execution hereof, receipt of which as full and adequate consideration for all rights granted herein is hereby acknowledged, and of the covenants and agreements hereinafter contained to be paid, kept, and performed by lessee, has this day granted, devised, leased, and let, and hereby grants, devises, leases, and lets exclusively unto lessee for the purpose of investigating, exploring, and prospecting, by geophysical and other methods, and drilling, mining and operating for and producing oil, gas, casing-head gas, and casing-head gasoline, laying pipe lines, building tanks, stations, power lines, telephone lines and other structures thereon to find, produce, save, store, treat, transport, and take care of all such substances, and for housing and boarding employees in its operations on said land or adjacent land, the following described tract of land in: Boulder County, Colorado, to-wit:

Township 2 North, Range 69 West of the 6th P.M.

Section 14: The NW/4 and the W/2 of the NE/4.

See Addendum attached

Recorded 9:34 AM  
489996

APR 8 1982

Reception No. Charlotte Houston, Boulder County Recorder

240.0

and containing 240.0 acres, more or less.  
It is agreed that this lease shall remain in force for a term of 3 years from date, and as long thereafter as oil or gas, or either of them, is produced from said land by the lessee its successors and assigns:

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

- 16-2/3% First. The lessee shall deliver to the credit of lessor as royalty, free of cost in the pipe line to which lessee may connect its wells, the equal part of all oil produced and saved from the leased premises, or, at lessee's option, may buy or sell such royalty and pay the market price for oil of like grade and gravity prevailing in the field on the day such oil is run into pipe lines or into storage tanks.
- 16-2/3% Second. The lessee shall pay lessor, as royalty, of the proceeds from the sale of the gas, as such, for gas from wells where gas only is found and where not sold shall pay a sum equal to the annual delay rental herein as royalty, and while such royalty is as paid such well shall be held to be a producing well. 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 said gas to be at the lessee's sole risk and expense.
- Third. To pay lessor 16-2/3% of the market value at the well for gas produced from any oil well and used off the premises, or for the manufacture of casing-head gasoline or dry commercial gas.

Lessee has paid rental hereunder to and including the 19th day of March, 1983. If operations for the drilling of a well for oil and gas are not commenced on said land on or before the last mentioned date, 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 Exchange National Bank of Colorado Springs, Colorado Springs, Colorado

of its successor or successors, which bank and its successors are lessor's agents and which shall continue as the depository regardless of changes in the ownership of the land, the sum of Two hundred forty and 00/100 Dollars which shall operate as a rental and cover the privilege of deferring the commencement of operations for the drilling of a well one year from said date, in like manner and upon the terms of the comments or tenders of operations for the drilling of a well for like periods for like periods for like periods during the primary term of this lease. And it is understood and agreed that the consideration first recited herein, the down payment, covers not only the privileges granted to the date when said rental is payable as aforesaid, but also the lessee's option of extending that period as aforesaid, and any and all other rights conferred. 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. Lessee may at any time execute and deliver to lessor or 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 herein is reduced by said release or releases. Notwithstanding the death of the lessor, or his successor in interest, the payment or tender of rentals in the manner provided above shall be binding on the heirs, devisees, executors and administrators of such persons.

Should any well drilled on the land above described be a dry hole or cease to produce and there are no other producing well or wells on the land or drilling operations are not being conducted thereon, then and in that event if a well is not commenced before the next rental paying date this lease shall terminate as to both parties, unless the lessee on or before the next rental paying date shall resume the payment of rentals in the same amount and in the same manner as hereinbefore provided, and it is agreed upon the resumption of the payment of rentals, as above provided, the last preceding paragraph hereof, governing the payment of rentals and the effect thereof, shall continue in force as though there had been no interruption in the rental payment.

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 hereby provided shall be paid to the lessor in the proportion which his interest bears to the whole and undivided fee. However, such rentals shall be increased at the next succeeding rental anniversary after any reversion having occurred to cover the interest so acquired with or without notice of said reversion to lessee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operations thereon, except water from wells and reservoirs of lessor. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to remove and remove casing.

Lessee shall pay for all damages caused by its operations on said lands. When requested by the lessor, lessee shall bury his pipe lines below plow depth. No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without the written consent of the lessor.

Lessee shall have the right to drill to completion with reasonable diligence and dispatch (1) any well commenced within the term of this lease, and (2) any well commenced before the completion of a well which has been commenced within such term. If oil and gas or either of them be found in paying quantities in any such well this lease shall continue and be in force with like effect as if such well had been completed within the term of years herein first mentioned.

Lessee is hereby granted the right and power to pool or combine the acreage covered by this lease, or any portion thereof, with other land, lease or leases in the vicinity thereof at any time and from time to time, whether before or after production, when in lessee's judgment it is necessary or advisable to do so for the prevention of waste and the conservation and greatest ultimate recovery of oil or gas. Such pooling shall be into a unit or units not exceeding in area the acreage prescribed or required in any Federal or State law, order, rule or regulation for the drilling or operation of one well, or for obtaining the maximum allowable production from one well, or 40 acres each for the production of oil, or 640 acres each for the production of gas, whichever is the larger. Such pooling shall be effected by lessee's executing and filing in the office where this lease is recorded an instrument identifying and describing the pooled acreage. The production of pooled substances and development and operation on any portion of a unit so pooled, including the commencement, drilling, completion and operation of a well thereon, shall be considered and construed, and shall have the same effect, except for the payment of royalty, as production, development and operation on the leased premises under the terms of this lease. The royalties herein provided shall accrue and be paid to lessor on pooled substances produced from any unit in the proportion, but only in the proportion, that lessor's acreage interest in the land covered hereby and placed in the unit bears to the total acreage in the land placed in such unit.

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 their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on lessee until after the lease has been furnished with a written transfer, assignment or a certified copy thereof; and it is hereby agreed in the event this lease shall be assigned as to a part or parts of the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the rents due from him or them, such default shall not operate to defeat or affect this lease in so far as it covers a part or parts of said lands which the said lessee or any assignee thereof shall make due payment of said rentals. An assignment of this lease, in whole or in part shall as to the extent of such assignment relieve and discharge the lessee or all obligations hereunder.

Compliance with any now or hereafter existing act, bill or statute purporting to be enacted by any Federal or State legislative authority, or with orders, judgments, decrees, rules, regulations made or promulgated by State or Federal courts, State or Federal offices, boards, commissions or committees purporting to be made or promulgated by any such authority, or any act, bill or statute, shall not constitute a violation of any of the terms of this lease or be considered a breach of any clause, obligation, covenant, undertaking, condition or stipulation contained herein, nor shall it be or constitute a cause for the termination, forfeiture, reversion or revesting of any estate or interest herein and hereby created and set out, nor shall any such compliance confer any right of entry or become the basis of any action for damages or suit for the forfeiture or cancellation hereof; and while any such compliance shall be in force and effect they shall, when complied with by lessee or assigns, to the extent of such compliance operate as modifications of the terms and conditions of this lease where inconsistent therewith.

Lessee may at any time release this lease as to part or all of the lands above described after which all payments, and liabilities thereafter to accrue, in the lands released, shall cease and determine. In the event of a partial release, the annual delay rental above mentioned shall be reduced proportionately.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment, any mortgage, taxes or other liens on the above described lands in the event of default of payment by lessor, and the subrogated to the rights of the holder thereof.

This lease and all its terms, conditions and stipulations binds each executing lessor and shall extend to and be binding on his assigns, heirs and devisees and successors, and those of the lessee, though unsigned by other lessors named herein.

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

ATTEST:

By: Sister Rita Beason  
Sister Rita Beason  
Secretary

Tax EXEMPT # 98-01756

SISTERS OF ST. FRANCIS OF  
COLORADO SPRINGS

By: Sister Stephanie McReynolds  
Sister Stephanie McReynolds  
Assistant Provincial

3-2

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss.

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,  
Nebraska, North Dakota, South Dakota  
ACKNOWLEDGMENT—INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this \_\_\_\_\_  
day of \_\_\_\_\_, 19\_\_\_\_, personally appeared \_\_\_\_\_

and \_\_\_\_\_  
\_\_\_\_\_ to me known to be the identical person \_\_\_\_\_, described in and who executed  
the within and foregoing instrument of writing and acknowledged to me that \_\_\_\_\_ duly executed the same as \_\_\_\_\_ free  
and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.  
My Commission Expires \_\_\_\_\_ Notary Public.

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss.

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,  
Nebraska, North Dakota, South Dakota  
ACKNOWLEDGMENT—INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this \_\_\_\_\_  
day of \_\_\_\_\_, 19\_\_\_\_, personally appeared \_\_\_\_\_

and \_\_\_\_\_  
\_\_\_\_\_ to me known to be the identical person \_\_\_\_\_, described in and who executed  
the within and foregoing instrument of writing and acknowledged to me that \_\_\_\_\_ duly executed the same as \_\_\_\_\_ free  
and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.  
My Commission Expires \_\_\_\_\_ Notary Public.

STATE OF Colorado }  
COUNTY OF El Paso } ss.

ACKNOWLEDGMENT (For use by Corporation)

On this 23rd day of March, A.D. 1982, before me personally  
appeared Sister Stephanie McDermott, Asst. Provincial Sister Rita Carson, Secretary to me personally known, who, being by  
me duly sworn, did say that he is the \_\_\_\_\_ of \_\_\_\_\_

and that the seal affixed to said instrument is the corporate seal of said corporation  
and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said  
Sister Rita Carson acknowledged said instrument to be the free act and deed of said corporation.

Witness my hand and seal this 23rd day of March, A.D. 1982  
Steven R. Alldred Notary Public.  
P.O. Box 316  
Colorado Springs, Colo 80901  
My Commission Expires 5/10/82

No. _____	FROM _____	TO _____
Dated _____, 19____	No. Acres _____	County _____
Term _____	This instrument was filed for record on the _____ day of _____, 19____, at _____ o'clock _____ M., and duly recorded in Volume _____ Page _____ of the records of this office.	
By _____	County Clerk _____	Deputy _____
When recorded return to _____		

ADDENDUM TO OIL AND GAS LEASE  
Sisters of St. Francis of Colorado Springs

1. Lessee shall not install nor cause to be installed on any drilling site any type of pumping device other than low profile hydraulic pumps and related equipment.
2. Lessee shall consult with Lessor prior to entry on land for the purpose of determining the manner of construction of roads, exploration and drilling operations and storage and collection facilities so as to cause a minimum amount of damage and inconvenience to future surface development of said lands.
3. Lessee shall purchase from Lessor a maximum of four (4) one-third acre drilling sites at locations within the property as may be reasonably determined by a geophysical analysis at \$3,000 per drilling site. Following well completion, all surface use other than for roads and pipes shall be limited to the drilling sites and the surface other than at the drilling sites shall be restored to standards of the local soil conservation district.
4. Upon completion of geophysical work or abandonment of well, Lessee shall restore the surface to original condition to the standards of the local soil conservation district.
5. Usual operators bond shall be required and shall not be released until restoration, as required in Paragraphs 3 and 4, has been completed. Lessor shall be named as additional beneficiary.
6. Lessee shall comply with Boulder County zoning regulations and in the event of annexation to the city of Longmont, Colorado, Lessee shall comply with zoning regulations of the city of Longmont, Colorado.
7. There shall be no gas storage facilities on the described property.
8. There shall be no interference with Lessor's present water and ditch rights.
9. If massive hydraulic fracture or secondary or tertiary recovery methods are or become desirable the parties shall separately negotiate concerning resulting surface damage.

SISTERS OF ST. FRANCIS OF  
COLORADO SPRINGS

By: Sister Stephanie McReynolds  
Sister Stephanie McReynolds  
Assistant Provincial

ATTEST:

By: Sister Rita Beason  
Sister Rita Beason  
Secretary

Recorded 10:16 A.M. On FEB 21 1979

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Form 88—(Producers)  
Kan., Okla. & Colo. 1957

C Rev 1974

## OIL AND GAS LEASE

THIS AGREEMENT, Entered into this the 19<sup>th</sup> day of February, 19 79between Q. Denzel Hartshorn and Mildred C. Hartshorn

Route 2, Box 342

Longmont, Colorado 80501

and Vessels Oil & Gas Company, 600 S. Cherry St., Denver, CO 80222

hereinafter called Lessor,

and hereinafter called Lessee, does witness:

1. That lessor, for and in consideration, of the sum of Ten 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, mining, and operating for producing and saving all of the oil, gas, casinghead gas, casinghead gasoline and all other gases and their respective constituents vapors, and for constructing roads, laying pipe lines, building tanks, storing oil, building power stations, telephone lines and other structures thereon necessary or convenient for the economical operation of said land alone or conjointly with neighboring lands, to produce, save, take care of, and manufacture all of such substances, and for housing and boarding employees, said tract of land with any reversionary rights therein being situated in the County of

BoulderState of Colorado

and described as follows:

Township 2 North, Range 69 WestSection 24: N4SE4 and S4N1SW4

Notwithstanding anything contained herein to the contrary, no operations shall be conducted on the surface of said lands without the prior written consent of the Lessor. Said approval, however, shall not be unreasonably withheld.

and containing 120 acres, more or less.

2. It is agreed that this lease shall remain in full force for a term of THREE (3) years from this date and as long thereafter as oil or gas, or either of them, is produced from said land or from lands with which said land is consolidated; or the premises are being developed or operated.

3. In consideration of the premises the said lessee covenants and agrees:  
To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect his wells, (the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

4. The lessee shall monthly pay lessor as royalty on gas marketed from each well where gas only is found, one-eighth (1/8) of the proceeds if sold at the well, or if marketed by lessee off the leased premises then one-eighth (1/8) of the proceeds shall pay the lessor; (a) one-eighth (1/8) of the proceeds received by the lessee from the sale of casinghead gas produced from any oil well, (b) one-eighth (1/8) of the value, at the mouth of the well, computed at the prevailing market price, of the casinghead gas, produced from any oil well and used by lessee off the leased premises for any purpose or used on the leased premises by the lessee for purposes other than the development and operation thereof. Lessor shall have the privilege at his own risk and expense of using gas from any gas well on said land for stoves and inside lights in the principal dwelling located on the leased premises by making his own connections thereto.

Where gas from a well or wells, capable of producing gas only, is not sold or used for a period of one year, lessor shall pay or tender as royalty, an amount equal to the delay rental as provided in paragraph (b) 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 numbered two hereof.

5. If operations for the drilling of a well for oil or gas are not commenced on said land on or before the 19<sup>th</sup> day of February to 80 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

First National Bank at Longmont, Colorado 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 One hundred twenty and no/100 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 lessor or any assignee thereof, mailed or delivered on or before the rental paying date, either direct to lessor or assignee 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. Lessee may at any time extend the term of this lease, or release or release covering any portion or portions of the above described premises and thereupon 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. Should the first well drilled on the above described land be a dry hole, then, and in that event, if a second well is not commenced on said land within twelve months from expiration of the last rental period for which rental has been paid, this lease shall terminate as to both parties, unless the lessor on or before the expiration of said twelve months shall resume the payment of rentals in the same amount and in the same manner as hereinbefore provided. And it is agreed that upon the resumption of the payment of rentals, as above provided, that the last preceding paragraph hereof, governing the payment of rentals and the effect thereof shall continue in force just as though there had been no interruption in the rental payments.

7. If said lessee 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.

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. Where the lessee shall have the right to use the same for other than the operations herein provided, the lessee shall be deemed to have agreed to pay the lessor for such use. The 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. 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 condition as near as practicable and to remove all installations within a reasonable time.

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, 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, and 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. 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 thereof shall make due payment of said rentals.

11. Lessor hereby warrants and agrees to defend the title to the land herein described and agree 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.

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 on 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, then as long as production continues.

13. Lessee is hereby given the right at its option, at any time and from time to time, to pool or unitize all or any part or parts of the above described land with other land, lease, or leases in the immediate vicinity thereof, such pooling to be into units not exceeding the minimum of a tract on which a well may be drilled under laws, rules, or regulations in force at the time of such pooling or unitization; provided, however, that such units may exceed a 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 an instrument identifying the unitized area. Any well drilled or operations conducted 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 proportion 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.

14. This lease and all its terms, conditions and stipulations shall extend to and be binding on each of the parties who signs this lease, regardless of whether such lessee is named above and regardless of whether it is signed by any of the other parties herein named as lessor. This lease may be signed in counterparts each to have the same effect as the original.

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

Mildred C. Hartshorn  
Mildred C. Hartshorn

Q. Denzel Hartshorn  
Q. Denzel Hartshorn

PRINTED BY WILKINS PRINTING, INC., 511 16th ST. SUITE 722 DENVER CO 80202 (303) 893 1681

STATE OF Colorado ) ss. Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,  
COUNTY OF BOULDER ) ss. Nebraska, North Dakota, South Dakota  
ACKNOWLEDGMENT - INDIVIDUAL  
BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 19th  
day of February, 19 79, personally appeared G. Denzel Hartsorn

and Mildred C. Hartshorn, his wife  
to me known to be the identical person(s) described in and who executed  
the within and foregoing instrument of writing and acknowledged to me that they duly 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 affixed my notarial seal the day and year last above written.  
My Commission Expires APRIL 6, 1982 Martin J. Hartshorn  
Notary Public

STATE OF ) ss. Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,  
COUNTY OF ) ss. Nebraska, North Dakota, South Dakota  
ACKNOWLEDGMENT - INDIVIDUAL  
BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this  
day of \_\_\_\_\_, 19\_\_\_\_, personally appeared \_\_\_\_\_  
and \_\_\_\_\_  
to me known to be the identical person(s) described in and who executed  
the within and foregoing instrument of writing and acknowledged to me that \_\_\_\_\_ duly executed the same as \_\_\_\_\_ free  
and voluntary act and deed for the uses and purposes therein set forth.  
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.  
My Commission Expires \_\_\_\_\_  
Notary Public

State of \_\_\_\_\_ ) ss. ACKNOWLEDGMENT (For use by Corporation)  
County of \_\_\_\_\_ ) ss.  
On this \_\_\_\_\_ day of \_\_\_\_\_, A. D. 19\_\_\_\_, before me personally  
appeared \_\_\_\_\_, to me personally known, who, being by  
me duly sworn, did say that he is the \_\_\_\_\_ of \_\_\_\_\_  
and that the seal affixed to said instrument is the corporate seal of said corpora-  
tion and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said  
\_\_\_\_\_ acknowledged said instrument to be the free act and deed of said corporation.  
Witness my hand and seal this \_\_\_\_\_ day of \_\_\_\_\_, A. D. 19\_\_\_\_.  
(SEAL) \_\_\_\_\_  
Notary Public.  
My Commission expires \_\_\_\_\_

No. <u>323933</u>		FROM		TO		Date <u>19</u>		No. Acres		County		Term		This instrument was filed for record on the _____ day of _____, 19____, at _____ o'clock _____ M., and duly recorded in Volume _____ Page _____ of the records of this office.		By _____ County Clerk.		Deputy _____		When recorded return to _____	
<p>VESSELS OIL AND GAS COMPANY CHERRY CREEK PLAZA #1220 300-86-CHERRY STREET DENVER, CO 80222</p>																					

THIS AGREEMENT, Entered into this the 5 day of March, 19 80

between Jean Brewbaker, a widow  
7688 North 41st  
Longmont, CO 80501  
 and Buddy Baker, 1429 Larimer, Denver, CO 80202  
 hereinafter called lessor,  
 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, and with the right to utilize 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, 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, storing oil, building power stations, telephone lines and other structures thereon necessary or convenient for the economical operation of said land alone or conjointly with neighboring lands, to produce, save, take care of, and manufacture all of such substances, and for housing and boarding employees, said tract of land with any reversionary rights therein being situated in the County of Boulder

State of Colorado, and described as follows:

Township 2 North-Range 69 West  
Section 24: N1/2NW1, N1/2SW1

Recorded 10:53 A M On MAR 17 1980

387762

Reception No. Charlotte Houston, Boulder County Recorder

and containing 120.00 acres, more or less.

2. It is agreed that this lease shall remain in full force for a term of Three (3) years from this date, and as long thereafter as oil or gas, either of them, is produced from said land (or from lands with which said land is consolidated) or the premises are being developed or operated.

3. In consideration of the premises the said lessee covenants and agrees: To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect his wells, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

4. The lessee shall monthly pay lessor as royalty on gas marketed from each well where gas only is found, one-eighth (1/8) of the proceeds if sold at the well, or if marketed by lessee off the leased premises, then one-eighth (1/8) of its market value at the well. The lessee shall pay the lessor: (a) one-eighth (1/8), of the proceeds received by the lessee from the sale of casinghead gas, produced from any oil well; (b) one-eighth (1/8) of the value, at the mouth of the well, computed at the prevailing market price, of the casinghead gas, produced from any oil well and used by lessee off the leased premises for any purpose or used on the leased premises by the lessee for purposes other than the development and operation thereof. Lessor shall have the privilege at his own risk and expense of using gas from any gas well on said land for stoves and inside lights in the principal dwelling located on the leased premises by making his own connections thereto.

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 (5) 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 numbered two hereof.

5. If operations for the drilling of a well for oil or gas are not commenced on said land on or before the 5 day of March, 19 81, 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 First National Bank at Longmont, CO, 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 change of ownership in said land or in the oil and gas or in the rentals to accrue hereunder, the sum of One Hundred Twenty 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 like periods successively. All payments or tenders may be made by check or draft of lease 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. Lessee may at any time execute and deliver to Lessor, or 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. Should the first well drilled on the above described land be a dry hole, then, and in that event, if a second well is not commenced on said land within twelve months from expiration of the last rental period for which rental has been paid, this lease shall terminate as to both parties, unless the lessee on or before the expiration of said twelve months shall resume the payment of rentals in the same amount and in the same manner as hereinbefore provided. And it is agreed that upon the resumption of the payment of rentals, as above provided, that the last preceding paragraph hereof, governing the payment of rentals and the effect thereof shall continue in force just as though there had been no interruption in the rental payments.

7. 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.

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. 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 a reasonable time.

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. 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.

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, then as long as production continues.

13. Lessee is hereby given the right at its option, at any time and from time to time, to pool or unitize all or any part or parts of the above described land with other 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 such pooling or unitization; provided, however, that such 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 conducted 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 proportion 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.

14. This lease and all its terms, conditions and stipulations shall extend to, and be binding on each of the parties who signs this lease, regardless of whether such lessor is named above and regardless of whether it is signed by any of the other parties herein named as lessors. This lease may be signed in counterparts, each to have the same effect as the original.

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

Witness:  
Jean Brewbaker  
Jean Brewbaker 884523-76-0156



STATE OF Colorado  
COUNTY OF Boulder } ss.

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,  
Nebraska, North Dakota, South Dakota  
ACKNOWLEDGMENT - INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 6th  
day of March, 1980, personally appeared Jean Brewbaker, a widow



\_\_\_\_\_ to me known to be the identical person, described in and who executed  
the within and foregoing instrument of writing and acknowledged to me that she duly executed the same as her free  
and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.  
My Commission Expires June 9th, 1982

*Janet Carson*  
Notary Public.

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_ } ss.

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,  
Nebraska, North Dakota, South Dakota  
ACKNOWLEDGMENT - INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this \_\_\_\_\_  
day of \_\_\_\_\_, 19\_\_\_\_, personally appeared \_\_\_\_\_

and \_\_\_\_\_  
\_\_\_\_\_ to me known to be the identical person, described in and who executed  
the within and foregoing instrument of writing and acknowledged to me that \_\_\_\_\_ duly executed the same as \_\_\_\_\_ free  
and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.  
My Commission Expires \_\_\_\_\_

Notary Public.

State of \_\_\_\_\_  
County of \_\_\_\_\_ } ss.

ACKNOWLEDGMENT (For use by Corporation)

On this \_\_\_\_\_ day of \_\_\_\_\_, A. D. 19\_\_\_\_, before me personally  
appeared \_\_\_\_\_, to me personally known, who, being by  
me duly sworn, did say that he is the \_\_\_\_\_ of \_\_\_\_\_  
and that the seal affixed to said instrument is the corporate seal of said corpora-  
tion and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said  
\_\_\_\_\_ acknowledged said instrument to be the free act and deed of said corporation.

Witness my hand and seal this \_\_\_\_\_ day of \_\_\_\_\_, A. D. 19\_\_\_\_.

(SEAL)

Notary Public.

My Commission expires \_\_\_\_\_

387762

No. _____	FROM	TO	Date _____ 19____	No. Acres _____	County _____	Term _____	This instrument was filed for record on the _____ day of _____ 19____ at _____ o'clock _____ M., and duly recorded in Volume _____ Page _____ of the records of this office.	County Clerk _____	Deputy _____
<p>When recorded return to  <u>Buddy Baker</u>  <u>1429 Larimer</u>  <u>Denver, CO 80202</u></p>									

THIS AGREEMENT, Entered into this the 4th day of March, 19 80  
between Jane Eastlack and Leon Eastlack, wife and husband  
2514 North Boyer  
Colorado Springs, CO 80907  
and Buddy Baker, 1429 Larimer, Denver, CO 80202  
hereinafter called lessor,  
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, 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, 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, storing oil, building power stations, telephone lines and other structures thereon necessary or convenient for the economical operation of said land alone or conjointly with neighboring lands, to produce, save, take care of, and manufacture all of such substances, and for housing and boarding employees, said tract of land with any reversionary rights therein being situated in the County of Boulder

State of Colorado, and described as follows:

TOWNSHIP 2North-RANGE 69West  
Section 24: S $\frac{1}{2}$ S $\frac{1}{2}$ NW $\frac{1}{4}$ , N $\frac{1}{2}$ N $\frac{1}{2}$ SW $\frac{1}{4}$

Recorded... 10:53 AM On MAR 17 1980  
387763

Reception No. Charlotte Houston, Boulder County Recorder and containing 80.00 acres, more or less.

2. It is agreed that this lease shall remain in full force for a term of THREE (3) years from this date, and as long thereafter as oil or gas, or either of them, is produced from said land (or from lands with which said land is consolidated) or the premises are being developed or operated.

3. In consideration of the premises the said lessee covenants and agrees:  
To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect his wells, the equal 15% part of all oil produced and saved from the leased premises.

4. The lessee shall monthly pay lessor as royalty on gas marketed from each well where gas only is found, 15% of the proceeds if sold at the well, or the lesser of the leased premises, then 15% of its market value at the well. The lessee shall pay the lessor: (a) 15% of the proceeds received by the lessee from the sale of casinghead gas, produced from any oil well; (b) 15% of the value, at the mouth of the well, computed at the prevailing market price, of the casinghead gas, produced from any oil well and used by lessee off the leased premises for any purpose or used on the leased premises by the lessee for purposes other than the development and operation thereof. Lessor shall have the privilege at his own risk and expense of using gas from any gas well on said land for stoves and inside lights in the principal dwelling located on the leased premises by making his own connections thereto.

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 (5) 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 numbered two hereof.

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 81, this lease shall terminate as to both parties, unless the lessor shall on or before said date pay or tender to the lessee or for the lessor's credit in the Colorado Springs National Bank at Colorado Springs, CO., 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 and no/100---- 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 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, either direct to lessor or assignee 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. Lessee may at any time execute and deliver to Lessor, or 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. Should the first well drilled on the above described land be a dry hole, then, and in that event, if a second well is not commenced on said land within twelve months from expiration of the last rental period for which rental has been paid, this lease shall terminate as to both parties, unless the lessee on or before the expiration of said twelve months shall resume the payment of rentals in the same amount and in the same manner as hereinbefore provided. And it is agreed that upon the resumption of the payment of rentals, as above provided, that the last preceding paragraph hereof, governing the payment of rentals and the effect thereof shall continue in force just as though there had been no interruption in the rental payments.

7. 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.

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 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 a reasonable time.

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. 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.

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, then as long as production continues.

13. Lessee is hereby given the right at its option, at any time and from time to time, to pool or unitize all or any part or parts of the above described land with other 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 such pooling or unitization; provided, however, that such 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 conducted on any part of 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 proportion 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.

14. This lease and all its terms, conditions and stipulations shall extend to, and be binding on each of the parties who signs this lease, regardless of whether such lessor is named above and regardless of whether it is signed by any of the other parties herein named as lessors. This lease may be signed in counterparts, each to have the same effect as the original.

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

Witness:  
Leon Eastlack  
Leon Eastlack SS# 524-07-9087

Jane Eastlack  
Jane Eastlack SS# 524-12-0488

**8-2**

THIS AGREEMENT, Entered into this the 4th day of March, 1980  
between James L. Henry and Nadine H. Henry, husband and wife  
8224 N. 119th Street  
Longmont, CO 80501  
and Buddy Baker, 1429 Larimer, Denver, CO 80202  
hereinafter called lessor,  
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, 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, 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, storing oil, building power stations, telephone lines and other structures thereon necessary or convenient for the economical operation of said land alone or conjointly with neighboring lands, to produce, save, take care of, and manufacture all of such substances, and for housing and boarding employees, said tract of land with any reversionary rights therein being situated in the County of Boulder

State of Colorado, and described as follows:

TOWNSHIP 2North-RANGE 69West  
Section 24: N1/4NW1/4, N1/4SW1/4, S1/4NW1/4, N1/4SE1/4

Recorded 10:52 A.M.  
387761

MAR 17 1980

Reception No. Charlotte Houston, Boulder County Ri

See Addendum attached hereto and made a part of this lease.

and containing 200.00 acres, more or less.

2. It is agreed that this lease shall remain in full force for a term of THREE (3) years from this date, and as long thereafter as oil or gas, or either of them, is produced from said land (or from lands with which said land is consolidated) or the premises are being developed or operated.  
3. In consideration of the premises said lessee covenants and agrees:  
To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect his wells, the equal 15% part of all oil produced and saved from the leased premises.  
4. The lessee shall monthly pay lessor as royalty on gas marketed from each well where gas only is found, 15% of the proceeds if sold at the well, or if marketed by lessee off the leased premises, then 15% of its market value at the well. The lessee shall pay the lessor: (a) one-eighth (1/8) of the proceeds received by the lessee from the sale of casinghead gas, produced from any oil well; (b) one-eighth (1/8) of the value, at the mouth of the well, computed at the prevailing market price, of the casinghead gas, produced from any oil well and used by lessee off the leased premises for any purpose or used on the leased premises by the lessee for purposes other than the development and operation thereof. Lessor shall have the privilege at his own risk and expense of using gas from any gas well on said land for stoves and inside lights in the principal dwelling located on the leased premises by making his own connections thereto.  
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 (5) 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 numbered two hereof.

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, 1981, 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 First National Bank at Longmont, Colorado, 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 Two hundred and no/100 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 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, 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. Lessee may at any time execute and deliver to Lessor, or 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. Should the first well drilled on the above described land be a dry hole, then, and in that event, if a second well is not commenced on said land within twelve months from expiration of the last rental period for which rental has been paid, this lease shall terminate as to both parties, unless the lessee on or before the expiration of said twelve months shall resume the payment of rentals in the same amount and in the same manner as hereinbefore provided. And it is agreed that upon the resumption of the payment of rentals, as above provided, that the last preceding paragraph hereof, governing the payment of rentals and the effect thereof shall continue in force just as though there had been no interruption in the rental payments.

7. 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.

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. Lessee agrees, upon the completion of any test as of 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 a reasonable time.

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. 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.

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 anniversary 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, then as long as production continues.

13. Lessee is hereby given the right at its option, at any time and from time to time, to pool or unitize all or any part or parts of the above described land with other 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 such pooling or unitization; provided, however, that such 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 conducted on any part of 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 proportion 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.

14. This lease and all its terms, conditions and stipulations shall extend to, and be binding on each of the parties who signs this lease, regardless of whether such lessor is named above and regardless of whether it is signed by any of the other parties herein named as lessors. This lease may be signed in counterparts, each to have the same effect as the original.

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

Witness:  
Nadine H. Henry  
Nadine H. Henry SS# 524-64-0273

James L. Henry  
James L. Henry SS# 524-48-6751

STATE OF Colorado }  
COUNTY OF Boulder } ss.

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,  
Nebraska, North Dakota, South Dakota  
**ACKNOWLEDGMENT — INDIVIDUAL**

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 5th  
day of March, 19 80, personally appeared James L. Henry

and Nadine H. Henry, husband and wife

to me known to be the identical person(s) identified and who executed  
the within and foregoing instrument of writing and acknowledged to me that they duly executed the same as free  
and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.  
My Commission Expires August 12, 1981

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss.

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,  
Nebraska, North Dakota, South Dakota  
**ACKNOWLEDGMENT — INDIVIDUAL**

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this \_\_\_\_\_  
day of \_\_\_\_\_, 19 \_\_\_\_\_, personally appeared \_\_\_\_\_

and \_\_\_\_\_  
to me known to be the identical person(s) \_\_\_\_\_, described in and who executed  
the within and foregoing instrument of writing and acknowledged to me that \_\_\_\_\_ duly executed the same as \_\_\_\_\_ free  
and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.  
My Commission Expires \_\_\_\_\_

Notary Public.

State of \_\_\_\_\_ }  
County of \_\_\_\_\_ } ss.

**ACKNOWLEDGMENT (For use by Corporation)**

On this \_\_\_\_\_ day of \_\_\_\_\_, A. D. 19 \_\_\_\_\_, before me personally  
appeared \_\_\_\_\_, to me personally known, who, being by  
me duly sworn, did say that he is the \_\_\_\_\_ of \_\_\_\_\_

and that the seal affixed to said instrument is the corporate seal of said corpora-  
tion and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said  
\_\_\_\_\_ acknowledged said instrument to be the free act and deed of said corporation.

Witness my hand and seal this \_\_\_\_\_ day of \_\_\_\_\_, A. D. 19 \_\_\_\_\_

(SEAL)

Notary Public.

My Commission expires \_\_\_\_\_

This addendum attached hereto and made a part of that certain Oil and Gas Lease dated March 4, 1980 by and between James L. Henry and Nadine H. Henry, Lessors, and Buddy Baker, Lessee, covering the following described lands:

TOWNSHIP 2North-RANGE 69West, Boulder County, Colorado  
Section 24: N $\frac{1}{2}$ NW $\frac{1}{4}$ , N $\frac{1}{2}$ N $\frac{1}{2}$ SW $\frac{1}{4}$ , S $\frac{1}{2}$ S $\frac{1}{2}$ NW $\frac{1}{4}$ , N $\frac{1}{2}$ S $\frac{1}{2}$ NW $\frac{1}{4}$

1. Ancillary Rights: The attached Lease includes the granting to Lessee necessary rights incident to the exploration and production of oil and gas such as the laying of reasonably necessary pipelines, building tanks, and the installation of necessary power lines.

2. Time of Drilling and Exploration: So far as is reasonably practicable, Lessee will attempt to conduct its drilling and exploration activities on the subject premises out of the crop season. Crop season is defined as April 1 to December 15, provided if crops are harvested at an earlier date or no crop is in existence for that crop year, Lessee may disregard these limitations. Nothing herein shall be deemed to be a prohibition of drilling and exploration during crop season.

3. Minimum Use of Surface: Lessee shall make all reasonable efforts to make use of the minimum amount of Lessor's property. Lessee shall attempt to use not more than three (3) acres of Lessor's property per well site. Use of Lessor's property shall include the well site itself, any roads constructed, pipelines installed, tank batteries placed or any other use of Lessor's surface. This shall not be deemed a prohibition against use of more than three (3) acres, but in the event more is used, Lessor may claim further damage.

4. Location of Facilities and Improvements: Lessee shall make all reasonable efforts to locate all of its facilities constructed or installed under this Lease in such a manner as to minimize damage to Lessor's premises. In that regard, Lessee will consult with Lessor as to the location of the same, so as to minimize damages as much as reasonably practicable. As used herein, the term "facilities" includes, but not to the exclusion of others, all wells, roads, pipelines, power lines, tanks and heater-treaters. In particular, Lessee will not drill a well nearer than 300 feet to established improvements, without the consent of Lessor, unless the dictates of the requirements and regulations of the Colorado Oil and Gas Commission require otherwise. Additionally, Lessee will do everything possible to stay a safe and reasonable distance away from active irrigation facilities while at the same time complying with the requirements of the Oil and Gas Commission.

5. Roadways: In addition to the requirements of paragraph 4 hereof, Lessee, whenever reasonably possible, shall use established roadways on the premises. If Lessee believes it reasonably required to improve any roadway with gravel, only high quality, small diameter gravel shall be used.

6. Pipelines: In addition to the requirements of paragraph 4 hereof, all pipelines shall be buried beneath plow depth, and water packed upon installation. In excavating for pipelines, the soils will be separated so that the topsoil and subsurface soils shall be placed back in the proper order and leveled, with topsoil on top. So far as is reasonably possible, all pipelines shall be located so that they run parallel, rather than in a perpendicular manner, to crop rows as planted or planned to be planted. No pipeline shall be permitted which does not serve a well or wells located on the Lessor's premises.

7. Restoration: Upon completion of drilling operations and if there is to be no production or shutting-in of the well, all facilities and all matters brought on the demised premises shall be removed, including all concrete, bentonite, drilling mud, sludge pits, etc., and not just buried. All of the premises shall be restored as complete as possible. If there is production, then this obligation shall not apply to facilities necessary to so produce and maintain such production until production ceases, at which time the same obligation shall apply to such production facilities.

8. Abstracting Costs: Lessee shall pay to Lessor, upon demand, the customary charge of abstract companies in Weld County for each abstract entry which would be required to be included within Lessor's abstract by reason of Lessee causing any document to be recorded concerning these premises.

9. Limitations on Unitization, Pooling: Notwithstanding anything to the contrary herein contained, drilling operations on a pooled unit or units established, as provided herein or by governmental authority, shall maintain this lease in force only as to that portion of the leased premises included in such unit or units. The lease may be maintained as to the remainder of the leased premises in any manner herein specified; provided, if it be by rental payments, rentals shall be payable only on the number of acres, if any, not within the surface area of such unit or units.

10. Providing Information: At Lessor's request, Lessee will provide Lessor all geological information obtained from Lessee's drilling/exploration free of charge.

11. Damages: Lessee shall pay Lessor \$1,500.00 for each and every well which may be drilled on the subject premises prior to the commencement of drilling operations, assuming that drilling operations are conducted out of the crop season and assuming further that no more than three (3) acres of Lessor's property are affected per well site. This shall be deemed full and adequate compensation for the use of the surface of the subject premises in accordance with the provisions hereof. If drilling operations are conducted during crop season, Lessee shall pay Lessor all damages to the crops within 30 days of demand by Lessor. Further, if Lessee causes any other damage to Lessor's property, such as damages to improvements or interference with irrigation, Lessee shall pay Lessor all actual damages within 30 days of demand. If Lessee deems any such demands excessive, then Lessee and Lessor shall each appoint one arbitrator to assess the damages, and the two arbitrators shall appoint a third arbitrator and the decision of the majority of said arbitrators as to the dollar amount of damages shall be binding on both parties hereto. Any such arbitrator selected shall be reasonably familiar with the values of the property or damages involved. It is expressly understood that the \$1,500.00 per well site is all that is required to be paid by Lessee for the use of that portion of the subject premises for placement of Lessee's wells, tanks, pipeline or other necessary facilities, assuming the same are done out of crop season, but the \$1,500.00 per well is not satisfaction for any crop damage or other damage to Lessor's property that may be caused by Lessee's activities.

12. No well shall be located or equipped and no pumps, tanks, separators, heater-treaters, power lines nor any other facilities shall be so located on the lands covered by this lease so as to interfere with the operation of any center pivot irrigation system on the lands covered by this lease. If necessary to prevent interference pumps shall be lowered below the surface of the ground.

13. Nature of this Attachment. This Attachment sets forth additional terms and conditions of the Lease between the parties and is more specific than the attached printed form. If there is any conflict between this Attachment and the attached printed form, this Attachment shall control.

Nadine H. Henry  
Nadine H. Henry

James L. Henry  
James L. Henry

STATE OF Colorado  
COUNTY OF Boulder

Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,  
Nebraska, North Dakota, South Dakota  
ACKNOWLEDGMENT -- INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 5th

day of August, 1980, personally appeared James L. Henry

and Nadine H. Henry, husband and wife

to me known to be the identical persons, described in and who executed the foregoing instrument of writing and acknowledged to me that they duly 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 affixed my notarial seal the day and year first above written.  
My Commission Expires August 12, 1981

[Signature]