

OIL AND GAS LEASE

Producers 88—Revised
N. D. and S. D.
(10-56)

THIS AGREEMENT, made and entered into this 29th day of January, 1970, by and between Edmond C. Todd and Adelia Todd, his wife of Daniel, Wyoming.

Depco, Inc., 1025 Petroleum Club Bldg., of Denver, Colorado, 80202, hereinafter called lessor (whether one or more), and of Depco, Inc., 1025 Petroleum Club Bldg., of Denver, Colorado, 80202, hereinafter called lessee; Ten and more - - - - - DOLLARS (\$ 10.00) premises, leases and lots

Depco, Inc., 1025 Petroleum Building, Denver, Colorado, and of the agreements of lessor hereinafter set forth, hereby grants, demises, leases and lets in hand paid, receipt of which is hereby acknowledged, and of the purpose of prospecting, exploring by geophysical and other methods, drilling, mining and exclusively unto said lessee, the lands hereinafter described for the purpose of prospecting, casinghead gas, casinghead gasoline, gas-condensate (oil and gas) and operating for and producing oil or gas, or both, including, but not as a limitation, together with the right to construct and maintain pipelines, telephone and electric lines, and other similar or dissimilar, produced in a gaseous state, and structures thereon to produce, save and take care of said oil and gas, and the exclusive any substance, tanks, powers, ponds, roadways, plants, equipment, and structures thereon to produce, save and take care of said oil and gas, and the exclusive right to inject air, gas, water, brine and other fluids into the subsurface strata and any and all from any source into the subsurface strata and any and all from any source into the subsurface strata, and for the production, saving and taking care of said oil and gas, and the injection of air, gas, water, brine, and other fluids into the subsurface strata, said lands being situated in the County of _____, State of _____, and being described as follows, to-wit:

Sublette, State of Wyoming
Township 34 North, Range 113 West of 6th P.M.
Section 3: S₃

of Section 1 , Township 1 , Range 1 , it being the purpose and intent of lessor to lease, and lessor does hereby lease, all of the lands or interests in lands owned by lessor which adjoin the lands above described or which lie in the section or sections herein specified.

For all purposes of this lease, said lands shall be deemed to contain 320.00 acres.

This lease shall remain in force for a term of ten (10) years from this date (herein called the term of years), and the covenants and conditions herein contained are continuously in force for the term of years herein expressed.

For all purposes of this lease, said lands shall be deemed to contain 520.00 acres.

Subject to the other provisions herein contained, this lease shall remain in force for a term of ten (10) years from this date (herein called "primary term") and as long thereafter as oil or gas, or either of them, is produced from said leased premises or drilling operations are continuously prosecuted as hereinafter provided. "Drilling operations" includes operations for the drilling of a new well, the reworking, deepening or plugging back of a well or hole or other operations conducted in an effort to obtain or re-establish the production of oil or gas; and drilling operations shall be considered to be "continuously prosecuted" if not more than 60 days shall elapse between the completion or abandonment of one well or hole and the commencement of drilling operations on another well or hole. If, at the expiration of the primary term of this lease, oil or gas is not being produced from the leased premises, then engaged in drilling operations, this lease shall continue in force so long as drilling operations are shall be produced from the leased premises. If, after the expiration of the primary term of this lease, production on the leased premises shall cease, this lease shall not terminate if lessee is then prosecuting drilling operations, or within 60 days after each such cessation of production commences drilling operations, and this lease shall remain in force so long as such operations are continuously prosecuted, and if production results therefrom, then as long thereafter as oil or gas is produced from the leased premises.

In consideration of the premises, lessee covenants and agrees:

1st. To deliver, free of cost, to lessor at the wells, or to the credit of lessor in the pipeline to which the wells may be connected, the equal one-eighth (1/8) part of all oil and other liquid hydrocarbons produced and saved from the leased premises, or, at lessee's option, to pay to lessor for such one-eighth (1/8) royalty the market price at the well for such oil and other liquid hydrocarbons of like grade and gravity prevailing on the day such oil and other liquid hydrocarbons are run from the lease stock tanks.

2nd. To pay lessor one-eighth (1/8) of the proceeds received by lessee at the well for all gas (including all substances contained in such gas) produced from the leased premises and sold by lessee; if such gas is used by lessee off the leased premises or used by lessee for the manufacture of casinghead gasoline or other products, to pay to lessor one-eighth (1/8) of the prevailing market price at the well for the gas so used.

If no well be commenced on said land on or before one year from the date hereof, this lease shall (except as otherwise provided in this paragraph) terminate, unless lessee (or someone in his behalf), on or before such date, shall pay or tender to lessor, or to lessor's credit in the Bank at **Rock Springs, Wyoming**, the sum of _____ dollars (\$ _____) as advance rentals; the

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30 days after receipt by lessee or assignee of payment from the owner of the land. The consideration first recited herein, the down payment, shall be paid by lessee to make proper payment. The lessor's option of extending that period as aforesaid, and any and all other rights conferred, shall terminate upon expiration of said period as aforesaid, but also lessee's option of extending that period as aforesaid, and any and all other rights conferred, shall terminate upon expiration of said period as aforesaid, and any and all other rights conferred.

Should the first well drilled on the above described land be completed as a dry hole, then, and in that event, if a second well is not commenced on said land within 12 months from the expiration of the last rental period for which rental has been paid (it being understood that for the purpose of this paragraph the period of time extending from the date of this lease to the first rental date shall be considered as a rental period for which rentals have been paid), this lease shall resume the payment of rentals, as above provided, the last preceding paragraph hereof, governing the payment of rentals and the effect thereof, shall continue in force just as though there had been no interruption in rental payments.

The lessor agrees to accept and gas-condensate in paying quantities located on the leased premises (or on acreage pooled or consolidated with the leased premises) at any time shut in and no gas or gas-condensate therefrom shall be payable to the lessor until such time as production commences.

If a well capable of producing gas or gas and gas-condensate in paying quantities located on the leased premises (or on acreage pooled or consolidated with all or a portion of the leased premises into a unit for the drilling or operation of such well) is at any time shut in and no gas or gas-condensate therefrom is sold or used off the premises or for the manufacture of gasoline or other products, nevertheless such shut-in well shall be deemed to be a well on the leased premises producing gas in paying quantities hereunder and this lease will continue in force during all of the time or times while such well is so shut in, whether before or after the expiration of the primary term hereof. Lessee shall use reasonable diligence to market gas or gas and gas-condensate capable of being produced from such shut-in well but shall have under no obligation to market such products under terms, conditions or circumstances which, in lessee's judgment, are unsatisfactory. Lessee shall be obligated to pay or tender to lessor within 45 days after the expiration of each period of one year in length (annual-period) during which such well is so shut in, as royalty, an amount equal to the annual delay rental herein provided applicable to the interest of lessor in acreage embraced in this lease as of the end of such annual period, or, if this lease does not provide for any delay rental, then the sum of \$50.00; provided, however, that, if gas or gas-condensate from such well is sold or used as aforesaid before the end of any such annual period, or if at the end of any such annual period, this lease is being maintained in force and effect otherwise than by reason of such shut-in well, then the sum of \$50.00; provided further, that particular annual period, said sum of money. Such payment shall be deemed a royalty under all provisions of this lease. Such payment may be made or tendered to lessor or to lessor's credit in the depository bank above designated. Royalty ownership as of the last day of the month next following the date of payment shall govern the determination of the party or parties entitled to receive such payment.

obligated to pay or tender, for the use of the lessor, the full amount of the lease. Such payment may be made or tendered to lessor or to lessor's credit in the depository bank. The determination of the party or parties entitled to receive such payment shall be governed by the records of the lessor. If lessor owns a less interest in the land covered by this lease than the entire and undivided fee simple mineral estate therein, then whether or not such less interest is referred to or described herein, all rentals and royalties herein provided shall be paid lessor only in the proportion which his interest bears to the whole and undivided mineral fee.

*** see reverse side**

Assignment or subletting in whole or in part is expressly allowed, the express assignment or subletting of the leasehold interest in the premises assigned or sublet, and the privilege of assigning or subletting in whole or in part is hereby assigned or sublet, and in the event of an assignment or subletting of the leasehold interest in the premises assigned or sublet, the assignee or sublessee shall be bound by the terms and conditions of this lease, and the lessor shall be released from all obligations under this lease.

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Lessee may, at any time, execute and deliver to lessor or place of record a release covering all or any part of such acreage, and thereupon shall be relieved of all obligations thereafter to accrue with respect to the acreage, zones, formations or depths covered by such release. In event of a release of this lease as to all or any part of the acreage embraced in the leased premises, thereafter the delay rentals hereinabove provided for shall be reduced proportionately on an acreage basis.

gations thereafter to accrue with respect to the leased premises, thereafter the delay rentals hereunder shall be paid by Lessee in only a part of the acreage embraced in the leased premises, thereafter the delay rentals hereunder shall be paid on an acreage basis.

Lessee is granted the right, from time to time while this lease is in force, to pool into a separate operating unit or units all or any part of the land covered by this lease with other land, lease or leases, or interests therein (whether such other interests are pooled by a voluntary agreement on the part of the owners thereof or by the exercise of a right to pool by the lessees thereof), when in Lessee's judgment it is necessary or advisable in order to produce, conserve, develop or operate the land and interests to be pooled, or to obtain a multiple production allowable from any governmental agency having control over such matters. Such pooling hereunder may cover all oil and gas, or any one or more of the substances covered by this lease, and may cover one or more or all zones or formations underlying all or any portion or portions of the leased premises. Any unit formed by such pooling shall be of abutting or cornering tracts and shall not exceed 640 acres (plus a tolerance of 10%) for gas or gas-condensate and shall not exceed 40 acres (plus a tolerance of 10%) for any other substance covered by this lease; provided that if any governmental regulation or order shall prescribe a spacing pattern for the development of a field wherein the above described acreage as may be so prescribed or as may be permitted in such allocation of allowable, per well, then any such unit may embrace and substances pooled shall be set forth by Lessee in a "declaration of pooling" filed for record in the county or area pooled and the zones or formations is located. Such pooling shall be effective on the date such declaration is filed unless a later effective date is specified in such declaration. In lieu of the royalties elsewhere herein specified, except shut-in gas well royalties, lessor shall receive on production from the land so pooled only such portion of the royalties which, in the absence of such pooling, would be payable hereunder to lessor on production from the land covered by this lease which is placed in the pooled area as the amount of the surface acreage in the land covered by this lease which is placed in the