

OIL AND GAS LEASE

THIS AGREEMENT, entered into this the 26 day of September, 1974, between

William Heiser, single
2318 Brooklane
Springfield, Missouri 65807
hereinafter called lessor,

and William C. Kirkwood, P.O. Box 1706, Casper, Wyoming 82601 hereinafter called lessee, does witness:

1. That lessor, for and in consideration of the sum of Ten and no/100 Dollars (\$ 10.00), in hand paid, and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted and leased and hereby grants, leases and lets exclusively unto the lessee for the purpose of exploring and operating for and producing oil and gas, laying pipe lines, building tanks, storing oil, building powers, stations, telephone lines and other structures thereon to produce, save, take care of and manufacture all of such substances, and for housing and boarding employees, the following described tract of land in Weld and Morgan County, Colorado to-wit:

T 7 N, R 60 W
Section 32: W 1/2
T 6 N, R 61 W
Section 12: E 1/2

and containing 640.00 acres, more or less.

2. This lease shall remain in force for a term of Three (3) years and as long thereafter as oil and gas, or either of them, is produced or this lease is extended under any subsequent provision hereof.

3. 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 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 royalty the market price for oil of like grade and gravity prevailing on the day such oil is run into the pipe line, or into storage tanks.

4. The lessee shall pay lessor, as royalty, one-eighth of the proceeds from the sale of the gas, as such, produced from gas wells on leased premises, and where not sold shall pay Fifty (\$50.00) Dollars per annum as royalty from each such well, and such well shall be held to be a producing well under paragraph numbered two hereof. 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. The lessee shall pay to lessor for gas produced from any oil well and used by the lessee for the manufacture of gasoline or any other product, as royalty, one-eighth of the market value of such gas at the mouth of the well. If said gas is sold by the lessee, then as royalty one-eighth of the proceeds of the sale thereof.

5. 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 the

EMPIRE BANK ACCT. # 12-708 6 CHECKING Bank at SPRINGFIELD, MISSOURI 65804

or its successors, which bank and its successor's 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 thereunder, the sum of

SIX HUNDRED FORTY AND no/100-----Dollars (\$ 640.00 --) which shall operate as rental and cover the privilege of deferring the commencement of drilling operations for a period of one year. In like manner and upon like payments or tenders, the commencement of drilling operations may be further 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. 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 person.

6. 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 within twelve months from the expiration of the last rental period for which rental has been paid, or provided that within said period the lessee begins or resumes the payment of rentals in the manner and amount herein above provided; and in this event the preceding paragraphs hereof governing the payment of rentals and the manner and effect thereof shall continue in force.

7. In case 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 said 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 said land for its operations thereon, except water from the wells of the lessor. When required by lessor, the lessee shall bury 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.

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, 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. 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, 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 payment of said rentals.

10. 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 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.

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

12. 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 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, at any time, and from time to time, may surrender this lease as to all or any part or parts of leased premises, or as to any mineral or horizon under all or any part of leased premises, by recording a proper instrument of surrender. Upon each surrender as to any part or parts of leased premises, the rental specified above shall be proportionately reduced on an acreage basis and lessee shall have reasonable and convenient easements for then existing pipe lines, pole lines, roadways, and other facilities over the lands surrendered for the purpose of continuing operations on the lands retained.

14. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor or lessee.

15. This lease shall not be terminated, in whole or in part, nor shall lessee be held liable in damages, for failure to comply with the express or implied covenants hereof, if compliance therewith is prevented by, or if such failure is the result of, any Federal or State laws, executive orders, rules, or regulations. If, at the end of the primary term hereof, such term has not been extended by production or drilling as in this lease provided, and lessee, by reason of any of the above recited causes, is unable to drill a well on the leased premises for oil or gas, the primary term and the rental provision hereof shall be extended automatically from year to year until the first anniversary hereof occurring ninety (90) or more days following the removal of such delaying cause. During any period that lessee is unable to produce and/or market any products from the leased premises by reason of any of the above recited causes, this lease shall remain in full force and effect.

16. Lessee hereby is given the right at its option, at any time within twenty (20) years from the date hereof and from time to time within such period, and whether before or after production, to pool for development and operation purposes all or any part or parts of leased premises or rights therein with any other land in the vicinity thereof, or with any leasehold, operating or other rights or interests in such other land so as to create units of such size and surface acreage as lessee may desire but containing not more than forty-five (45) acres; provided, however, a unit may be established hereunder containing not more than 640 acres plus 10% acreage tolerance if unitized only as to gas rights or only as to gas and condensate. If at any time larger units are required under any then applicable law, rule, regulation or order of any governmental authority for the drilling, completion or operation of a well, or for obtaining maximum allowable from any contemplated, drilling or completed well, any such unit may be established or enlarged to conform to the size specified by such law, rule, regulation or order. Each unit shall be created by lessee's recording a Declaration of Pool containing a description of the unit so created, specifying the mineral or horizon so pooled, if so limited. Operations on any part of any lands so pooled shall, except for the payment of royalties, be considered operations on leased premises under this lease and, notwithstanding the status of a well at the time of pooling, such operations shall be deemed to be in connection with a well which was commenced on leased premises under this lease. The term "operations" as used in the preceding sentence shall include, without limitation, the following: commencing, drilling, testing, completing, reworking, recompleting, deepening or plugging back a well, or the production of oil or gas, or the existence of a shut-in well capable of producing oil or gas. There shall be allocated to the portion of leased premises included in any such pooling such proportion of the actual production from all lands so pooled as such portion of leased premises, computed on an acreage basis, bears to the entire acreage of the lands so pooled. The production so allocated shall be considered for the purpose of payment or delivery of royalty to be the entire production from the portion of leased premises included in such pooling in the same manner as though produced from such portion of leased premises under the terms of this lease.

17. Lessor hereby expressly relinquishes dower and releases and waives all rights under and by virtue of the homestead exemption laws of the state wherein leased premises are situated in so far as the same in any way may affect the purpose for which this lease is made.

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

WITNESSES:

William Heiser (SEAL)
William Heiser (SEAL)

(SEAL)

STATE OF MISSOURI)
COUNTY OF GREENE) SS.

BOOK 747 PAGE 851

INDIVIDUAL ACKNOWLEDGMENT 262

I, the undersigned, a Notary Public in and for said County and State,
do hereby certify that William Heiser, to me personally known,
and known to me to be the same person described in and who executed the foregoing instrument, appeared before me this day in person and acknowledged to me
that he executed and delivered the same as his free and voluntary act and deed, for the uses, purposes and consideration therein expressed,
including the relinquishment of dower and homestead.

Given under my hand and official seal this 14TH day of OCTOBER, 19 74

FLORENCE F. BROWN

My Commission Expires: My Commission Expires July 13, 1976

Florence F. Brown
Notary Public in and for said County and State, residing at

ROUTE 3 SPRINGFIELD, MISSOURI 65804

STATE OF)
COUNTY OF) SS.

INDIVIDUAL ACKNOWLEDGMENT

I, _____, a Notary Public in and for said County and State,
do hereby certify that _____, to me personally known,
and known to me to be the same person described in and who executed the foregoing instrument, appeared before me this day in person and acknowledged to me
that he executed and delivered the same as _____ free and voluntary act and deed, for the uses, purposes and consideration therein expressed,
including the relinquishment of dower and homestead.

Given under my hand and official seal this _____ day of _____, 19 _____.

My Commission Expires: _____

Notary Public in and for said County and State, residing at _____

STATE OF)
COUNTY OF) SS.

INDIVIDUAL ACKNOWLEDGMENT

I, _____, a Notary Public in and for said County and State,
do hereby certify that _____, to me personally known,
and known to me to be the same person described in and who executed the foregoing instrument, appeared before me this day in person and acknowledged to me
that he executed and delivered the same as _____ free and voluntary act and deed, for the uses, purposes and consideration therein expressed,
including the relinquishment of dower and homestead.

Given under my hand and official seal this _____ day of _____, 19 _____.

My Commission Expires: _____

Notary Public in and for said County and State, residing at _____

INDEXED 591404

OIL AND GAS LEASE

From

William Heiser

To

William C. Kirkwood

STATE OF COLORADO)
COUNTY OF MORGAN) SS.

I hereby certify that this instrument was filed for
record in my office at 8:00 o'clock

A.M. NOV 21 1974 19 and is

duly recorded in Book 747 Page No. 850

By Clifford B. Garver, Jr. Recorder

David H. Hildreth Deputy

FEES \$ 4.00

When recorded, return to

WILLIAM C. KIRKWOOD
P. O. Box 1766
Casper, Wyoming 82601

STATE OF)
COUNTY OF) SS.

CORPORATE ACKNOWLEDGMENT

I, _____, a Notary Public in and for said County and State,
do hereby certify that _____, to me personally known,
and known to me to be the same person who executed the foregoing instrument as _____ President of _____

_____, a corporation, appeared before me this day in person and, being first duly sworn, acknowledged that he is the
_____, President of said corporation, that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument
was signed, sealed, and delivered in behalf of said corporation by authority of its Board of Directors, and further acknowledged said instrument and his execution
thereof to be the free and voluntary act and deed of said corporation, and his own free and voluntary act and deed for the uses, purposes and considerations therein
expressed.

Given under my hand and official seal this _____ day of _____, 19 _____.

My Commission Expires: _____

Notary Public in and for said County and State, residing at _____

From

To

STATE OF COLORADO)
COUNTY OF WELD) SS.

I hereby certify that this instrument
was filed for record in my office at

8:00 o'clock a m.

DEC 19 1974

_____, 197

and is duly recorded in Book No. 729

Page _____

S. Lee Fisher

Recorder

Raymond Carlson

Deputy

Fee \$ _____

Return to _____