

## OIL AND GAS LEASE

AGREEMENT, Made and entered into this 2nd day of October, 1972, by and between  
Gary G. Jensen and Roxanna M. Jensen, his wife.  
Boulder, Wyoming 82923  
party of the first part, hereinafter called lessor, (whether one or more) and Ed Shepardson, 665 Capitol Life  
Center, Denver, Colo. 80203, party of the second part, lessee.

WITNESSETH: That the lessor for and in consideration of Ten and more Dollars,  
in hand paid, receipt of which is hereby acknowledged, of the royalties herein provided, and of the agreements of lessee herein  
contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drill-  
ing and mining for and producing oil, gas, casinghead gas, and all other minerals, laying pipe lines, building tanks, power sta-  
tions, telephone lines and other structures thereon to produce, save, take care of, treat, transport, and own said products, and hous-  
ing its employees, the following described land in Sublette County, State of Wyoming, to-wit:  
Township 31 North, Range 106 West, 6th P.M.  
Section 22: W1SW1, SE1SW1  
Section 27: SW1NE1, E1NW1, NE1SW1

Containing 280 acres, more or less.  
TO HAVE AND TO HOLD the same (subject to the other provisions herein contained) for a term of ten years from this date  
(called "primary term") and as long thereafter as oil or gas or casinghead gas or either or any of them, is produced therefrom; or  
as much longer thereafter as the lessee in good faith shall conduct drilling operations thereon and should production result from  
such operations, this lease shall remain in full force and effect as long as oil or gas or casinghead gas, shall be produced therefrom.  
In consideration of the premises it is hereby mutually agreed as follows:

1. The lessee shall deliver to the credit of the lessor as royalty, free of cost, in the pipe line to which lessee may connect its  
wells, the equal one-eighth ( $\frac{1}{8}$ ) part of all oil produced and saved from the leased premises, or at the lessee's option, may  
pay to the lessor for such one-eighth ( $\frac{1}{8}$ ) royalty the market price for oil of like grade and gravity prevailing in the field where  
produced on the day such oil is run into the pipe line, or into storage tanks.

2. The lessee shall pay lessor, as royalty, one-eighth ( $\frac{1}{8}$ ) of the proceeds from the sale of the gas, as such, for gas from  
wells where gas only is found, and where not used or sold shall pay Fifty (\$50.00) Dollars per annum as royalty from each  
such well, and while such royalty is so paid such well shall be held to be a producing well. The lessor to have gas free of  
charge from any gas well on the leased premises for stoves and inside lights in the principal dwelling house on said land by  
making his own connections with the well, the use of said gas to be at the lessor's sole risk and expense.

3. To pay lessor for gas produced from any oil well and used off the premises or in the manufacturing of gasoline or any  
other product a royalty of one-eighth ( $\frac{1}{8}$ ) of the market value, at the mouth of the well, payable monthly at the prevailing  
market price.

4. If operations for the drilling of a well for oil or gas are not commenced on said land on or before one year from this  
date, this lease shall terminate as to both parties, unless the lessee shall, on or before one year from this date, pay or tender  
to the lessor or for the lessor's credit in First National Bank of Pinedale Bank at Pinedale

Wyoming 82941 or its successor or successors, which bank and its successors are lessor's agents and which shall continue  
as the depository regardless of changes in the ownership of the land, the sum of Two Hundred Eighty & No/100 Dollars

which shall operate as a rental and cover the privilege of deferring the commencement of operations for the drilling of a well  
one year from said date. In like manner and upon like payments or tenders the commencement of operations for the drilling  
of a well may be further deferred for like periods successively during the primary term of this lease. And it is understood  
and agreed that the consideration first recited herein covers not only the privileges granted to the date when the second rental  
is payable as aforesaid, but also the lessee's option of extending that period as aforesaid. All payments or tenders may be  
made by check or draft of lessee or any assignee thereof, mailed or delivered on or before the rental paying date. Lessee  
may at any time execute and deliver to lessor or place of record a release or releases covering any portion or portions of the  
above-described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as  
to the acreage surrendered and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered  
herein is reduced by said release or releases. Notwithstanding the death of the lessor, or his successor in interest, the  
payment or tender of rentals in the manner provided above shall be binding on the heirs, devisees, executors and administrators  
of such persons.

5. If at any time prior to the discovery of oil or gas on this land and during the term of this lease, the lessee shall drill a  
dry hole, or holes, on this land, this lease shall not terminate, provided operations for the drilling of a well shall be commenced by the  
next ensuing rental paying date, or provided the lessee begins or resumes the payment of rentals in the manner and amount  
above herein provided; and in this event the preceding paragraphs hereof governing the payment of rentals and the manner  
and effect thereof shall continue in force.

6. If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein,  
then the royalties and rentals herein provided for shall be paid the lessor only in the proportion which his interest bears to  
the whole and undivided fee.

7. Lessee shall have the right to use, free of cost, gas, oil, and water produced on said land for its operation thereon, except  
water from wells of lessor.

When requested by lessor, lessee shall bury his pipe lines below plow depth.

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

Lessee shall pay for damages caused by its operations to growing crops on said land.

Lessee shall have the right at any time to remove all improvements, machinery, and fixtures placed or erected by lessee  
on said premises, including the right to pull and remove casing.

8. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the  
right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in  
paying quantities, this lease shall continue and be in force with the like effect as if such well had been completed within the  
term of years herein first mentioned.

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 their heirs, executors, administrators, successors and assigns, but no change of ownership  
in the land or in the rentals or royalties shall be binding on the lessee until after notice to the lessee and it has been furnished  
with the written transfer or assignment or a certified copy thereof, and 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 assign-  
ment.

10. If the leased premises shall hereafter be owned in severalty, or in separate tracts, the premises, nevertheless, shall be  
developed and operated as one lease and all royalties accruing hereunder shall be treated as an entirety and shall be divided among  
and paid to such separate owners in the proportion that the acreage owned by each such separate owner bears to the entire  
leased acreage. 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.  
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 lands,  
and the holder or owner of any such part or parts shall fail or make default in the payment of the proportionate part of the  
rent due from him or them, on an acreage basis, such default shall not operate to defeat or affect this lease in so far  
as it covers a part or parts of said land upon which the said lessee or any assignee hereof shall make due payments of said  
rentals.

11. If at any time there be as many as six parties (or more) entitled to receive royalties under this lease, lessee may withhold  
payment thereof unless and until all parties designate in writing in a recordable instrument to be filed with the lessee, a Trustee  
to receive all royalty payments due hereunder and to execute division and transfer orders on behalf of said parties and their  
respective successors in title.

12. Lessee 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 govern-  
mental 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, con-  
ditions, 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