

PRODUCERS 88-PAID UP
Rev. 5-80, No. 2-9pt.-Amended

OIL AND GAS LEASE

THIS AGREEMENT, dated the 1st of June, 2016, is made and entered into by and between **Sherri Lewis, a single woman**, whose address is 17896 WCR 7, Mead, CO 80542, hereinafter called Lessor (whether one or more) and **Grizzly Petroleum Company, LLC** whose address is 1801 Broadway, Suite 500, Denver, CO 80202, hereinafter called Lessee.

WITNESSETH, That the Lessor, for and in consideration of TEN AND MORE (\$10.00+) 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 drilling, mining, exploring by geophysical and other methods, and developing, operating, and producing therefrom oil and all gas of whatsoever nature or kind including all hydrocarbon and non-hydrocarbon substances produced therewith (hereinafter "Leased Substances"), and to produce, save, market and take care of said products, being all the certain tract(s) of land situated in the County of Weld, State of Colorado, described as follows, to-wit:

Township 3 North – Range 68 West, 6th P.M.

Section 3: Lot A of Amended Recorded Exemption No. 1207-03-2-RF627, according to the Map recorded August 18, 1995 at Reception No. 2451917, County of Weld, State of Colorado

Containing approximately 1.61 gross acres.

THIS IS A NO SURFACE OCCUPANCY LEASE. It is agreed and understood that Lessee its successors or assigns shall not conduct any operations or locate any facilities on the surface of the leased lands. It is understood that Lessee, its successors or assigns shall not be allowed any access to the surface of the leased lands without written consent of Lessor. It is further agreed that Lessee shall have the right to drill and operate directional wells through and under said land irrespective of the bottom hole locations of said wells. To this end, Lessor hereby grants to Lessee a subsurface easement for all purposes associated with such directional wells.

Notwithstanding any particular description, it is nevertheless the intention of Lessor to include within this lease and Lessor does hereby lease, not only the land so described but also any and all other land owned or claimed by Lessor in the herein named survey or surveys, or in adjoining surveys, and adjoining the herein described land up to the boundaries of the abutting landowners, including all lands and rights acquired or retained by Lessor by avulsion, accretion, reliction or otherwise as the result of a change in the boundaries or centerline of any river or stream traversing or adjoining the lands described above, as well as all riparian lands and rights which may be incident, appurtenant, related or attributed to Lessor in any lake, reservoir, stream or river traversing or adjoining the lands described above, and further, all lands included in any road, easement or right-of-way traversing or adjoining the lands described above, which are or may be incident, appurtenant, related or attributed to Lessor by virtue of Lessor's ownership of the lands described above.

1. **TERM.** This lease shall remain in force for a primary term of Five (5) years from this date and as long thereafter as Leased Substances are produced in paying quantities from said leased premises or on acreage pooled therewith, or this lease is otherwise maintained in effect pursuant to the provisions hereof. If, at the expiration of the primary term of this lease, Leased Substances are 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 one hundred eighty (180) 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 Leased Substances 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 any dry hole. If Leased Substances 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 Leased Substances are produced from the leased premises or on acreage pooled therewith. As used herein, the term "Operations" shall mean any activity conducted on or off the leased premises that is reasonably calculated to obtain or restore production, including without limitation, (i) drilling or any act preparatory to drilling (such as obtaining permits, surveying a drill site, staking a drill site, building roads, clearing a drill site, or hauling equipment or supplies); (ii) reworking, plugging back, deepening, treating, stimulating, refitting, injecting air, gas, water, brine and other fluids from any source, installing any artificial lift or production-enhancement equipment or technique; (iii) constructing or operating facilities related to the production, treatment, transportation and marketing of substances produced from the leased premises; and (iv) contracting for marketing services and sale of Leased Substances.

In the event a well or wells is drilled and completed on the lands, or on the lands pooled therewith, for the purpose of developing coalbed gas, the word "Operations" shall also mean, in addition to those matters covered in the preceding paragraphs: (1) Operations of said wells and the construction and/or operation of related facilities to remove water or other substances from the coalbed, or to dispose of such water or other substances, even though such Operations may not result in the production of hydrocarbons in paying quantities, or (2) shutting-in or otherwise discontinuing production from said wells to allow for surface or underground mining affecting the drillsite or wellbore.

2. **RENTAL.** This is a PAID-UP LEASE requiring no payment of rentals during the primary term. Unless otherwise stated herein, in consideration of the initial cash payment for entering this Lease, 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 release or releases, and be relieved of all obligations thereafter accruing as to the acreage surrendered.

3. **ROYALTY.** For all Leased Substances that are physically produced from the leased premises, or lands pooled, unitized or communitized therewith, and sold, Lessor shall receive as its royalty 18.75% of the sales proceeds actually received by Lessee or, if applicable, its affiliate, as a result of the first sale of the affected production to an unaffiliated party, less this same percentage share of all Post Production Costs and this same percentage share of all production, severance and ad valorem taxes. As used in this provision, Post Production Costs shall mean all costs actually incurred by Lessee or its affiliate and all losses of produced volumes whether by use as fuel, line loss, flaring, venting or otherwise from and after the wellhead to the point of sale. These costs include without limitation, all costs of gathering, marketing, compression, dehydration, transportation, removal of liquid or gaseous substances or impurities from the affected production whether or not provided by an affiliate of Lessee, and any other treatment or processing required by the first unaffiliated party who purchases the affected production. For royalty calculation purposes, Lessee shall never be required to adjust the sales proceeds to account for the purchaser's costs or charges downstream of the point of sale.

4. **SHUT-IN ROYALTY.** If after the primary term one or more wells on the leased premises or lands pooled or unitized therewith is capable of producing Leased Substances in paying quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the

purpose of maintaining this lease. Where Leased Substances from a well capable of producing oil or gas are not sold or used, Lessee may pay or tender as royalty to the royalty owners One Dollar per year per net royalty acre included hereunder, such payment or tender to be made on or before the anniversary date of this lease next ensuing 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 Leased Substances are being produced within the meaning of this lease.

5. LESSER INTEREST. If Lessor owns a lesser interest in the above described land than the entire and undivided mineral estate therein, then the royalties (including any shut-in oil and/or gas royalty) herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided mineral estate. To the extent any royalty or other payment attributable to the mineral estate covered by this lease is payable to someone other than Lessor, such royalty or other payment shall be deducted from the corresponding amount otherwise payable to Lessor hereunder.

6. ANCILLARY RIGHTS. The rights granted to Lessee hereunder shall include the right of ingress and egress on the leased premises or lands pooled or unitized therewith, along with such rights as may be reasonably necessary to conduct Operations for exploring, developing, producing and marketing leased substances, including but not limited to geophysical Operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to explore, discover, produce, store, treat and/or transport Leased Substances and water produced from other lands that share central facilities and are jointly operated with the leased premises for gathering, treating, compression and water disposal. Lessee may use in such Operations, free of cost, any oil, gas, water and/or other Leased Substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled or unitized therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled or unitized therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands of Lessor used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its Operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

7. RIGHT TO ASSIGN. The rights of Lessor and Lessee hereunder may be assigned in whole or part, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice in writing, 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 of 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. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

8. POOLING. Lessee, 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 communitize, pool or unitize the leasehold estate and the mineral estate covered by this lease with other land(s), lease or leases in the immediate vicinity for the production of Leased Substances, or separately for the production of a single substance, when in Lessee's judgment it is necessary or advisable to do so for the conservation of Leased Substances or in order to promote the prudent development of the lease, 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 Leased Substances, 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. The creation of a unit by such pooling, including without limitation pooling for a horizontal completion, shall be based on the configuration and amount of acreage which conforms to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. The term "horizontal completion" means an oil or gas well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical completion component in such reservoir. 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 or 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 oil and/or gas royalties, Lessor shall receive on production from the unit so communitized or 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.

9. DELAY. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction, including restrictions on the drilling and production of wells, and regulation of the price or transportation of Leased Substances. When Operations or production are delayed or interrupted by such laws, rules, regulations or orders, or by inability to obtain necessary permits, lack of water, labor or material, or by fire, storm, flood, war, rebellion, insurrection, riot, strike, differences with workmen, equipment failure, rig delay, or failure of carriers to furnish transport or furnish facilities for transportation or lack of market in the field for the minerals produced, or as a result of any cause whatsoever beyond the reasonable control of Lessee, the time of such delay or interruption shall not be counted against Lessee relative to its obligations hereunder and this lease shall remain in force during such delay or interruption and for ninety (90) days thereafter, anything in this lease to the contrary notwithstanding. Lessee shall not be liable for breach of any provisions or implied covenants of this lease when Operations are so prevented or delayed.

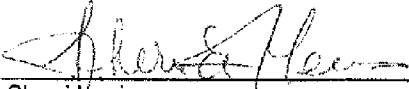
10. BREACH OR DEFAULT. No litigation shall be initiated by Lessor for damages, forfeiture or cancellation with respect to any asserted breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the asserted breach or default, and then only if Lessee fails to remedy the breach or default within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless and until Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

11. WARRANTY OF TITLE. 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. If Lessee exercises such option, Lessee shall be subrogated to the rights of the holder thereof, and the undersigned Lessor, for itself and its heirs, successors and assigns, hereby surrenders and releases 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. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

12. OFFER TO LEASE. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered, and all other pertinent terms and conditions of the offer. Lessee, for a period of thirty (30) days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

14. MULTIPLE LESSORS. This lease may be executed in counterparts and all counterparts shall be construed together and shall constitute one lease. Upon execution, this lease shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor. The word "Lessor," as used in this lease, shall mean any one or more or all of the parties who execute this lease as Lessor.

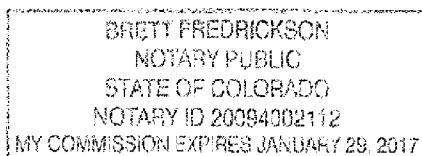
IN WITNESS WHEREOF, this instrument is executed as of the date first above written.

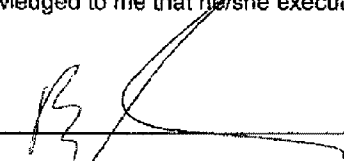
By: 
Sherri Lewis

COUNTY OF ~~WELD~~ Boonville)
STATE OF COLORADO)

ACKNOWLEDGMENT—INDIVIDUAL

On this day 8 of June, 2016, before me personally appeared **Sherri Lewis**, personally known to me to be the person(s) who executed the within and foregoing instrument, and acknowledged to me that he/she executed the same.
WITNESS my hand and official seal.




Notary Public:

COUNTY OF)
STATE OF COLORADO)

ACKNOWLEDGMENT—INDIVIDUAL

On this day _____ of _____, 2016, before me personally appeared _____, personally known to me to be the person(s) who executed the within and foregoing instrument, and acknowledged to me that he/she executed the same.
WITNESS my hand and official seal.

Notary Public: