

DISTRICT COURT, BOULDER COUNTY, COLORADO 1777 6 th Street, Boulder, Colorado 80302	<p style="text-align: center;">▲ COURT USE ONLY ▲</p>
<p>Plaintiff:</p> <p>BOARD OF COUNTY COMMISSIONERS OF BOULDER COUNTY, Colorado;</p> <p>v.</p> <p>Defendant:</p> <p>CRESTONE PEAK RESOURCES OPERATING, LLC, a Delaware limited liability company</p>	
<p>Attorneys for Plaintiff 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>COMPLAINT</p>	

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

INTRODUCTION

1. Defendant is proposing to construct three massive oil and gas facilities in unincorporated Boulder County on land owned by Boulder County and preserved as open space, and on privately-owned land protected and preserved by Boulder County conservation easements.

2. Boulder County bought the land and conservation easement rights at issue with public funds as an essential part of the County's long-standing, multi-faceted commitment to land and resource conservation through responsible stewardship.

3. Defendant is not entitled to undertake the large-scale development it proposes because it is violating the terms of multiple oil and gas leases, and because it is illegally interfering with conservation easements owned by Boulder County.

4. Boulder County asks this Court to protect Boulder County, its residents and its property by interpreting the applicable oil and gas leases and conservation easements to determine that Defendant lacks the right to proceed with its unprecedented, massive development.

PARTIES, JURISDICTION, AND VENUE

5. 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.

6. Defendant Crestone Peak Resources Operating, LLC ("Crestone"), is a Delaware limited liability company with principal offices at 1801 California Street, Suite 2500, Denver, CO 80202. Crestone is authorized to conduct business in the State of Colorado.

7. Jurisdiction is proper in this Court of general jurisdiction under the Colorado Constitution and also under §§ 13-51-105, 38-30.5-108, 38-42-105, C.R.S.

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

GENERAL ALLEGATIONS

Background

9. The County places a high priority on the preservation of open spaces for agricultural uses, passive recreation, ecological protection, viewsheds and similar values.

10. 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.

11. 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”).

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. Some of the County’s mineral rights were leased to operators prior to the County’s purchase. By purchasing the mineral rights subject to existing leases, the County became the successor lessor and assumed the lessors’ rights under those leases.

14. In addition to purchasing land and minerals for conservation, the County acquires conservation easements over private property pursuant to §§ 38-30.5-101 et seq., C.R.S.

15. On February 22, 2017, Crestone proposed a Comprehensive Drilling Plan (“CDP”) to the Colorado Oil and Gas Conservation Commission (“COGCC”) for its approval. The CDP covers a 10-square-mile portion of Boulder County. A map of the CDP is attached as Exhibit 1. The County owns open space property, including mineral rights, and conservation rights in the vast majority of the CDP area. The CDP proposes to place 140 wells on three sites – two sites to hold 56 wells and one to hold 28. Although it seeks three final drilling sites, Crestone proposed four possible sites to the COGCC: two are on County-owned open space and two are on lands where the County owns conservation easements.

16. The CDP was developed in five separate drafts between February 2017 and June 20, 2018. The County participated as a stakeholder throughout that process. On July 30, 2018, the Director of the COGCC issued a Finding of Suitability, determining that the final draft of the CDP was ready for Commission review. The CDP is currently scheduled for a hearing before the COGCC October 29-31, 2018.

17. This action does not ask the Court to review the CDP process at the COGCC. Rather, this action raises important contractual issues related to the development proposed in the CDP that are outside the COGCC’s jurisdiction.

18. The CDP proposal raises four categories of contractual issues in the CDP area. Some leases are subject to more than one type of claim, some of which are pled in the alternative. First, County leases in Sections 3, Township 1 North, Range 69 West and Section 26, Township 2 North, Range 69 West are expired for lack of production, affecting Crestone's ability to develop the CDP as proposed. Second, County leases throughout the CDP area contain language limiting the size of drilling units into which they can be incorporated, yet the CDP proposes to violate those leases by establishing large drilling and spacing units. Third, County conservation easements in Sections 35 and 36, Township 2 North, Range 69 West, limit oil and gas production to what was allowed in pre-existing leases. The development proposed in the CDP exceeds what those underlying leases allow for and, as a result, threaten to violate the conservation easements and threaten the conservation values for which they were established. Fourth, the well sites proposed in the CDP for Sections 1 and 3, Township 1 North, Range 69 West, exceed the surface rights allowable under the leases and the reasonable accommodation doctrine (*see, e.g.*, § 34-60-27, C.R.S.).

Expired Leases

19. Two of the County's leases in the CDP area, to which Crestone claims the lessee's rights, have expired as a result of non-production.

20. On February 20, 1980, James S. Haley, as Trustee of the Maxine Haley Trust, granted an Oil and Gas Lease to W.C. Montgomery, Jr., covering lands in Boulder County and recorded in the real property records of Boulder County at Reception No. 00395834 (the "Haley Lease"), attached as Exhibit 2.

21. In a series of transactions in 1988, 1995, and 1996, the County purchased the property described in the Haley Lease together with the mineral rights subject to the Haley Lease. The County is the successor lessor to the Haley Lease.

22. The rights granted under the Haley Lease were ultimately assigned to Crestone in an April 1, 2015, Bill of Sale from Encana Oil & Gas (USA), Inc.

23. Crestone proposes to locate a massive 56-well pad on the property subject to the Haley Lease as part of the CDP.

24. The Haley Lease states, emphasis added, "[i]f, 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."

25. The primary term of the Haley Lease expired on May 14, 1982.

26. Two wells have been drilled on the Haley Property: the Haley 32-3 well and the

Haley G Unit 1 well.

27. The two wells, according to COGCC records, ceased production for more than sixty days. Specifically:

- a. The Haley 32-3 well did not produce oil or gas from March – June 2014 (122 days) and has not been producing oil or gas since December 2017.
- b. The Haley G Unit 1 well did not produce oil or gas from March-June 2014 (122 days).

28. No drilling or reworking operations took place on the lands subject to the Haley Lease in the 60 days following the 2014 cessation of production from the Haley 32-2 and the Haley G Unit 1 well.

29. After expiration of the primary term, no wells were producing oil or gas and no drilling or reworking operations were underway pursuant to the Haley Lease for 122 days – 62 days longer than the cessation period allowed under the Haley Lease.

30. On August 15, 1985, Merle B. Lewis, June M. Lewis, Ralph E. Lewis, Alene V. Lewis, Kenneth D. Lewis, Germaine R. Lewis, Cleone Lewis, Patricia Wagner, Ronald Lewis, and Gene Lewis granted an Oil and Gas Lease to Vessels Oil & Gas Company, covering the NW1/4 of Section 26, Township 2 North, Range 69 West in Boulder County that were signed and recorded in counterparts in the real property records of Boulder County at Reception Nos. 00707419, 00707418, 00707417, and 00712562 (the “Lewis Leases”), attached as Exhibit 3. Each of the four leases are substantially the same and identical in the relevant terms.

31. On March 19, 1996, the County purchased the property described in the Lewis Leases, together with the mineral rights subject to the Lewis Leases. The County is the successor lessor to the Lewis Leases.

32. The rights granted under the Lewis Leases were ultimately assigned to Crestone in an April 1, 2015, Bill of Sale from Encana Oil & Gas (USA), Inc.

33. Crestone included the Lewis Leases in its representations to the COGCC of its mineral ownership supporting the CDP proposal and intends to develop the minerals subject to the Lewis Leases with the CDP.

34. The Lewis Leases state, emphasis added, “[i]f 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 its operations are prosecuted, either on the same well or any other well thereafter commenced, with no cessation of more than ninety (90) consecutive days.”

35. The primary term of the Lewis Leases originally would have expired in August 1986 but was extended for an additional 24 months to August 1988.

36. According to COGCC records, the only well proposed for the Lewis Leases, the Lewis F Unit 1 well, was never drilled.

37. After expiration of the primary term, there was no production and no drilling or reworking operations underway pursuant to the Lewis Leases.

38. The minerals and lands subject to the Haley Lease and the Lewis Leases have not been unitized or pooled with any other minerals or lands and are not subject to any COGCC orders establishing drilling and spacing units or pooling minerals for development.

39. The Haley Lease and Lewis Leases have expired for failure of production or cessation of production longer than the allowable terms.

40. Under § 38-42-104, C.R.S., an operator is required to record a surrender of any expired oil and gas lease within 90 days of the expiration.

41. Crestone has not recorded a release of the Haley Lease or Lewis Leases.

42. Pursuant to § 38-42-105, C.R.S., the County sent Crestone demands by certified mail to release the Haley Lease and Lewis Leases on June 21, 2018, and July 11, 2018. Crestone made no response to the demands within 30 days of their receipt. Pursuant to § 38-42-105, the County is entitled to damages, attorney fees, and costs for Crestone's failure to timely record a release of the Haley Lease and the Lewis Leases.

43. The County seeks declaratory judgment in its favor confirming the Haley Lease and the Lewis Leases terminated by their terms and that Crestone does not have the right to occupy those properties or extract minerals subject to those leases, along with all available damages, costs, and fees.

Lease Limits on Unit Size

A. Western Unit

44. On June 15, 2018, as part of the CDP, Crestone filed an application with the COGCC to establish a drilling and spacing unit ("DSU") on lands in the CDP area in Boulder County, at COGCC Docket No. 170500192. The proposed unit encompasses lands in Sections 3 and 10, Township 1 North, Range 69 West, and Sections 27 and 34, Township 2 North, Range 69 West in Boulder County. The proposed unit covers 2,560 acres (the "Western Unit"). The application for the Western Unit was originally filed February 22, 2017 and amended twice. During that process, the County raised the unit size limitations contained in certain leases and detailed below. Crestone did not respond to or resolve those lease issues and its repeated pursuit

of the Western Unit demonstrates its unequivocal intent to establish the Western Unit.

45. Leases in the Western Unit contain language prohibiting the establishment of the Western Unit or any unit of a similar size. Crestone has ignored the unitization and pooling limitations in the leases at issue.

46. The Haley Lease is located in the Western Unit. It permits the lessee to pool or unitize the lands 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.”

47. The Lewis Leases are located in the Western Unit. They permit the lessee to pool or unitize the lands described in the lease, but limit such unitization to “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” or, if no such minimum size is set forth in law, “such units shall not exceed eighty (80) acres for oil, and shall not exceed six hundred and forty (640) acres for gas.”

48. On June 1, 1979, Albert D. Bloom granted an Oil and Gas Lease to Vessels Oil & Gas Co., covering portions of Section 11, Township 1 North, Range 69 West, in Boulder County and recorded in the real property records of Boulder County at Reception No. 00351467 (the “Bloom Lease”), attached as Exhibit 4. The Bloom Lease is in the Western Unit.

49. On May 5, 1998, the County purchased the property described in the Bloom Lease together with the mineral rights subject to the Bloom Lease. The County is the successor lessor of the Bloom Lease.

50. Crestone is the successor lessee to the Bloom Lease.

51. The Bloom Lease permits the lessee to pool or unitize the lands 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.”

52. On March 2, 1977, Edith H. Thronson granted an Oil and Gas Lease to Martin Oil Service, Inc., covering portions of Sections 34, Township 2 North, Range 69 West, and Sections 2 and 4, Township 1 North, Range 69 West, in Boulder County and recorded in the real property records of Boulder County at Reception No. 00263530 (the “Thronson Lease”), attached as Exhibit 5. The Thronson Lease is in the Western Unit.

53. On November 16, 1994, the County purchased the property described in the Thronson Lease together with the mineral rights subject to the Thronson Lease. The County is the successor Lessor of the Thronson Lease.

54. Crestone is the successor lessee to the Thronson Lease.

55. The Thronson Lease permits the lessee to pool or unitize the lands 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.”

56. On March 3, 1981, Robert S. Alcorn granted an Oil and Gas Lease to The Vessels Company, covering portions of Section 10, Township 1 North, Range 69 West, in Boulder County and recorded in the real property records of Boulder County at Reception No. 00436830 (the “Alcorn Lease”), attached as Exhibit 6. The Alcorn Lease is in the Western Unit.

57. On June 20, 1995, the County purchased the property described in the Alcorn Lease together with the minerals subject to the Alcorn Lease. The County is the successor lessor of the Alcorn Lease.

58. Crestone is the successor lessee to the Alcorn Lease.

59. The Alcorn Lease permits the lessee to pool or unitize the lands described in the lease, but it limits the size of such a unit to “approximately 160 acres in area.”

60. The regulation relating to unit size in the lands subject to the Western Unit that was in force when the application for the Western Unit was filed were COGCC Order 407-1 and Order 407-87, which established 80-acre spacing units throughout the eastern part of Boulder County and beyond for the Codell and Niobrara geologic formations, which are the formations Crestone seeks to develop in the Western Unit with the CDP.

61. Order 407-1 established 80-acre drilling and spacing units for the production of oil and gas and associated hydrocarbons from the Codell Formation. 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.”

62. Under Orders 407-1 and 407-87, the minimum size tract on which a well may be drilled in Sections 3, 26, and 34 Township 2 North, Range 69 West, where the Haley Lease, Thronson Lease and Lewis Leases are located and Sections 2,4, and 11, Township 1 North, Range 69 West, where the Thronson Lease and the Bloom Lease are located, is 80 acres.

63. The Haley Lease, Lewis Leases, Bloom Lease and Thronson Lease do not grant Crestone the right to establish a unit greater than 80 acres. The Alcorn Lease expressly limits unitization to a maximum of 160 acres. The proposed Western Unit is 2,560 acres.

64. By seeking to establish the Western Unit over the protest of the County raising the lease issues, Crestone has shown an unequivocal intent to breach the Haley Lease, Lewis Leases, Bloom Lease, Thronson Lease and Alcorn Lease.

B. Central Unit

65. On June 15, 2018, also as part of the CDP project, Crestone filed an application with the COGCC to establish a drilling and spacing unit, at COGCC Docket No. 170500191. The proposed unit covers lands in Sections 2 and 11, Township 1 North, Range 69 West in in the CDP area in Boulder County. The proposed unit covers 1,280 acres (the “Central Unit”). The application for the Central Unit was originally filed February 22, 2017 and amended twice. During that process, the County raised the unit size limitations contained in certain leases detailed below. Crestone did not respond to or resolve those lease issues and its repeated pursuit of the Central Unit demonstrates its unequivocal intent to establish the Central Unit.

66. Leases in the Central Unit contain language prohibiting the establishment of the Central Unit or any unit of a similar size. Crestone has ignored the unitization and pooling limitations in the leases at issue.

67. The Bloom Lease described above, including the unit size limitation language cited, also covers lands in the Central Unit.

68. On March 13, 1980, White Rock Farms Associates granted an Oil and Gas Lease to W.C. Montgomery, Jr., covering portions of Sections 35 and 36, Township 2 North, Range 69 West, in Boulder County, and recorded in the Boulder County real estate records at Reception No. 00401913 (the “White Rock Lease”), attached as Exhibit 7.

69. On February 21, 1996, the County purchased the land described in the White Rock Lease together with the mineral rights subject to the White Rock Lease. The County is the successor lessor to the White Rock Lease.

70. Crestone is the successor lessee to the White Rock Lease.

71. The White Rock Lease is in the Central Unit. It permits the lessee to pool or unitize the lands 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.”

72. Like the Western Unit, the regulation regarding unit sizes in force at the time of the Central Unit application was COGCC Orders 407-1 and 407-87, which set the minimum size tract on which a well may be drilled in the Codell and Niobrara Formations at 80 acres. Thus, 80 acres is the cap for any unit that would encompass the Bloom and White Rock leases.

73. By seeking to establish the Central Unit over the protest of the County raising the lease issues, Crestone has shown an unequivocal intent to breach the Bloom Lease and the White Rock Lease.

C. Eastern Unit

74. On June 15, 2018, also as part of the CDP project, Crestone filed an application with the COGCC to establish a drilling and spacing unit, at COGCC Docket No. 170500190. The proposed unit encompasses lands in Sections 1 and 12, Township 1 North, Range 69 West and Sections 25 and 36, Township 2 North, Range 69 West in the CDP area in Boulder County. The proposed unit covers 2,560 acres (the “Eastern Unit”). The application for the Eastern Unit was originally filed February 22, 2017 and amended twice. During that process, the County raised the unit size limitations contained in certain leases detailed below. Crestone did not respond to or resolve those lease issues and its repeated pursuit of the Eastern Unit demonstrates its unequivocal intent to establish the Eastern Unit.

75. Leases in the Eastern Unit contain language prohibiting the establishment of the Eastern Unit or any unit of a similar size. Crestone has ignored the unitization and pooling limitations in the leases at issue.

76. The White Rock Lease described above, including the unit size limitation language, also covers lands in the Eastern Unit.

77. On February 28, 1980, Jack C. Wheeler and Donna Jean Wheeler granted an Oil and Gas Lease to W.C. Montgomery, Jr., covering portions of Section 1, Township 1 North, Range 69 West, in Boulder County and recorded in the real property records of Boulder County at Reception No. 00394732 (the “Wheeler Lease”), attached as Exhibit 8.

78. On June 30, 2017, the County purchased the land described in the Wheeler Lease together with the mineral rights subject to the Wheeler Lease. The County is the successor lessor to the Wheeler Lease.

79. Crestone is the successor lessee to the Wheeler Lease.

80. The Wheeler Lease is located in the Eastern Unit. It permits the lessee to pool or unitize the lands 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.”

81. Like the Western Unit and the Central Unit, the regulation regarding unit sizes in force at the time of the Eastern Unit application was COGCC Orders 407-1 and 407-87, which set the minimum size tract on which a well may be drilled in the Codell and Niobrara formations at 80 acres. Thus, 80 acres is the cap for any unit that would encompass the White Rock Lease or Wheeler Lease.

82. By seeking to establish the Eastern Unit over the protest of the County raising the lease issues, Crestone has shown an unequivocal intent to breach the White Rock Lease and the Wheeler Lease.

D. Crestone's violation of leases in the Western, Central and Eastern Units

83. If Crestone successfully establishes the Western Unit, Central Unit and Eastern Unit, it will violate the terms of the Haley Lease, Lewis Leases, Bloom Lease, White Rock Lease, Alcorn Lease, Thronson Lease, and Wheeler Lease.

84. The County seeks a declaration from the Court (i) interpreting the unitization and pooling clauses in the Haley Lease, Lewis Leases, Bloom Lease, White Rock Lease, Alcorn Lease, Thronson Lease, and Wheeler Lease; and (ii) confirming that the proposed Western Unit, Central Unit, and Eastern Unit exceed the rights conveyed in those unitization and pooling clauses.

Violation of Conservation Easements

85. On February 8, 2001, Clyde G. Canino granted the County a conservation easement over lands in Sections 35 and 36, Township 2 North, Range 69 West in Boulder County and recorded in the Boulder County real property records at Reception No. 002117698 (the "Canino CE"), attached as Exhibit 9. In the CDP, Crestone offers the property subject to the Canino CE as an alternative site for a massive 56-well pad.

86. The County purchased the Canino CE rights from the owner of the property. The County obtained the Canino CE to protect specific conservation values existing on the property, including "the Property's significant agricultural attributes, its present and continued agricultural use and its open space values." Specifically, the Canino CE was purchased "to assure its preservation in perpetuity for agricultural uses and for the open space function which it serves," all policies set forth in the Boulder County Comprehensive Plan and supported by §§ 38-30.5-101 et seq., C.R.S. The Canino CE was purchased with Open Space Tax revenues and Conservation Trust Fund lottery proceeds.

87. The Canino CE restricts surface development on the described parcels (the "Canino Property"), including a prohibition on extraction of oil and gas except for any oil and gas extraction allowed under leases existing at the time the Canino CE was signed.

88. Two oil and gas leases affecting the Canino Property existed on February 28, 2001 (described below and referred to collectively as the "Canino Leases"), attached as Exhibit 10.

89. On April 4, 1979, Joseph R. Becky granted an Oil and Gas Lease to Martin Oil Services, Inc., covering portions of Sections 27 and 36, Township 2 North, Range 69 West and Section 6, Township 1 North, Range 69 West in Boulder County and recorded at Reception No. 00332044 (the "Becky Lease").

90. The Becky Lease allows the lessee, under certain conditions, to explore, drill, and

produce oil and gas on the lands described in the lease or, if procedures are met, “adjoining lands.” The lands described in the lease cover 515 acres.

91. On April 17, 1979, J. Hammond Jones and Lillie A. Jones granted an Oil and Gas Lease to Martin Oil Services, Inc., covering portions of Section 36, Township 2 North, Range 69 West in Boulder County and recorded at Reception No. 00337185 (the “Jones Lease”).

92. The Jones Lease allows the lessee, under certain conditions, to explore, drill, and produce oil and gas on the lands described in the lease or, if procedures are met, “adjoining lands.” The Jones lease describes a parcel of 200 acres, some of which is co-extensive with the Becky lease.

93. The Canino Leases have not been pooled or incorporated into any unit for the purpose of developing oil and gas.

94. The Canino Leases grant the use of land for the purpose of developing the minerals under the Canino property.

95. Crestone proposes to place a 56-well pad (the “Canino Pad”) on the Canino Property for the purpose of extracting minerals from the four-square-mile Eastern Unit described above. Crestone is currently seeking approval of the Canino Pad and the Western Unit from the COGCC and has actively sought an agreement with the owner of the Canino Property to allow development of the Canino Pad.

96. The Canino Pad will destroy the conservation values for which the Canino CE was obtained by significantly impairing the agricultural use and open space functions of the Canino Property.

97. Where the Canino Pad is not a right granted in the pre-existing Canino Leases, it is prohibited by the Canino CE.

98. The Canino Pad is a larger facility than would be necessary to extract the minerals under the Canino property. Therefore, the Canino Pad is not permitted under the Canino Leases and prohibited by the Canino CE.

99. On January 19, 2006, Jules Van Thuyne, Jr. granted the County a Conservation Easement over lands in Sections 34 and 35, Township 2 North, Range 69 West in Boulder County and recorded in the Boulder County real property records at Reception No. 2751690 (the “Van Thuyne CE”), attached as Exhibit 11.

100. The County purchased the Van Thuyne CE rights from the owner of the property. The County obtained the Van Thuyne CE to protect specific conservation values existing on the property, including “the Property’s significant agricultural resources, its present and continued agricultural use and its open space values.” Specifically, the Van Thuyne CE was

purchased “to assure its preservation in perpetuity for agricultural uses and for the open space function which it serves,” all policies set forth in the Boulder County Comprehensive Plan and supported by §§ 38-30.5-101 et seq., C.R.S. The Van Thuyne CE was purchased with Open Space Tax revenues.

101. The Van Thuyne CE restricts surface development, including a prohibition on extraction of oil and gas except for any oil and gas extraction allowed under leases existing when the Van Thuyne CE was signed.

102. One oil and gas lease encumbered the lands subject to the Van Thuyne CE on January 19, 2006.

103. On November 2, 1970, Wallace Almquist granted an Oil and Gas Lease to Robert A. Shaw covering portions of Sections 34 and 35, Township 2 North, Range 69 West in Boulder County and recorded in the Boulder County real property records at Reception No. 963415 (the “Van Thuyne Lease”), attached as Exhibit 12.

104. The Van Thuyne Lease allows the lessee, under certain conditions, to explore, drill, and produce oil and gas on the lands described in the lease. The land described in the Van Thuyne Lease was a 212-acre parcel.

105. The Van Thuyne Lease has not been pooled or incorporated into any unit for the purpose of developing oil and gas.

106. Crestone proposes to place a 28-well pad (the “Van Thuyne Pad”) on a parcel in Section 35 subject to the Van Thuyne Lease for the purpose of draining minerals from the two-square-mile Central Unit described above.

107. Crestone is seeking the approval of the Van Thuyne Pad and the Central Unit from the COGCC and has actively sought an agreement with the property’s owner to allow construction of the Van Thuyne Pad.

108. The Van Thuyne Pad is a larger facility than would be necessary to extract the minerals under the Van Thuyne Property. Therefore, the Van Thuyne Lease does not allow for the Van Thuyne Pad.

109. The Van Thuyne Pad will destroy the conservation values for which the Van Thuyne CE was obtained by significantly impairing the agricultural use and open space functions of the property.

110. Where the Van Thuyne Pad is not a right granted in the pre-existing Van Thuyne Lease, it is prohibited by the Van Thuyne CE.

111. “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.

Lease Limits on Use of Surface

112. The Haley Lease grants the right to extract minerals from the leased land, a 160-acre parcel (the “Haley Property”).

113. The Haley Lease is not subject to any pooling or unitization agreement or order.

114. Crestone proposes to put 56 wells on the Haley Property to drill minerals from the four-square-mile Eastern Unit.

115. Fifty-six wells are not required to extract the minerals from the 160-acre Haley Property. Therefore, the proposed use of the Haley Property violates the Haley Lease.

116. The Wheeler Lease grants the right to extract minerals from the leased land, a 233.92-acre parcel (the “Wheeler Property”).

117. The Wheeler Lease is not subject to any pooling or unitization agreement or order.

118. Crestone proposes to put 56 wells on the Wheeler Property to drill minerals from the four-square-mile Eastern Unit.

119. Fifty-six wells are not required to extract the minerals from the 233.92-acre Wheeler Property. Therefore, the proposed use of the Wheeler Property violates the the Wheeler Lease.

FIRST CLAIM FOR RELIEF **(Failure to Surrender Haley Lease)**

120. The County incorporates the above allegations by reference.

121. The Haley Lease expired by its terms.

122. Crestone, as the current holder of the Haley Lease rights, did not record a surrender of the Haley Lease within 90 days of its expiration date.

123. Crestone violated § 38-42-104, C.R.S., with respect to the Haley Lease.

124. The County is entitled to an order directing Crestone to immediately record a written release of the Haley Lease, together with payment of damages, the County’s court costs,

and its reasonable attorney fees pursuant to § 38-42-105, C.R.S.

SECOND CLAIM FOR RELIEF
(Failure to Surrender Lewis Leases)

125. The County incorporates the above allegations by reference.
126. The Lewis Leases expired by their terms when the primary term expired without production.
127. Crestone, as the current holder of the Lewis Leases rights did not record a surrender of the Lewis Leases.
128. Crestone violated § 38-42-104, C.R.S., with respect to the Lewis Leases.
129. The County is entitled to an order directing Crestone to immediately record a written release of the Lewis Leases, together with payment of damages, the County's court costs, and its reasonable attorney fees pursuant to § 38-42-105, C.R.S.

THIRD CLAIM FOR RELIEF
(Continuing Surface Trespass to Haley Property)

130. The County incorporates the above allegations by reference.
131. The County owns the Haley Property.
132. Crestone intentionally occupied the Haley Property after its lease rights to use such surface expired. The County has not granted express or implied permission to Crestone to continue to occupy the Haley Property.
133. County property has been damaged by Crestone's unauthorized occupation of the Haley Property.
134. Crestone's unauthorized occupation of County property is the cause of the County's damages.

FOURTH CLAIM FOR RELIEF
(Continuing Mineral Trespass—Haley Lease)

135. The County incorporates the above allegations by reference.
136. The County owns minerals subject to the Haley Lease.
137. Crestone continued to extract minerals belonging to the County after its lease

rights to do so had expired. The County has not granted express or implied permission to Crestone to continue to extract minerals from the Haley Property.

138. The County was damaged as a result of Crestone's mineral trespass.

FIFTH CLAIM FOR RELIEF
(Unjust Enrichment – Haley Lease)

139. The County incorporates the above allegations by reference.

140. The County owns minerals subject to the Haley Lease.

141. Crestone received a benefit by continuing to extract minerals belonging to the County after its lease rights to do so had expired.

142. Crestone received this benefit at the County's expense by using the surface of the Haley Property and extracting minerals belonging to the County without paying the County for the full value of either.

143. Under these circumstances, it would be unjust for Crestone to retain these benefits without commensurate compensation.

SIXTH CLAIM FOR RELIEF
(Anticipatory Breach of Haley Lease – Unit Limits)

144. The County incorporates the above allegations by reference.

145. The County and Crestone are the current parties to the Haley Lease.

146. Crestone has shown its clear, definite, and unequivocal intent to breach the Haley Lease by incorporating the Haley Lease into a unit larger than allowed by the lease terms.

SEVENTH CLAIM FOR RELIEF
(Anticipatory Breach of Lewis Leases – Unit Limits)

147. The County incorporates the above allegations by reference.

148. The County and Crestone are the current parties to the Lewis Leases.

149. Crestone has shown its clear, definite, and unequivocal intent to breach the Lewis Leases by incorporating the Lewis Leases into a unit larger than allowed by the lease terms.

EIGHTH CLAIM FOR RELIEF
(Anticipatory Breach of Bloom Lease – Unit Limits)

150. The County incorporates the above allegations by reference.
151. The County and Crestone are the current parties to the Bloom Lease.
152. Crestone has shown its clear, definite, and unequivocal intent to breach the Bloom Lease by incorporating the Bloom Lease into a unit or units larger than allowed by the lease terms.

NINTH CLAIM FOR RELIEF
(Anticipatory Breach of Thronson Lease – Unit Limits)

153. The County incorporates the above allegations by reference.
154. The County and Crestone are the current parties to the Thronson Lease.
155. Crestone has shown its clear, definite, and unequivocal intent to breach the Thronson Lease by incorporating the Thronson Lease into a unit larger than allowed by the lease terms.

TENTH CLAIM FOR RELIEF
(Anticipatory Breach of Alcorn Lease – Unit Limits)

156. The County incorporates the above allegations by reference.
157. The County and Crestone are the current parties to the Alcorn Lease.
158. Crestone has shown its clear, definite, and unequivocal intent to breach the Alcorn Lease by incorporating the Alcorn Lease into a unit larger than allowed by the lease terms.

ELEVENTH CLAIM FOR RELIEF
(Anticipatory Breach of White Rock Lease – Unit Limits)

159. The County incorporates the above allegations by reference.
160. The County and Crestone are the current parties to the White Rock Lease.
161. Crestone has shown its clear, definite, and unequivocal intent to breach the White Rock Lease by incorporating the White Rock Lease into a unit larger than allowed by the lease terms.

TWELFTH CLAIM FOR RELIEF
(Anticipatory Breach of Wheeler Lease – Unit Limits)

162. The County incorporates the above allegations by reference.

163. The County and Crestone are the current parties to the Wheeler Lease.

164. Crestone has shown its clear, definite, and unequivocal intent to breach the Wheeler Lease by incorporating the Wheeler Lease into a unit larger than allowed by the lease terms.

THIRTEENTH CLAIM FOR RELIEF
(Declaratory Judgment, Haley Lease – Unit Limits)

180. The County incorporates the above allegations by reference.

181. The County and Crestone are the current parties to the Haley Lease.

182. An actual, current controversy exists between the parties regarding the application of the pooling and unitization clause in the Haley Lease with respect to the development proposed in the CDP.

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

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

FOURTEENTH CLAIM FOR RELIEF
(Declaratory Judgment, Lewis Leases – Unit Limits)

185. The County incorporates the above allegations by reference.

186. The County and Crestone are the current parties to the Lewis Leases.

187. An actual, current controversy exists between the parties regarding the application of the pooling and unitization clause in the Lewis Leases with respect to the development proposed in the CDP.

188. The dispute between the parties involves the interpretation of the Lewis Leases. The dispute will be effectively resolved by the Court's declaration of the respective rights of the parties.

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

FIFTEENTH CLAIM FOR RELIEF
(Declaratory Judgment, Bloom Lease – Unit Limits)

190. The County incorporates the above allegations by reference.

191. The County and Crestone are the current parties to the Bloom Lease.

192. An actual, current controversy exists between the parties regarding the application of the pooling and unitization clause in the Bloom Lease with respect to the development proposed in the CDP.

193. The dispute between the parties involves the interpretation of the Bloom Lease. The dispute will be effectively resolved by the Court’s declaration of the respective rights of the parties.

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

SIXTEENTH CLAIM FOR RELIEF
(Declaratory Judgment, White Rock Lease – Unit Limits)

195. The County incorporates the above allegations by reference.

196. The County and Crestone are the current parties to the White Rock Lease.

197. An actual, current controversy exists between the parties regarding the application of the pooling and unitization clause in the White Rock Lease with respect to the development proposed in the CDP.

198. The dispute between the parties involves the interpretation of the White Rock Lease. The dispute will be effectively resolved by the Court’s declaration of the respective rights of the parties.

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

SEVENTEENTH CLAIM FOR RELIEF
(Declaratory Judgment, Thronson Lease – Unit Limits)

200. The County incorporates the above allegations by reference.

201. The County and Crestone are the current parties to the Thronson Lease.

202. An actual, current controversy exists between the parties regarding the application of the pooling and unitization clause in the Thronson Lease with respect to the development proposed in the CDP.

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

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

EIGHTEENTH CLAIM FOR RELIEF
(Declaratory Judgment, Alcorn Lease – Unit Limits)

205. The County incorporates the above allegations by reference.

206. The County and Crestone are the current parties to the Alcorn Lease.

207. An actual, current controversy exists between the parties regarding the application of the pooling and unitization clause in the Alcorn Lease with respect to the development proposed in the CDP.

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

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

NINETEENTH CLAIM FOR RELIEF
(Declaratory Judgment, Wheeler Lease – Unit Limits)

210. The County incorporates the above allegations by reference.

211. The County and Crestone are the current parties to the Wheeler Lease.

212. An actual, current controversy exists between the parties regarding the application of the pooling and unitization clause in the Wheeler Lease with respect to the development proposed in the CDP.

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

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

TWENTIETH CLAIM FOR RELIEF
(§38-30.5-108(2), C.R.S., Threat to Canino CE)

215. The County incorporates the above allegations by reference.

216. Crestone's conduct threatens irreparable injury and impairment to the land protected by the Canino CE and the conservation values for which the Canino CE was purchased.

217. As the holder of the Canino CE, the County is entitled to relief from Crestone's conduct.

TWENTY-FIRST CLAIM FOR RELIEF
(§38-30.5-108(2), C.R.S., Threat to Van Thuyne CE)

218. The County incorporates the above allegations by reference.

219. Crestone's conduct threatens irreparable injury and impairment to the land protected by the Canino CE and the conservation values for which the Van Thuyne CE was purchased.

220. As the holder of the Canino CE, the County is entitled to relief from Crestone's conduct.

TWENTY-SECOND CLAIM FOR RELIEF
(Declaratory Judgment Regarding Canino CE)

221. The County incorporates the above allegations by reference.

222. The County is a party to the Canino CE.

223. An actual, current controversy exists between the parties regarding whether the Canino Pad is prohibited by the Canino CE.

224. The dispute between the parties involves the interpretation of the Canino CE. The dispute will be effectively resolved by the Court's declaration of the respective rights of the parties.

225. The County is entitled to declaratory judgment as provided for under § 13-51-101, C.R.S., *et. seq.* and C.R.C.P. 57(b) that the Canino CE prohibits development of the Canino Pad.

TWENTY-THIRD CLAIM FOR RELIEF
(Declaratory Judgment Regarding Van Thuyne CE)

226. The County incorporates the above allegations by reference.

227. The County is a party to the Van Thuyne CE.

228. An actual, current controversy exists between the parties regarding whether the Van Thuyne Pad is prohibited by the terms of the Canino CE.

229. The dispute between the parties involves the interpretation of the Van Thuyne CE. The dispute will be effectively resolved by the Court's declaration of the respective rights of the parties.

230. The County is entitled to declaratory judgment as provided for under § 13-51-101, C.R.S., *et. seq.* and C.R.C.P. 57(b) that the Van Thuyne CE prohibits development of the Van Thuyne Pad.

TWENTY-FOURTH CLAIM FOR RELIEF
(Declaratory Judgment – Reasonable Accommodation Doctrine, Haley Property)

231. The County incorporates the above allegations by reference.

232. The County and Crestone are the current parties to the Haley Lease.

233. An actual, current controversy exists between the parties regarding whether a 56-well pad exceeds Crestone's rights to the surface provided by the reasonable accommodation doctrine.

234. The dispute between the parties involves the interpretation of § 34-60-27, C.R.S. The dispute will be effectively resolved by the Court's declaration of the respective rights of the parties.

235. The County is entitled to declaratory judgment as provided for under § 13-51-101, C.R.S., *et. seq.* and C.R.C.P. 57(b) that the a 56-well pad on the Haley Property violates the reasonable accommodation doctrine.

TWENTY-FIFTH CLAIM FOR RELIEF
(Declaratory Judgment – Reasonable Accommodation Doctrine, Wheeler Property)

236. The County incorporates the above allegations by reference.

237. The County and Crestone are the current parties to the Wheeler Lease.

238. An actual, current controversy exists between the parties regarding whether a 56-

well pad exceeds Crestone's rights to the surface provided by the reasonable accommodation doctrine.

239. The dispute between the parties involves the interpretation of § 34-60-27, C.R.S. The dispute will be effectively resolved by the Court's declaration of the respective rights of the parties.

240. The County is entitled to declaratory judgment as provided for under § 13-51-101, C.R.S., *et. seq.* and C.R.C.P. 57(b) that the a 56-well pad on the Wheeler Property violates the reasonable accommodation doctrine.

TWENTY-SIXTH CLAIM FOR RELIEF

(Declaratory Judgment – Violation of Surface Rights under the Haley Lease)

241. The County incorporates the above allegations by reference.

242. The County and Crestone are the current parties to the Haley Lease.

243. An actual, current controversy exists between the parties regarding whether a 56-well pad exceeds the surface rights granted in the Haley Lease.

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

245. The County is entitled to declaratory judgment as provided for under § 13-51-101, C.R.S., *et. seq.* and C.R.C.P. 57(b) that a 56-well pad violates the terms of the Haley Lease.

TWENTY-SEVENTH CLAIM FOR RELIEF

(Declaratory Judgment – Violation of Surface Rights under the Wheeler Lease)

246. The County incorporates the above allegations by reference.

247. The County and Crestone are the current parties to the Wheeler Lease.

248. An actual, current controversy exists between the parties regarding whether a 56-well pad exceeds the surface rights granted in the Wheeler Lease.

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

250. The County is entitled to declaratory judgment as provided for under § 13-51-101, C.R.S., *et. seq.* and C.R.C.P. 57(b) that the a 56-well pad on the Wheeler property violates the

terms of the Wheeler Lease.

WHEREFORE, Boulder County respectfully requests that judgment enter in its favor, and against Defendant, as follows:

- A. Determining that the Haley Lease expired by its terms;
- B. Determining that the Lewis Leases expired by their terms;
- C. Ordering Crestone to record written releases of all leases deemed expired in the real property records of Boulder County;
- D. Ordering Crestone to immediately cease operations, remove all equipment and reclaim the surface on County property subject to all leases deemed expired;
- E. Ruling that Crestone's occupation of County property subject to the all leases deemed expired was a trespass that caused damages to County property;
- F. Ruling that Crestone's extraction of County minerals after the expiration of all leases deemed expired was a mineral trespass that caused damages to County property;
- G. Ruling that Crestone was unjustly enriched by extraction of County minerals after the expiration of all leases deemed expired;
- H. Ruling that Crestone anticipatorily breached the Haley Lease by seeking establishment of the Western Unit;
- I. Ruling that Crestone anticipatorily breached the Lewis Leases by seeking establishment of the Western Unit;
- J. Ruling that Crestone anticipatorily breached the Bloom Lease by seeking establishment of the Western Unit;
- K. Ruling that Crestone anticipatorily breached the Thronson Lease by seeking establishment of the Central Unit;
- L. Ruling that Crestone anticipatorily breached the Alcorn Lease by seeking establishment of the Central Unit;
- M. Ruling that Crestone anticipatorily breached the White Rock Lease by seeking establishment of the Eastern Unit;

N. Ruling that Crestone anticipatorily breached the Wheeler Lease by seeking establishment of the Eastern Unit;

O. Declaring that the Haley Lease does not allow for establishment of the Eastern Unit;

P. Declaring that the Lewis Leases do not allow for establishment of the Eastern Unit;

Q. Declaring that the Bloom Lease does not allow for establishment of the Eastern Unit or the Central Unit;

R. Declaring that the White Rock Lease does not allow for establishment of the Eastern Unit or the Central Unit;

S. Declaring that the Thronson Lease does not allow for establishment of the Central Unit;

T. Declaring that the Wheeler Lease does not allow for establishment of the Eastern Unit;

U. Declaring that, under the terms of the Canino CE, Crestone is prohibited from constructing a 56-well pad on the Canino Property;

V. Declaring that under the terms of the Van Thuyne CE, Crestone is prohibited from construction a 56-well pad on the Van Thuyne Property;

W. Enjoining Crestone from injuring or impairing the conservation values protected by the Canino CE;

X. Enjoining Crestone from injuring or impairing the conservation values protected by the Van Thuyne CE;

Y. Declaring that the reasonable accommodation doctrine does not allow for a 56-well pad on the Haley Property;

Z. Declaring that the reasonable accommodation doctrine does not allow for a 56-well pad on the Wheeler Property;

AA. Declaring that the Haley Lease does not allow for a 56-well pad on its surface;

BB. Declaring that the Wheeler Lease does not allow for a 56-well pad on its surface;

CC. 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, C.R.S.;
- b. Damages for surface trespass in an amount to be determined at trial;
- c. Damages for mineral trespass in an amount to be determined at trial;
- d. Damages for Crestone's unjust enrichment by unauthorized extraction of County-owned minerals.

DD. Awarding the County all recoverable fees and costs including reasonable attorney fees; and

EE. For all such further relief the Court deems appropriate.

The County demands a jury on all issues so triable.

DATED: September 25, 2018

BOULDER COUNTY ATTORNEY

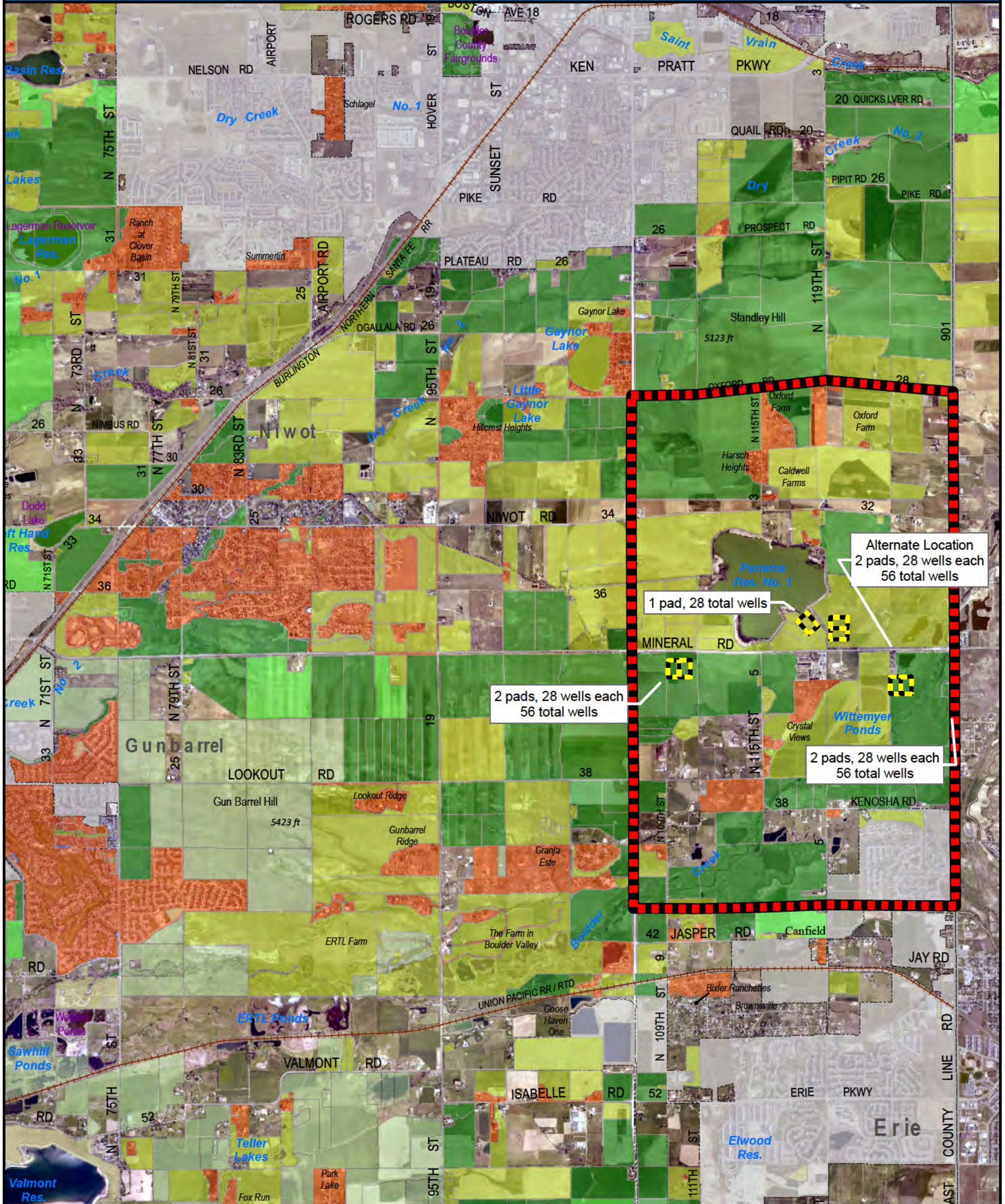
/s/David Hughes

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

Attorneys for Plaintiff

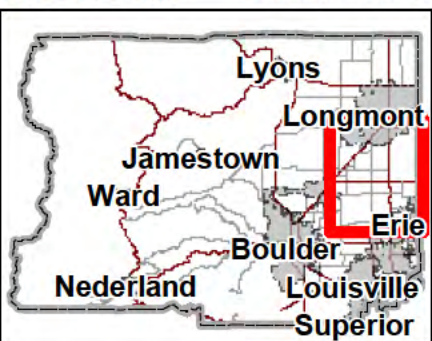


Crestone Final CDP

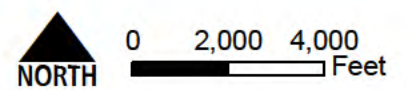


Legend

Area of Detail Date: 9/24/2018



- Well Pad Site
- Crestone CDP Area
- Subdivisions and Other Platted Areas
- Municipalities
- County Open Space
- Joint County and Municipal Open Space
- County Conservation Easement
- City Parks and Open Space
- OSMP Properties
- Other Municipal OS-BCPOS data
- Other Open Space



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dhaines

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

C Rev 1974 OIL AND GAS LEASE

THIS AGREEMENT, Entered into this the 20th day of FEBRUARY, 19 80
between JAMES S. HALEY, Trustee of Maxine Haley Trust created by the Trust Agreement
of Charles A. Johnson
340 Crestridge Lane; Longmont, Colorado 80501
and W. C. MONTGOMERY, JR., Littleton, Colorado hereinafter called lessor,
hereinafter called lessee, does witness:

1. That lessor, for and in consideration of the sum of Ten and more Dollars in hand paid and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted, leased, and let and by these presents does hereby grant, lease, and let exclusively unto the lessee the hereinafter described land, and with the right to unitize this lease or any part thereof with other oil and gas leases as to all or any part of the lands covered thereby as hereinafter provided, for the purpose of carrying on geological, geophysical and other exploratory work, including core drilling, and the drilling, 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 1 North, Range 69 West
Section 3: NE $\frac{1}{4}$

Recorded 10:09 AM On MAY 16 1980
395834

Reception No. Charlotte Houston, Boulder County Recorder and containing May 14, 1980 acres, more or less.

2. It is agreed that this lease shall remain in full force for a term of Two (2) years from the 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 3/16ths 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, 3/16ths 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 14th day of May, 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, Colorado 80501, 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 Sixty 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 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: John R. Haley

JAMES S. HALEY, Trustee of Maxine Haley Trust created by the Trust Agreement of Charles A. Johnson

By: James S. Haley, Trustee

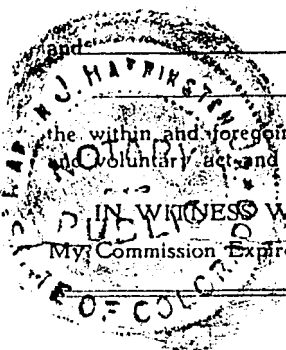
27

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 20th

day of FEBRUARY, 1980, personally appeared JAMES S. HALEY, Trustee of Maxine Haley Trust
created by the Trust Agreement of Charles A. Johnson



_____ 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 he duly executed the same as his 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. *Notary J. Harrington*
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 _____

395834

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
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VESSELS OIL AND GAS COMPANY
CHERRY CREEK PLAZA #1220
600 SO. CHERRY STREET
DENVER, CO 80222

This LEASE AGREEMENT is made and entered into this 15th day of August, 1985

to be effective on August 15th, 1985, (hereinafter called "Effective Date"), by and between

Kenneth D. Lewis and Germaine R. Lewis, his wife
1620 Centaur Circle, Lafayette, Colorado 80026 (hereinafter called "Lessor", whether one or more) and

Vessels Oil & Gas Company
600 S. Cherry St., #1220, Denver, Colorado 80222 (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, CO₂, 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 BOULDER, State of COLORADO, and are more particularly described as follows:
Township 2 North, Range 69 West of the 6th P.M.
Section 26: NW/4

All royalty provisions of "one-eighth (1/8)" contained herein are to be amended to be "fourteen percent (14%)".

K.D.L. G.R.L.

containing 160.00 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 one (1) 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:

- The Lessee shall pay to the Lessor one-eighth (1/8th) 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.
- 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 (1/8th) 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.
- 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:
 - 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.
 - 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.
 - 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.
 - 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.
- 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 Lafayette, Colorado

or its successors. The sum of One Hundred Sixty and 00/100 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 90 days thereafter. 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 the 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 cure any default 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.

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F1368 CHARLOTTE HOUSTON BOULDER CNTY CO RECORDER

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 depth 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.

Germaine R. Lewis
Germaine R. Lewis, SS#522-86-0329

Kenneth D. Lewis
Kenneth D. Lewis, SS#524-48-5876

STATE OF COLORADO
COUNTY OF BOULDER } ss.

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

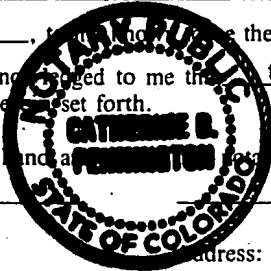
BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 16th

day of August, 19 85, personally appeared Kenneth D. Lewis

and Germaine R. Lewis, his wife

to me, 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 official seal the day and year last above written.
My Commission Expires Dec. 15, 1986



Catherine R. Pennington
Notary Public.
Address: 600 S. Cherry St #1220
Denver, CO 80222

STATE OF _____ } ss.
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 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 _____

707419

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

OIL AND GAS LEASE

This LEASE AGREEMENT is made and entered into this 15th day of August, 1985 2-1to be effective on August 15th, 1985, (hereinafter called "Effective Date"), by and between 029 Highway 52
Ralph E. Lewis and Alene V. Lewis, Longmont, CO 80501 (hereinafter called "Lessor", whether one or more) and
Vessels Oil & Gas Company,
600 S. Cherry St., #1220, Denver, Colorado 80222 (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, CO₂, 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 Boulder, State of Colorado, and are more particularly described as follows:
Township 2 North, Range 69 West of the 6th P.M.
Section 26: NW/4All royalty provisions of "one-eighth (1/8)" contained herein are to be amended to be "fourteen percent (14%)".
R.E.L.
A.V.L.containing 160.00 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 one (1) 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:

- The Lessee shall pay to the Lessor one-eighth (1/8th) 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.
- 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 (1/8th) 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.
- 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:
 - 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.
 - 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.
 - 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.
 - 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.
- 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 NationalBank, whose address is Longmont, Coloradoor its successors. The sum of One Hundred Sixty and 00/100 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 depth 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.

Alene V. Lewis
Alene V. Lewis, SS#523-52-2161

Ralph E. Lewis
Ralph E. Lewis, SS#524-01-5882

STATE OF COLORADO
COUNTY OF BOULDER } ss.

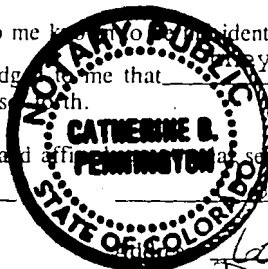
Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,
Nebraska, North Dakota, South Dakota
ACKNOWLEDGMENT-INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 16th

day of August, 19 85, personally appeared Ralph E. Lewis

and Alene V. Lewis

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 seal the day and year last above written.

My Commission Expires Dec. 15, 1986
Catherine B. Pennington
Notary Public
600 S. Cherry St. #1220
DENVER, CO 80222

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 _____

707418

Vertical lines for recording information: No., FROM, TO, Dated, No. Acres, County, Term, This instrument was filed for record on the day of, o'clock M., and duly recorded in Volume, Page, of the records of this office. County Clerk, Deputy.

When recorded return to
VESSELS OIL AND GAS COMPANY
CHERRY CREEK PLAZA #1220
600 SO. CHERRY STREET,
DENVER, CO 80222

OIL AND GAS LEASE

The LEASE AGREEMENT is made and entered into this 15th day of AUGUST, 1985

to be effective on August 15th, 1985 (hereinafter called "Effective Date"), by and between

Merle B. Lewis and June M. Lewis, his wife
3920 Weld County Road 1, Erie, Colorado 80516

(hereinafter called "Lessor", whether one or more) and

Vessels Oil & Gas Company
606 S. Cherry St., #1220, Denver, CO 80222

(hereinafter called "Lessee")

Lessee, 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 Lessor 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, CO2, coal-bed gas, and all other liquid hydrocarbons, and all other gases and their respective constituent vapors that are, or 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, storage 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 Boulder, State of Colorado, and are more particularly described as follows:

Township 2 North, Range 69 West of the 6th P.M.
Section 26: NW/4

All royalty provisions of "one-eighth (1/8)" contained herein are to be amended to be "fourteen percent (14%)".

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F1368 CHARLOTTE HOUSTON BOULDER CNTY CO RECORDER

containing 160.00 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 hereafter be established in Lessor.

TO HAVE AND TO HOLD the Lessee, its heirs, assigns, subject to the other provisions herein contained, for a term of ONE (1) years from the Effective Date (called "Primary Term") and as long thereafter as any of the substances produced from the Leased Premises or from lands pooled or unitized with 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.

Lessee and Lessor agree to the following additional provisions:

- 1. The Lessee shall pay to the Lessor one-eighth (1/8th) 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 his share of production by law.
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 (1/8th) of the actual proceeds received by Lessee for the sale of the gas, pursuant to any contract or agreement, net of the amount received 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 pursuant to applicable regulatory orders and after payment of any applicable price adjustments specified in such contract or regulatory orders.
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 otherwise 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 of such shut-in well as a 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 anniversary date of this Lease, or any subsequent anniversary thereof, if there be a stated paying date, but if no royalty 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 no gas on the Leased Premises or on lands with which the Leased Premises or a portion thereof are pooled or unitized, or if no gas has been sold or so used from any of such gas wells at any time during the twelve month 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 to 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 obligated 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 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 perform the operations 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 suitability 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 the expiration of the Primary Term, 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 Lafayette, Colorado

or its successors the sum of One Hundred Sixty and 00/100 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 sum shall be paid to 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 ownership of the interest in the lease and upon like payments or tenders the commencement of operations for drilling may further be deferred for like periods expensively. All payments shall be made by check or draft of Lessee or any assignee thereof, mailed or delivered on or before the regular paying date, either direct to Lessor or assignee or to said depository bank. This Lease shall terminate if the Lessee does not pay or tender such rental, or does not calculate such rental properly, but makes a good faith effort to do so and signs such failure within thirty (30) days after the expiration of notice by Lessor of such failure. The consideration first recited in this Lease covers not only the privilege granted in 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 therefrom 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 regular-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, the royalties, shut-in royalties and rentals herein provided shall be paid to the Lessor only in the proportion which his 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, hoses, buildings and other structures placed on the Leased Premises, including the right to drive 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 rental 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 decedent owner and of the probate thereof, or certified copy of the proceedings showing appointment of an administrator of any decedent owner, or a certified copy of the will of any decedent owner, 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 effect 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, 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 to a part or as to part 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 disturb 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 rent.

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 sums 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, or to oil and gas, or other 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 in a unit or units not exceeding the maximum acreage limit 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 maximum acreage 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 extend into one or more sections but shall not extend beyond the right-of-way of the Leased Premises or 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 on 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, including shut-in gas royalties, elsewhere herein specified, Lessor shall receive from a unit so formed only such portion of the royalty stipulated herein for 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 under the instrument or instruments identifying and describing the pooled or unitized area contains 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 purposes 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 areas, 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, hereafter the delay rentals hereinabove provided for shall be reduced proportionately.

16. Where 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, or 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.

June M. Lewis
June M. Lewis, SS#366-09-6643

Merle B. Lewis
Merle B. Lewis, SS# 521-44-5363

STATE OF COLORADO } ss. Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah,
COUNTY OF BOULDER } Nebraska, North Dakota, South Dakota
ACKNOWLEDGMENT—INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 16th day of August, 1985, personally appeared Merle B. Lewis and June M. Lewis, his wife

to be the identical persons described in and who executed the within and foregoing instrument of writing and acknowledged to me that they have duly executed the same as their free and voluntary act and deed for the uses and purposes herein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal on this 16th day of August, 1985 at Denver, Colorado.

My Commission Expires Dec 15 1988

Charles S. Cherry
Notary Public
Address: 1720 Cherry St Denver, CO 80222

STATE OF _____ } ss. ACKNOWLEDGMENT (For use by Corporation)
COUNTY OF _____ }

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 _____

707417

No. _____ FROM _____ TO _____

Dated _____, 19____

No. Acres _____

Term _____ County _____

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
VESSELL OIL AND GAS COMPANY
CHERRY CREEK PLAZA #1220
600 SO. CHERRY STREET,
DENVER, CO 80222

OIL AND GAS LEASE

2-1

This LEASE AGREEMENT is made and entered into this 15th day of August, 19 85

to be effective on August 15, 19 85, (hereinafter called "Effective Date"), by and between Cleone Lewis, a widow, Patricia Wagner, Ronald Lewis and Gene Lewis, all heirs of the Estate of Lloyd Lewis & dealing in their sole & separate property, 55 Juniper, #111, Eaton, CO 80615, (hereinafter called "Lessor", whether one or more) and Vessels Oil & Gas Company
600 South Cherry St., Ste. 1220, Denver, CO 80222 (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, CO₂, 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 Boulder State of Colorado and are more particularly described as follows:

Township 2 North, Range 69 West of the 6th P.M.
Section 26: NW/4

All royalty provisions of "one-eighth (1/8)" contained herein are to be amended to be "fourteen percent (14%)".

Lessors agree that bonus consideration and all shut-in payments are to be made to Cleone Lewis as outlined in Paragraph 4.

containing 150.00 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 one (1) 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:

- The Lessee shall pay to the Lessor one-eighth (1/8th) 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.
- 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 (1/8th) 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.
- 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:
 - 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.
 - 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.
 - 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.
 - 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.
- 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 Greeley National Bank, whose address is Greeley, Colorado

or its successors. The sum of One Hundred Sixty and 00/100 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.

#00712562 09/13/85 09:48 AM REAL ESTATE RECORDS
F1372 CHARLOTTE HOUSTON BOULDER COUNTY CO RECORDER

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 depth 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.

Ronald Lewis
Ronald Lewis
SS#571-48-2268

Cleone B. Lewis
Cleone Lewis
SS#527-44-8271

Gene Lewis
SS#523-36-2741

Patricia Wagner
SS#522-48-2535

STATE OF MISSOURI } ss. Stone } ss. Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah, Nebraska, North Dakota, South Dakota
COUNTY OF Stone } ss. ACKNOWLEDGMENT-INDIVIDUALS

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 30th day of August, 19 85, personally appeared Cleone Lewis, a widow, Gene Lewis,

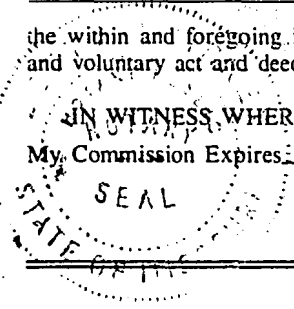
and Pstricia Wagner

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: May 9, 1988

Betty Shirkey
Betty Shirkey Notary Public.
Address: Rt. 1 Box 266 Galena, Mo. 65656



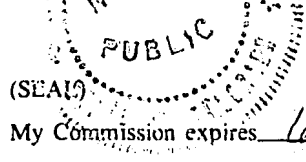
STATE OF Colorado } ss. Weld } ss. ACKNOWLEDGMENT (For use by Corporation)
COUNTY OF Weld } ss.

On this 6 day of Sept., A.D. 1985, before me personally appeared Ronald Lewis, 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 6 day of Sept., A.D. 1985.

William A. Weber Jr.
Notary Public.
Address: 2902 Harp Ct. Greeley, CO



My Commission expires 6-19-89

Vertical lines for recording information: No., FROM, TO, Dated, No. Acres, Term, This instrument was filed for record on the day of, o'clock M., and duly recorded in Volume of the records of this office. County Clerk, Deputy.

When recorded return to
VESSELS OIL AND GAS COMPANY
CHERRY CREEK PLAZA #1220
600 SO. CHERRY STREET
DENVER, CO 80222

5-2

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 14th

day of June 19 79 personally appeared Albert D. Bloom, Personal
Representative of the Estate of Jennie Ogder, deceased

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 he duly executed the same as his 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 20-80 Elizabeth M. Brown 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 he duly executed the same as his 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 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.

351467

No.	FROM	TO	Acres	County	is instrument was filed for record on the	of	at	o'clock	M. and duly recorded in	Page	of the records of this office.	County Clerk	Deputy
							19						

When recorder returns to
VESSELS OIL AND GAS COMPANY
600 S. CHELSEA STREET
DENVER, CO 80222

PRINTED BY: WILKINS PRINTING, INC., 1005 GLENARM PLACE, DENVER, COLORADO 80202

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

C Rev 1974 **OIL AND GAS LEASE**

FILM

THIS AGREEMENT, Entered into this the 2nd day of March, 1977

between **Edith H. Thronson**
534 Pratt Street
Longmont, Colorado 80501

hereinafter called lessor,

and **Martin Oil Service, Inc., P.O. Box 298, Blue Island, Il. 60406**

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 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, 6th P.M.
Section 34: S/30 acres SE 1/4 SW 1/4 and W 1/2 SE 1/4

Township 1 North, Range 69 West, 6th P.M.
Section 2: NW 1/4
Section 4: SW 1/4

STATE OF COLORADO
COUNTY OF BOULDER
IN MY OFFICE ON
FEB 2 10 33 AM
1978
CLERK AND RECORDER
263530

Ten (10) years

effective Aug. 2nd, 1977 less.

2. It is agreed that this lease shall remain in full force for a term of Ten (10) 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 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 2 day of August, 1978 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 80501 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 ownership in said land or in the oil and gas or in the rentals to accrue hereunder, the sum of Four hundred twenty-eight & 72/100 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 all damage caused by any of its operations on said land. No well shall be drilled nearer than 400 feet to the house or barn now on said premises without written consent of the lessor and lessee agrees that no operations, except producing operations, shall be conducted on the leased premises during the months of June, July and August without the express written consent of 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:

Edith H. Thronson
Edith H. Thronson

12.00B
1715959
00010
APR-11-77

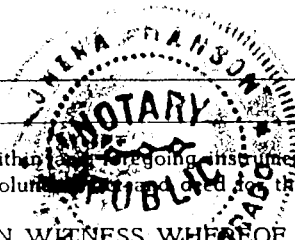
STATE OF Colorado
COUNTY OF Boulder } ss.

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 2nd
day of March, 1977, personally appeared Edith H. Sheardson

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 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 9-14-77 Lawena Hanson
Notary Public.



STATE OF _____ }
COUNTY OF _____ } ss.

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

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.....

263580

No. 1715959

FROM

TO

Dated....., 19.....

No. Acres.....

County.....

5-2 Term

WELD COUNTY, COLORADO

This instrument was filed for record on the

APR 11 1977

at....., 19....., at

o'clock 2 M., and duly recorded in

Book 794

Page.....

of the records of this office.

Mary Ann Festerstein
County Clerk.

By Alayna D. Stankoff
Deputy.

When recorded return to

MARTIN OIL SERVICE

P. O. Box 298

Blue Island, Ill. 60406

Attn: Linda Taylor

1715959

EXHIBIT 6

AGREEMENT Made and entered into the 3rd day of March, 1981, by and between
Robert S. Alcorn, a widower

whose post office address is 5317 North 109th, Longmont, CO 80501 hereinafter called Lessor (whether one or more) and
The Vessels Company, a Colorado general partnership, whose post office address is 600 S. Cherry St., Denver, CO 80222 hereinafter called Lessee;

WITNESSETH, That the Lessor, for and in consideration of Ten and More Dollars cash in hand paid, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil and all gas of whatsoever nature or kind, with rights of way and easements for laying pipe lines, and erection of structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of Boulder State of Colorado, described as follows, to-wit:

Township 1 North, Range 69 West of the 6th P.M.
Section 10: NW $\frac{1}{4}$ NE $\frac{1}{4}$

The addendum attached hereto is incorporated *AS IS* by reference for all purposes as if set forth in full herein.

and contains 40 acres, more or less, eighteen (18) months

1. It is agreed that this lease shall remain in force for a term of 18 months from this date and as long thereafter as oil or gas of whatsoever nature or kind is produced from said leased premises or on acreage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith but Lessee is then engaged in drilling or re-working operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith; and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or re-working operations within ninety (90) days from date of cessation of production or from date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage pooled therewith **in paying quantities.**

2. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of said land and as to any strata or stratum by delivering to Lessor or by filing for record a lease or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.

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

1st. To deliver to the credit of Lessor, free of cost, in the pipe line to which Lessee may connect wells on said land, the equal ~~share~~ 1/3 part of all oil produced and saved from the leased premises.

2nd. To pay Lessor ~~1/3~~ 19% of the gross proceeds each year, payable quarterly, for the gas from each well where gas only is found, while the same is being used off the premises, and if used in the manufacture of gasoline a royalty of ~~1/3~~ 19%, payable monthly at the prevailing market rate for gas.

3rd. To pay Lessor for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product a royalty of ~~1/3~~ 19% of the proceeds, at the mouth of the well, payable monthly at the prevailing market rate. \$1,000

4. Where gas from a well capable of producing gas is not sold or used, Lessee may pay or tender as royalty to the royalty owners \$1,000 per year ~~per acre~~ per well, such payment or tender to be made on or before the anniversary date of this lease next occurring after the expiration of 90 days from the date such well is shut in and thereafter on or before the anniversary date of this lease during the period such well is shut in. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease.

5. If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalty (including any shut-in gas royalty) herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the well and undivided fee.

6. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operation thereon, except water from the wells of Lessor.

7. When requested by Lessor, Lessee shall bury Lessee's pipe line below plow depth.

8. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of Lessor.

9. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

10. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

11. The rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

12. The unitization of the gas rights only under this entire lease (but not a portion thereof) with any other lease (or portion thereof) in the immediate vicinity may be effected by the execution and filing by Lessee in the recording office of said county an instrument declaring its purpose to unitize and describing the leases and land unitized which shall not exceed approximately 160 acres in area. Gas production from the unitized area shall be allocated proportionately to the leases dedicated to such unitized area on a surface acreage basis and the royalty herein provided for shall be applied on the production so allocated to this lease.

AS IS

in paying quantities

AS IS

AS IS

4-2

FILM 1157

12. Lessor, at its option, is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described herein and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or reforming of any unit shall be accomplished by Lessee executing and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has theretofore been completed, or upon which operations for drilling have theretofore been commenced. Production, drilling or reworking operations or a well shut in for want of a market anywhere on a unit which includes all of a part of this lease shall be treated as if it were production, drilling or reworking operations or a well shut in for want of a market under this lease. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on production from the unit so pooled royalties only on the portion of such production allocated to this lease; such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, Lessee shall have the right to unitize, pool, or combine all or any part of the above described lands as to one or more of the formations thereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to Lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to Lessor shall be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.

13. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

14. 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 mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

15. Should any one or more of the parties hereto above named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor" as used in this lease, shall mean any one or more of all of the parties who execute this lease as Lessor. All the provisions of this lease shall be binding on the heirs, successors and assigns of Lessor and Lessee.

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

The Vessels Company _____

By: Thomas W. Vessels
General Partner

Robert S. Alcorn
Robert S. Alcorn, a widower

SS# 524-60-1576

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 3rd
day of March 1981, personally appeared Robert S. Alcorn, a widower

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 he duly executed the same as his 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. Harrington
Notary Public.

STATE OF COLORADO }
COUNTY OF DENVER } 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 3rd
day of March 1981, personally appeared Thomas G. Vessels,
General Partner of The Vessels Company, a general partnership

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 he duly executed the same as his 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. Harrington
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 _____

ADDENDUM TO OIL AND GAS LEASE DATED THE 3RD DAY
OF MARCH, 1981, FROM ROBERT S. ALCORN, A WIDOWER,
TO THE VESSELS COMPANY, A COLORADO GENERAL
PARTNERSHIP COVERING THE NW¼NE¼ Section 10-1N-69W,
BOULDER COUNTY,
COLORADO

- (a) The word "pooled" wherever used in this lease shall mean "unitized" as that word is used in paragraph 12 of this lease.
- (b) Lessee shall pay Lessor the sum of \$3,000 as location and crop damage for each well drilled on the leased premises which shall include normal damages for the well location, for necessary road construction and for the installation of production facilities for such well if production is obtained. Any additional damage to the land shall be compensated for over and above said amount. Upon abandonment of any well or other facilities Lessee shall clean up and restore the land to its original condition as nearly as practicable.
- (c) Lessee is aware of the existence and location of an irrigation ditch and conduit traversing the leased land. Lessee shall conduct its operations so as to not damage or interfere with such water facility and shall indemnify and hold harmless Lessor from any loss, damage or liability with respect to such facility arising from the operations of Lessee.
- (d) Lessee shall construct any necessary roadway, to the extent possible, over and along the existing pipeline easement along the south line of the leased land if permission can be obtained from the holder of the easement. If such permission cannot be obtained such roadway shall parallel such easement as closely as practicable to the point nearest the drilling location, thence in a straight line, so far as practicable, to said location. Such roadways shall not exceed 20 feet in width.
- (e) Lessee shall install and maintain fencing adequate to prevent access by unauthorized personnel to all well facilities including, but not limited to, open pits, tanks, separators, dehydrators, pumps, valves, electrical equipment and other wellhead equipment.
- (f) Lessee shall exercise proper and effective weed control on and about its roadways and well facilities.

The Vessels Company

By: 
 General Partner

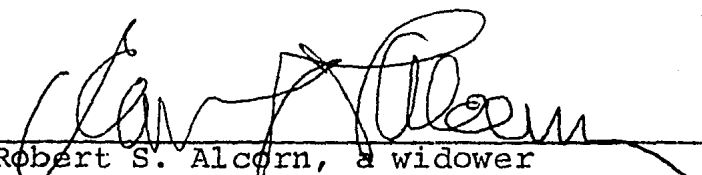

 Robert S. Alcorn, a widower

EXHIBIT 7

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

C Rev 1974 OIL AND GAS LEASE

THIS AGREEMENT, Entered into this the 13th day of March, 1980
between White Rock Farms Associates, a General Partnership
745 Lincoln Avenue, Loveland, Colorado 80537

hereinafter called lessor,
and W. C. Montgomery, Jr., Littleton, Colorado hereinafter called lessee, does witness:

1. That lessor, for and in consideration of the sum of Ten and More Dollars in hand paid and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted, leased, and let and by these presents does hereby grant, lease, and let exclusively unto the lessee the hereinafter described land, and with the right to unitize this lease or any part thereof with other oil and gas leases as to all or any part of the lands covered thereby as hereinafter provided, for the purpose of carrying on geological, geophysical and other exploratory work, including core drilling, and the drilling, 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:

All that portion of the Northeast Quarter (NE $\frac{1}{4}$) of Section 35 and the Northwest Quarter (NW $\frac{1}{4}$) of Section 36, Township 2 North, Range 69 West as more particularly described under Warranty Deed dated June 12, 1979 and recorded July 5, 1979 on Film 1071, Reception #346375, except a tract of land 30.01 acres contained therein, said excepted tract being more particularly described under Installment Land Contract dated December 8, 1979, and recorded December 11, 1979 on Film 1095, Reception #374095.

and containing 140.90 acres, more or less.

2. It is agreed that this lease shall remain in full force for a term of Two (2) years from July 1, 1980, 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 ~~XXXXXX~~ part of all oil produced and saved from the leased premises.

15% 4. The lessee shall monthly pay lessor as royalty on gas marketed from each well where gas only is found, ~~or 25% (1/4) of the proceeds if sold at the well, or if marketed by lessee off the leased premises, then XXXXX 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.~~~~ 15%~~

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 1st day of July, 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 Colorado National (Acct #562-45) Bank at Denver, 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 Forty & 90/100 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 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:

White Rock Farms Associates, a General Partnership

by: Ernest Hunt
General Partner

Tax ID #84-0792874

2-2

STATE OF COLORADO }
COUNTY OF LARIMER } 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 7th day of April, 1980, personally appeared Ernest Geist, General Partner of White Rock Farms Associates, a General Partnership.

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 he duly executed the same as his 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 February 23, 1984. *Jessie Marshall* 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 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 _____

401913

Vertical lines and text for recording details: No., FROM, TO, Dated, No. Acres, County, Term, This instrument was filed for record on the day of, M., and duly recorded in o'clock, Volume, Page, of the records of this office, By, County Clerk, Deputy, When recorded return to, THE VEEBLES COMPANY

FILM 1116

Recorded 1:20 PM On MAY 7 1980
394732

Reception No. Charlotte Houston, Boulder County Recorder

2-1

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

C Rev 1974 OIL AND GAS LEASE

THIS AGREEMENT, Entered into this the 28th day of FEBRUARY, 1980
between Jack C. Wheeler and Donna Jean Wheeler, husband and wife
5909 Northeast County Line Street
Erie, Colorado 80516

and W. C. Montgomery, Jr., Littleton, Colorado hereinafter called lessor,
hereinafter called lessee, does witness:

1. That lessor, for and in consideration of the sum of Ten & More Dollars in hand paid and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted, leased, and let and by these presents does hereby grant, lease, and let exclusively unto the lessee the hereinafter described land, and with the right to 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 1 North, Range 69 West
Section 1: NE $\frac{1}{4}$ less 6.08 acres and N $\frac{1}{2}$ SE $\frac{1}{4}$

Prior to the commencement of actual drilling operations upon said lands, Lessor and Lessee shall mutually agree upon the location of drillsites and access thereto. Said Lessor's approval, however, shall not be unreasonably withheld. Cattle guards shall be installed where necessary for livestock control.

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 ~~part~~ ^{1/16th} 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 ~~fourth~~ ^{1/16th} of the proceeds if sold at the well, or if marketed by lessee off the leased premises, then one ~~fourth~~ ^{1/16th} of the proceeds received by the lessee from the sale of casinghead gas, produced from any oil 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 use 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.

5. 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.

6. If operations for the drilling of a well for oil or gas are not commenced on said land on or before the 6th day of May 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, Colorado 80501, 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 Twenty Four Hundred & 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 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 in the same manner as hereinbefore provided. 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 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, 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 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 such unit in the same manner as though produced from the above described land under the terms of this lease.

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

13. If within the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided operations for the drilling of a well shall be commenced before or on the next ensuing rental paying date; or, provided lessee begins or resumes the payment of rentals in the manner and amount hereinbefore provided. If, after the expiration of the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided lessee resumes operations for 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.

14. 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 such unit in the same manner as though produced from the above described land under the terms of this lease.

15. This lease and all 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:
Donna Jean Wheeler
Donna Jean Wheeler
Jack C. Wheeler
Jack C. Wheeler

Soc. Sec. #: _____ Soc. Sec. #: 523-50-9725

FILM 1116

Printed by P&M Printing, 511 16th St., Suite 222, (303) 893-1681

27

STATE OF Colorado } ss. Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah, Nebraska, North Dakota, South Dakota
COUNTY OF Boulder } ACKNOWLEDGMENT - INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 28th day of FEBRUARY, 1980, personally appeared Jack C. Wheeler

and Donna Jean Wheeler, his wife
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 APRIL 6, 1982
Notary Public
STATE OF COLORADO PUBLIC

STATE OF } ss. Oklahoma, Kansas, New Mexico, Wyoming, Montana, Colorado, Utah, Nebraska, North Dakota, South Dakota
COUNTY OF } 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 } ss. ACKNOWLEDGMENT (For use by Corporation)
County of

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.....

394732

Form with fields: No., FROM, TO, Dated, No. Acres, Term, County, This instrument was filed for record on the, day of, at, o'clock, M., and duly recorded in, Volume, Page, of the records of this office, By, County Clerk, Deputy, When recorded return to Vessels Oil & Gas Company, Suite 1220, 600 South Cherry Street, Denver, Colorado 80222

EXHIBIT 9



2117698
Page: 1 of 20
02/09/2001 02:13P
D 0.00

DEED OF CONSERVATION EASEMENT IN GROSS

④ K123480



THIS DEED OF CONSERVATION EASEMENT IN GROSS is entered into this 8 day of February, 2001, by and between **Clyde G. Canino** hereinafter referred to as the "Grantor", and the **County of Boulder**, a body corporate and politic, hereinafter referred to as the "Grantee". WITNESSETH:

RECITALS

20-1

WHEREAS, Grantor is the sole owner of certain real property within the County of Boulder, State of Colorado, and more particularly described in Exhibit 1 attached hereto and incorporated herein by this reference. The property is comprised of approximately 355 acres of prime agricultural land, as determined by the Soil Conservation Service Soils Capability Classes, and certain water rights necessary to the continuation of agricultural production (the description of the land and the water rights is set forth in Exhibit 1, the term "Property" shall hereinafter mean the land and the water rights combined and the term "Water Rights" shall hereinafter refer to the water rights alone); and

WHEREAS, the current use of the Property is for agricultural crop production purposes and livestock grazing purposes; and

WHEREAS, the Property's significant agricultural attributes, its present and continued agricultural use and its open space values are of great importance to the Grantor, the Grantee and the people of the County of Boulder and are worthy of preservation; and

WHEREAS, the Grantor desires to continue responsible agricultural practices and the use of the Property in such a manner that protects the Property's agricultural and water resources; and

WHEREAS, it is the policy of Boulder County to encourage preservation and utilization of prime agricultural lands for agricultural uses as such policy is declared in the Boulder County Comprehensive Plan; and

WHEREAS, the Boulder County Zoning Resolution, adopted by the Boulder County Board of Commissioners pursuant to the county comprehensive plan, designates the Property as "Agricultural" and provides that permissible uses of the Property are limited to agricultural production and certain other compatible or agricultural-related uses; and

WHEREAS, the State of Colorado has recognized the importance of private efforts to preserve land in a natural, scenic, historical or open condition, and for wildlife habitat and agricultural uses consistent with the protection of open land having undisturbed or restored environmental quality, by the enactment of Section 38-30.5-101, et seq., Colorado Revised Statutes 1973 (1982 Repl. Vol.); and

ROB



WHEREAS, the Grantor desires to grant an interest in the Property to the Grantee in order to assure its preservation in perpetuity; and

WHEREAS, the Grantee recognizes the public benefit to be served by such preservation as described in the Boulder County Comprehensive Plan Environmental Resources and/or Open Space Sections; and

204

WHEREAS, the Grantee desires to accept an interest in the Property from the Grantor in order to assure its preservation in perpetuity for agricultural uses and for the open space function which it serves.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, and of the mutual covenants contained herein, Grantor does hereby convey to Grantee a perpetual Conservation Easement in Gross (hereinafter, the "Easement"), an immediately vested interest in real property defined by Colorado Revised Statutes Sections 38-30.5-101 et seq., and consisting of the rights hereinafter enumerated, over and across the Property and all development rights associated with the Property.

1. Purpose. It is the purpose of this Easement to preserve and protect in perpetuity the significant agricultural attributes of the Property, its continued agricultural use and its open space values.

2. Affirmative Rights Conveyed. The affirmative rights and interests conveyed to Grantee by this Easement are the following:

- (a) To preserve and protect in perpetuity the open space values and the agricultural and water resources of the Property.
- (b) To require that the Property be managed consistent with a Soil and Water Conservation Plan as prepared and approved by the Longmont Soil Conservation District or its successor, which plan shall be updated at least every ten (10) years.
- (c) To enter upon the Property to inspect and enforce the rights herein granted upon prior notice to Grantor, Grantor's successors and assigns, in a manner that will not unreasonably interfere with the proper uses being made of the Property at the time of such entry, and to remove or eliminate any conditions or operations that violate the terms and covenants of this Easement.
- (d) To be considered an owner of an interest in the Property, and therefore a co-applicant, for the purpose of any application for zoning change, annexation to a municipality, variance to or exemption from the land use



20-3

regulations of the controlling jurisdiction, right-of-way vacation, building permit, grading permit or other permit pertaining to a use of the Property which is regulated by a governmental authority and not otherwise provided for in the Easement. The County's status of owner of an interest in the Property shall be limited to the right to sign or refuse to sign the aforementioned applications and shall carry no further obligation, financial or otherwise, except as provided in Paragraph 11 concerning condemnation.

- (e) To review and approve or deny applications from the Grantor for uses neither expressly granted nor specifically prohibited by the Easement described herein but which may be conducted in a manner consistent with agriculture as the primary use of the Property and which do not compromise the value of the land as prime cropland. Approval, if granted, shall be by resolution of the Board of County Commissioners of Boulder County and recorded in the office of the County Clerk and Recorder.
- (f) The first right to purchase the Property along with any or all of the Water Rights and mineral rights described in Exhibit 1. In the event the Grantor desires to sell the Property and receives a bona fide offer for such sale, the the Property shall be offered to the Grantee who shall have a first right to purchase such offered fee interest for the same terms and conditions as the bona fide offer or for an amount and terms equally acceptable to the Grantor. Written notice of such bona fide offer shall be given to the Grantee who shall have thirty (30) days from the date of receipt of the written notice to accept such offer, and if not accepted, the sale may be made to such third party purchaser. Pursuant to Paragraph 4(g) of this Easement, the Grantor must hold title to the Property as one agricultural unit and may not convey any portion of the Property or divide the Property in any way, without the express written consent of the Grantee. Except as expressly provided herein Grantor retains exclusive access to and use of the Property.

Pursuant to Colorado Revised Statute Section 15-11-1102(1)(a) and (b), if the right of first refusal conveyed to the Grantee under this Easement does not vest within 90 years after the date of execution of this Easement by both parties, said interest shall automatically be severed from the remainder of the interests conveyed herein and shall automatically terminate.

- (g) The ownership of any and all development rights, except for the right to one single-family residence and accessory structures, as set forth in Paragraph 3(b) of



this Easement, now or hereafter associated with the Property, including, without limitation, all rights, however designated that may be used pursuant to applicable zoning laws, or other governmental laws or regulations, to compute permitted size, height, bulk, or number of structures, development density, lot yield, or any similar development variable on or pertaining to the Property.

20-4

3. Permitted Uses and Practices. Grantor intends that this Easement shall confine the future use of the Property to agricultural uses and related structures and the other related or compatible uses which are described herein. The following uses and practices are permitted under this Easement, and these practices are not to be precluded, prevented, or limited by this Easement:

(a) Continuation of agricultural uses, including an equestrian operation subject to all Boulder County land use regulations, and including the open growing of commercial nursery stock and the pasturing, grazing, feeding, and care of livestock at a level consistent with the Boulder County Zoning Resolution and with the Soil and Conservation Plan for the Property as prepared and approved by the Longmont Soil Conservation District or its successor. The agricultural activities shall not result in the pollution or degradation of any surface or subsurface waters.

(b) Grantor represents that at the time of the execution of this Easement there is one single-family residence, which is the primary single-family residence, with an address of 12271 Mineral Road, Longmont, CO 80501, and 13 accessory structures existing on the Property, as shown on Exhibit 2, attached hereto and by this reference incorporated herein. One of the existing accessory structures is a non-conforming accessory dwelling unit. Subject to the provisions of this Paragraph, these structures may remain on the Property and may be maintained, repaired, remodeled, expanded and/or replaced, provided that: 1) the total above grade square footage of the primary single-family residence does not exceed 5,000 square feet and any replacement residence is located within the building envelope shown on Exhibit 3, attached hereto and by this reference incorporated herein, which is the area of historical disturbance of structures on the Property; 2) the total area covered by accessory structures on the Property at any given time, excluding the total square footage of the primary single-family residence, shall not exceed 25,000 square feet; and, 3) any new structures built on the Property must be located within the building envelope shown on Exhibit 3. However, in addition to the square footage and building envelope restrictions listed above, Grantor may construct six three-sided sheds, not to exceed a total of 500



square feet each, in pastures located throughout the Property, for the protection of livestock.

Grantor and Grantee acknowledge that if Grantor wants the non-conforming accessory dwelling unit to be approved as a conforming accessory dwelling unit, Grantor will have the right to apply to the Boulder County Land Use Department for approval, which approval shall be subject to all Boulder County Land Use Regulations in effect at the time of application. If approved, the conforming accessory dwelling unit shall be permitted on the Property, within the building envelope shown on Exhibit 3, but in no case shall the total square footage of the accessory dwelling unit exceed 1800 square feet.

20-5

Grantor shall not erect any new structures of any kind on the Property, except as permitted by this Easement. The construction, remodel or replacement of any structure shall be in accordance with all Boulder County Land Use Regulations in effect at the time that the proposed construction, razing or remodeling is to take place, and all required permits and approvals must be obtained. For the purposes of this Easement, structures shall mean a combination of materials forming an edifice or building of any kind, but excluding the following: fences not over six feet in height; retaining walls or other landscaping; platforms or decks not more than 30 inches above grade; utility mains, lines and underground facilities; and yard and play equipment.

- (c) Maintenance, repair, replacement and use of all roads and structures, legally existing on the Property as of the date of the Easement, substantially in their present condition or as reasonably necessary for the uses permitted on the Property.
- (d) Installation, maintenance, repair, removal and relocation, and replacement of utility mains, lines and underground facilities for the purpose of providing utility services to the Property exclusively. Any mains, lines and underground facilities used for telecommunication, as defined in paragraph 4(b)(20) of this Easement, shall be governed by paragraph 4(b)(20).
- (e) Development and maintenance of such water resources on the Property as are necessary or convenient for irrigation and the agricultural uses conducted thereon pursuant to the terms hereof; provided, however, that the development and use of such water resources shall be compatible with the purposes of this Easement to protect and preserve the agricultural and open space values of the Property. Permitted activities shall include installation, maintenance, repair, removal and relocation, and replacement of agricultural irrigation



facilities, including ditches, pipes and water diversion structures.

- (f) Use of agrichemicals, including but not limited to, fertilizers and biocides, but only in those amounts and with that frequency of application necessary to accomplish reasonable agricultural purposes. Such use shall not contaminate surface and ground water. Grantor shall control all noxious weeds according to the provisions of Title 35 of Colorado Revised Statutes and/or the administrative rules and regulations promulgated by the Commissioner of Agriculture of the State of Colorado or by the Board of County Commissioners of Boulder County. 205
- (g) Control of predatory and problem animals by the use of selected control techniques whose effect will be upon only specific animals or species which have caused or are likely to cause damage to crops, livestock or other property. Such control techniques shall not have detrimental impacts upon water quality and the continued agricultural use of the Property and shall exclude the use of leghold traps.
- (h) Use of the Property for hunting by Grantor, Grantor's heirs, licensees, and assigns, to the extent that harvesting of game from the Property is not inconsistent with game management objectives. For the purpose of this provision, Grantor and Grantee agree that Grantor may request and rely upon an opinion from the Colorado Division of Wildlife defining the quantity of game which can be harvested from the land in any year consistent with generally accepted principles of game management.
- (i) Use of the Property for recreational, scientific and/or educational activities which are occasional in nature, are limited to Grantor and Grantor's invited guests and in no way interfere with or are detrimental to the agricultural resources and uses of the Property.
- (j) Except as such interest is otherwise conveyed to Grantee by deed, certificates of ownership, or this Easement, Grantor specifically retains (1) all right, title, and interest in and to all tributary and non-tributary water, water rights, and related interests in, on, under, or appurtenant to the land; and (2) all right, title, and interest to subsurface oil, gas, and other minerals; provided, however, that mining or extraction of soil, sand, gravel, rock, oil, natural gas, fuel, or any other mineral substance is prohibited by Paragraph 4(j) of this Easement.
- (k) Grantor retains the right to apply to the Grantee for permission to conduct other uses and activities on the



Property which are neither expressly granted nor specifically prohibited by the Easement but which may be conducted in a manner consistent with agriculture as the primary use of the Property and which do not compromise the value of the land as prime cropland. Approval, if granted, shall be by resolution of the Board of County Commissioners of Boulder County and recorded in the office of the County Clerk and Recorder.

20-1

4. Prohibited Uses and Practices. The following uses and practices are inconsistent with the purposes of this Easement and shall be prohibited upon or within the Property:

- (a) The change, disturbance, alteration, or impairment of the open space values and the agricultural resources of the Property except as otherwise provided herein.
- (b) Those uses which are consistent with the Boulder County Zoning Resolution as it applies to the Property but which may be detrimental to preservation and protection of the agricultural resources of the Property. Such prohibited uses shall include, but are not limited to:
 1. Additional residences, including mobile homes
 2. Kennel
 3. Veterinary hospital
 4. Public or private school
 5. Parks, playgrounds and playfields
 6. Church
 7. Group care home, receiving home or child care center
 8. Community swimming pool or neighborhood recreation center
 9. Non-profit community theater
 10. Public or private campground
 11. Airport or heliport
 12. Cemetery, including accessory mortuary
 13. Golf course, including accessory eating and drinking place
 14. Resort lodge or guest ranch not accommodated by existing structures
 15. Archery range, rifle range, or golf driving range
 16. Water reservoir, water tank, water treatment facility, except as permitted by Subparagraph 4(k) herein
 17. Utility substation or regulator station not directly related to agricultural use of the Property
 18. Sewage treatment facility, exclusive of an individual sewage disposal system
 19. Solid waste transfer facility or disposal site
 20. The erection, construction, installation, relocation or use of a communication facility, a telecommunication facility, a network element,



telecommunication equipment, or any other equipment (except for Customer Premises Equipment) or material that may be used for telecommunications or to provide telecommunications services as such terms are defined in The Federal Telecommunication Act of 1996.

20-4

- 21. Fire station
 - 22. Open or subsurface mining, except as permitted by Subparagraph 4(j) herein
 - 23. Public or quasi-public uses and facilities, except rights-of-way which may be required for construction of public streets and roads and then only when such public streets and roads are consistent with the Boulder County Comprehensive Plan.
 - 24. Temporary asphalt, concrete or other batch plant
 - 25. Wind-powered electric generators to produce electricity for off-site use
- (c) Any use not expressly permitted by the Boulder County Zoning Resolution as it applies to the Property.
 - (d) The construction, placing, or erection of any signs or billboards except those needed for the agricultural uses permitted herein.
 - (e) The dumping or accumulation of trash, ashes, garbage, waste or other unsightly or offensive material on the Property, provided, however, that agricultural products and by-products may be placed or stored on the land, so long as such placement or storage is consistent with the public health and with sound agricultural practices.
 - (f) The construction, reconstruction, or replacement of any structures except as provided in Paragraph 3 hereof. For purposes of this Easement, fencing shall not be deemed a structure.
 - (g) Any division of the Property (whether or not a subdivision as defined by state law) without the express written consent of the Grantee. The Property shall be held as one agricultural unit and, without the express written consent of the Grantee, or by operation of law, Grantor may not convey any portion of the Property as said conveyance will constitute an impermissible division of the Property under this Easement. If the Grantee does approve a division of the Property, or the Property is divided by operation of law, all terms of this Easement shall attach to the land and shall survive any division.
 - (h) The conveyance of right-of-way or the construction of any new roadways without the consent of the Grantee, which consent shall not be unreasonably withheld, provided that such roadways are constructed so as to minimize the



impact on agricultural resources of the Property.

- (i) Grantor shall retain and reserve the right to use the Water Rights for use in current or future agricultural production on the Property, and shall not transfer, encumber, lease, sell, or otherwise separate the Water Rights from the Property.
- (j) Except for the oil and gas leases which are in effect as of the date of this Easement which have allowed for the drilling of existing wells on the Property, and which may allow for the drilling of future wells on the Property, and except for the four existing ponds and reservoirs currently existing on the Property, which, with the permission of Grantee, may be expanded for the creation of wetlands and enhancement of the wildlife values of the Property in an area not to exceed ten acres, the mining or extraction of soil, sand, gravel, rock, oil, natural gas, fuel, or any other mineral substance shall be prohibited upon or within the Property. Grantor shall not transfer, encumber, lease or otherwise separate the soil, sand, gravel, rock, oil, natural gas, fuel or any other mineral interest from the Property.
- (k) The construction, expansion or placement of any water reservoir, water tank, or water treatment facility on the Property, except for the four existing ponds and reservoirs currently existing on the Property, which, with the permission of Grantee, may be expanded for the creation of wetlands and enhancement of the wildlife values of the Property in an area not to exceed ten acres.

20-9

5. Baseline Data. It is acknowledged by the Grantee and the Grantor that the Property contains significant agricultural resources and open space values and that the Property will be managed consistent with the Soil and Water Conservation Plan as stated in Paragraph 2(b) herein. In order to establish a complete inventory of the present conditions of the Property and its agricultural resources and open space values so as to be able to properly monitor future uses of the Property and assure compliance with the terms hereof, Grantee shall prepare or cause to be prepared an inventory of the Property's relevant features and conditions (the "Baseline Data"). Grantor shall allow Grantee, or Grantee's designated agent, access to the Property to conduct necessary studies in developing the Baseline Data, provided, however, that such access does not unreasonably restrict or interfere with normal agricultural operations as permitted under this Easement. The Baseline Data may include, but need not be limited to, aerial photographs, topographical maps, maps indicating the extent of agricultural uses, and botanical and wildlife photographs and reports. The parties acknowledge and agree that in the event a controversy arises with respect to the nature and extent of Grantor's use or the physical condition of the Property subject to



this Easement as of the date hereof, the parties shall not be foreclosed from utilizing all other relevant or material documents, surveys, reports, and other evidence to assist in the resolution of the controversy.

20-10

6. Enforcement Rights of Grantee. In the event of a violation of any term, condition, covenant, or restriction contained in this Easement, after thirty (30) days' notice of violation to the Grantor, the Grantee may institute a suit to enjoin by temporary and/or permanent injunction such violation, or for damages for breach of covenant, or may take such other action as it deems necessary to insure compliance with the terms, conditions, covenants and purposes of this Easement; provided, however, that any failure to so act by the Grantee shall not be deemed to be a waiver or a forfeiture of the right to enforce any term, condition, covenant, or purpose of this Easement in the future.

7. Restoration. Grantor further intends that should any prohibited activity be undertaken on the Property, the Grantee shall have the right to cause the restoration of that portion of the Property affected by such activity to the condition that existed prior to the undertaking of such prohibited activity. In such case, the cost of such restoration shall be borne by Grantor, its successors, or assigns, against whom a judgment is entered. Nothing contained herein shall be construed to preclude Grantor from exhausting all legal remedies that may be available in determining whether the proposed activity to which the Grantee has objected is consistent with this Easement.

8. Costs and Taxes. Grantor agrees to bear all costs of operation, upkeep, and maintenance of the Property and does hereby indemnify Grantee therefrom. Grantor shall indemnify and reimburse Grantee for any damages resulting from personal injury or property damage that occurs on the Property, arising from the actions of Grantor, or a guest or invitee of Grantor. In addition, Grantor agrees to pay any and all real property taxes and assessments levied by competent authority on the Property and Grantor agrees to pay any and all water carriage fees/ditch assessments levied by the ditch companies or other competent authority relating to the Water Rights

9. Access. Nothing contained herein shall be construed as affording the public access to any portion of the land subject to this Easement. Nothing in this Easement shall be construed to preclude Grantor's right to grant limited public access to third parties across its land. All access, whether by third parties or the Grantor, shall be performed in a reasonable manner that does not result in degradation of the agricultural attributes of the Property.

10. Grant in Perpetuity. This Easement and the covenants as set forth herein shall run with the land and be binding upon all parties thereto, their heirs, successors, representatives, and assigns, and all persons who may hereafter acquire an interest in



the Property. It is intended that this Easement and any other interests created under this Easement vest immediately. Pursuant to Colorado Revised Statute Section 15-11-1102(1)(a) and (b), if any nonvested property interests conveyed to the Grantee under this Easement do not vest within 90 years after the date of execution of this Easement by both parties, said interests shall automatically be severed from the remainder of the interests conveyed herein and shall automatically terminate.

2011

11. Condemnation. In the event of condemnation of all or a portion of the Property, the Grantee shall be entitled to a share of the proceeds of the condemnation award, based on the value, at the time of the taking, of the conservation easement that is the subject of the taking.

12. Amendment, Extinguishment and Termination. If circumstances arise under which an amendment will be appropriate, Grantor and Grantee may jointly amend the Easement. Any such amendment shall be consistent with the purposes of the Easement, shall not affect its perpetual duration, shall not permit additional developments or improvements currently prohibited by the Easement, and shall not impair any of the significant conservation values of the Property. Any such amendment shall be recorded in the official records of Boulder County, Colorado.

In giving this Easement, the Grantor has considered the possibility that uses prohibited by the terms of this Easement may become more economically valuable than permitted uses and that neighboring properties may in the future be put entirely to such prohibited uses. It is the intent of both the Grantor and the Grantee that any such changes shall not be deemed circumstances justifying the termination or extinguishment of this Easement. In addition, the inability of the Grantor, or the Grantor's heirs, successors or assigns, to conduct or implement any or all of the uses permitted under this Easement, or the unprofitability of doing so, shall not impair the validity of this Easement or be considered grounds for its termination or extinguishment.

13. Severability. Should any of the provisions of this Agreement be held to be invalid or unenforceable, then the balance of the Agreement shall be held to be in full force and effect as through the invalid portion was not included.

14. Annexation. Grantor shall not apply/petition for, or consent to, the annexation of the Property to any municipality without the consent of the Grantee.

15. Notices. Whenever notice is required to be given hereunder, it shall be in writing and may be faxed or delivered to the party entitled thereto or mailed to the party entitled thereto, by registered or certified mail, return receipt requested. If delivered or faxed, said notice shall be effective and complete upon delivery or completion of the fax. If mailed, said notice shall be effective and complete as of the date of mailing. Until



Boulder County Clerk, CO CE

R 0.00

D 0.00

changed by notice in writing, notice shall be given as follows:

To Grantee: The Director
Boulder County Parks and Open Space
P.O. Box 471
Boulder, CO 80306
Facsimile Number: 303-441-4594

20-12

With copy to: The Boulder County Attorney's Office
P.O. Box 471
Boulder, CO 80306
Facsimile Number: 303-441-4794

To Grantor: Clyde G. Canino
9968 Lookout Road
Lafayette, CO 80026
Facsimile Number: 303-665-8133

16. Subsequent Liens on the Property. No provisions of this Deed of Conservation Easement should be construed as impairing the ability of the Grantor to use this Property as collateral for subsequent borrowing, provided that any mortgage or lien arising from such borrowing will be subordinated to this Easement.

17. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same agreement. Facsimile signatures shall be acceptable to and binding upon all parties.

18. Miscellaneous.

(a) Terms. The terms "Grantor" and "Grantee", whenever used herein, and any pronouns used in place thereof, shall mean and include the above-named Grantor and Grantor's heirs, personal representatives, executors, successors and assigns and the above named-Grantee and its successors and assigns, respectively.

(b) Transfer of Property. The Grantor agrees that reference to this Easement will be made in any subsequent deed, or other legal instrument, by means of which Grantor conveys any interest in the Property (including a leasehold interest) and that Grantor will attach a copy of this Deed of Conservation Easement in Gross thereto.

(c) Liberal Construction. This Easement shall be liberally construed in favor of the Easement to effect the purpose of the Easement and the policies and purpose of C.R.S. § 38-30.5-101 et. seq.

(d) Entire Agreement. This instrument sets forth the entire agreement of the parties with respect to the Easement and supersedes all prior discussions, negotiations, understandings, or agreements relating to the Easement,

STATE OF COLORADO)
)
COUNTY OF BOULDER) ss.

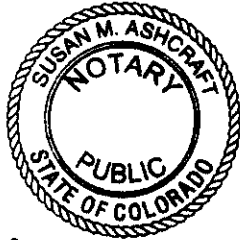
The foregoing Deed of Conservation Easement in Gross was acknowledged before me this 6th day of February, 2001, by Jana L. Mendez, Chair, Paul D. Danish, Vice-Chair, and Ronald K. Stewart, Commissioner, of the Board of County Commissioners of Boulder County.

20-14

Witness my hand and official seal.

My commission expires: 10/17/2001

Susan M. Ashcraft
Notary Public



My Commission Expires 10/17/2001



Exhibit 1
Legal Description

20-15

PARCEL 1:

THE SOUTH 1/2 OF SECTION 36, TOWNSHIP 2 NORTH, RANGE 69 WEST OF THE 6TH P.M., COUNTY OF BOULDER, STATE OF COLORADO,

EXCEPTING THEREFROM THREE TRACTS OF LAND CONVEYED BY DEED RECORDED IN BOOK 155 AT PAGE 174;

AND ALSO EXCEPTING THEREFROM THAT TRACT OF LAND CONVEYED BY DEED RECORDED IN BOOK 281 AT PAGE 77;

AND ALSO EXCEPTING THEREFROM THAT TRACT OF LAND CONVEYED BY DEED RECORDED IN BOOK 1280 AT PAGE 517;

AND ALSO EXCEPTING THEREFROM THAT TRACT OF LAND CONVEYED BY DEED RECORDED ON FILM 1671 AS RECEPTION NO. 1101384.

PARCEL 2:

THAT PART OF SECTION 36, TOWNSHIP 2 NORTH, RANGE 69 WEST OF THE 6TH P.M., COUNTY OF BOULDER, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WEST LINE SAID SECTION 36, 761 FEET NORTH OF THE SOUTHWEST CORNER; THENCE IN A SOUTHERLY DIRECTION TO A POINT ON THE SOUTH LINE OF SAID SECTION 36, 612 FEET EAST FROM SAID SOUTHWEST CORNER; THENCE EAST A DISTANCE OF 50 FEET; THENCE NORTHWESTERLY TO A POINT ON THE WEST LINE OF SAID SECTION 36, 811 FEET NORTH OF THE SOUTHWEST CORNER; THENCE SOUTH 50 FEET TO THE POINT OF BEGINNING,

EXCEPT THAT TRACT OF LAND CONVEYED BY DEED RECORDED ON FILM 1671 AS RECEPTION NO. 1101384.

PARCEL 3:

A STRIP OF LAND IN SECTION 36, TOWNSHIP 2 NORTH, RANGE 69 WEST OF THE 6TH P.M., COUNTY OF BOULDER, STATE OF COLORADO, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID SECTION 36, 1350 FEET EAST OF THE SOUTHWEST CORNER; THENCE EAST ALONG SAID SOUTH LINE TO THE SOUTHEAST CORNER OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF

SAID SECTION 36; THENCE NORTH 30 FEET; THENCE EAST PARALLEL WITH THE SOUTH LINE OF SECTION 36 TO A POINT WHERE BOULDER CREEK CROSSES THE SOUTH LINE OF SECTION 36; THENCE NORTH 50 FEET; THENCE WEST PARALLEL WITH THE SOUTH LINE OF SECTION 36 TO A POINT 1,350 FEET EAST OF THE WEST LINE OF SECTION 36; THENCE SOUTH 80 FEET TO THE POINT OF BEGINNING.



Exhibit 1 Continued
Legal Description Continued

20-16

PARCEL 4:

A TRACT OF LAND IN THE SOUTHEAST 1/4 OF SECTION 35, TOWNSHIP 2 NORTH, RANGE 69 WEST OF THE 6TH P.M., COUNTY OF BOULDER, STATE OF COLORADO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 35, FROM WHICH THE SOUTH 1/4 CORNER OF SECTION 36, TOWNSHIP 2 NORTH, RANGE 69 WEST OF THE 6TH P.M. BEARS SOUTH 89 DEG.59'59" EAST, THENCE NORTH 18 DEG.59'24" WEST, 1864.91 FEET TO THE TRUE POINT OF BEGINNING;

THENCE NORTH 53 DEG.26'38" EAST, 511.80 FEET;

THENCE NORTH 50 DEG.10'35" EAST, 161.40 FEET;

THENCE NORTH 48 DEG.00'13" EAST, 19.73 FEET;

THENCE NORTH 50 DEG.49'33" EAST, 103.55 FEET TO THE EAST LINE OF SOUTHEAST 1/4 OF SAID SECTION 35;

THENCE SOUTH 00 DEG.35'23" WEST, 1365.70 FEET ALONG THE EAST LINE OF THE SOUTHEAST 1/4 OF SAID SECTION 35 TO A POINT THAT BEARS SOUTH 35 DEG.01'35" EAST FROM THE TRUE POINT OF BEGINNING;

THENCE NORTH 35 DEG.01'35" WEST, 1073.10 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 5:

A TRACT OF LAND IN THE NORTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 36, TOWNSHIP 2 NORTH, RANGE 69 WEST OF THE 6TH P.M., COUNTY OF BOULDER, STATE OF COLORADO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 36, FROM WHICH THE SOUTH 1/4 CORNER OF SAID SECTION 36 BEARS SOUTH 89 DEG.59'59" EAST, THENCE NORTH 03 DEG.33'23" EAST, 2354.92 FEET TO THE TRUE POINT OF

BEGINNING;

THENCE NORTH 25 DEG.03'03" EAST, 57.27 FEET;

THENCE NORTH 05 DEG.08'32" EAST, 17.69 FEET TO THE EAST LINE OF THAT TRACT OF LAND CONVEYED TO THE BOULDER AND WHITE ROCK DITCH COMPANY AS DESCRIBED IN WARRANTY DEED RECORDED IN BOOK 155 AT PAGE 174 OF THE RECORDS OF BOULDER COUNTY, COLORADO;

THENCE SOUTH 00 DEG.35'23" WEST, 85.77 FEET ALONG THE EAST LINE OF THAT TRACT OF LAND AS DESCRIBED IN SAID BOOK 155 AT PAGE 174 TO THE SOUTHEAST CORNER THEREOF;

THENCE NORTH 89 DEG.24'37" WEST, 44.36 FEET ALONG THE SOUTH LINE OF THAT TRACT OF LAND AS DESCRIBED IN SAID BOOK 155 AT PAGE 174 TO A POINT THAT BEARS SOUTH 50 DEG.49'33" WEST FROM THE TRUE POINT OF BEGINNING;

THENCE NORTH 50 DEG.49'33" EAST, 25.03 FEET TO THE TRUE POINT OF BEGINNING.



20-19

Exhibit 1 Continued
Legal Description Continued

COLLECTIVELY, PARCELS 1, 2, 3, 4 AND 5 ABOVE ARE ALSO KNOWN AND DESCRIBED AS FOLLOWS:

SURVEYED LEGAL:

PART OF THE SOUTHEAST QUARTER OF SECTION 35 AND A PART OF THE SOUTH HALF OF SECTION 36 TOWNSHIP 2 NORTH, RANGE 69 WEST OF THE 6TH PRINCIPAL MERIDIAN, COUNTY OF BOULDER, STATE OF COLORADO, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE EAST QUARTER CORNER OF SAID SECTION 36; THENCE SOUTH 00 DEG. 05' 14" EAST ALONG THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 36 A DISTANCE OF 2544.81 FEET TO A POINT ON THE NORTH LINE OF THE PROPERTY DESCRIBED IN DEED RECORDED IN BOOK 1280 AT PAGE 517; THENCE ALONG THE BOUNDARY OF SAID DESCRIBED PROPERTY FOR THE FOLLOWING FOUR (4) COURSES:

- 1) SOUTH 89 DEG. 19'01" WEST A DISTANCE OF 28.47 FEET;
- 2) SOUTH 44 DEG. 32'29" WEST A DISTANCE OF 2.17 FEET;
- 3) SOUTH 44 DEG. 32'29" WEST A DISTANCE OF 68.82 FEET;
- 4) SOUTH 00 DEG. 41'28" EAST A DISTANCE OF 33.01 FEET TO A POINT ON THE

SOUTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 36; THENCE SOUTH 89 DEG. 33'08" WEST ALONG SAID SOUTH LINE A DISTANCE OF 2622.42 FEET TO THE SOUTH QUARTER CORNER OF SAID SECTION 36; THENCE SOUTH 89 DEG. 30'49" WEST ALONG THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 36 A DISTANCE OF 1251.47 FEET TO A POINT ON THE WEST LINE OF PROPERTY

DESCRIBED AS PARCEL B IN QUIT CLAIM DEED RECORDED ON FILM 918 AS RECEPTION NO. 170523; THENCE NORTH 00 DEG. 28'22" WEST ALONG SAID WEST LINE A DISTANCE OF 80.00 FEET TO A POINT ON THE NORTH LINE OF PROPERTY DESCRIBED IN DEED RECORDED IN BOOK 281 AT PAGE 77; THENCE SOUTH 89 DEG. 30'48" WEST ALONG SAID NORTH LINE A DISTANCE OF 1265.79 FEET TO A POINT ON THE LINE DESCRIBED IN DEED RECORDED ON FILM 1671 AS RECEPTION NO. 1101384; THENCE ALONG SAID DESCRIBED LINE FOR THE FOLLOWING EIGHTEEN (18) COURSES:

- 1) NORTH 00 DEG. 17'44" WEST A DISTANCE OF 522.65 FEET;
- 2) NORTH 05 DEG. 19'53" EAST A DISTANCE OF 97.20 FEET;
- 3) NORTH 13 DEG. 02'16" WEST A DISTANCE OF 86.09 FEET;
- 4) NORTH 16 DEG. 52'18" WEST A DISTANCE OF 7.65 FEET;
- 5) NORTH 35 DEG. 31'55" WEST A DISTANCE OF 114.68 FEET;
- 6) NORTH 35 DEG. 30'47" WEST A DISTANCE OF 1073.09 FEET;
- 7) NORTH 52 DEG. 56'52" EAST A DISTANCE OF 511.80 FEET;
- 8) NORTH 49 DEG. 41'16" EAST A DISTANCE OF 161.40 FEET;
- 9) NORTH 47 DEG. 31'55" EAST A DISTANCE OF 19.73 FEET;
- 10) NORTH 50 DEG. 20'21" EAST A DISTANCE OF 103.55 FEET;
- 11) NORTH 50 DEG. 20'14" EAST A DISTANCE OF 158.56 FEET;
- 12) NORTH 24 DEG. 33'41" EAST A DISTANCE OF 57.27 FEET;
- 13) NORTH 04 DEG. 39'24" EAST A DISTANCE OF 135.86 FEET;
- 14) NORTH 21 DEG. 30'18" WEST A DISTANCE OF 321.08 FEET;
- 15) NORTH 01 DEG. 02'17" EAST A DISTANCE OF 157.85 FEET;
- 16) NORTH 26 DEG. 43'03" WEST A DISTANCE OF 22.40 FEET;
- 17) NORTH 09 DEG. 51'50" WEST A DISTANCE OF 81.48 FEET;
- 18) NORTH 00 DEG. 47'46" EAST A DISTANCE OF 55.30 FEET TO A POINT ON THE

NORTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 36; THENCE SOUTH 84 DEG. 48'08" EAST ALONG SAID NORTH LINE A DISTANCE OF 2628.06 FEET TO THE CENTER QUARTER CORNER OF SAID SECTION 36; THENCE SOUTH 84 DEG. 48'08" EAST ALONG THE NORTH LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 36 A DISTANCE OF 2668.60 FEET TO THE POINT OF BEGINNING.



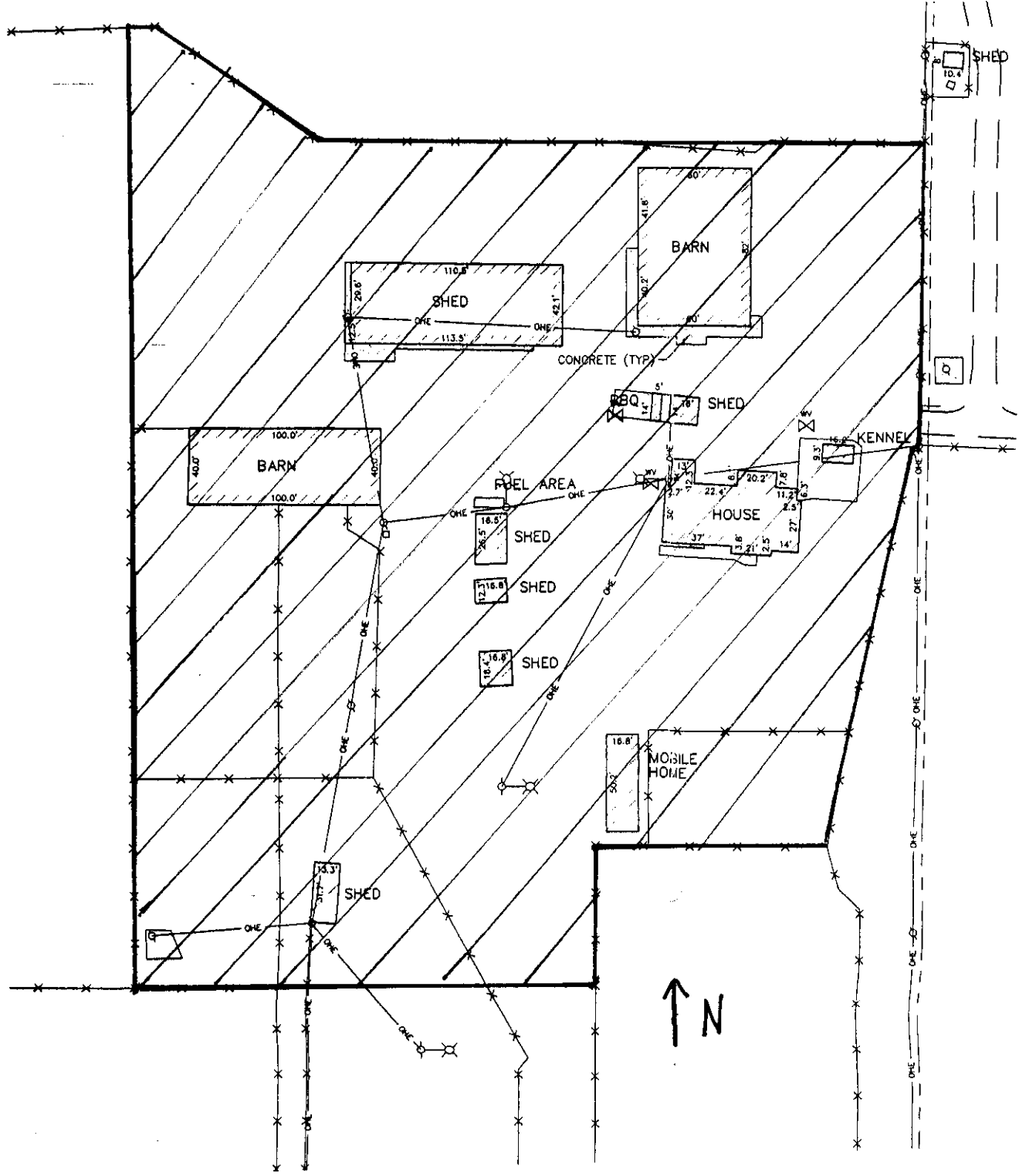
Exhibit 1 Continued
Legal Description Continued

20-1A

Together with a 50% undivided interest in the appurtenant water rights, including but not limited to 10 units of the Northern Colorado Water Conservancy District; a 50% undivided interest in 145 shares of the capital stock of the Boulder and White Rock Ditch and Reservoir Company; a 50% undivided interest in the Becky Reservoir System, decreed July 7, 1971, in Case No. W-338, Water Division I, for 132.48 acre feet of water for Reservoir No. 1 and 88.64 acre feet of water for Reservoir No. 2 from percolating water tributary to Boulder Creek, with an appropriation date of January 22, 1963; a 50% undivided interest in the Becky Seepage Ditch decreed in Case No. W-340, Water Division I, for 2 c.f.s. of water from seepage and flood waters tributary to Boulder Creek, with an appropriation date of January 22, 1963; and a 50% undivided interest in a plan of augmentation as decreed in Case No. W-8650-77; all owned by Grantor, and a 50% undivided interest in the Becky Seepage Collection Sump with an appropriation date of May, 1964 decreed on July 7, 1971, in Case No. W-336, Water Division I.

Exhibit 3
Building Envelope for Structures

2000



332044

Reception No. Charlotte Houston, Boulder County Recorder

EXHIBIT 10

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

C Rev 1974 OIL AND GAS LEASE

THIS AGREEMENT, Entered into this the 4th day of April, 1979 between Joseph R. Becky, 6500 E. 6th Ave., Denver, Colorado AND P.H.C., Inc., a Colorado Corporation

and Martin Oil Service, Inc., Box 298, Blue Island, IL 60406 hereinafter called lessor, 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 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 XXXXXXXXXXXXXXX Boulder and Weld Counties, State of Colorado, and described as follows:

Township 2 North, Range 69 West of the 6th P.M., Boulder County, Colorado Section 27: E 1/2 SW 1/4 Section 36: SW 1/4, N 1/2 SE 1/4, SE 1/4 SE 1/4

Township 1 North, Range 68 West of the 6th P.M., Weld County, Colorado Section 6: NW 1/4 (EXCEPT tracts of land described in Book 1551 at Page 531, and Book 519, Reception No. 1440776, Deed Records of Weld County, Colorado.)

(Rider Attached) and containing 515 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, 16% 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 4th day of April, 1980 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 Guaranty Bank & Trust Co., Denver, Colorado 80202, 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 Five hundred-fifteen and no/100ths 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 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.

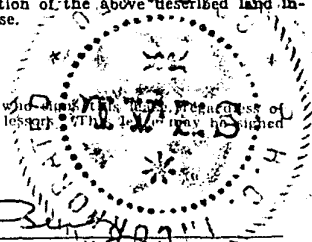
13. Lessee is hereby given the right at its option, at any time and from time to time, to pool or unitize all or any part or parts of the above described land with other land, lease, or leases in the immediate vicinity thereof, such pooling to be into units not exceeding the minimum size tract on which 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 have signed 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 lessor, and it may be shown in counterparts, each to have the same effect as the original.

P.H.C., Inc.

IN WITNESS WHEREOF, we sign the day and year first above written. Witness: Joseph R. Becky

BY: Joseph R. Becky, President Attest: Thomas J. Zadislan, secretary



STATE OF Colorado }
COUNTY OF Jefferson } 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 4th day of April, 1979, personally appeared Joseph R. Becky

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 he duly executed the same as his 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 Oct. 10, 1979 Patricia J. Green 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.

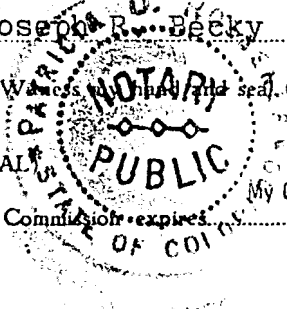
State of Colorado }
County of Jefferson } ss.

ACKNOWLEDGMENT (For use by Corporation)

On this 4th day of April, A. D. 1979, before me personally appeared Joseph R. Becky, to me personally known, who, being by me duly sworn, did say that he is the President of P.H.C., Inc., a Colorado Corporation

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 Joseph R. Becky acknowledged said instrument to be the free act and deed of said corporation.

Witness my hand and seal, this 4th day of April, A. D. 1979. Patricia J. Green Notary Public. My Commission Expires Oct. 10, 1979



"RIDER"

To be attached to and made a part of that certain Oil & Gas Lease dated April 4, 1979, between Joseph R. Becky AND P.H.C., Inc., a Colorado Corporation as Lessors and Martin Oil Service, Inc. as Lessee.

In the event a well or wells producing any substances covered hereby in paying quantity should be brought in on adjacent land, lessee agrees to drill such offset wells as a prudent operator would drill under the same or similar circumstances. Provided, however, that such well or wells are owned by lessee herein, lessee agrees to drill such offset wells to protect lessor herein from any drainage caused by lessee or to pay lessor compensatory royalty for drainage so caused by lessee regardless of such prudent operators standards.

Lessee, its agents, contractors, employees or licensees shall under no circumstances cut, alter, or repair any fence or portion of any fence unless lessors consent is first obtained.

Lessee, its agents, contractors, employees or licensees shall use existing roads where feasible, and in constructing new roads where needed in operations, shall locate same after consultation with lessor in such manner as shall be least injurious to lessors use of the surface.

Upon completion of any well, or upon abandonment of any such well, or any other facility, the surface of the ground shall be smoothed and all excavation shall be forthwith filled and leveled by lessee.

If requested by lessors, all well sites, tank batteries and other facilities shall be fenced in order to attempt to avoid injury to or death of lessors livestock and horses.

It is understood and agreed that in the event lessors shall intend to subdivide all or a portion of said leased premises into home-sites, lessor shall submit to lessee a plat of the proposed subdivision, which after review by lessee, shall be amended so as to reserve to lessee such 3-acre drilling sites designated by Lessee as may reasonably be necessary to the development by lessee of the leased premises in accordance with the rules and regulations of the Oil and Gas Conservation Commission of Colorado. Upon the making of such subdivision based upon such amended plat, lessee shall surrender the right to use the surface of the land within such subdivision, save and except the reserved 3-acre drilling sites but Lessee shall reserve the right of ingress and egress to and from such sites.

Notwithstanding anything to the contrary contained herein, the royalties provided for shall be sixteen percent (16%); however at such time as the oil production from a well or wells average over a calendar month shall be less than ten barrels per well per day or less, the lessors royalty for each month shall be reduced to twelve and one-half percent (12½%). Lessee in good faith agrees not to restrict oil production under said lease in a way that would serve to reduce lessors royalty from the higher percentage above stated.

Royalties on a shut-in well shall be calculated the same as rentals and a shut-in well will only extend the lease three years after the end of the primary term.

All of the provisions of this lease shall inure to the benefit of and be binding upon the parties hereto, their heirs, administrators, successors and assigns.

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

Joseph R. Becky
Joseph R. Becky

P.H.C., Inc.
BY: Joseph R. Becky, President

Attest: Thomas J. Zavisian
Thomas J. Zavisian, Sec.

THIS AGREEMENT, Entered into this the 17th day of April, 19 79
between J. Hammond Jones and Lillie A. Jones, husband and wife
2009 Mustang Ct.
Sun City, Arizona 85373
and Martin Oil Service, Inc., Box 298, Blue Island, IL 60406 hereinafter called lessor,
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 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 of the 6th P.M.
Section 36: SW $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$

Recorded..... 11:31 A.M. On MAY 14 1979
337185
Reception No. Charlotte Houston, Boulder County Recorder

2. It is agreed that this lease shall remain in full force for a term of five (5) years from May 11, 1980 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 ($\frac{1}{8}$) 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 ($\frac{1}{8}$) of the proceeds if sold at the well, or if marketed by lessee off the leased premises, then one-eighth ($\frac{1}{8}$) of its market value at the well. The lessee shall pay the lessor: (a) one-eighth ($\frac{1}{8}$) of the proceeds received by the lessee from the sale of casinghead gas, produced from any oil well; (b) one-eighth ($\frac{1}{8}$) 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 17th day of April, 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 Sun City, Arizona 85373, 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/100ths 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 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:

Lillie A. Jones
Lillie A. Jones
s.s.#-522-46-3622

J. Hammond Jones
J. Hammond Jones
s.s.#-468-40-6034

STATE OF Arizona
COUNTY OF Maricopa } 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 18th
day of April, 1979, personally appeared J. Hammond Jones

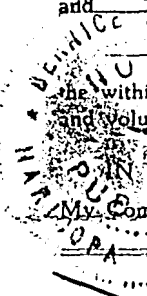
and Lillie A. Jones, husband and wife

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 July 31, 1982

[Signature]
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

337185

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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MARTIN OIL SERVICE, INC.
ATTENTION: LAND DEPARTMENT
P. O. Box 298
Blue Island, IL 60406



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COMBINED AND RESTATED DEED OF CONSERVATION EASEMENT IN GROSS

THIS COMBINED AND RESTATED DEED OF CONSERVATION EASEMENT IN GROSS ("Easement") is entered into this 19th day of January, 2006, by and between Jules Van Thuyne, Jr., ("Grantor") and the County of Boulder, a body corporate and politic ("Grantee").

RECITALS

WHEREAS, Grantor is the sole owner of certain real property and water rights within the County of Boulder, State of Colorado, consisting of 210.595 acres of agricultural land, more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "Almquist Property").

WHEREAS, Grantee purchased nine separate conservation easements over and across Parcels 1 through 11, which Parcels collectively constitute the Almquist Property.¹ It is intended that this Easement shall restate, merge, supercede and replace in their entirety, but not interrupt the perpetual duration of, each of the nine conservation easements over and across the Almquist Property so as to combine the entire Almquist Property into a single parcel which may not be subdivided, and to place the entire Almquist Property under a single conservation easement.

WHEREAS, this Easement shall also encumber a fifty (50%) undivided interest in the following water rights: 39 units of the Northern Colorado Water Conservancy District and 155 shares of Boulder and Whiterock Ditch and Reservoir Company, as set forth on Exhibit A (the "Water Rights"). The Almquist Property together with the Water Rights shall collectively be referred to hereinafter as the "Property"; and

WHEREAS, the Property is comprised of approximately 210.595 acres of prime and important agricultural land, as determined by the Natural Resources Conservation Service ("NRCS"), and water rights necessary to the continuation of agricultural production; and

¹ The parcel conservation easements were acquired by County in nine separate transactions and were recorded in the office of the Boulder County Clerk and Recorder under Reception Nos. 1718845 (Parcel 1, recorded on July 31, 1997), 1832250 (Parcel 2, recorded on August 6, 1998); 1966313 (Parcel 3, recorded on July 30, 1999); 2078719 (Parcel 4, recorded on September 14, 2000), 2189546 (Parcel 4 amendment, recorded on August 27, 2001); 2313425 (Parcel 5, as re-recorded on July 31, 2002); 2313428 (Parcel 6, recorded on July 31, 2002); 2485113 (Parcel 7, recorded on August 8, 2003); and 2611096 (Parcel 8, recorded on July 26, 2004); and 2451083 (Parcels 9,10 and 11, recorded on January 20, 2006)

Almquist (E) Property (Entire Property)





WHEREAS, the current use of the Property is for agricultural crop production purposes and livestock grazing purposes; and

WHEREAS, the Property's significant agricultural resources, its present and continued agricultural use and its open space values are of great importance to Grantor, Grantee and the people of the County of Boulder and are worthy of preservation; and

WHEREAS, Grantor desires to continue responsible agricultural practices and the use of the Property in such a manner that protects the Property's agricultural and water resources; and

WHEREAS, it is the policy of Boulder County to encourage preservation and utilization of prime agricultural lands for agricultural uses as such policy is declared in the Boulder County Comprehensive Plan; and

WHEREAS, the Boulder County Zoning Resolution, adopted by the Boulder County Board of Commissioners pursuant to the Boulder County Comprehensive Plan, designates the Property as "Agricultural" and provides that permissible uses of the Property are limited to agricultural production and certain other compatible or agricultural-related uses; and

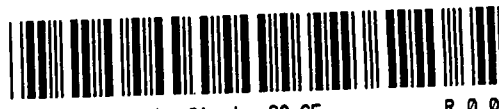
WHEREAS, the State of Colorado has recognized the importance of private efforts to preserve land in a natural, scenic, historical or open condition, and for wildlife habitat and agricultural uses consistent with the protection of open land having undisturbed or restored environmental quality, by the enactment of C.R.S. § 38-30.5-101, et seq.; and

WHEREAS, Grantor desires to convey an interest in the Property to Grantee in order to assure its preservation in perpetuity; and

WHEREAS, Grantee recognizes the public benefit to be served by such preservation as described in the Boulder County Comprehensive Plan Environmental Resources and/or Open Space Sections; and

WHEREAS, Grantee has acquired its conservation easement interest in the Property from Grantor in order to assure its preservation in perpetuity for agricultural uses and for the open space function which it serves.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and further pursuant to C.R.S. § 38-30.5-101, et seq., Grantor hereby conveys to Grantee, its successors and assigns, this Easement, a perpetual Conservation Easement in Gross consisting of the rights hereinafter enumerated, over and across the Property.



1. Purpose. It is the purpose of this Easement to preserve and protect in perpetuity the significant agricultural resources of the Property, including soils designated by the NRCS as being prime and important farmland, its continued agricultural use and its open space values. Any and all development rights now or hereafter associated with the Property, including, without limitation, all rights, however designated that may be used pursuant to applicable zoning laws, or other governmental laws or regulations, to compute permitted size, height, bulk, or number of structures, development density, lot yield, or any similar development variable on or pertaining to the Property are hereby extinguished.

2. Affirmative Rights Conveyed. The affirmative rights conveyed to Grantee by this Easement are the following:

- (a) To preserve and protect in perpetuity the open space values and the agricultural and water resources of the Property, including prime and important farmland soils.
- (b) To require that the Property be managed consistent with the conservation plan as described in Paragraph 14 of this Easement.
- (c) To enter upon the Property to inspect and enforce the rights herein granted upon prior notice to Grantor, Grantor's successors and assigns, in a manner that will not unreasonably interfere with the proper uses being made of the Property at the time of such entry.
- (d) To be considered an owner of an interest in the Property, and therefore a co-applicant, for the purpose of any application for zoning change, annexation to a municipality, variance to or exemption from the land use regulations of the controlling jurisdiction, right-of-way vacation, building permit, grading permit or other permit pertaining to a use of the Property which is regulated by a governmental authority and not otherwise provided for in the Easement. The County's status of owner of an interest in the Property shall be limited to the right to sign or refuse to sign the aforementioned applications and shall carry no further obligation, financial or otherwise, except as provided in Paragraph 11 concerning condemnation.



(e) To review and approve or deny applications from the Grantor for uses neither expressly granted nor specifically prohibited by the Easement described herein but which may be conducted in a manner consistent with agriculture as the primary use of the Property and which do not compromise the value of the land as prime cropland. Approval, if granted, shall be by resolution of the Board of County Commissioners of Boulder County and recorded in the office of the County Clerk and Recorder.

(f) The first right to purchase the Property. In the event the Grantor desires to sell the Property and receives a bona fide offer for such sale, the Property shall be offered to the Grantee who shall have a first right to purchase such offered fee interest for the same terms and conditions as the bona fide offer or for an amount and terms equally acceptable to the Grantor. Written notice of such bona fide offer shall be given to the Grantee who shall have thirty (30) days from the date of receipt of the written notice to accept such offer, and if not accepted, the sale may be made to such third party purchaser. Except as expressly provided herein, Grantor retains exclusive access to and use of the Property. The County's first right of refusal shall not apply to any conveyance by Julius Van Thuyne, Jr. to his heirs. However, the County's first right of refusal shall attach to the Property conveyed by Julius Van Thuyne, Jr. to his heirs and to any offers received by Julius Van Thuyne, Jr. or his heirs for the Property.

Pursuant to C.R.S. § 15-11-1102(1)(a) and (b), if the right of first refusal conveyed to the Grantee under this Easement does not vest within 90 years after the date of execution of this Easement by both parties, said interest shall automatically be severed from the remainder of the interests conveyed herein and shall automatically terminate.

3. Permitted Uses and Practices. Grantor intends that this Easement shall confine the future use of the Property to agricultural uses and related structures and the other related or compatible uses which are described herein. The following uses and practices are permitted under this Easement, and these practices are not to be precluded, prevented, or limited



by this Easement:

- (a) Continuation of agricultural uses, including the open growing of commercial nursery stock and the pasturing, grazing, feeding, and care of livestock at a level consistent with the Boulder County Zoning Resolution and with the conservation plan for the Property as described in Paragraph 14 of this Easement. The agricultural activities shall not result in the pollution or degradation of any surface or subsurface waters.
- (b) Grantor shall not have the right to construct or place any structures on the Property, except as specifically provided in this Easement.
- (c) Maintenance, repair, replacement and use of all roads and structures, legally existing on the Property as of the date of the Easement, substantially in their present condition [and at substantially the same location] or additional irrigation improvements as reasonably necessary for the uses permitted on the Property.
- (d) Installation, maintenance, repair, removal and relocation, and replacement of utility mains, lines and underground facilities for the purpose of providing utility services to the Property exclusively. Any mains, lines and underground facilities used for telecommunication, as defined in Paragraph 4(b)(20) of this Easement, shall be governed by Paragraph 4(b)(20). All such utilities shall be placed in such a manner to limit the disturbance to the protected soils.
- (e) Development and maintenance of such water resources on the Property as are necessary or convenient for irrigation and the agricultural uses conducted thereon pursuant to the terms hereof; provided, however, that the development and use of such water resources shall be compatible with the purposes of this Easement to protect and preserve the agricultural and open space values of the Property. Permitted activities shall include installation, maintenance, repair, removal and relocation, and replacement of agricultural irrigation facilities, including ditches, pipes and water diversion structures consistent with the conservation plan.
- (f) Use of agrichemicals, including but not limited to, fertilizers and biocides, but only in those amounts and



with that frequency of application necessary to accomplish reasonable agricultural purposes. Such use shall not contaminate surface and ground water. Grantor shall control all noxious weeds according to the provisions of Title 35 of Colorado Revised Statutes and/or the administrative rules and regulations promulgated by the Commissioner of Agriculture of the State of Colorado or by the Board of County Commissioners of Boulder County.

- (g) Control of predatory and problem animals by the use of selected control techniques whose effect will be upon only specific animals or species which have caused or are likely to cause damage to crops, livestock or other property. Such control techniques shall not have detrimental impacts upon water quality and the continued agricultural use of the Property and shall exclude the use of leghold traps.
- (h) Use of the Property for hunting by Grantor, Grantor's heirs, licensees, and assigns, to the extent that harvesting of game from the Property is not inconsistent with game management objectives. For the purpose of this provision, Grantor and Grantee agree that Grantor may request and rely upon an opinion from the Colorado Division of Wildlife defining the quantity of game which can be harvested from the land in any year consistent with generally accepted principles of game management.
- (i) Use of the Property for passive recreational, scientific and/or educational activities which are occasional in nature, are limited to Grantor and Grantor's invited guests and in no way interfere with or are detrimental to the agricultural resources and uses of the Property.
- (j) Except as such interest is otherwise conveyed to Grantee by deed, certificates of ownership, or this Easement, Grantor specifically retains all right, title, and interest in and to all tributary and non-tributary water, water rights, and related interests in, on, under, or appurtenant to the land; and (2) all right, title, and interest to subsurface oil, gas, and other minerals; provided, however, that exploration for, and extraction of any minerals shall be undertaken subject to the restrictions set forth at 4 (b) (22) herein and in a manner consistent with the Boulder County Zoning Resolution and other applicable regulations and designed



to ensure the protection of the agricultural resources of the Property. Surface and open mining are expressly prohibited by this Easement. The water rights referred to in this Paragraph are those described in Exhibit A attached hereto and made a part hereof by reference.

- (k) Grantor retains the right to apply to the Grantee for permission to conduct other uses and activities on the Property which are neither expressly granted nor specifically prohibited by the Easement but which may be conducted in a manner consistent with agriculture as the primary use of the Property and which do not compromise the value of the land as prime cropland. Approval, if granted, shall be by resolution of the Board of County Commissioners of Boulder County and recorded in the office of the County Clerk and Recorder.

4. Prohibited Uses and Practices. The following uses and practices are inconsistent with the purposes of this Easement and shall be prohibited upon or within the Property:

- (a) The change, disturbance, alteration, or impairment of the open space values and the agricultural resources of the Property except as otherwise provided herein.
- (b) Those uses which are consistent with the Boulder County Zoning Resolution as it applies to the Property but which may be detrimental to preservation and protection of the agricultural resources of the Property. Such prohibited uses shall include, but are not limited to:
 1. Additional residences, including mobile homes
 2. Kennel
 3. Veterinary hospital
 4. Public or private school
 5. Parks, playgrounds and playfields
 6. Church
 7. Group care home, receiving home or child care center
 8. Community swimming pool or neighborhood recreation center
 9. Non-profit community theater
 10. Public or private campground
 11. Airport or heliport
 12. Cemetery, including accessory mortuary
 13. Golf course, including accessory eating and drinking place



- 14. Resort lodge or guest ranch not accommodated by existing structures
- 15. Archery range, rifle range, or golf driving range
- 16. Water reservoir, water tank, water treatment facility,
- 17. Utility substation or regulator station not directly related to agricultural use of the Property
- 18. Sewage treatment facility, exclusive of an individual sewage disposal system
- 19. Solid waste transfer facility or disposal site
- 20. The erection, construction, installation, relocation or use of a communication facility, a telecommunication facility, a network element, telecommunication equipment, or any other equipment (except for Customer Premises Equipment) or material that may be used for telecommunications or to provide telecommunications services as such terms are defined in The Federal Telecommunication Act of 1996.
- 21. Fire station
- 22. Open (surface) or subsurface mining
- 23. Public or quasi-public uses and facilities, except rights-of-way which may be required for construction of public streets and roads and then only when such public streets and roads are consistent with the Boulder County Comprehensive Plan.
- 24. Temporary asphalt, concrete or other batch plant
- 25. Wind-powered electric generators to produce electricity for off-site use

- (c) Any use not expressly permitted by the Boulder County Zoning Resolution as it applies to the Property.
- (d) The construction, placing, or erection of any signs or billboards except signs of less than twenty (20) square feet advertising the Property for sale or advertising products produced on site, and then only if such signs are consistent with the Boulder County Land Use Regulations.
- (e) The dumping or accumulation of trash, ashes, garbage, waste or other unsightly or offensive material on the Property, provided, however, that agricultural products and by-products may be placed or stored on the land, so



long as such placement or storage is consistent with the public health and with sound agricultural practices and applicable laws.

- (f) The construction, reconstruction, or replacement of any structures except as provided in Paragraph 3 hereof. For purposes of this Easement, fencing shall not be deemed a structure.
- (g) Any division of the Property (whether or not a subdivision as defined by state law). The Property shall be held as one agricultural unit and, without the express written consent of the Grantee, or by operation of law, Grantor may not convey any portion of the Property as said conveyance would constitute an impermissible division of the Property under this Easement. If the Grantee does approve a division of the Property, or the Property is divided by operation of law, all terms of this Easement shall attach to the land and shall survive any division.
- (h) The conveyance of right-of-way or the construction of any new roadways without the consent of the Grantee, which consent shall only be granted if consistent with the conservation values and provided that such roadways are constructed so as to minimize the impact on agricultural resources of the Property.
- (i) The conversion of the Water Rights described in Exhibit A to non-agricultural uses, or the sale, conveyance or severance of the Water Rights from the Property.

5. Baseline Data. It is acknowledged by the Grantee and the Grantor that the Property contains significant agricultural resources and open space values and that the Property will be managed consistent with the conservation plan as stated in Paragraph 2(b) and Paragraph 14 herein. In order to establish a complete inventory of the present conditions of the Property and its agricultural resources and open space values so as to be able to properly monitor future uses of the Property and assure compliance with the terms hereof, Grantee shall prepare or cause to be prepared an inventory of the Property's relevant features and conditions (the "Baseline Data"). Grantor shall allow Grantee, or Grantee's designated agent, access to the Property to conduct necessary studies in developing the Baseline Data, provided, however, that such



access does not unreasonably restrict or interfere with normal agricultural operations as permitted under this Easement. The Baseline Data may include, but need not be limited to, aerial photographs, topographical maps, maps indicating the extent of agricultural uses, and botanical and wildlife photographs and reports. The parties acknowledge and agree that in the event a controversy arises with respect to the nature and extent of Grantor's use or the physical condition of the property subject to this Easement as of the date hereof, the parties shall not be foreclosed from utilizing all other relevant or material documents, surveys, reports, and other evidence to assist in the resolution of the controversy.

6. Enforcement Rights of Grantee. In the event of a violation of any term, condition, covenant, or restriction contained in this Easement, after thirty (30) days' notice of violation to the Grantor, the Grantee may institute a suit to enjoin by temporary and/or permanent injunction such violation, or for damages for breach of covenant, or may take such other action as it deems necessary to insure compliance with the terms, conditions, covenants and purposes of this Easement; provided, however, that any failure to so act by the Grantee shall not be deemed to be a waiver or a forfeiture of the right to enforce any term, condition, covenant, or purpose of this Easement in the future. Notwithstanding the foregoing, if Grantee reasonably believes an ongoing or threatened imminent activity violates this Easement and that the violation will likely cause serious, irretrievable damage to the conservation values, Grantee, after contacting Grantor and attempting to work out a resolution, may take immediate legal action including, but not limited to, filing a civil action to seek a temporary restraining order and/or injunctive relief or may enter the Property to remove or eliminate any conditions or operations that violate the terms and covenants of this Easement.

7. Restoration. Grantor further intends that should any prohibited activity be undertaken on the Property, the Grantee shall have the right to cause the restoration of that portion of the Property affected by such activity to the condition that existed prior to the undertaking of such prohibited activity. In such case, the cost of such restoration shall be borne by Grantor against whom a judgment is entered. Nothing contained herein shall be construed to preclude Grantor from exhausting all legal remedies that may be available in determining whether the proposed activity to which the Grantee has objected is consistent with this Easement.



8. Costs and Taxes. Grantor agrees to bear all costs of operation, upkeep, and maintenance of the Property and does hereby indemnify the Grantee therefrom. In addition, Grantor agrees to pay any and all real property taxes and assessments levied by competent authority on the Property and Grantor agrees to pay any and all water carriage fees/ditch assessments levied by the ditch companies or other competent authority relating to the Water Rights.
9. Access. Nothing contained herein shall be construed as affording the public access to any portion of the land subject to this Easement. Nothing in this Easement shall be construed to preclude Grantor's right to grant limited public access to third parties across its land. All access, whether by third parties or the Grantor, shall be performed in a reasonable manner that does not result in degradation of the agricultural attributes of the Property. Grantee shall have the right to enter upon the Property at reasonable times, upon 48 hours prior notice to Grantor, to inspect for violations of the terms and covenants of this Easement, when Grantee has a good faith belief that the terms and covenants of this Easement are being violated, and to remove or eliminate any conditions or operations which violate the same.
10. Grant in Perpetuity. This Easement and the covenants as set forth herein shall run with the land and be binding upon all parties thereto, their heirs, successors, representatives, and assigns, and all persons who may hereafter acquire an interest in the Property. It is intended that this Easement and any other interests created under this Easement vest immediately. Pursuant to Colorado Revised Statute Section 15-11-1102(1)(a) and (b), if any nonvested property interests conveyed to the Grantee under this Easement do not vest within 90 years after the date of execution of this Easement by both parties, said interests shall automatically be severed from the remainder of the interests conveyed herein and shall automatically terminate.
11. Condemnation. In the event of condemnation of all or a portion of the Property, the Grantee shall be entitled to a share of the proceeds of the condemnation award, based on the value, at the time of the taking, of the conservation easement that is the subject of the taking. Additionally, in such event, any funds provided by the United States towards the purchase of this Easement shall be repaid by the Grantee



pursuant to the terms of Paragraph 14(f) below.

12. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same agreement.

13. Miscellaneous.

(a) The terms "Grantor" and "Grantee", whenever used herein, and any pronouns used in place thereof, shall mean and include the above-named Grantor and Grantor's heirs, personal representatives, executors, successors and assigns and the above-named Grantee and its successors and assigns, respectively.

(b) If any provision of this Easement or the application thereof to any person or circumstance is found to be invalid, the remainder of the provisions of this Deed of Conservation Easement in Gross and the application of such provisions to persons or circumstances other than those as to which it is found to be invalid, shall not be affected thereby.



- (c) The Grantor agrees that reference to this Easement will be made in any subsequent deed, or other legal instrument, by means of which Grantor conveys any interest in the Property (including a leasehold interest) and that Grantor will attach a copy of this Deed of Conservation Easement in Gross thereto.
- (d) Liberal Construction. This Easement shall be liberally construed in favor of the Easement to effect the purpose of the Easement and the policies and purpose of C.R.S. ' 38-30.5-10 et seq.
- (e) Entire Agreement. This instrument sets forth the entire agreement of the parties with respect to the Easement and supersedes all prior discussions, negotiations, understandings, or agreements relating to the Easement, all of which are merged herein. No alteration or variation of this instrument shall be valid or binding unless contained in an Amendment that complies with Paragraph 12.
- (f) Captions. The captions in this instrument have been inserted solely for convenience of reference and are not part of this instrument and shall have no affect upon construction or interpretation.

ADDITIONAL PROVISIONS APPLYING TO PARCELS 5, 6, 9, 10 and 11

14. The County acquired the individual parcel conservation easements over parcels 5, 6, 9, 10 and 11 of the Property, as those Parcels are legal described in Exhibit A, with partial funding provided by the Commodity Credit Corporation, through the Farm and Ranch Lands Protection Program ("FRPP") which is administered by the Natural Resources Conservation Service (hereafter "NRCS," "USDA," or "The United States"). The Farm and Ranch Lands Protection Program (16 U.S.C. 3838h and 3838i) authorizes the Secretary of Agriculture, acting through the NRCS, to acquire conservation easements or other interests in land for the purpose of protecting prime, unique or other productive soils by limiting nonagricultural uses of the land. The following provisions of Paragraph 14 (a-f) are being included in this Easement and shall affect only Parcels 5, 6, 9, 10 and 11 of the Property:

- (a) Conservation Plan. As required by Section 1238I of the Food Security Act of 1985, as amended, Grantor, his heirs,



successors, or assigns, shall conduct all agricultural operations on the Property in a manner consistent with a conservation plan prepared in consultation with NRCS and approved by the Conservation District. This conservation plan shall be developed using the standards and specifications of the NRCS Field Office Technical Guide and 7 CFR part 12 that are in effect on the date this Easement is granted. NRCS shall have the right to enter upon the Property, upon advance notice to Grantor, in order to monitor compliance with the conservation plan. In the event of noncompliance with the conservation plan, NRCS shall work with Grantor to explore methods of compliance and give Grantor a reasonable amount of time, not to exceed twelve months, to take corrective action. If the Grantor does not comply with the conservation plan, Grantee shall take all reasonable steps to secure compliance with the conservation plan following written notification from NRCS that: (a) there is a substantial, ongoing event or circumstance of non-compliance with the conservation plan, (b) NRCS has worked with the Grantor to correct such noncompliance, and (c) Grantor has exhausted its appeal rights under applicable NRCS regulations.

If the NRCS standards and specifications for highly erodible land are revised after the date of this Easement based on an Act of Congress, NRCS will work cooperatively with the Grantor to develop and implement a revised conservation plan. The provisions of this section apply to the highly erodible land conservation requirements of the Farm and Ranch Lands Protection Program and are not intended to affect any other natural resources conservation requirements to which Grantor may be or become subject.

(b) Contingent Right in the United States. In the event that Grantee fails to enforce any of the terms of this Easement, as determined in the sole discretion of the Secretary of the United States Department of Agriculture, the said Secretary of Agriculture and his or her successors and assigns shall have the right to enforce the terms of the Easement through any and all authorities available under Federal or State law. In the event that Grantee attempts to terminate, transfer, or otherwise divest itself of any rights, title, or interests of this Easement or extinguish this Easement, without the prior consent of the Secretary of the United States Department of Agriculture and payment of consideration to the United States, then, at the option of such Secretary, all right, title, and



interest in this Easement shall become vested in the United States of America.

(c) Indemnification. Grantor shall hold harmless, indemnify, and defend the Grantee, and the United States, and their employees, agents, contractors and representatives, successor and assigns from and against all liabilities, penalties, costs, losses, damages, expenses, causes of action, claims, demands, or judgments, including, without limitation, reasonable attorney's fees, arising from or in any way connected with (1) injury or death of any person, or physical damage to any property, resulting from any act, omission, condition, or other matter related to or occurring on or about the Property, regardless of cause, unless due to the negligence (in which case liability shall be apportioned in accordance with Colorado law) or intentional acts or omissions of the County or the United States; (2) the obligations of Grantor specified herein; and (3) the presence or release of hazardous or toxic substances on, under or about the Property.

For the purpose of this paragraph, hazardous or toxic substances shall mean any hazardous or toxic substance or material which is regulated under any federal, state or local law, regulation or ordinance.

(d) Non-Merger. If Grantee acquires the underlying fee to this Property, this Easement and the fee will not merge and will continue to be managed as one estate. If necessary to insure non-merger of the two estates, Grantee agrees to assign its interests in this Easement to another qualified entity with advance permission of NRCS.

(e) Amendment of Easement. If circumstances arise under which an amendment would be appropriate, Grantor, or the then current owner of the Property, and Grantee may jointly amend the Easement, with prior written approval of the United States. Any such amendment shall be consistent with the purposes of the Easement, shall not affect its perpetual duration, shall not permit additional developments or improvements currently prohibited by the Easement, and shall not impair any of the significant conservation values of the Property. Any such amendment shall be recorded in the official records of Boulder County, Colorado.

(f) Extinguishment. In giving this Easement, Grantor has considered the possibility that uses prohibited by the terms of this Easement may become more economically valuable than permitted uses and that neighboring properties may in the



future be put entirely to such prohibited uses. It is the intent of both Grantor and Grantee that any such changes shall not be deemed circumstances justifying the termination or extinguishment of this Easement. In addition, the inability of Grantor, or Grantor's heirs, successors or assigns, to conduct or implement any or all of the uses permitted under this Easement, or the unprofitability of doing so, shall not impair the validity of this Easement or be considered grounds for its termination or extinguishment. In the event of a potential extinguishment, extinguishment or condemnation, Grantee shall provide notice of such action and consult with the NRCS at 665 Parfet Street, Room E200C, Lakewood, Colorado. The United States must consent to any condemnation action. In the event of an extinguishment by a court of competent jurisdiction, or condemnation pursuant to Paragraph 11, any funds provided by the United States towards the purchase of this Conservation Easement shall be repaid by Grantee. The United States shall be entitled to receive 50% of Grantee's compensation on Parcels 5, 6, 9, 10, and 11.² Upon receipt of any such proceeds, Grantee shall promptly remit to the United States its share of the proceeds. Grantee shall be entitled to retain the remaining 50% of Grantee's compensation, and shall use such proceeds in a manner consistent with the conservation purposes of this Easement.

15. This Easement restates, supercedes and replaces those certain conservation easements for parcels 1-11, recorded in the office of the Boulder County Clerk and Recorder under Reception Nos. 1718845 (Parcel 1, recorded on July 31, 1997), 1832250 (Parcel 2, recorded on August 6, 1998); 1966313 (Parcel 3, recorded on July 30, 1999); 2078719 (Parcel 4, recorded on September 14, 2000), 2189546 (Parcel 4 amendment, recorded on August 27, 2001); 2313425 (Parcel 5, as re-recorded on July 31, 2002); 2313428 (Parcel 6, recorded on July 31, 2002); 2485113 (Parcel 7, recorded on August 8, 2003); and 2611096 (Parcel 8, recorded on July 26, 2004); and _____ (Parcels 9, 10 and 11, recorded on _____); all of which by the execution of this Conservation Easement, are made null and void.

² The parcel conservation easements funded by FRPP include: Parcel 5, \$27,703.5 funded by FRPP (reception number 2313425 as re-recorded on July 31, 2002); Parcel 6, \$29,296.5 funded by FRPP (reception number 2313428, recorded on July 31, 2002); Parcels 9, 10 and 11, \$95,656 funded by FRPP, recorded on _____



IN WITNESS, WHEREOF, Grantor and Grantee have executed this Deed of Conservation Easement this _____ day of _____, 2006.

GRANTOR:

Jules Van Thuyne Jr.

Jules Van Thuyne Jr.

STATE OF COLORADO)
) ss.
COUNTY OF BOULDER)

The foregoing Deed of Conservation Easement in Gross was acknowledged before me this 19th day of Jan, 2006, by Jules Van Thuyne Jr.

Witness my hand and official seal.

My commission expires:

[Handwritten Signature]

-30-07
Notary Public

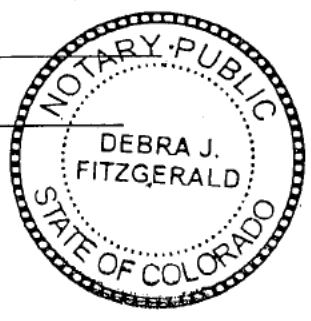




Exhibit A
Legal Description of the Property

Parcel 1

A tract of land located in the SE1/4 of the SE1/4 of Section 34, T2N, R69W of the 6th P.M., County of Boulder, State of Colorado, described as follows:

Commencing at the Southeast Corner of said Section 34, thence N00°29'23"E, 616.38 feet along the East line of the SE1/4 of said Section 34; thence N90°00'00"W, 99.59 feet to the West line of that tract of land conveyed to Denver Western and Pacific Railway Company as described in Warranty Deed recorded in Book 64 at Page 214 of the records of Boulder County, Colorado, and the TRUE POINT OF BEGINNING;

Thence continuing N90°00'00"W, 1222.51 feet to the West line of the E1/2 of the SE1/4 of said Section 34;

Thence S00°31'16"W, 479.47 feet along the West line of the E1/2 of the SE1/4 of said Section 34 to the North line of Parcel No. 13 conveyed to the Department of Highways as described in Executrix' Deed recorded on Film 508 as Reception No. 761228 of the records of Boulder County, Colorado;

Thence S89°56'43"E, 144.94 feet along the North line of said Parcel No. 13 to a point of curve to the right;

Thence Easterly, 475.83 feet along the North line of said Parcel No. 13 and along the arc of said curve to a point tangent, said arc having a radius of 11520.00 feet, a central angle of 2°22'00" and being subtended by a chord that bears S88°45'43"E, 475.80 feet;

Thence S87°34'43"E, 602.37 feet along the North line of said Parcel No. 13 and along the North line of Parcel No. 14 conveyed to the Department of Highways as described in Quit Claim Deed recorded on Film 508 as Reception No. 761229 of the records of Boulder County, Colorado to the West line of that tract of land as described in said Book 64 at Page 214;

Thence N00°29'23"E, 515.34 feet along the West line of that tract of land as described in said Book 64 at Page 214 to the TRUE POINT OF BEGINNING;

together with:

Parcel 2

A tract of land located in the SE1/4 of the SE1/4 of Section 34, T2N, R69W of the 6th P.M., County of Boulder, State of Colorado, described as follows:

Commencing at the Southeast Corner of said Section 34, thence N00°29'23"E, 616.38 feet along the East line of the SE1/4 of said Section 34 to the TRUE POINT OF BEGINNING;

Thence continuing N00°29'23"E, 593.15 feet along the East line of the SE1/4 of said Section 34;

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Conservation Easement



Thence N90°00'00"W, 1321.77 feet to the West line of the E1/2 of the SE1/4 of said Section 34;

Thence S00°31'16"W, 593.15 feet along the West line of the E1/2 of the SE1/4 of said Section 34 to a point from which the True Point of Beginning bears S90°00'00"E;

Thence S90°00'00"E, 1222.51 feet to the West line of that tract of land conveyed to Denver Western and Pacific Railway Company as described in Warranty Deed recorded in Book 64 at Page 214 of the records of Boulder County, Colorado;

Thence S00°29'23"W, 515.34 feet along the West line of that tract of land as described in said Book 64 at Page 214 to the North line of Parcel No. 14 conveyed to the Department of Highways as described in Quit Claim Deed recorded on Film 508 as Reception No. 761229 of the records of Boulder County, Colorado;

Thence S87°34'43"E, 99.64 feet along the North line of said Parcel No. 14 and along the North line of Parcel No. 15 conveyed to the Department of Highways as described in Executrix' Deed recorded on Film 508 as Reception No. 761228 of the records of Boulder County, Colorado, to the East line of the SE1/4 of said Section 34;

Thence N00°29'23"E, 519.55 feet along the East line of the SE1/4 of said Section 34 to the TRUE POINT OF BEGINNING.

together with:

Parcel 3

A tract of land located in the E1/2 of the SE1/4 of Section 34, T2N, R69W of the 6th P.M., County of Boulder, State of Colorado, described as follows:

Commencing at the Southeast Corner of said Section 34, thence N00°29'23"E, 1209.53 feet along the East line of the SE1/4 of said Section 34 to the TRUE POINT OF BEGINNING;

Thence continuing N00°29'23"E, 608.76 feet along the East line of the SE1/4 of said Section 34;

Thence N90°00'00"W, 1321.44 feet to the West line of the E1/2 of the SE1/4 of said Section 34;

Thence S00°31'16"W, 608.77 feet along the West line of the E1/2 of the SE1/4 of said Section 34 to a point from which the True Point of Beginning bears S90°00'00"E;

Thence S90°00'00"E, 1321.77 feet to the TRUE POINT OF BEGINNING.

together with:

Parcel 4

A tract of land located in the NE1/4 of the SE1/4 of Section 34, T2N, R69W of the 6th P.M., County of Boulder, State of Colorado, described as follows:

Commencing at the Southeast Corner of said Section 34, thence N00°29'23"E, 1818.29 feet

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Conservation Easement



along the East line of the SE1/4 of said Section 34 to the TRUE POINT OF BEGINNING;
 Thence continuing N00°29'23"E, 608.92 feet along the East line of the SE1/4 of said Section 34;
 Thence N90°00'00"W, 1321.11 feet to the West line of the E1/2 of the SE1/4 of said Section 34;
 Thence S00°31'16"W, 608.92 feet along the West line of the E1/2 of the SE1/4 of said Section 34 to a point from which the True Point of Beginning bears S90°00'00"E;
 Thence S90°00'00"E, 1321.44 feet to the TRUE POINT OF BEGINNING.

together with:

Parcel 5

A tract of land located in the NE1/4 of the SE1/4 of Section 34, T2N, R69W of the 6th P.M., County of Boulder, State of Colorado, described as follows:

Commencing at the Southeast Corner of said Section 34, thence N00°29'23"E, 2427.21 feet along the East line of the SE1/4 of said Section 34 to the TRUE POINT OF BEGINNING;

Thence continuing N00°29'23"E, 663.91 feet along the East line of the SE1/4 of said Section 34 to the E1/4 Corner of said Section 34;

Thence S85°15'25"W, 1326.28 feet along the East-West Centerline of said Section 34 to the Northwest Corner of the E1/2 of the SE1/4 of said Section 34;

Thence S00°31'16"W, 554.24 feet along the West line of the E1/2 of the SE1/4 of said Section 34 to a point from which the True Point of Beginning bears S90°00'00"E;

Thence S90°00'00"E, 1321.11 feet to the TRUE POINT OF BEGINNING.

together with:

Parcel 6

A tract of land located in the SW1/4 of Section 35, T2N, R69W of the 6th P.M., County of Boulder, State of Colorado, described as follows:

Commencing at the Southwest Corner of said Section 35, from which the W1/4 Corner of said Section 35 bears N00°29'23"E, and from which a point on the South line of the SW1/4 of said Section 35 hereinafter referred to as Point "A" bears N89°51'57"E, 1890.45 feet, thence N00°29'23"E, 96.83 feet along the West line of the SW1/4 of said Section 35 to the North line of Parcel No. 15 conveyed to the Department of Highways as described in Executrix' Deed recorded on Film 508 as Reception No. 761228 of the records of Boulder County, Colorado, and the TRUE POINT OF BEGINNING;



Thence continuing N00°29'23"E, 449.64 feet along the West line of the SW1/4 of said Section 35 to a point from which the Southwest Corner of said Section 35 bears S00°29'23"W, 546.47 feet;

Thence S90°00'00"E, 1544.73 feet to the Southwesterly line of that tract of land conveyed to the Boulder and Weld Reservoir Company as described in Quit Claim Deed recorded in Book 381 at Page 457 of the records of Boulder County, Colorado;

Thence S03°14'57"E, 30.74 feet along the Southwesterly line of that tract of land as described in said Book 381 at Page 457;

Thence S38°29'57"E, 410.00 feet along the Southwesterly line of that tract of land as described in said Book 381 at Page 457;

Thence S89°24'57"E, 128.91 feet along the Southwesterly line of that tract of land as described in said Book 381 at Page 457 to a point from which said Point "A" bears S13°20'00"W;

Thence S13°20'00"W, 194.39 feet to said Point "A";

Thence S89°51'57"W, 49.13 feet along the South line of the SW1/4 of said Section 35 to the East line of said Parcel No. 15;

Thence N00°08'03"W, 14.82 feet along the East line of said Parcel No. 15;

Thence Westerly, 53.90 feet along the North line of said Parcel No. 15 and along the arc of a curve concave to the North, said arc having a radius of 11400.00 feet, a central angle of 0°16'15" and being subtended by a chord that bears N87°42'43"W, 53.90 feet;

Thence N87°34'43"W, 1788.19 feet along the North line of said Parcel No. 15 to the TRUE POINT OF BEGINNING.

together with:

Parcel 7

A tract of land located in the SW1/4 of Section 35, T2N, R69W of the 6th P.M., County of Boulder, State of Colorado, described as follows:

Commencing at the Southwest Corner of said Section 35, thence N00°29'23"E, 546.47 feet along the West line of the SW1/4 of said Section 35 to the TRUE POINT OF BEGINNING;



Thence continuing N00°29'23"E, 557.40 feet along the West line of the SW1/4 of said Section 35;

Thence S90°00'00"E, 1508.32 feet to the Westerly line of that tract of land conveyed to the Boulder and Weld Reservoir Company as described in Quit Claim Deed recorded in Book 381 at Page 457 of the records of Boulder County, Colorado;

Thence S03°14'57"E, 558.28 feet along the Westerly line of that tract of land as described in said Book 381 at Page 457 to a point from which the True Point of Beginning bears N90°00'00"W;

Thence N90°00'00"W, 1544.73 feet to the TRUE POINT OF BEGINNING.

together with:

Parcel 8

A tract of land located in the SW1/4 of Section 35, T2N, R69W of the 6th P.M., County of Boulder, State of Colorado, described as follows:

Commencing at the Southwest Corner of said Section 35, thence N00°29'23"E, 1103.87 feet along the West line of the SW1/4 of said Section 35 to the TRUE POINT OF BEGINNING;

Thence continuing N00°29'23"E, 884.78 feet along the West line of the SW1/4 of said Section 35 to the Northeasterly line of that tract of land conveyed to Andrew Mossburg as described in Warranty Deed recorded in Book 281 at Page 82 of the records of Boulder County, Colorado;

Thence S67°51'20"E, 171.98 feet along the Northeasterly line of that tract of land as described in said Book 281 at Page 82 to the Southwesterly line of that tract of land conveyed to the Boulder and Weld Reservoir Company as described in Quit Claim Deed recorded in Book 381 at Page 457 of the records of Boulder County, Colorado;

Thence S37°47'57"E, 116.28 feet along the Southwesterly line of that tract of land as described in said Book 381 at Page 457;

Thence S65°19'57"E, 500.00 feet along the Southwesterly line of that tract of land as described in said Book 381 at Page 457;

Thence S82°09'57"E, 800.00 feet along the Southwesterly line of that tract of land as described in said Book 381 at Page 457;

Thence S03°14'57"E, 410.98 feet along the Southwesterly line of that tract of land as described



in said Book 381 at Page 457 to a point from which the True Point of Beginning bears N90°00'00"W;

Thence N90°00'00"W, 1508.32 feet to the TRUE POINT OF BEGINNING.

together with:

Parcel 9

A tract of land located in the SE1/4 of Section 35, T2N, R69W of the 6th P.M., County of Boulder, State of Colorado, described as follows:

Commencing at the Southwest Corner of said Section 35, from which the W1/4 Corner of said Section 35 bears N00°29'23"E, thence N89°51'57"E, 2644.92 feet along the South line of the SW1/4 of said Section 35 to the S1/4 Corner of said Section 35; thence S89°41'50"E, 297.74 feet along the South line of the SE1/4 of said Section 35 to a point hereinafter referred to as Point "B"; thence continuing S89°41'50"E, 291.98 feet along the South line of the SE1/4 of said Section 35 to the TRUE POINT OF BEGINNING, from which a point on the South line of the SE1/4 of said Section 35 hereinafter referred to as Point "C" bears S89°41'50"E, 1780.60 feet;

Thence N37°25'00"W, 45.79 feet;

Thence N48°40'00"W, 351.79 feet to a point from which said Point "B" bears S00°00'00"W;

Thence N00°00'00"E, 116.37 feet to the Southerly line of that tract of land conveyed to the Boulder and Weld Reservoir Company as described in Quit Claim Deed recorded in Book 381 at Page 457 of the records of Boulder County, Colorado;

Thence S82°55'57"E, 72.59 feet along the Southerly line of that tract of land as described in said Book 381 at Page 457;

Thence N41°43'03"E, 500.00 feet along the Southerly line of that tract of land as described in said Book 381 at Page 457;

Thence N35°14'03"E, 137.84 feet along the Southerly line of that tract of land as described in said Book 381 at Page 457 to a point from which said Point "C" bears S61°15'00"E;

Thence S61°15'00"E, 1811.59 feet to said Point "C";

Thence N89°41'50"W, 1780.60 feet along the South line of the SE1/4 of said Section 35 to the TRUE POINT OF BEGINNING.



together with:

Parcel 10

A tract of land located in the SE1/4 of Section 35, T2N, R69W of the 6th P.M., County of Boulder, State of Colorado, described as follows:

Commencing at the Southwest Corner of said Section 35, from which the W1/4 Corner of said Section 35 bears N00°29'23"E, thence N89°51'57"E, 2644.92 feet along the South line of the SW1/4 of said Section 35 to the S1/4 Corner of said Section 35; thence S89°41'50"E, 2370.32 feet along the South line of the SE1/4 of said Section 35 to the TRUE POINT OF BEGINNING;

Thence N61°15'00"W, 1811.59 feet to the Southerly line of that tract of land conveyed to the Boulder and Weld Reservoir Company as described in Quit Claim Deed recorded in Book 381 at Page 457 of the records of Boulder County, Colorado;

Thence N35°14'03"E, 462.16 feet along the Southerly line of that tract of land as described in said Book 381 at Page 457;

Thence N21°44'57"W, 17.64 feet along the Southerly line of that tract of land as described in said Book 381 at Page 457;

Thence S61°15'00"E, 1883.38 feet to the East line of the SE1/4 of said Section 35;

Thence S00°35'46"W, 361.05 feet along the East line of the SE1/4 of said Section 35 to the Southeast Corner thereof;

Thence N89°41'50"W, 319.29 feet along the South line of the SE1/4 of said Section 35 to the TRUE POINT OF BEGINNING.

together with:

PARCEL 11

A tract of land located in the SE1/4 of Section 35, T2N, R69W of the 6th P.M., County of Boulder, State of Colorado, described as follows:

Commencing at the Southwest Corner of said Section 35, from which the W1/4 Corner of said Section 35 bears N00°29'23"E, thence N89°51'57"E, 2644.92 feet along the South line of the SW1/4 of said Section 35 to the S1/4 Corner of said Section 35; thence S89°41'50"E, 2370.32 feet along the South line of the SE1/4 of said Section 35; thence N61°15'00"W, 1811.59 feet to the Southerly line of that tract of land conveyed to the Boulder and Weld Reservoir Company as



described in Quit Claim Deed recorded in Book 381 at Page 457 of the records of Boulder County, Colorado; thence N35°14'03"E, 462.16 feet along the Southerly line of that tract of land as described in said Book 381 at Page 457; thence N21°44'57"W, 17.64 feet along the Southerly line of that tract of land as described in said Book 381 at Page 457 to the TRUE POINT OF BEGINNING;

Thence continuing N21°44'57"W, 322.36 feet along the Southerly line of that tract of land as described in said Book 381 at Page 457;

Thence S88°19'57"E, 600.00 feet along the Southerly line of that tract of land as described in said Book 381 at Page 457;

Thence S48°16'57"E, 225.00 feet along the Southerly line of that tract of land as described in said Book 381 at Page 457;

Thence N49°01'03"E, 267.21 feet along the Southerly line of that tract of land as described in said Book 381 at Page 457 to the North line of the S1/2 of the SE1/4 of said Section 35;

Thence N89°51'58"E, 103.07 feet along the North line of the S1/2 of the SE1/4 of said Section 35 to the most Westerly Corner of that tract of land conveyed to the Boulder and White Rock Ditch Company as described in Warranty Deed recorded in Book 280 at Page 217 of the records of Boulder County, Colorado;

Thence S34°50'00"E, 82.92 feet along the Southwesterly line of that tract of land as described in said Book 280 at Page 217;

Thence S38°10'00"E, 456.75 feet along the Southwesterly line of that tract of land as described in said Book 280 at Page 217;

Thence S40°53'34"E, 568.67 feet along the Southwesterly line of that tract of land as described in said Book 280 at Page 217 to the East line of the SE1/4 of said Section 35;

Thence S00°35'46"W, 356.57 feet along the East line of the SE1/4 of said Section 35 to a point from which the True Point of Beginning bears N61°15'00"W;

Thence N61°15'00"W, 1883.38 feet to the TRUE POINT OF BEGINNING.

Legal Description Prepared By:
Drexel Barrell & Co.
4840 Pearl East Circle #114
Boulder, Colorado 80301-2475
(303) 442-4338

Almquist Combined
Conservation Easement



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Page: 28 of 28
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Together with an undivided 50% interest in 155 shares of Boulder and White Rock Ditch and Reservoir Company and an undivided 50% interest in 36 units of the Northern Colorado Water Conservancy District.

Almquist Combined
Conservation Easement

-28-

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 2nd day of November 1970, between
Wallace Alquist a/k/a Wallace E. Alquist
Rte. 2, Longmont, Colorado

Lessor (whether one or more), and Robert A. Shaw
Lessee, WITNESSETH:

1. Lessor in consideration of Ten & more Dollars
(\$ 10 & more), in hand paid, of the royalties herein provided, and of the agreement of Lessee herein contained, hereby grants, leases and lets
exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas, other hydrocarbons and
without restriction to enumerated minerals, all other minerals whether similar or dissimilar to those particularly specified herein, laying pipe lines,
building tanks, power stations, telephone lines and other structures necessary to produce, save, take care of, treat, transport and own said products, and
housing its employees, the following described land in Boulder County, Colorado, to-wit:

E $\frac{1}{2}$ of SE $\frac{1}{4}$ of Section 34 and a tract of land in the NW $\frac{1}{4}$ of SW $\frac{1}{4}$ of Sec. 35 described as:
Beginning at a point 1247' east of the SW corner of the NW $\frac{1}{4}$ SW $\frac{1}{4}$; thence N. 76° 30' W. 118';
thence N. 67° 30' W. 912' to the West line of NW $\frac{1}{4}$ SW $\frac{1}{4}$; thence south on said west line 0° 45'
W. 463' to said SW corner; thence east on the south line of said NW $\frac{1}{4}$ SW $\frac{1}{4}$ 1247' to point of
beginning; ALSO the S $\frac{1}{2}$ of SE $\frac{1}{4}$ and S $\frac{1}{2}$ of SW $\frac{1}{4}$ of Section 35, subject to conveyances described
in Boulder county records as follows: Book 61 at Page 562; Book 279 at Page 113; Book 280 at
page 217 and Book 281 at page 79

of Section 34 & 35 Township 2 North Range 69 West

In addition to the land above described, Lessor hereby grants, leases and lets exclusively unto Lessee to the same extent as if specifically
described herein, all land owned or claimed by Lessor which is adjacent, contiguous to or forms a part of the lands above particularly described, in-
cluding all oil, gas, other hydrocarbons and other minerals underlain, water courses, rivers, streams, roads, easements and rights-of-way which traverse or
adjoin any of said lands. For rental payment purposes, the land included within this lease shall be deemed to contain 170 acres,
whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall be for a term of Five (5) years from this date (called "primary term") and as long
thereafter as oil, gas, other hydrocarbons, or other minerals are produced from said land hereunder, or drilling or reworking operations are conducted
thereon.

3. The royalties to be paid by Lessee are: (a) on oil, one-eighth of that produced and saved from said land, the same to be delivered at the
well, or to the credit of Lessor into the pipe line to which the wells may be connected; Lessee may from time to time, at its option, in its
possession, paying the market price therefor prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead gas or
other hydrocarbon substance, produced from said land and sold or used off the premises or in the manufacture of gasoline or other products therefrom,
the market value of the well or one-eighth of the gas so sold or used, provided that on gas sold at the wells the royalty shall be one-eighth of the amount
realized from such sale; (c) on all other minerals mined and marketed, one-tenth either in kind or value at the well or value at the well or value at the well, except
that on sulfur the royalty shall be fifty cents (50¢) per long ton. Lessee shall have free use of oil, gas, coal, wood and water from said land, except
water from Lessor's wells, for all operations hereunder, and the royalty on oil and gas shall be computed after deducting any so used. If a well capable
of producing gas in paying quantities is completed on the above described land and is shut in, this lease shall continue in effect for a period of one
year from the date such well is shut in. Lessee or any assignee may thereafter, in the manner provided herein for the payment or tender of delay
rentals, pay or tender to Lessor as royalty, on or before one year from the date such well is shut in, the sum of \$100.00 per well, and, if such payment or
tender is made, this lease shall continue in effect for a further period of one year. In like manner and upon like payments or tenders annually, made on
or before each anniversary of the shut-in date of such well, this lease shall continue in effect for successive periods of twelve (12) months each.

4. If operations for drilling are not commenced on said land as hereinafter provided, on or before one year from this date, the lease shall then
terminate as to both parties, unless on or before such anniversary date Lessee shall pay or tender to Lessor or to the credit of Lessor in

First National Bank of Longmont, Colorado (which bank and its successors are Lessor's agent
and shall continue as the depository for all rentals payable hereunder regardless of changes in ownership of said land or the rentals either by conveyance
or by the death or incapacity of Lessor) the sum of One Hundred Seventy Dollars
\$ 170.00

(herein called rental), which shall cover the privilege of deferring commencement of operations for drilling for a period of
twelve (12) months, in like manner and upon like payments or tenders annually the commencement of operations for drilling may be further deferred
for successive periods of twelve (12) months each during the primary term. The payment or tender of rental herein referred to may be made in currency,
draft or check at the option of the Lessee; and the depositing of such currency, draft or check in any post office, properly addressed to the Lessor, or said
bank, on or before the rental paying date, shall be deemed payment as herein provided. If such bank (or any successor bank) should fail, liquidate or be
succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payment or tender
of rental until the primary term shall deliver to Lessee a proper recordable instrument, naming another bank as agent to receive such pay-
ments or tenders. The down cash payment is consideration for this lease according to its terms and shall be allocated, as mere rental for a period.
Lessee may at any time execute and deliver to Lessor or to the depository above named 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 hereby is reduced by said
release or releases.

If Lessee shall, on or before any rental date, make a bona fide attempt to pay or deposit rental to a Lessor entitled thereto under this lease
according to Lessee's records or to a Lessor who, prior to such attempted payment or deposit, has given Lessee notice, in accordance with the terms of
this lease hereinafter set forth, of his right to receive rental, and if such payment or deposit shall be erroneous in any regard (whether deposited in the
wrong depository, paid in persons other than the parties entitled thereto as shown by Lessee's records, in an incorrect amount, or otherwise), Lessee
shall be unconditionally obligated to pay to such Lessor the rental properly payable for the rental period involved, but this lease shall be maintained in
the same manner as if such erroneous rental payment or deposit had been properly made; provided that the erroneous rental payment or deposit be cor-
rected within 30 days after receipt by Lessee of written notice from such Lessor of such error accompanied by any documents and other evidence neces-
sary to enable Lessee to make proper payment.

5. Should any well drilled on the above described land during the primary term before production is obtained be a dry hole, or should production
be obtained during the primary term and thereafter cease, then and in either event, if operations for drilling an additional well are not commenced or
operations for reworking an old well are not pursued on said land before the first anniversary date next succeeding the cessation of production
or drilling or reworking on said well or wells, then this lease shall terminate unless Lessee, on or before said date, shall resume the payment of rentals.
Upon resumption of the payment of rentals, Section 4 governing the payment of rentals, shall continue in force just as though there had been no interrup-
tion in the rental payments. If during the last year of the primary term and prior to the discovery of oil, gas, or other hydrocarbons on said land
Lessee shall be unconditionally obligated to pay to such Lessor the rental properly payable for the rental period involved, but this lease shall be maintained in
production thereof should cease during the last year of said term from any cause, no rental payment or operation in order to keep this
lease in force during the remainder of the primary term. If, at the expiration of the primary term, Lessee is conducting operations for drilling a new
well or reworking an old well, this lease nevertheless shall continue in force as long as such drilling or reworking operations continue, or if, after the
expiration of the primary term, production on this lease shall continue in force as long as such drilling or reworking operations continue, or if, after the
cessation of production on this lease, any such drilling or reworking operations, conducted without cessation of more than sixty (60) days, this lease shall continue as long as oil,
gas, other hydrocarbons or other mineral is produced and as long as additional drilling or reworking operations are had without cessation of such drill-
ing or reworking operations for more than sixty (60) consecutive days.

6. Lessee, at its option, is hereby given the right and power to pool or combine the land covered by this lease, or any portion thereof, as to oil
and gas, or either of them, 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 and operate said premises, such pooling to be into a unit well or units not exceeding forty (40) acres, plus an acreage tolerance of ten per cent
(10%) of forty (40) acres, for oil, and not exceeding six hundred and forty (640) acres, plus an acreage tolerance of ten per cent (10%) of six hundred
and forty (640) acres, for gas, except that larger units may be created to conform to any spacing or well unit pattern that may be prescribed by govern-
mental authorities having jurisdiction. Lessee may pool or combine acreage covered by this lease, or any portion thereof, as above provided, as to oil or gas
in any one or more strata, and units so formed need not conform in size or area with the unit or units into which the lease is pooled or combined as to
any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights
of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall execute in writing and place of record an instrument or instru-
ments identifying and describing the pooled acreage. The entire acreage so pooled into a unit shall be treated for all purposes, except the payment of
royalties, as if it were included in this lease, and drilling or reworking operations thereon, except the payment of royalties, as if such operations were on or such production
were from or such completion were on the land covered by this lease, whether or not the well or wells be located on the premises covered by this lease.
In lieu of the 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 royalty interest bears to the total acreage so pooled in the particular unit involved. Should any unit
as originally created hereunder contain less than the maximum number of acres hereinabove specified, then Lessee may at any time thereafter, whether be-
fore or after production is obtained on the unit, enlarge such unit by adding additional acreage thereto, but the enlarged unit shall in no event exceed
the acreage content hereinabove specified. In the event an existing unit is so enlarged, Lessee shall execute and place of record a supplemental declara-
tion of unitization identifying and describing the additional acreage added to the existing unit, provided that if such supplemental declaration of unitization is not
filed until after production is obtained on the unit as originally created, then such unitization shall not become effective until the first day of the calendar month next following the filing thereof. In the absence of production Lessee may terminate any
unitized area by filing of record notice of termination.

7. Lessee also shall have the right to unitize, pool, or combine all or any part of the above described lands with other lands in the same general
area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with
like approval, to modify, change or terminate any such plan of agreement and, in such event, the terms, conditions, and provisions of this lease shall be
deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, per-
ticularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development
requirements of such plan or agreement; and the lease shall not terminate or expire during the life of such plan or agreement. In the event that said
above described lands or any part thereof, shall hereafter be operated under such cooperative or unit plan of development or operation whereby
the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land
shall for the purpose of computing the royalties to be paid hereunder to Lessor, be regarded as having been produced from the particular tract of land
to which it is allocated and not any other tract of land; and the royalty payments to be made hereunder to Lessor shall be based upon production
only as so allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and
approved by any governmental agency by executing the same upon request of Lessee.

8. Lessee shall have the right at any time without Lessor's consent to surrender all or any portion of the leased premises and be relieved of
all obligations hereunder. Lessee shall have the right at any time during or after the expiration of this lease to remove all property
and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe
lines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without
Lessor's consent. The Lessee agrees to promptly pay to the owner thereof any damages to crops, or improvements, caused by or resulting from any
operations of Lessee.

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9. The rights of either party hereunder may be assigned, in whole or in part, and the provisions hereof shall extend to the heirs, successors and assigns of the parties hereto, but no change or division in ownership of the land, rentals, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No change in the ownership of the land, or any interest therein, shall be binding on Lessee until Lessee shall be furnished with a certified copy of all recorded instruments, all court proceedings and all other necessary evidence of any transfer, inheritance, or sale of said rights. In event of the assignment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be apportionable among the several leasehold owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. In case Lessee assigns this lease, in whole or in part, Lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

10. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by or if such failure is the result of, any such Law, Order, Rule or Regulation, or if prevented by an act of God, of the public enemy, labor disputes, inability to obtain material, failure of transportation, or other cause beyond the control of Lessee.

11. If, during the term of this lease, oil or gas or other hydrocarbons or other mineral is discovered upon the leased premises, but Lessee is prevented from producing the same by reason of any of the causes set out in this Section, this lease shall nevertheless be considered as producing and shall continue in full force and effect until Lessee is permitted to produce the oil, gas, other hydrocarbons, or other mineral and as long thereafter as such production continues in paying quantities or drilling or reworking operations are continued as elsewhere herein provided.

12. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in event of failure of title, it is agreed that if Lessor owns an interest in said land less than the entire fee simple estate, then the royalties and rentals to be paid Lessor shall be reduced proportionately.

All of the provisions of this lease shall inure to the benefit of and be binding upon the parties hereto, their heirs, administrators, successors and assigns. This agreement shall be binding on each of the above named parties who sign the same, regardless of whether it is signed by any of the other parties. IN WITNESS WHEREOF, this instrument is executed on the date first above written.

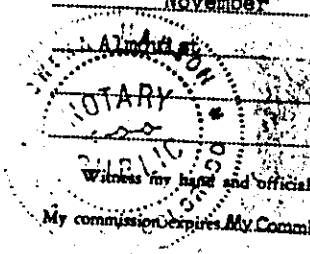
WITNESSES:

Wallace Almquist
 Wallace Almquist a/k/a Wallace E. Almquist
 SS#522-30-2800

STATE OF COLORADO,
 County of Boulder } SS.

Colorado Acknowledgment

The foregoing instrument was acknowledged before me this 2nd day of November, A.D. 19 70 by Wallace Almquist a/k/a Wallace E.



Rosemary Hanson
 Notary Public

STATE OF COLORADO,
 County of _____ } SS.

Colorado Acknowledgment

The foregoing instrument was acknowledged before me this _____ day of _____, A.D. 19 _____ by _____

Witness my hand and official seal:

My commission expires _____

Notary Public