# INVALID LEASES TAKEN BY SYNERGY OPERATING LLC HELD BY VALID LEASES BELONGING TO LANCE OIL & GAS COMPANY, INC.

LANCE LEASE	DATE	BOOK / PAGE	SYNERGY LEASE	DATE	BOOK / PAGE
ROSE GALLEGOS	1/8/02	1338 / 257	EDWARD GALLEGOS	6/20/05	1414 / 291
DUGAN UEKERT	11/19/01	1338 / 270	DUGAN UEKERT	6/14/05	1412 / 507
KENNETH C. YOUELL	5/4/05	1411 / 949	KENNETH C. YOUELL	6/13/05	1412 / 510
JOHN J. HORN	11/19/01	1338 / 269	JOHN J. HORN	6/17/05	1412 / 502
WESLEY D. IPOCK	11/12/01	1338 / 280	WESLEY D. IPOCK	6/10/05	1412 / 503
JOSE G. GOMEZ	11/26/01	1338 / 295	JOSE G. GOMEZ	7/5/05	1413 / 586
THOMAS M. DINNING	4/20/02	1343 / 634	THOMAS M. DINNING	7/8/05	1412 / 499
THOMAS M. DINNING	5/10/05	1411 / 67	THOMAS M. DINNING	7/8/05	1412 / 499
DANNY R. SMITH	11/26/01	1338 / 271	DANNY R. SMITH	6/29/05	1413 / 208
ROBERT M. WHARTON	2/12/02	1313 / 641	ROBERT M. WHARTON	6/16/05	1412 / 696
JESSE W. GARDNER	11/26/01	1338 / 288	JESSE W. GARDNER	6/13/05	1314 / 205
SUSIE ROSE CHAVEZ	11/19/01	1338 / 290	SUSIE ROSE CHAVEZ	6/9/05	1412 / 498
SONDRA L. BALLARD	11/26/01	1338 / 268	JESSE WINTERS	6/14/05	1412 / 509

<sup>\*</sup> Blue tab, Lance: Yellow tab, Synergy

PU Lease 5/yr Term PRODUCERS 88-PAID UP

## OIL AND GAS LEASE

						, a (2.0)
			-Avenotine	Gallegoo Kos c	P. CAL	Legos 11.02
		uth Monterey Avenue.				essor (whether one or more) an
Richardson Produc		whose post office ac		<u>0 Lincoln, Suite 1700, D</u>	enver, C3) 30203	, hereinafter called Lessee: DOLLAR:
ash in hand paid, the nese presents does (	e receipt of which is grant, demise, lease	and let exclusively unt ods, and operating for a ctures thereon to produc	and the covenants : to the said Lessee, to and producing there!	md agreements hereinafte he land hereinafter descri rom oil and all gas of wha e of said products, all that	ned, with the exclusive atsoever nature or kind, v	, demised, leased and let, and t right for the purpose of minin with rights of way and easemen ated in the County of
Para a new	Township 20 Nov	th, Range 13 West, N.				
	Section 22: Land	s in the NW/4NW/4 as	described on Exhi	bit "A" attached hereto se or occupancy of soid i		
and conta	•	acres, more or less.				
produced from said term of this lease, oil thereon, then this le operations shall be of the beginning of ope should cease from as days from date of ce	leased premises or of i or gas is not being a see shall continue in considered to be conti- erations for the drilli- ray cause after the pro- session of renduction	on acreage pooled there produced on the leased in force as long as open innously prosecuted in innously prosecuted we imary term, this lease s in or from date of commit	ewith, or drilling op- premises or on acres- ations are being con- not more than nine il. If after discover- hall not terminate if estion of dry hole. If	crations are continued as ge pooled therewith but L itimuously prosecuted on by (90) days shall clapse y of oil or gas on said lan I Lessee commences addit oil or gas shall be discove	neremaner provided. It, essec is than engaged in the leased premises or co between the completion and or on acreage pooled cional drilling or re-work ared and produced as a re-	s of whatsoever nature or kind, at the expiration of the primar drilling or re-working operation or abandounnent of one well as therewith, the production there ing operations within ninety (9 sult of such operations at or aft d premises or on acreage pools
therewith.  2 This is a PAI	D-LIP LEASE In co	nsideration of the down	cash navment. Les	or serves that Lessee shal	I not be obligated, excep	t as otherwise provided herein, rrender this lease as to all or a
oortion of said land accruing as to the ac 3. In considerat	and as to any strati reage surrendered. ion of the premises t	a or stratum by deliver he said Lessee covenant	ing to Lessor or by is and agrees:	filing for record a releas	e or releases, and be re	neved of all obligation incream
produced and saved 2nd. To pay	from the leased pren Lessor one-eighth (1	nises. I/8) of the gross procee	ds each year, payab	le quarterly, for the gas f	rom each well where gas	al one-eighth (1/8) part of all only is found, while the same
peing used off the pa 3rd. To pay 1 (1/8) of the proceeds	remises, and if used i Lessor for gas produ i, at the mouth of the	in the manufacture of go seed from any oil well a swell, payable monthly	asoline a royalty of one of the present at the prevailing ma	me-eighth (1/8), payable i nises or in the manufactu rket rate.	nonthly at the prevailing re of gasoline or any oth	market rate for gas. er product a royalty of one-eigh
royalty acre retained date such well is sho	hereunder, such par at in and thereafter o	vment or tender to be m	ade on or before the ary date of this leas	anniversary date of this	lease next ensuing after t	vners One Dollar per year per i the expiration of 90 days from t yment or tender is made, it will
5. If said Lesse	or owns a less intere	st in the above describ	ed land than the ent	ssor's interest bears to the	e whole and undivided fo	yalties (including any shut-in get, water from the wells of Lessor.
7. When reques 8. No well shall	ited by Lessor, Lesse I be drilled nearer tha	e shall bury Lessec's pi	e or barn now on said	lepth. I premises without writter		
10. Lessee shall 11. The rights of binding on Lessee u	I have the right at an if Lessor and Lessee intil Lessee has been	y time to remove all ma hereunder may be assig t furnished with notice,	chinery and fixtures ned in whole or par consisting of certifi	placed on said premises, L No change in ownership ed copies of all recorded	of Lessor's interest (by documents and other in	assignment or otherwise) shall formation necessary to establish
complete chain of n binding on Lessee. diminish the rights o owner shall be liable	ecord title from Less No present or futur of Lessee, and all Le e for any act or omiss	sor, than then only with re division of Lessor's ssee's operations may b sion of any other leaseh	respect to payment ownership as to di- ne conducted without old owner.	s thereafter made. No off fferent portions or parcel t regard to any such divis	er kind of notice, wheth s of said land shall ope ion. If all or any part of	er actual or constructive, shall rate to enlarge the obligations this lease is assigned, no leaseh
part of the land des- lease with other lan	cribed herein and as id, lease or leases in	to any one or more of the immediate vicinit	the formations here by for the production	under, to pool or unitize : n of oil and gas, or sepa	the leasehold estate and trately for the productio	or after production, as to all or a the mineral estate covered by t n of either, when in the Lesse nd, lease or leases. Likewise, un
previously formed to shall be accomplish include land upon reworking operation	o include formations ed by Lessee executi which a well has t is or a well shut in fo	s not producing oil or g ing and filing of record herefore been complete or want of a market any	as, may be reformed a declaration of suc- ed or upon which to where on a unit whi	d to exclude such non-pro h unitization or reformation operations for drilling he ch includes all or a part o	oducing formations. The on, which declaration share theretofore been con f this lease shall be treat	e forming or reforming of any u all describe the unit. Any unit n mmenced. Production, drilling and as if it were production, drill
shall receive on pro- unit production that to the foregoing, Le	duction from the uni the total number of ssee shall have the ri	it so pooled royalties on surface acres covered t ight to unitize, pool, or	ly in the portion of a by this lease and inc combine all or any p	uch production allocated luded in the unit bears to eart of the above describe	to this lease; such alloca the total number of suri I lands as to one or more	uding shut-in gas royalties, Les tion shall be that proportion of face acres in such unit. In addit of the formations thereunder v
time, with like appo deemed modified to drilling and develor	roval, to modify, che conform to the ter ement requirements	ange or terminate any ms, conditions, and pr of this lease, express or	such plan or agreer ovisions of such ap implied, shall be so	nent and, in such event, ( proved cooperative or ur tisfied by compliance wi	the terms, conditions an hit plan of development th the drilling and devel	mental authority and, from time d provisions of this lease shall or operation and, particularly, opment requirements of such p
hereafter be operate land covered by said	ed under any such co d plan, then the prod	poperative or unit plan fuction allocated to any	of development or a	operation whereby the pro and shall, for the purpose	oduction therefrom is all of computing the royalt	bed lands or any part thereof, si ocated to different portions of ies to be paid hereunder to Less the royalty payments to be m
hereunder to Lessor or operation adopted 13. All express	shall be based upon d by Ltsice and appr or implied covenant	n production only as so roved by any governments to of this lease shall be	allocated. Lessor shi ntal agency by exect subject to all Federa	all formally express Lesso iting the same upon reque I and State Laws, Executi	r's consent to any coope at of Lessee. ve Orders, Rules or Reg	erative or unit plan of developm ulations, and this lease shall no if such failure is the result of,
such Law, Order R 14, Lessor her Lessor, by payment	ule or Regulation. thy warrants and ag , any mortgages, tax	rees to defend the title les or other liens on the	to the lands herein above described la	described, and agrees thands, in the event of defau	t the Lessee shall have t It of payment by Lessor	the right at any time to redeem and be subrogated to the right
the holder thereof, a in the premises desc 15. Should an	and the undersigned cribed hereis, insofar y one or more of the	Lessors, for themselver as said right of dower parties hereinabove n	s and their heirs, su and homestead may amed as Lessor fail	cessors and assigns, here in any way affect the pur- to execute this lease, it s	by surrender and release poses for which this leas hall nevertheless be bin	e all right of dower and homest ie is made, as recited herein. ding upon all such parties who
lcase shall be bindir IN WITNESS V	ng on the heirs, succe VHEREOF, this inst	essors and assigns of Le rument is executed as o	ssor and Lessee. If the date first above		who execute this lease a	as Lessor. All the provisions of
ع زن	e P XI	P. CANAGO	<del></del>	Tax ID No.:		
Additional and the second		P. CANEGO F. S.	25	Conwill.	0.	
					:	
-	3.,	J. 191		ROLID No.:		
	Sital Blass Birt			S. S.		
7204093	Sital Blass Birt	002 02:11F 9.00 D 3.		A STANSON		

STATE OF Medico 1  Acknowledgment - Individual(s)
COUNTY OF San Water } ss Acknowledgment - Individual(s)
REFORE ME the undersioned a Notary Public, in and for said County and State, on this 3 446 day of
and when the control of the control
to me be able to be the identical person(e) 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 surpasses therein set forth.
AN WITHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above written.
My Commission toping the Shelly Ward
7-29-0-4
Address:
STATE OF
3 3 3 3 3 3 3 3 3 3 3 4 3 3 3 3 3 3 3 3
BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on thisday o
asof 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 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 by notarial seal the day and year last above written.
1 1251/4 201/10 6181 151(4) 210H 611(50 H20) 1H 85H6 11B1 1681
200204093 03/07/2002 02:11P 2013 B1338 P257 R 9.00 D 3.00
San Juan County, NH Clerk FRRN HANHARDT
STATE OF} } ss Acknowledgment ~ Corporation
}ss Acknowledgment Corporation COUNTY OF}
BEFORE ME, the undersigned authority, this day 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 who acknowledge said instrument to be the free act and deed of said corporation.
Sworn to and subscribed before me, thisday of, 2002.
My Commission Expires:

#### EXHIBIT "A"

Attached to and made a part of that certain Oil and Gas Lease dated January 8, 2002, by and between Augustine Gallegos, Lessor, and Richardson Production Company, as Lessee, covering the following described lands, to-wit:

Township 29 North, Range 13 West, N.M.P.M.

Section 22: A tract of land lying in the Northwest Quarter of the Northwest Quarter (NW/4NW/4) of said Section 22, more particularly described as follows:

BEGINNING at a point which is 757.00 feet East and 618.00 feet South from the Northwest corner of the NW/4NW/4 of said Section 22; THENCE West 186.00 feet; THENCE South 160.00 feet; THENCE East 66.00 feet; THENCE North 40.00 feet; THENCE East 120.00 feet; THENCE North 120.00 feet to the point of beginning;

### LESS AND EXCEPT

A tract of land, more particularly described as follows:
BEGINNING at a point which is 571.00 feet East and 618.00 feet South from the
Northwest corner of the NW/4NW/4 of said Section 22; THENCE South 160.00 feet;
THENCE East 50.00 feet; THENCE North 40.00 feet; THENCE East 36.50 feet;
THENCE North 120.00 feet; THENCE West 86.50 feet to the point of beginning.

Containing ,2310 acres, more or less County of San Juan, State of New Mexico

SIGNED FOR IDENTIFICATION:

Augustine Gallegos

200204093 03/07/2002 02:11P 30f3 B1338 P257 R 9.00 D 3.00 Sen Juan County, NH Clerk FRAN HANHARDT

OΙΙ	AND	CAS	LEAS	¢
UIL	AINU	GAS	LEAD	С

AGREEMENT made effective this 21 day of June 20 0.5 by and between the undersigned hereinafter called Lesson(s), whose address for notice purposes is so out on the attached EXHIBIT and Synergy Operating.
hereinafter called Lessor(s), whose address for notice purposes is so out on the attached EXHIBIT and Synergy Operating.
LLC. hereinafter called Lessee, whose mailing address is: P. O. Box 5513 Farmington. New
<u>Mexico 87499.</u>
<ol> <li>Lessor, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable</li> </ol>
consideration, including but not limited to: the royalties provided herein, and the covenants of the Lease, the receipt of which are
hereby acknowledged, Lessor hereby grants, leases and lets exclusively to Lessee the land described below for the purpose of
investigating, exploring for, drilling for, producing, saving, owning, handling, storing, treating and transporting Oil and Gas
together with all rights, privileges and easements useful for lessee's operations on said land and on land in the same field with a
common Oil and Gas Reservoir. The Phrase "Oil and Gas" as used herein includes all hydrocarbons and other substances
produced therewith. The land included in this Lease is situated in the State of New Mexico, San Juan County
and is described as follows:

#### See the description of leased lands contained in the attached Exhibit

and containing the net acres set out on the attached Exhibit, including all Oil and Gas and substances produced therewith underlying lakes and streams of which all or any part of the land is riparian, all roads, easements, and rights-of-way which traverse or adjoin said land and including all lands owned or claimed by Lessor as a part of any of said land, and including all reversionary rights therein. This lease covers all the Interest now owned by, or hereafter vested in the Lessor and Lessor releases and waives all rights under any Homestead Exemption Laws. Lessee will investigate whether Lessor has any claim to prior production from oil and gas wells previously drilled that should have included Lessor's acreage described herein. If such investigation determines that Lessor is entitled to share in the production from such previously drilled wells, Lessor would receive royalty, as set out herein below, and Lessee would receive its share of production, less Lessor's royalty. Lessee may inject water, salt water, gas or other substances into any stratum or strata under said land and not productive of fresh water.

2. This Lease shall remain in force for a period of five (5) years from this date, called "primary term", and as long thereafter as Oil, Gas or other Hydrocarbons and substances produced therewith are produced from said land, or Lessee is engaged in drilling or reworking operations on said land. Should Lessee breach any provision of this Lease, or at any time fail to perform fully any obligation hereunder, the Lessor shall have the right to terminate this Lease and render it null and void if such breach, is not addressed within thirty (30) days after Lessor has given Lessee written notice.

3. Lessee shall pay royalties free of costs and expense of development and operation, except taxes on production, to Lessor as follows: (a) fifteen percent (15%) of the Oil produced and saved from said land to be delivered at the wells or to the credit of Lessor into the pipeline to which the well may be connected: Lessee may, at any time or times, purchase any royalty oil, paying the market value in the field on the day it is run to the storage tanks or pipeline: (b) the market value at the well of fifteen percent (15%) of the gas (including casinghead gas or other gaseous substances) produced from the land and sold, provided that on gas sold at the well the royalty shall be fifteen percent (15%) of the amount realized from such sale: (c) fifteen percent (15%) of the amount realized from the sale of any other substances produced from said land with Oil and Gas. Lessee may use, free of royalty, oil, gas, and water for all operations hereunder.

4. This is a PAID UP LEASE; there is no yearly rental payment that is due. If at the expiration of the Primary Term oil and/or gas is not capable of being produced on said land, or from land pooled therewith, but Lessor is engaged in drilling, or reworking operations thereon, or shall have completed a dry hole thereon within ninety (90) days prior to the end of the Primary Term, the lease shall remain in force so long as operations on said well, or well, or for drilling or reworking of any additional well are prosecuted with no cessation of more than ninety (90) consecutive days, and if they result in the well being capable of production of oil or gas, or so long thereafter as oil or gas is produced from said land, or from land pooled therewith.

5. Lessee may at any time or times pool any part or all of said land and Lease or any stratum or strata, with other lands and Leases, stratum or strata, in the same field so as to constitute a spacing unit to facilitate an orderly or uniform well spacing pattern or to comply with any order, rule or regulation of the State or Federal regulatory or conservation agency having jurisdiction. Such pooling shall be accomplished or terminated by filing of record a Declaration of Pooling, or Declaration of Termination of Pooling, and by mailing or tendering a copy to Lessor. Drilling or re-working operations upon or production from any part of such spacing unit shall be considered for all purposes of this Lease as operations or productions from this Lease. Lessee shall allocate to this Lease the proportionate share of production, which the acreage in this Lease included in any such spacing unit, bears to the total acreage in said spacing unit. Lessee may not unitize any part of said land and Lease, or any stratum or strata, with other lands and Leases in the same field without the expressed written permission of the Lessor.

6. Lessee may, in the interest of economy, commingle production from this Lease with production from one or more Leases in the same field provided a method of measurement in accordance with established engineering practices is used to measure the production and to allocate the production to the respective Leases commingled.

No well, road or pipeline shall be placed on Lessor's land without the express written consent of the Lessor.

8. Should Lessee be prevented from complying with any express or implied covenant of this Lease, from conducting drilling, or re-working operations thereon or from producing oil or gas or other hydrocarbons therefrom by reason of scarcity of, or inability to obtain or to use equipment or material, or by operation of force majeure, or because of any Federal or State law or any order, rule or regulation of a governmental authority, then while so prevented, Lessee's obligations to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this Lesse shall be extended while and so long as Lessee is prevented by and such cause from conducing drilling (which shall include the inability of lessee, through no fault of its own, to obtain sufficient and satisfactory material and equipment), or re-working operations on, or from producing oil or gas or other hydrocarbons from the leased premises; and the time while Lessee is so prevented shall not be counted against the Lessee, anything in this Lease to the contrary notwithstanding.

9. Lessor warrants title to said land as to Lessor's interest therein. The royalties provided for are determined with respect to the entire mineral estate in Oil and Gas (including all previously reserved or conveyed non-participating royalty), and if Lessor owns a lesser interest, the royalty to be paid Lessor shall be reduced proportionately. Lessee may purchase or discharge in whole or in part any tax, mortgage or lien upon said land, or redeem the land from any purchaser, any tax sale or adjudication, and shall be subrogated to such lien with the right to enforce it, and may reimburse itself from any royalties accruing under the terms of this Lesse.





whether all parties named in the granting clause execute the Lease or not. Lessee shall have the right to conduct an examination of the county records for the purpose of the verification of Lessor's ownership of the oil and gas rights under the lands, which are the subject of this lease. If that examination reveals that Lessor owns oil and gas rights in lands not covered by the Lease, then Lessor shall lease those rights to Lessee at the same consideration and on the same terms, conditions and provisions applicable to the original lease. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of 12. said Lessor and Lessee. IN WITNESS WHEREOF, we sign the day and year first above written. **ACKNOWLEDGMENTS** 2005, before me personally appeared AD to me known to be the person described in and who executed the foregoing instrument, and acknowledge free act and deed. executed same Witness my hand and seal the day and year last above writ My Commission Expires: COUNTY OF day of \_\_\_\_\_\_, 2005 , before me personally appeared On this to me known to be the person described in and who executed the foregoing instrument, and acknow executed same free act and deed. Witness my hand and seal the day and year last above written My Commission Expires: STATE OF COUNTY OF 20 05 The foregoing instrument was acknowledged before me this day of on behalf of said Witness my hand and seal the day and year last above written. My Commission Expires: Notary Public STATE OF COUNTY OF The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_ on behalf of said

This Lease shall be binding upon all who execute it, whether they are named in the granting clause and

10.

END OF ACKNOWLEDGMENTS

**Notary Public** 

Witness my hand and seal the day and year last above written.

My Commission Expires:

200513199 07/25/2005 02:51P 20f3 B1414 P291 R 13.00 D 0.00 San Juan County, NM Clerk FRRM HANNIARDT GALLEGOS ERNIE D AND GALLEGOS ED 1203 S MONTEREY FARMINGTON NM, 87401-7401

**Property Address** 

Township Range Section QtrQtr Acres

1203 S MONTEREY

13 22 NW NW 0.23

29

FARMINGTON NM, 87401-7401

Legal: BEG 757 FT E AND 618 FT S OF NW COR NW NW 22 29 13 W 186 FT, S 160 FT, E 66 FT, N 40 E 120 FT, N 120 FT B.1363 P.870 LESS 0.30 A 1N B.856 P.91 LESS E 25 FT FOR MONTEREY B833 P.612

200513199 07/25/2005 02:51P 30f3 B1414 P291 R 13.00 D 0.00 San Juan County, NM Clerk FROM HOMMORDT

Oi	L AND	GAS LEA	SE	•
THIS AGREEMENT, Made and entered into this	19th	day of	November	, 2001_, by and between
Dugan and Susan Uekert, Trustees o	f the Dugan	and Susan (	ekert Living Trust	dtd Sept. 29, 1998
Whose post office address is P O Box 1477, Fruitland, NA	A 87416		bereinafte	r called Lessor (whether one or more) and
Richardson Production Company whose post office addre	ss is 1700 Line	oln, Suite 170	0, Denver, CO 80203.	hereinafter called Lessee:
WITNESSETH, That the Lessor, for and in consideration of acknowledged, and the covenants and agreements hereinafter on exclusively unto the said Lessoe, the land hereinafter described, yoperating for and producing therefrom oil and all gas of whatsoever to produce, save and take care of said products, all that certain tract	of <u>Ten and mon</u>	re (\$10 & mor ted, demised, less right for the parties of way	DOLLARS cash in has been and let, and by these purpose of mining, exploring and easements for laying principle.	and paid, the receipt of which is hereby presents does grant, demise, lease and let g by geophysical and other methods, and me lines, and erection of structures theseen
Township 29 North - Range 13 Wes Section 22: A tract of land lying in BEGINNING at a point on the East from the Northwest corper of said S	the NW/4NW line of Bowen	/4NW/4 of sa Avenue, whic	id Section 22, more par th point is East 557.0 f	ticularly described as follows: eet and South/186.5 Ret
THENCE East 96 feet;	ection as,			- 4
THENCE South 70 feet;				
THENCE West 96 feet; THENCE North 70 feet to the point	of beginning			
*It is expressly understood that the	• •	urface use or	occupancy of said land	ls subject to this lease
and containing2851_acres, more or less.				مرق ۱۹۸۶
1. It is agreed that this lease shall remain in force for a term of from said leased promises or on acreage pooled therewith, or drilling oil or gas is not being produced on the leased promises or on acre lease shall continue in force as long as operations are being on considered to be continuously prosecuted if not more than ninet operations for the drilling of a subsequent well. If after discovery causes after the privatery term, this lease shall not terminate if Lesses of production or from date of completion of dry hole. If oil or gas term of this lease, this lease shall continue in force so long as oil of the force or continue or subsequently of the down commence or continue any operations during the privatery term. Le of said lend and as to any strata or stratum by delivering to Lesse the acreage surrendered.  3. In consideration of the premises the said Lessee covenants.	ng operations are a spe pooled there: timously prosect by (90) days sha of oil or gas on a e commonous add shall be discover or gas is produced cash payment, Le see may at any ti- ar or by filing for	continued as her with but Lessee is nied on the leas ill elapse betwee aid land or on ac litional drilling o ed and produced a from the lessed assor agrees that me or times duri	pinafter provided. If, at the c as than engaged in drilling of the completion or aband reage pooled therewish, the re-working operations with me as a result of such operation premises or on acreage po- Lessee shall not be obligate and on the primary term go or after the primary term.	expiration of the primary term of this lease, re-working operations thereon, then this pooled therewith; and operations shall be comment of one well and the beginning of production thereof should cease from any bin nihery (90) days from date of cossation as at or after the expiration of the primary oled therewith. d, except as otherwise provided herein, to surresider this lease as to all or any portion
1st. To deliver to the credit of Lessor, free of cost, in the pip and saved from the lessor premises.	e line to which L	essee may conne	ct wells on said land, the eq	ual one-eighth (1/8) part of all oil produced
2nd. To pay Lessor one-eighth (1/8) of the gross proceeds a used off the premises, and if used in the manufacture of gasoline.  3rd. To pay Lessor for gas produced from any oil well and (1/8) of the proceeds, at the mouth of the well, psysteic monthly at	a royalty of one-o d used off the pro	eighth (1/8), pays amises or in the	the mostlely at the prevaili	ng market rate for gas.
4. Where gas from a well capable of producing gas is not sol acre retained hereunder, such payment or tender to be made on or	d or used, Lessee	may pay or tend		

The register of the content of the c

1.2. Lesson, 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 farmations hereander, to pool or unitize the leasehold estate and the mineral estate covered by this lesses with other land, lesse or lesses. In the instructions of the production of oil and gas, or separately for the production of either, when in the Lesses'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, lesse or lesses. 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 filling of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well have therefore been commenced. Production, drilling or reworking operations or a well shut in for want of a market surder this lesse. In lieu of the royalties elsewhere herein specified, including shut-in gas royalties, Lessor shall receive on production from the unit as pooled royalties only in the portion of such production allocated to this lesses, such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lesse and included in the unit bears to the total number of surface acres covered by this lesse 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 therewhere with other lands in the same general area by experiment to unit plan of development or operation approved by any governmental authority and, firm time to time, with like approval,

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, y payment, any mortagens, tenses 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 served, 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 escribed herein, insofer as said right of dower and homestead may is any way affect the purposes for which this lease is made, as recited herein.

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

IN WITNESS WREREOF, this instrument is executed as of the date flavor written.

0 xecuted as of the da C3/43/4 63/43/ 35/1. UBL Dugan Uc OTAI m -78-6014 379-58-999 \* S .: 55#

200204106 03/07/2002 02:29P 20f2 B1338 P270 R 7.00 D 3.00 San Juan County, NH Clerk FRAN HANHARDT

STATE OF	} }5	Acknowledgment - Indi	vidual(s)	
COUNTY OF		re-monreagness - 1649		
, 2001, pers		lic, in and for said County a		day of
nd o me known to be the identic:	l namon(e) dossihad	in and who avacuted the wi	thin and Greening in	etermant of uniting
one known to be the located and acknowledged to me that_ uses and purposes therein set i	duly e			
IN WITNESS WHER	EOF, I have bereunto	set my hand and affixed by	notarial seal the day	and year last above
My Commission Expires:				·
		Address:		
				•
		• • • • • • • • • • • • • • • • • • • •		1
TATE OF NEW MEXICOUNTY OF SAN JUAN	}\$	Acknowledgment - Parti	nership/Trust	
		lic, in and for said County a ed <u>Dugan L Ueke</u> :		
sthey of Kirt o me known to be the identicand acknowledged to me that uses and purposes therein set f	ul person(s) described heyduly co	in and who executed the wi	thin and foregoing in- free and voluntary	strument of writing act and deed for the
IN WITNESS WHER written.	EOF, I have hereunto	set my hand and affixed by	noterial scal the day	and year last above
My Commission Expires: Ma	y 4th, 2003	Bu		
		Address:	Box 630 Far	mington. NM
				· .
<del></del>	<del></del>			<del></del>
TATE OF				
	)9	Acknowledgment - Corp	oration	
OUNTY OF	}			
BEFORE ME, the under me personally known who b	•	day personally appeared		<del></del>
<u> </u>	and that the see	al affixed to said instrument		
nd that said instrument was a eknowledge said instrument t	•		authority of its Boar	d of Directors who
Sworn to and subscrib	ed before me, this	_day of, 2001.		
fu namminaina Émilian				
Ay commission Expires:				

**OIL AND GAS LEASE** 

AGREEMENT made effective this	/L/tin day of	Sunc 20 6	> by and betwee	en the undersigned
hereinafter called Lessor(s), whose addre	ss for notice purposes is s	et out on the attache	d EXHIBIT and	Synergy Operating.
	r called Lessee, whose m	ailing address is:	P. O. Box 5513	3 Farmington, New
Mexico 87499.				
	consideration of the su			
consideration, including but not limited to				
hereby acknowledged, Lessor hereby gra				
investigating, exploring for, drilling for,				
together with all rights, privileges and ea				
common Oil and Gas Reservoir. The				
produced therewith. The land included in	n this Lease is situated in t	the State of <u>New M</u>	lexico, San Juan Count	у
and is described as follows:				

#### See the description of leased lands contained in the attached Exhibit

and containing the net acres set out on the attached Exhibit, including all Oil and Gas and substances produced therewith underlying lakes and streams of which all or any part of the land is riparian, all roads, easements, and rights-of-way which traverse or adjoin said land and including all lands owned or claimed by Lessor as a part of any of said land, and including all reversionary rights therein. This lease covers all the interest now owned by, or hereafter vested in the Lessor and Lessor releases and waives all rights under any Homestead Exemption Laws. Lessee will investigate whether Lessor has any claim to prior production from oil and gas wells previously drilled that should have included Lessor's acreage described herein. If such investigation determines that Lessor is entitled to share in the production from such previously drilled wells, Lessor would receive royalty, as set out herein below, and Lessee would receive its share of production, less Lessor's royalty. Lessee may inject water, gas or other substances into any stratum or strata under said land and not productive of fresh water.

2. This Lease shall remain in force for a period of five (5) years from this date, called "primary term", and as long thereafter as Oil, Gas or other Hydrocarbons and substances produced therewith are produced from said land, or Lessee is engaged in drilling or reworking operations on saic land. Should Lessee breach any provision of this Lease, or at any time fail to perform fully any obligation hereunder, the Lessor shall have the right to terminate this Lease and render it null and void if such breach, is not addressed within thirty (30) days after Lessor has given Lessoe written notice.

3. Lessee shall pay royalties free of costs and expense of development and operation, except taxes on production, to Lessor as follows: (a) fifteen percent (15%) of the Oil produced and saved from said land to be delivered at the wells or to the credit of Lessor into the pipeline to which the well may be connected: Lessee may, at any time or times, purchase any royalty oil, paying the market value in the field on the day it is run to the storage tanks or pipeline: (b) the market value at the well of fifteen percent (15%) of the gas (including casinghead gas or other gaseous substances) produced from the land and sold, provided that on gas sold at the well the royalty shall be fifteen percent (15%) of the amount realized from the sale of any other substances produced from said land with Oil and Gas. Lessee may use, free of royalty, oil, gas, and water for all operations hereunder.

Lessee may use, free of royalty, oil, gas, and water for all operations hereunder.

4. This is a PAID UP LEASE; there is no yearly rental payment that is due. If at the expiration of the Primary Term oil and/or gas is not capable of being produced on said land, or from land pooled therewith, but Lessor is engaged in drilling, or reworking operations thereon, or shall have completed a dry hole thereon within ninety (90) days prior to the end of the Primary Term, the lease shall remain in force so long as operations on said well, or well, or for drilling or reworking of any additional well are prosecuted with no cessation of more than ninety (90) consecutive days, and if they result in the well being capable of production of oil or gas, or so long thereafter as oil or gas is produced from said land, or from land pooled therewith.

capable of production of oil or gas, or so long thereafter as oil or gas is produced from said land, or from land pooled therewith.

5. Lessee may at any time or times pool any part or all of said land and Lease or any stratum or strata, with other lands and Leases, stratum or strata, in the same field so as to constitute a spacing unit to facilitate an orderly or uniform well spacing pattern or to comply with any order, rule or regulation of the State or Federal regulatory or conservation agency having jurisdiction. Such pooling shall be accomplished or terminated by filing of record a Declaration of Pooling, or Declaration of Termination of Pooling, and by mailing or tendering a copy to Lessor. Drilling or re-working operations upon or production from any part of such spacing unit shall be considered for all purposes of this Lease as operations or productions from this Lease. Lessee shall allocate to this Lease the proportionate share of production, which the acreage in this Lease included in any such spacing unit, bears to the total acreage in said spacing unit. Lessee may not unitize any part of said land and Lease, or any stratum or strata, with other lands and Leases in the same field without the expressed written permission of the Lessor.

6. Lessee may, in the interest of economy, commingle production from this Lease with production from one or more Leases in the same field provided a method of measurement in accordance with established engineering practices is used to measure the production and to allocate the production to the respective Leases commingled.

No well, road or pipeline shall be placed on Lessor's land without the express written consent of the Lessor.

8. Should Lessee be prevented from complying with any express or implied covenant of this Lease, from conducting drilling, or re-working operations thereon or from producing oil or gas or other hydrocarbons therefrom by reason of scarcity of, or inability to obtain or to use equipment or material, or by operation of force majeure, or because of any Federal or State law or any order, rule or regulation of a governmental authority, then while so prevented, Lessee's obligations to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this Lease shall be extended while and so long as Lessee is prevented by and such cause from conducing drilling (which shall include the inability of lessee, through no fault of its own, to obtain sufficient and satisfactory material and equipment), or re-working operations on, or from producing oil or gas or other hydrocarbons from the leased premises; and the time while Lessee is so prevented shall not be counted against the Lessee, anything in this Lease to the contrary notwithstanding.

9. Lessor warrants title to said land as to Lessor's interest therein. The royalties provided for are determined with respect to the entire mineral estate in Oil and Gas (including all previously reserved or conveyed non-participating royalty), and if Lessor owns a tesser interest, the royalty to be paid Lessor shall be reduced proportionately. Lessee may purchase or discharge in whole or in part any tax, mortgage or lien upon said land, or redeem the land from any purchaser, any tax sale or adjudication, and shall be subrogated to such lien with the right to enforce it, and may reimburse itself from any royalties

SUAN COO COUNTY CLERK

accruing under the terms of this Lease.



10. This Lease shall be binding upon all who execute it, whether they are named in the granting clause and whether all parties named in the granting clause execute the Lease or not.  11. Lessee shall have the right to conduct an examination of the county records for the purpose of the verification of Lessor's ownership of the oil and gas rights under the lands, which are the subject of this lease. If that examination reveals that Lessor owns oil and gas rights in lands not covered by the Lease, then Lessor shall lease those rights to Lessee at the same consideration and on the same terms, conditions and provisions applicable to the original lease.  12. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said Lessor and Lessee.
IN WITHESS WHEREOF, we sign the day and year first above written.
Juson liching
STATE OF New Mexico
COUNTY OF SAN FLAN
On this day of
executed same free act and deed.  Witness my hand and seal the day and year last above written.
My Commission Expires:
Dollar Do
STATE OF NOWINGED
On this 1944 day of June 2005, before me personally appeared SUSAN K. WERENT
to me known to be the person described in and who executed the toregoing instrument, and acknowledged that
executed same free act and deed.  Witness my hand and seal the day and year last above written.
My Commission Expires:
05-01-07 Verna Bersty
STATE OF
COUNTY OF My Cross stress Bases 05-01-01 The foregoing instrument was acknowledged before me this day of 20 05 by
on behalf of said
•
Witness my hand and seal the day and year last above written.
My Commission Expires:  Notary Public
Notary Fubile
STATE OF)
<u> </u>
COUNTY OF
of on behalf of said
······································
Witness my hand and seal the day and year last above written.
My Commission Expires:  Notary Public

END OF ACKNOWLEDGMENTS

200511387 06/27/2005 02:45P 20f3 B1412 P507 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

## EXHIBIT "A"

UEKERT DUGAN AND SUSAN TRUST PO BOX 1477 FRUITLAND NM, 87416-7416

Property AddressTownshipRangeSectionQtrQtrAcres1108 S BOWEN291322NW NW0.15FARMINGTON NM, 87401-7401

Legal: BEG AT NW COR OF 222913
THENCE E 557 FT, S 162.32 FT TO
TRUE BEG. TH E 87.03 FT, S 23.57
FT, E 9.46 FT, S 46.43 FT, W 96.49
FT, N 70 FT TO BEG. B.1268 P.961
B.1328 P.154

200511387 06/27/2005 02:45P 30f3 B1412 P507 R 13.00 D 0.00 San Juan County, NY Clerk FRAN HANHARDT PRODUCERS 88 -PAID UP Rev. No. 5a (CBG)

This Oil and Gas Lease ("Lease") is made this

Lance Oil & Gas Company, Inc.

or tracts of land situated in San Juan

## OIL AND GAS LEASE

WTNESSETH, For and in consideration of TEN DOLLARS, the covenants and agreements contained herein, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Lessor does hereby grant, demise, lesse and let exclusively unto said Lessee, with the exclusive rights for the purposes of mining, exploring by geophysical and other methods and operating for and producing therefrom oil and all gas of whatsoever nature or kind (including coalbed gas), and laying pipelines, telephone and telegraph lines, building tanks, plants, power stations, roadways and structures thereon to produce, save and take care of said products (including dewatering of coalbed gas wells), and the exclusive surface and subsurface rights and privileges related in any manner to any and all such operations, and any and all other rights and privileges necessary, incident to, or convenient for the operation alone or conjointly with neighboring land for such purposes, all that certain tract

whose address is PO Box 70, Kirtland, New Mexico, 87417

May

New Mexico described as follows, to-wit:

\_, 200<u>5</u>, by and between

("Lessor", whether one or more) and

whose address is

4th day of \_

Kenneth C. & Teo C. Youell, husband and wife, as joint tenants

\_\_\_ County, \_

706 Poplar Street, Farmington, NM 87401-7401

1	
	See Exhibit "A" attached hereto and made a part hereof,
1 1	
and containing	0.2295 acres, more or less, (the "Premines").
or kind is produce not being produce continue in force a between the comp pooled or unitized or dewatering ope such operations at therewith.	of that this Lease shall remain in force for a term of
or continue any op my strata or stratu	AID-UP LEASE. In consideration of the payment made herewith, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence trations during the primary term. Lessee may at any time or times during or after the Primary Term surrender this Lesse as to all or any portion of the Premises and as to m, 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.  versants and agrees to pay royalty to Lessor as follows:
a) On oil aved from the Pro	, to deliver to the credit of Lessor, free of cost in the pipeline to which Lessee may connect wells on the Premises, the equal one-eighth (1/8th) part of all oil produced and
(b) On gr substances, product the continuing right the same field (or including arranger purchases hereund	so of whatsoever nature or kind, including coalbed gas and other gases, liquid hydrocarbons and their respective constituent elements, essinghead gas or other gaseous ed from the Premises ("Cast") Lesses shall pay, as royalty, one-eighth (1/8th) of the net proceeds realized by Lesses from the sale thereof, provided that Lesses shall have at to sell that Gas to itself or to an affiliate of Lesses, in which event the royalty shall be based upon the prevailing weithead market price paid for Gas of similar quality in if there is no such price prevailing in the same field, then in the courses field in which there is such a prevailing price) pursuant to comparable purchase arrangements, nents under which Lesses, or an affiliate, is purchased, entered into on the same or nearest precoding date as the date on which Lesses, or an affiliate, commences its er; and further provided that the net proceeds or prevailing wellhead market price, as applicable, shall be after deduction for costs (third party charges and tariffs, and ag costs incurred by Lesses) related to gathering, transporting, dehydrating, compressing, processing and treating the Gas.
4. Where G	es from a well capable of producing Gas (or from a well in which dewatering operations have commenced), is not sold or used after the expiration of the Primary Term,
of this Lease next	tender as royalty to Lessor at the address set forth above One Dollar per year per net mineral acre, such payment or tender to be made on or before the amin'ersony date assuing after the expiration of 90 days from the date such well is shut in or dewatering operations are commenced and thereafter on or before the anniversary date of this eriod such well is shut in or dewatering operations are being conducted.
	owns a lesser interest in the Premises than the emire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) herein provided for or only in the proportion which Lessor's interest bears to the whole and undivided fee.
6. Lessee si	all have the right to use, free of cost, Gas, oil and water produced on the Premises for Lessoe's operations thereon, except water from the wells of Lessor.
	puested by Lessor, Lessoe shall bury Lessee's pipe line below plow depth. shall be drilled nearer than 200 feet to the house or barn now on the Premises without written consent of Lessor.
<ol><li>Læssee si</li></ol>	all pay for damages caused by Lessee's operations to growing crops on the Premises.
	And the sale of the same of the same of the sale of th
(1. The righ	shall have the right at any time to remove all machinery and fixtures (including casing) Lessee has placed on the Premises. Its of the 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
essee until Lesso record title from L	ts of the Lessor and Lessoe bereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on e 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 essor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessoe. No present or future
Lessee until Lesse record title from 1. I created without 12. Lessee, Premises and as to immediate vicinity which declaration of the commenced Proceedings of the commenced Proceedings to until part	is of the 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 less has hen finnished with notice, consisting of certified opties of all recorded instruments or documents and necessary to establish a complete chain of essor, 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 fluture is ownership as to different portions or psects of the Premises shall operate to enlarge the obligations or dininish the rights of Lessee, and all Lessee is portations may be regard to any such division. If all or any part of the lesses is a sessigned, no lesseshold owner.  at its option, is bereby given the right and power as any time and from time to time as a recurring right, either before or after production, as to all or any part of the any one or more of the formations thereunder, to pool or untilize the less-hold estate and the mineral estate state states with trespect to such other land, lessee or lesses. Likewise units previously formed to include formations not producing oil or gas, may be reformed to exclude up formations. The forming or reforming of any suit shall be accomplished by Lessee executing and filing of record a declaration of such untilization or reformation, 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 untilon, drilling, reworking or dewatering operations or a well shut in for want of a market under this Lesse. In lieu of the royalities elsewhere herein specified, including shades or shall describe the validing to producing on production from such unit only on the portion of such production allocated to grant part of the Premises as to one or more of the formations thereunder with other lands in the same general area by cuttering into a cooperative or operation approved by any goovernmental aut
Lessee until Lesse record title from 1. Idivision of Lessor conducted without 12. Lessee, Premises and as te immediate vicinity similar is such non-producir which declaration commenced. Proc if it were producti in gas royalites, Lessor in gas royalites, Lessor in gas royalites, Lessor in such event, the tight to unitize, pounit plan of development or oprequirements of such exception of the particular trace allocated. Lessor executing the sam 13. All expuny whole or in part, Regulation. Any whatsoever beyon the production of time equal to the production of the prod	is of the 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 less has hen finnished with notice, consisting of certified opties of all recorded instruments or documents and necessary to establish a complete chain of essor, 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 fluture is ownership as to different portions or psects of the Premises shall operate to enlarge the obligations or dininish the rights of Lessee, and all Lessee is portations may be regard to any such division. If all or any part of the lesses is a sessigned, no lesseshold owner.  at its option, is bereby given the right and power as any time and from time to time as a recurring right, either before or after production, as to all or any part of the any one or more of the formations thereunder, to pool or untilize the less-hold estate and the mineral estate state states with trespect to such other land, lessee or lesses. Likewise units previously formed to include formations not producing oil or gas, may be reformed to exclude up formations. The forming or reforming of any suit shall be accomplished by Lessee executing and filing of record a declaration of such untilization or reformation, 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 untilon, drilling, reworking or dewatering operations or a well shut in for want of a market under this Lesse. In lieu of the royalities elsewhere herein specified, including shades or shall describe the validing to producing on production from such unit only on the portion of such production allocated to grant part of the Premises as to one or more of the formations thereunder with other lands in the same general area by cuttering into a cooperative or operation approved by any goovernmental aut

STATE OF New Mexico	UNIFORM ACKNOWLEDGEMENT-INDIVIDUAL
COUNTY OF San Juan }	
June Guine Guine (	224
The foregoing instrument was acknowledged before m	te this 26 th day of May, 19 by
Kenneth C Youell gad	Tea C Youell
,	-OFFICIAL CONSTITUTION OF THE SHOWS
My Commission Expires: 08-24-05	No Garmalita Shay Now Mexico
and commission commission in the commission	NOTARY PUBLIC STATE OF THE STAT
	My Commission Expires: 0724-63
· pro Laboration	Andrew
STATE OFss.	UNIFORM ACKNOWLEDGEMENT-CORPORATE
COUNTY OF}	
The foregoing instrument was acknowledged before m	ne this day of, 19 by
	as
of	
corporation, on behalf of the corporation.	
My Commission Expires:	Notary Public, State of
	Name of Notary Printed
AND ALL AND AL	Address of the Control of the Contro
STATE OF	UNIFORM ACKNOWLEDGEMENT-OTHER
COUNTY OF}	
The foregoing instrument was acknowledged before m	ne this day of, 19 by
85	
on behalf of	a
My Commission Expires:	Notary Public, State of

Name of Notary Printed \_\_\_

200510828 06/20/2005 12:13P 20f3 B1411 P949 R 13.00 D 0.00 San Juan County, Ni Clerk FRRN HANHRROT

#### OIL AND GAS LEASE

AGREEMENT made effective this
nerematter called Lessor(s), whose address for notice purposes is set out on the attached EXHIBIT andSynergy Operating,
LLC. hereinafter called Lessee, whose mailing address is: P. O. Box 5513 Farmington, New
Mexico 87499.
<ol> <li>Lessor, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable</li> </ol>
consideration, including but not limited to: the royalties provided herein, and the covenants of the Lease, the receipt of which are
hereby acknowledged, Lessor hereby grants, leases and lets exclusively to Lessee the land described below for the purpose of
investigating, exploring for, drilling for, producing, saving, owning, handling, storing, treating and transporting Oil and Gas
together with all rights, privileges and easements useful for lessee's operations on said land and on land in the same field with a
common Oil and Gas Reservoir. The Phrase "Oil and Gas" as used herein includes all hydrocarbons and other substances
produced therewith. The land included in this Lease is situated in the State of New Mexico, San Juan County
and is described as follows:
and is described as follows:

See the description of leased lands contained in the attached Exhibit

and containing the net acres set out on the attached Exhibit, including all Oil and Gas and substances produced therewith underlying lakes and streams of which all or any part of the land is riparian, all roads, easements, and rights-of-way which traverse or adjoin said land and including all lands owned or claimed by Lessor as a part of any of said land, and including all reversionary rights therein. This lease covers all the Interest now owned by, or hereafter vested in the Lessor and Lessor releases and waives all rights under any Homestead Exemption Laws. Lessee will investigate whether Lessor has any claim to prior production from oil and gas wells previously drilled that should have included Lessor's acreage described herein. If such investigation determines that Lessor is entitled to share in the production from such previously drilled wells, Lessor would receive royalty, as set out herein below, and Lessee would receive its share of production, less Lessor's royalty. Lessee may inject water, salt water, gas or other substances into any stratum or strata under said land and not productive of fresh water.

This Lease shall remain in force for a period of five (5) years from this date, called "primary term", and as long thereafter as Oil, Gas or other Hydrocarbons and substances produced therewith are produced from said land, or Lessee is engaged in drilling or reworking operations on said land. Should Lessee breach any provision of this Lease, or at any time fail to perform fully any obligation hereunder, the Lessor shall have the right to terminate this Lease and render it null and void if such breach, is not addressed within thirty (30) days after Lessor has given Lessee written notice.

Lessee shall pay royalties free of costs and expense of development and operation, except taxes on production, to Lessor as follows: (a) fifteen percent (15%) of the Oil produced and saved from said land to be delivered at the wells or to the credit of Lessor into the pipeline to which the well may be connected: Lessee may, at any time or times, purchase any royalty oil, paying the market value in the field on the day it is run to the storage tanks or pipeline: (b) the market value at the well of fifteen percent (15%) of the gas (including casinghead gas or other gaseous substances) produced from the land and sold, provided that on gas sold at the well the royalty shall be fifteen percent (15%) of the amount realized from such sale: (c) fifteen percent (15%) of the amount realized from the sale of any other substances produced from said land with Oil and Gas. Lessee may use, free of royalty, oil, gas, and water for all operations hereunder.

This is a PAID UP LEASE; there is no yearly rental payment that is due. If at the expiration of the Primary Term oil and/or gas is not capable of being produced on said land, or from land pooled therewith, but Lessor is engaged in drilling, or reworking operations thereon, or shall have completed a dry hole thereon within ninety (90) days prior to the end of the Primary Term, the lease shall remain in force so long as operations on said well, or well, or for drilling or reworking of any additional well are prosecuted with no cessation of more than ninety (90) consecutive days, and if they result in the well being capable of production of oil or gas, or so long thereafter as oil or gas is produced from said land, or from land pooled therewith.

Lessee may at any time or times pool any part or all of said land and Lease or any stratum or strata, with other lands and Leases, stratum or strata, in the same field so as to constitute a spacing unit to facilitate an orderly or uniform well spacing pattern or to comply with any order, rule or regulation of the State or Federal regulatory or conservation agency having jurisdiction. Such pooling shall be accomplished or terminated by filing of record a Declaration of Pooling, or Declaration of Termination of Pooling, and by mailing or tendering a copy to Lessor, Drilling or re-working operations upon or production from any part of such spacing unit shall be considered for all purposes of this Lease as operations or productions from this Lease. Lessee shall allocate to this Lease the proportionate share of production, which the acreage in this Lease included in any such spacing unit, bears to the total acreage in said spacing unit. Lessee may not unitize any part of said land and Lease, or any stratum or strata, with other lands and Leases in the same field without the expressed written permission of the Lessor.

Lessee may, in the interest of economy, commingle production from this Lease with production from one or more Leases in the same field provided a method of measurement in accordance with established engineering practices is used to

measure the production and to allocate the production to the respective Leases commingled.

No well, road or pipeline shall be placed on Lessor's land without the express written consent of the Lessor. Should Lessee be prevented from complying with any express or implied covenant of this Lease, from conducting drilling, or re-working operations thereon or from producing oil or gas or other hydrocarbons therefrom by reason of scarcity of, or inability to obtain or to use equipment or material, or by operation of force majeure, or because of any Federal or State law or any order, rule or regulation of a governmental authority, then while so prevented, Lessee's obligations to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this Lease shall be extended while and so long as Lessee is prevented by and such cause from conducing drilling (which shall include the inability of lessee, through no fault of its own, to obtain sufficient and satisfactory material and equipment), or re-working operations on, or from producing oil or gas or other hydrocarbons from the leased premises; and the time while Lessee is so prevented shall not be counted against the Lessee, anything in this Lease to the contrary notwithstanding.

Lessor warrants title to said land as to Lessor's interest therein. The royalties provided for are determined with respect to the entire mineral estate in Oil and Gas (including all previously reserved or conveyed non-participating royalty), and if Lessor owns a lesser interest, the royalty to be paid Lessor shall be reduced proportionately. Lessee may purchase or discharge in whole or in part any tax, mortgage or lien upon said land, or redeem the land from any purchaser, any tax sale or adjudication, and shall be subrogated to such lien with the right to enforce it, and may reimburse itself from any royalties

accruing under the terms of this Lease.



ĵċ.

10. This Lease shall be binding upon all who execute it, whether they are named in the granting clause and whether all parties named in the granting clause execute the Lease or not.

11. Lessee shall have the right to conduct an examination of the county records for the purpose of the verification of Lessor's ownership of the oil and gas rights under the lands, which are the subject of this lease. If that examination reveals that Lessor owns oil and gas rights in lands not covered by the Lease, then Lessor shall lease those rights to Lessee at the same consideration and on the same terms, conditions and provisions applicable to the original lease.

12. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of

said Lessor and Lessee.

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

STATE OF Act Mexico }  COUNTY OF Sen Jule 10 On this 12 day of Jule 12 On this 12 day of Jule 12 On this 12 day of Jule 12 On this 13 day of Jule 12 On this 14 day of Jule 12 On this 15 day of Jule 12 On this 16 day of Jule 12 On this 16 day of Jule 12 OFFICIAL SE My Commission Expires:  Notary Public  STATE OF Sen Jule 12 OFFICIAL SE Notary Public  STATE OF Sen Jule 12  Of Jule 12  O	Themas gaves				_
COUNTY OF	•				
COUNTY OF					-
On this		ACKNOWLEDGMENT	S		
On this	STATE OF New Mexica )				
to me known to be the person described in and who executed the foregoing instrument, and acknowledged that	On this /3 day of Ju	the 20 <u>05</u> , before me person	ally appeared <u>Hen</u>	eth You	.//_
Witness my hand and seal the day and year last above written.  OFFICIAL SEMY Commission Expires:  Notary Public  STATE OF NEW May Commission Expires: At All Commission Expires: At All Commission Expires: At All Commission Expires:  Notary Public  STATE OF	to me known to be the person described in a	and who executed the foregoing i	nstrument, and acknow	ledged that	easeth.
My Commission Expires:    Notary Public   Carmelita Sha	executed same free	e act and deed. v and year last above written	Λ		TOTAL CEAT
STATE OF			Carmel & B		
STATE OF	·	Notary	Public \		
STATE OF			\	NO	TARY PUBLIC
COUNTY OF	STATE OF)		)	STATE	100 NEW MEN
On this	§		My	Commission	
to me known to be the person described in and who executed the foregoing instrument, and acknowledged that	COUNTY OF)	2007 1 6			
executed same free act and deed.  Witness my hand and seal the day and year last above written.  My Commission Expires:  Notary Public  STATE OF				ledged that	
Witness my hand and seal the day and year last above written.  My Commission Expires:    Notary Public	executed same fre	es act and deed.	itsitution, and acation	100Bed ann	<del></del>
Notary Public  STATE OF	Witness my hand and seal the day	y and year last above written.			
STATE OF	My Commission Expires:				_
COUNTY OF		Notary	y Public		
The foregoing instrument was acknowledged before me this day of, 20 05, by  Witness my hand and seal the day and year last above written.  Witness my hand and seal the day and year last above written.  Notary Public  STATE OF,  The foregoing instrument was acknowledged before me this day of, 20 05, by  Witness my hand and seal the day and year last above written.  Witness my hand and seal the day and year last above written.  My Commission Expires:	STATE OF				
The foregoing instrument was acknowledged before me this day of 20 05, by	§				
Witness my hand and seal the day and year last above written.  My Commission Expires:  Notary Public  STATE OF	COUNTY OF)				
Witness my hand and seal the day and year last above written.  My Commission Expires:  Notary Public  STATE OF	The foregoing instrument was ac	knowledged before me this	day of	. 20 <u>05                                   </u>	y
My Commission Expires:    Notary Public		of	on beha	ılf of said	
My Commission Expires:    Notary Public	<del></del>				
My Commission Expires:    Notary Public	Witness my hand and seal the day	v and year last above written.			
STATE OF		, ,			_
COUNTY OF	·	Notar	y Public		
COUNTY OF					
The foregoing instrument was acknowledged before me this day of, 20 05, by of on behalf of said  Witness my hand and seal the day and year last above written.  My Commission Expires:	STATE OF				
The foregoing instrument was acknowledged before me this day of, 20 05, by of on behalf of said  Witness my hand and seal the day and year last above written.  My Commission Expires:	COUNTY OF				
Witness my hand and seal the day and year last above written.  My Commission Expires:	The foregoing instrument was	acknowledged before me this	day of	. 20 05 . b	y
My Commission Expires:		of	on behalf of said		
My Commission Expires:	<del></del>				
My Commission Expires:	Witness my bond and! 45 - 4				
· · · · · · · · · · · · · · · · · · ·		y anu year last above written.			•
Notary Public	Expires.	Noter	v Public		_

**END OF ACKNOWLEDGMENTS** 

200511390 06/27/2005 02:45P 20f3 B1412 P510 R 13.00 D 0.00 San Juan County, NT Clark FRAN HANHARDT

٠,

## EXHIBIT "A"

YOUELL KENNETH C ET UX 706 POPLAR ST FARMINGTON NM, 87401-6660

Property Address	Township	Range	Section	QtrQtr	Acres
706 POPLAR ST FARMINGTON NM, 87401-7401	29	13	22	NE NW	0.2296
	•	HADY ( .1065 P.		OT 3 02WD	•
Property Address	Township	Range	Section	QtrQtr	Acres
704 E POPLAR ST FARMINGTON NM, 87401-7401	29	13	22	NE NW	0.0918

Legal: SHADY GROVE E40' OF LOT 2 BLK 02 B.1374 P.902

200511390 06/27/2005 02:45P 30f3 B1412 P510 R 13.00 D 0.00 San Juan County, NM Clerk FRRM HANNARDT

OIL AND GAS LEASE	
THIS AGREEMENT, Made and entered into this 19th day of November 2001 , by and between	
John J. Horn and Alice L. Horn, h/w as joint tenants	_
Whose post office address is 321 E. Murray Drive, Farmington, NM 37401 hereinafter called Lessor (whether one	•
or more) and Richardson Production Company whose post office address is 1700 Lincoln, Suite 1700, Denver, CO 30203, hereinafter called Lessee:	
WITNESSETH, That the Lessor, for and in consideration of Ten and more (\$10 & more) DOLLARS cash in hand paid, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, denised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the said Lessee, the lead 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 acture or kind, with rights of way and essentents 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 Sag Juan State of New Mexico , described as follows, to-wit:	
Township 29 North - Range 13 West, N.M.P.M. Section 22: A tract of land in the N/NV/ANW/4 of said Section 22, described as follows:	
ACCIONI 44: A SERCI DI ISING DE LOR IN ALTRIANT VIA DI SOLO DECTION 44. DESCTIDED SE TODOWS:	

Section 22: A tract of land in the N/2NE/4NW/4 of said Section 22, described as follows:
BEGINNING at a point on the South line of the right of way of State Highway 17 (Farmington-Bloomfield)
which is 750 feet East and 40 feet South of the NW corner of said N/2NE/4NW/4;
THENCE South 250 feet;
THENCE West 110 feet;
THENCE North 250 feet;
THENCE East 110 feet to the point of beginning.

\*It is expressly understood that there shall be no surface use or occupancy of said lands subject to the least

and containing \_.6313 acres, more or less.

1. It is agreed that this lease shall remain in force for a term of five (5) years from this date and as long thereafter as oil or gas of what year in that 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 finis lease, and is produced in the leased premises or on acreage pooled therewith but Lesses is than engaged in drilling or re-working protected in the leased premises or on acreage pooled therewith but Lesses is than engaged in drilling or re-working protected if not more than ninety. (90) days shall elapse between the completion or abandonment of one well shill the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas so said land or on acreage pooled therewith, the production thereof should ones 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 completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations 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.

2. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessee agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the missary term. Lessee may at any time or time 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 Lessee or releases or releases, and be relieved of all obligation thereafter accruting as to the acreage surrendered.

3. In consideration of the premises the said Lessee covernents and sorres.

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 one-eighth (1/8) part of all oil produced

3. In consideration of the premiers the said Lessee covenants and agrees.

13. To deliver to the credit of Lesser, free of cost, is the pipe line to which Lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved arm the lessed premiets, the (1/8) of the goes proceeds done cover, psychle quarterly, for the gas from each well where gas only is found, while the same is being used off the premiers, and if used in the manufacture of gasoline a royalty of one-eighth (1/8), psychle monthly at the prevailing marker rate.

3rd. To per Lesser for gas produced from any oil well and used off the premises or in the manufacture of gasoline or my other product a royalty of one-eighth (1/8) of the proceeds, at the mouth of the well, psychle monthly at the prevailing marker rate.

4. Where gas from a well capable of producing gas in not seld or used, Lesses may pay or render as royalty owners. One Dollar per year per net royalty care restained hereander, such payment or tender to be made on or before the numbersary date of this lesse actual is shalt in it and hepsyment or tender to be made on or before the numbersary date of this lesse tends as the produced within the meaning of finis lesses.

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

6. Lessee shall have the right to use, free of oct, gas, old and water produced on said hand for Lesses's operation thereon, except water from the wells of Lessor.

7. When requested by Lessor, Lesses shall bury Lesses's pipe lime below plaw depth.

8. No well shall be drilled heaver than 200 feets, gas and subtractive placed on said premises, including the right to draw and remove casing.

11. The rights of Lessor and Lessoe hereumder may be assigned in whole or part. No change in ownership by executing the same upon request of Lessee.

13. All express or implied coverants of this lease shall be subject to all Federal and State Lews, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held hable 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.

such Law, Order, Rule or Regulation.

14. Lessor hereby warrants and agrees to defend the title to the lands berein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, texes 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 proposes for which this lease is made, as recited herein.

15. Should any one or more of the parties bereinabove 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, all mean any one or more or 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 Lessoe.

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

John J. Horn

0312

47769000

# 200204105 03/07/2002 02:28P 20f2 B1338 P269 R 7.00 D 3.00 San Juan County, NH Clark FRON HANHARDT STATE OF Mexico. BEFORE ME, the undersigned, a Notary Public, in and Acknowledges to the supplied of the

Acknowledgment - Individual(s) BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this ander 2001, personally appeared\_ to me known to be the identical person(s) described in and who executed the within and foregoing instrument of writing duly executed the same as huy. free and voluntary act and deed for the and acknowledged to me that\_ uses and purposes therein set forth. WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above STATE OF Acknowledgment - Partnership/Trust **COUNTY OF** BEFORE MF, the undersigned, a Notary Public, in and for said County and State, on this , 2001, personally appeared 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 \_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 by notarial seal the day and year last above written. My Commission Expires: STATE OF Acknowledgment - Corporation **COUNTY OF** BEPORE ME, the undersigned authority, this day personally appeared to me personally known who being by me duly sworn did say that he is the 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 who acknowledge said instrument to be the free act and deed of said corporation. Sworn to and subscribed before me, this \_\_\_ My commission Expires:

#### OIL AND GAS LEASE

AGREEMENT made effective this
hereinafter called Lessor(s), whose address for notice purposes is set out on the attached EXHIBIT andSynergy Operating.
LLC. hereinafter called Lessee, whose mailing address is: P. Q. Box 5513 Farmington, New
Mexico 87499.
<ol> <li>Lessor, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable</li> </ol>
consideration, including but not limited to: the royalties provided herein, and the covenants of the Lease, the receipt of which are
hereby acknowledged, Lessor hereby grants, leases and lets exclusively to Lessee the land described below for the purpose of
investigating, exploring for, drilling for, producing, saving, owning, handling, storing, treating and transporting Oil and Gas
together with all rights, privileges and easements useful for lessee's operations on said land and on land in the same field with a
common Oil and Gas Reservoir. The Phrase "Oil and Gas" as used herein includes all hydrocarbons and other substances
produced therewith. The land included in this Lease is situated in the State of New Mexico, San Juan County
and is described as follows:

#### See the description of leased lands contained in the attached Exhibit

and containing the net acres set out on the attached Exhibit, including all Oil and Gas and substances produced therewith underlying lakes and streams of which all or any part of the land is riparian, all roads, easements, and rights-of-way which traverse or adjoin said land and including all lands owned or claimed by Lessor as a part of any of said land, and including all reversionary rights therein. This lease covers all the Interest now owned by, or hereafter vested in the Lessor and Lessor releases and waives all rights under any Homestead Exemption Laws. Lessee will investigate whether Lessor has any claim to prior production from oil and gas wells previously drilled that should have included Lessor's acreage described herein. If such investigation determines that Lessor is entitled to share in the production from such previously drilled wells, Lessor would receive royalty, as set out herein below, and Lessee would receive its share of production, less Lessor's royalty. Lessee may inject water, salt water, gas or other substances into any stratum or strata under said land and not productive of fresh water.

2. This Lease shall remain in force for a period of five (5) years from this date, called "primary term", and as long thereafter as Oil, Gas or other Hydrocarbons and substances produced therewith are produced from said land, or Lessee is engaged in drilling or reworking operations on said land. Should Lessee breach any provision of this Lease, or at any time fail to perform fully any obligation hereunder, the Lessor shall have the right to terminate this Lease and render it null and void if such breach, is not addressed within thirty (30) days after Lessor has given Lessee written notice.

3. Lessee shall pay royalties free of costs and expense of development and operation, except taxes on production, to Lessor as follows: (a) fifteen percent (15%) of the Oil produced and saved from said land to be delivered at the wells or to the credit of Lessor into the pipeline to which the well may be connected: Lessee may, at any time or times, purchase any royalty oil, paying the market value in the field on the day it is run to the storage tanks or pipeline: (b) the market value at the well of fifteen percent (15%) of the gas (including casinghead gas or other gaseous substances) produced from the land and sold, provided that on gas sold at the well the royalty shall be fifteen percent (15%) of the amount realized from such sale: (c) fifteen percent (15%) of the amount realized from the sale of any other substances produced from said land with Oil and Gas. Lessee may use, free of royalty, oil, gas, and water for all operations hereunder.

4. This is a PAID UP LEASE; there is no yearly rental payment that is due. If at the expiration of the Primary Term oil and/or gas is not capable of being produced on said land, or from land pooled therewith, but Lessor is engaged in drilling, or reworking operations thereon, or shall have completed a dry hole thereon within ninety (90) days prior to the end of the Primary Term, the lease shall remain in force so long as operations on said well, or well, or for drilling or reworking of any additional well are prosecuted with no cessation of more than ninety (90) consecutive days, and if they result in the well being capable of production of oil or gas, or so long thereafter as oil or gas is produced from said land, or from land pooled therewith.

5. Lessee may at any time or times pool any part or all of said land and Lease or any stratum or strata, with other lands and Leases, stratum or strata, in the same field so as to constitute a spacing unit to facilitate an orderly or uniform well spacing pattern or to comply with any order, rule or regulation of the State or Federal regulatory or conservation agency having jurisdiction. Such pooling shall be accomplished or terminated by filing of record a Declaration of Pooling, or Declaration of Termination of Pooling, and by mailing or tendering a copy to Lessor. Drilling or re-working operations upon or production from any part of such spacing unit shall be considered for all purposes of this Lease as operations or productions from this Lease. Lessee shall allocate to this Lease the proportionate share of production, which the acreage in this Lease included in any such spacing unit, bears to the total acreage in said spacing unit. Lessee may not unitize any part of said land and Lease, or any stratum or strata, with other lands and Leases in the same field without the expressed written permission of the Lessor.

6. Lessee may, in the interest of economy, commingle production from this Lease with production from one or more Leases in the same field provided a method of measurement in accordance with established engineering practices is used to measure the production and to allocate the production to the respective Leases commingled.

No well, road or pipeline shall be placed on Lessor's land without the express written consent of the Lessor.

8. Should Lessee be prevented from complying with any express or implied covenant of this Lease, from conducting drilling, or re-working operations thereon or from producing oil or gas or other hydrocarbons therefrom by reason of scarcity of, or inability to obtain or to use equipment or material, or by operation of force majeure, or because of any Federal or State law or any order, rule or regulation of a governmental authority, then while so prevented, Lessee's obligations to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this Lesse shall be extended while and so long as Lessee is prevented by and such cause from conducing drilling (which shall include the inability of lessee, through no fault of its own, to obtain sufficient and satisfactory material and equipment), or re-working operations on, or from producing oil or gas or other hydrocarbons from the leased premises; and the time while Lessee is so prevented shall not be counted against the Lessee, anything in this Lease to the contrary notwithstanding.

Lessor warrants title to said land as to Lessor's interest therein. The royalties provided for are determined

9. Lessor warrants title to said land as to Lessor's interest therein. The royalties provided for are determined with respect to the entire mineral estate in Oil and Gas (including all previously reserved or conveyed non-participating royalty), and if Lessor owns a lesser interest, the royalty to be paid Lessor shall be reduced proportionately. Lessee may purchase or discharge in whole or in part any tax, mortgage or lien upon said land, or redeem the land from any purchaser, any tax sale or adjudication, and shall be subrogated to such lien with the right to enforce it, and may reimburse itself from any royalties

accruing under the terms of this Lease.





whether all parties named in the granting clause execute the Lease or not.  11. Lessee shall have the right to conduct an examination of Lessor's ownership of the oil and gas rights under the lands, which are that Lessor owns oil and gas rights in lands not covered by the Lease, the consideration and on the same terms, conditions and provisions applicable	n Lessor shall lease those rights to Lessee at the same
IN WITNESS WHEREOF, we sign the day and year first above written.	2 × 01
- Jan -	phie & Horn
John J HORIS	Alice L HORN
STATE OF New Mexico	NTS
COUNTY OF Son Sun ) On this 17th day of June 2005, before me person	onally appeared John & Alice Horn
to me known to be the person described in and who executed the foregoing	g instrument, and acknowledged that
executed same free act and deed.  Witness my hand and seal the day and year last above written.	11/1
My Commission Expires:	miln Thomas
	The state of the s
July 25, 2007	OFFICIAL SEAL
STATE OF)	JENNIFER THOMASON Notary Public
8	State of New Marino
COUNTY OF ) My Cor On this day of 2005 before the per-	
On this day of 2005 , before the person described in and who executed the foregoing	g instrument, and acknowledged that
executed same free act and deed.	a non unioni, uno somo mongo a una
Witness my hand and seal the day and year last above written.	
My Commission Expires:	
Not	ary Public
NAMES OF THE PERSON OF THE PER	
STATE OF)	
COUNTY OF)	
	day of . 20 05 . by
The foregoing instrument was acknowledged before me this of	on behalf of said
·	
Witness my hand and seal the day and year last above written.  My Commission Expires:	
	ary Public
	-
STATE OF)	
51A1E OF	
COUNTY OF)	
The foregoing instrument was acknowledged before me this	s day of, 20 05, by
of	on behalf of said
<del></del>	
Witness my hand and seal the day and year last above written.	
My Commission Expires:	
Not	tary Public

**END OF ACKNOWLEDGMENTS** 

200511382 06/27/2005 02:45P 20f3 B1412 P502 R 13.00 D 0.00 San Juan County, NM Clerk FRON HONNIRDT

## EXHIBIT "A"

HORN, JOHN J ET UX 821 E. MURRAY DR. FARMINGTON, NM 87401-6651

PROPERTY ADDRESS:

821 E. MURRAY DR. FARMINGTON, NM 87401 - 6651 TOWNSHIP RANGE SECTION QTR/QTR ACRES
29N 13W 22 NENW ..6313

BEG AT A PT ON THE S SIDE OF HWY #17, WHICH PT IS 750 FT E OF NW COR OF NENW 222913, THENCE E 110 FT; S250 FT; W 110 FT; N250 FT TO BEG.

B854 P389, LESS FRACTION TO CITY B 1218 P954.

200511382 06/27/2005 02:45P 30f3 B1412 P502 R 13.00 D 0.00 San Juan County, NT Clerk FRAN HANNARDT

, interes,

#### OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this	12th	day of	November	2001 by and between	
Wesley D. Ipock, a single man					
Whose post office address is 711 Poplar St. Farmington, NM	87401		herei	nafter called Lessor (whether one or more) and	
Richardson Production Company whose post office address is 1700 Lincoln, Sulte 1700, Denver, CO 80203, hereinafter called Lessee:					
WITNESSETH. That the Lessor, for and in consideration of	Ten and more	(\$10 & more)	) DOLLARS cash	in hand naid, the receipt of which is bereby	

WITNESSETH, That the Lessor, for and in consideration of Ten and more (310 & more) DOLLARS cash in hand paid, the receipt of which is nereoy acknowledged, and the coverants and agreements hereinafter contained, has granted, demised, lessed and let, and by these presents does grant, demise, lesse and let exclusively unto the said Lessee, the land hereinafter described, with the actuative 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 eastendents 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 San Juan. State of New Mexico, described as

Township 29 North - Range 13 West, N.M.P.M.

Section 22: Cottonwood Subdivision: Lot 1 in Black Two (2)

and containing .1898 acres, more or less.

1. It is agreed that this lesse shall remain in force for a term of five (5) years from this date and as long thereafter as oil or gas of whatsoever nature originals provided from said lessed premises or on acreage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lesse, oil or gas is not being produced on the lessed premises or on acreage pooled therewith but Lessee is than engaged in drilling or re-working operations thereof the considered to be continuously prosecuted if not more than ninety (90) days shall clapse thereof the tensel produced or the lessed premises or on acreage pooled therewith, and operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall clapse thereof the between the completion or abundonment of one well mad 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 lesses shall not terminate if Lessee commences additional drilling or re-working operations within ninety (90) days from date of completion of dry bole. 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 lesses, this lesses shall continue in force so long as oil or gas is produced from the lessed premises or on acreage pooled therewith.

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

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 obligation thereafter accruing as to the accrege 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 one-eighth (1/8) part of all oil produced and saved from the lessed premises.

2nd. To pay Lessor one-eighth (1/8) of the gross proceeds each year, psyable 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 one-eighth (1/8), psyable 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 one-eighth (1/8) of the proceeds, at the mouth of the well, psyable monthly at the prevailing market rate.

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 One Dollar per year per net royalty acre retained hereafter on or before the amiversary 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 amiversary date of this lease next ensuing after the expiration of 90 days from the date such well is shut in 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 therein, then the royalties (including any shut-in gas royalty) herein provided for shall be naid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

set is sain in all an electure on or occur are animated within the meaning of this bease.

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

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

7. When requested by Lessor, Lesses shall bury Lesser's shall bury Lesser's shall bury Lesser's shall bury Lesses shall have the right at any time to remove all machinery and fixtures placed on said premises without written consent of Lessor.

9. Lesses shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove cassing.

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

11. The rights of Lessor and Lesses be removed all machinery and fixtures placed on said premises, including the right to draw and remove cassing.

11. The rights of Lessor and Lesses becrumeder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee that the first of the lesses has been furnished with notice, consisting of certified copies of all recorded documents and other information necessary to establish a complete chain of record till from Lessor, than then only with respect to payments thereafter made. No elected occuments and other information necessary to establish a complete chain of record till from Lessor, than the notive chain of the right to mitter the lesses of the production, while the right of the production of the right to mitter the lesses of the right to mitter the lesses of the right to mitter the lesses of the right to m

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

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, insofts at said right of dower and homestead may in any way affect the proposes for which this lesse is made, as recited herein.

15. Should any one or more of the parties hereinabove 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 or 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.

47747000

200204116 03/07/2002 02:44P 20f2 B1338 P280 R 7.00 D 3.00 San Juan County, NM Clerk FRAN HANHARDT

COUNTY OF San J.		Acknowledgment - Individual(s)	
November 2001,	indersigned, a Notary personally appeared _	Public, in and for said County and State, on this Wesley D. Tpock, a.s.	day of single
to me known to be the idea	ntical person(s) descri hat <u>he</u> du	bed in and who executed the within and foregoing instally executed the same as 1/5 free and voluntary ac	ument of writin
WITNESS W	HEREOF, I have here	unto set my hand and affixed by notarial seal the day a	id year last abov
No Compulsion Expires:		<u>Karla Sxhetler</u> Address: 18 Road 1990 Fai	
# 1200 Z	-	Address: 18 Road 1990 Fai	minaton
Op. State of the s		•	
Wei influence.			
STATE OF	3.	Acknowledgment - Partnership/Trust	
COUNTY OF		in the second se	
			dou of
asof	_, 2001, personally ap	Public, in and for said County and State, on this ppeared	
asof to me known to be the ide and acknowledged to me t uses and purposes therein IN WITNESS W.	, 2001, personally apentical person(s) described du		rument of writing and deed for t
asof_ to me known to be the ide and acknowledged to me t uses and purposes therein IN WITNESS W written.	, 2001, personally apprintical person(s) described duties of forth.	ibed in and who executed the within and foregoing inst uly executed the same asfree and voluntary at	rument of writing and deed for t
asof to me known to be the ide and acknowledged to me t uses and purposes therein IN WITNESS W.	, 2001, personally apprintical person(s) described duties of forth.	ibed in and who executed the within and foregoing inst uly executed the same asfree and voluntary at	rument of writing and deed for t
asof_ to me known to be the ide and acknowledged to me t uses and purposes therein IN WITNESS W written.	, 2001, personally apprintical person(s) described duties of forth.	ibed in and who executed the within and foregoing install the same asfree and voluntary asfree and voluntary asfree and and affixed by notarial seal the day as	rument of writi
asof_ to me known to be the ide and acknowledged to me t uses and purposes therein IN WITNESS W written.	, 2001, personally apprintical person(s) described duties of forth.	ibed in and who executed the within and foregoing install the same asfree and voluntary asfree and voluntary asfree and and affixed by notarial seal the day as	rument of writing and deed for t
asof_ to me known to be the ide and acknowledged to me t uses and purposes therein IN WITNESS W written.	, 2001, personally aportical person(s) described du set forth.  **HEREOT, I have liese	ibed in and who executed the within and foregoing instudy executed the same asfree and voluntary as eunto set my hand and affixed by notarial seal the day asAddress:	rument of writing and deed for t
asof_ to me known to be the ide and acknowledged to me t uses and purposes therein IN WITNESS W. written. My Commission Expires:	, 2001, personally apprintical person(s) described duties of forth.	ibed in and who executed the within and foregoing install the same asfree and voluntary asfree and voluntary asfree and and affixed by notarial seal the day as	rument of writing and deed for t
as		ppearedibed in and who executed the within and foregoing instudy executed the same asfree and voluntary as	rument of writi
asof_ to me known to be the ide and acknowledged to me t uses and purposes therein IN WITNESS W written.  My Commission Expires:  STATE OF  BEFORE ME, the to me personally known w of and that said instrument v		ppearedibed in and who executed the within and foregoing instally executed the same asfree and voluntary as sunto set my hand and affixed by notarial seal the day aAcknowledgment - Corporation , this day personally appeared	rument of writing and deed for the second year last about

#### **OIL AND GAS LEASE**

AGREEMENT made effective this 10 the undersigned hereinafter called Lesson(s), whose address for notice purposes is set out on the attached EXHIBIT and Sypergy Operating.
LLC. hereinafter called Lessee, whose mailing address is: P. O. Box 5513 Farmington, New
Mexico 87499.
<ol> <li>Lessor, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable</li> </ol>
consideration, including but not limited to: the royalties provided herein, and the covenants of the Lease, the receipt of which are
nereby acknowledged, Lessor hereby grants, leases and lets exclusively to Lessee the land described below for the purpose of
investigating, exploring for, drilling for, producing, saving, owning, handling, storing, treating and transporting Oil and Gas
ogether with all rights, privileges and easements useful for lessee's operations on said land and on land in the same field with a
common Oil and Gas Reservoir. The Phrase "Oil and Gas" as used herein includes all hydrocarbons and other substances
produced therewith. The land included in this Lease is situated in the State of New Mexico. San Juan County
and is described as follows:

See the description of leased lands contained in the attached Exhibit

and containing the net acres set out on the attached Exhibit, including all Oil and Gas and substances produced therewith underlying lakes and streams of which all or any part of the land is riparian, all roads, easements, and rights-of-way which traverse or adjoin said land and including all lands owned or claimed by Lessor as a part of any of said land, and including all reversionary rights therein. This lease covers all the Interest now owned by, or hereafter vested in the Lessor and Lessor releases and waives all rights under any Homestead Exemption Laws. Lessee will investigate whether Lessor has any claim to prior production from oil and gas wells previously drilled that should have included Lessor's acreage described herein. If such investigation determines that Lessor is entitled to share in the production from such previously drilled wells, Lessor would receive royalty, as set out herein below, and Lessee would receive its share of production, less Lessor's royalty. Lessee may inject water, salt water, gas or other substances into any stratum or strata under said land and not productive of fresh water.

2. This Lease shall remain in force for a period of five (5) years from this date, called "primary term", and as long thereafter as Oil, Gas or other Hydrocarbons and substances produced therewith are produced from said land, or Lessee is engaged in drilling or reworking operations on said land. Should Lessee breach any provision of this Lease, or at any time fail to perform fully any obligation hereunder, the Lessor shall have the right to terminate this Lease and render it null and void if such breach, is not addressed within thirty (30) days after Lessor has given Lessee written notice.

3. Lessee shall pay royalties free of costs and expense of development and operation, except taxes on production, to Lessor as follows: (a) fifteen percent (15%) of the Oil produced and saved from said land to be delivered at the wells or to the credit of Lessor into the pipeline to which the well may be connected: Lessee may, at any time or times, purchase any royalty oil, paying the market value in the field on the day it is run to the storage tanks or pipeline: (b) the market value at the well of fifteen percent (15%) of the gas (including casinghead gas or other gaseous substances) produced from the land and sold, provided that on gas sold at the well the royalty shall be fifteen percent (15%) of the amount realized from such sale: (c) fifteen percent (15%) of the amount realized from the sale of any other substances produced from said land with Oil and Gas. Lessee may use, free of royalty, oil, gas, and water for all operations hereunder.

4. This is a PAID UP LEASE; there is no yearly reatal payment that is due. If at the expiration of the Primary Term oil and/or gas is not capable of being produced on said land, or from land pooled therewith, but Lessor is engaged in drilling, or reworking operations thereon, or shall have completed a dry hole thereon within ninety (90) days prior to the end of the Primary Term, the lease shall remain in force so long as operations on said well, or well, or for drilling or reworking of any additional well are prosecuted with no cessation of more than ninety (90) consecutive days, and if they result in the well being capable of production of oil or gas, or so long thereafter as oil or gas is produced from said land, or from land pooled therewith.

5. Lessee may at any time or times pool any part or all of said land and Lease or any stratum or strata, with other lands and Leases, stratum or strata, in the same field so as to constitute a spacing unit to facilitate an orderly or uniform well spacing pattern or to comply with any order, rule or regulation of the State or Federal regulatory or conservation agency having jurisdiction. Such pooling, and by mailing or tendering a copy to Lessor. Drilling or re-working operations upon or production from any part of such spacing unit shall be considered for all purposes of this Lease as operations or productions from this Lease. Lessee shall allocate to this Lease the proportionate share of production, which the acreage in this Lease included in any such spacing unit, bears to the total acreage in said spacing unit. Lessee may not unitize any part of said land and Lease, or any stratum or strata, with other lands and Leases in the same field without the expressed written permission of the Lessor.

6. Lessee may, in the interest of economy, commingle production from this Lease with production from one or more Leases in the same field provided a method of measurement in accordance with established engineering practices is used to measure the production and to allocate the production to the respective Leases commingled.

No well, road or pipeline shall be placed on Lessor's land without the express written consent of the Lessor.

8. Should Lessee be prevented from complying with any express or implied covenant of this Lease, from conducting drilling, or re-working operations thereon or from producing oil or gas or other hydrocarbons therefrom by reason of scarcity of, or inability to obtain or to use equipment or material, or by operation of force majeure, or because of any Federal or State law or any order, rule or regulation of a governmental authority, then while so prevented, Lessee's obligations to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this Lesse shall be extended while and so long as Lessee is prevented by and such cause from conducing drilling (which shall include the inability of lessee, through no fault of its own, to obtain sufficient and satisfactory material and equipment), or re-working operations on, or from producing oil or gas or other hydrocarbons from the leased premises; and the time while Lessee is so prevented shall not be counted against the Lessee, anything in this Lease to the contrary notwithstanding.

9. Lessor warrants title to said land as to Lessor's interest therein. The royalties provided for are determined

9. Lessor warrants title to said land as to Lessor's interest therein. The royalties provided for are determined with respect to the entire mineral estate in Oil and Gas (including all previously reserved or conveyed non-participating royalty), and if Lessor owns a lesser interest, the royalty to be paid Lessor shall be reduced proportionately. Lessee may purchase or discharge in whole or in part any tax, mortgage or lien upon said land, or redeem the land from any purchaser, any tax sale or adjudication, and shall be subrogated to such lien with the right to enforce it, and may reimburse itself from any royalties

accruing under the terms of this Lease.



22

This Lease shall be binding upon all who execute it, whether they are named in the granting clause and 10. whether all parties named in the granting clause execute the Lease or not.

11. Lessee shall have the right to conduct an examination of the county records for the purpose of the verification of Lessor's ownership of the oil and gas rights under the lands, which are the subject of this lease. If that examination reveals that Lessor owns oil and gas rights in lands not covered by the Lease, then Lessor shall lease those rights to Lessee at the same consideration and on the same terms, conditions and provisions applicable to the original lease. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of 12. said Lessor and Lessee. IN WITNESS WHEREOF, we sign the day and year first above written. **ACKNOWLEDGMENTS** , 2005 , before me personally appeared described in and who executed the foregoing instrument, and acknowledged free act and deed. hand and scal the day and year last above written. STATE OF COUNTY OF , 2005 , before me personally appeared On this day of to me known to be the person described in and who executed the foregoing instrument, and acknowledged that executed same free act and deed. Witness my hand and seal the day and year last above written. My Commission Expires: Notary Public STATE OF \_\_ COUNTY OF The foregoing instrument was acknowledged before me this \_ , 20 OS \_ day of \_ on behalf of said Witness my hand and seal the day and year last above written. My Commission Expires: Notary Public STATE OF COUNTY OF The foregoing instrument was acknowledged before me this \_\_\_\_ day of , 20 05 of Witness my hand and seal the day and year last above written. My Commission Expires:

**END OF ACKNOWLEDGMENTS** 

Notary Public

200511383 06/27/2005 02:45P 20f3 B1412 P503 R 13.00 D 0.00 Sen Juen County, NH Clerk FRRN HANNARDT

# EXHIBIT "A"

IPOCK WESLEY D 711 POPLAR ST FARMINGTON NM, 87401-6659

Property Address

Township Range Section QtrQtr

Acres

711 POPLAR

29

22

NE NW 0.2078

**FARMINGTON NM, 87401-7401** 

Legal: COTTONWOOD SUB LOT 1

02B.1138 P.49

13

200511383 06/27/2005 02:45P 30f3 B1412 P603 R 13.00 D 0.00 Sen Juan County, Nil Clerk FRRN HARMARDT

## PU Lease 5/yr Term Producers 88 Rev 200204131 03/07/2002 03:13P

10f2 B1338 P295 R 7.00 D 3.09/ San Juan County, NN Clerk FRAN HANHARDT

#### OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this	26th	_day of	November	. 2001	by and between
Jose G. Gomez and	Rebecca G	omez, h/w	as joint tenants		
Whose post office address is 306 Ouray Ave, Farmington, NM 8	7401		berei	nafter called Lessor (whet	per one or more)

and Richardson Production Company whose post office address is 1700 Lincoln, Suite 1700, Denver, CO 80203, hereinafter called Lesses:

WITNESSETH, That the Lessor, for and in consideration of Ten and more (\$10 & 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 of and all gas of whotsoever 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 San Juan. State of New Mexico.

#### Township 29 North - Range 13 West, N.M.P.M.

Section 22: Totah Vista Subdivision: Lot 5 in Block One (1) in the City of Farmington, as shown on the Plat of said Subdivision filed for record in the Office of the County Clerk on March 5, 1957

\*It is expressly understood that there shall be no surface use or occupancy of said lauds subject to this lease

and containing \_\_\_\_\_\_\_ acres, more or less.

1. It is agreed that this lease shall remain in farce for a term of five (5) years from this date and as long thereafter as oil or gas of whatsoever asture 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 Lease is than engaged in drilling or re-working operations thereon, then this lease shall continue in force as 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 shandcament of case well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said lead or on acreage pooled therewith, the production thereof should cease from any cases after the primary term, this lease shall not terminate if Lease commences additional drilling or re-working operations within ninety (90) days 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 is force so long as oil or gas is produced from the leased premises or on acreage pooled therewith.

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

as 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 one-eighth (1/8) part of all oil produced and saved from the leased premises.

Ist. 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 one-eighth (1/8) part of all oil produced and saved from the lessed premises.

2nd. To pay Lessor one-eighth (1/8) 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 mannfacture of gasoline of gasoline of gasoline of the premises or in the mannfacture of gasoline of gasoline or any other product a royalty of one-eighth (1/8), payable monthly at the prevailing market rate.

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. One Dollar per year per net royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of this lease farring the period such well is shut in and thereafter on or before the anniversary date of this lease farring 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 for simple therein, then the royalties (including any abut-in gas royalty) hereins provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided for simple therein, then the royalties (including any abut-in gas royalty) hereins provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided for the shall have the right to use, free of cost, gat, 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 have the right to use, free of cost, gat, oil and water produced on said premises, including the right to draw and remove cessing.

11. The rights of Lessor and Lessor and the said

of Lessee, and all Lessee's operations may be conducted without regard to any such division. If all or any part of this lesse is assigned, no lessehold owner shall be liable for any act or omission of any other lensehold owner.

12. 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 pool or unalize the lessehold estate and the mineral estate covered by this lesses with other land, lesse or lesses in the immediate vicinity for the production of o'd and gas, or separately for the production of whether authority similar to this exists with respect to such other land, lesse or lessee. 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 shell 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 therefore been completed or upon which operations for drilling have therefore been commenced. Production, drilling or reworking operations or a well shat in for want of a market anywhere on a unit which includes all or a part of this lesses shall be treated as if it were production, drilling or reworking operations or a well shat in five want of a market under this lesse. In lieu of the royalties elsewhere berein specified, including shut-in gas royalties, Lessor shall receive on production from the unit so pooled royalties only in the portion of such production allocated to this lesse; such allocation shall be that proportion of the unit production fine the total number of surface acres ones only in the protion of such production allocated to this lesses; such allocations shall be that proportion of the unit production from the unit to make the production a is a acquired more to to any time trans to an issue, and not repair payments to be trace between the formally express Lesgor's coasest to an expression only as so anothers. Lesgor analytic consents on the coasest to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same topic, received of Lessee.

13. All express or implied coverants 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.

Law, Order, Rule or Regulation.

14. Lessoe shall have the right at any time to redeem for Lessoe, by payment, any mortgages, traces or other liens on the above described lands, in the event of default of payment by Lessor and be subtrogated 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 precises for which this lesse is made, as recited herein.

15. Should any one or more of the parties hereinshove named as Lessor fail to execute this lesse, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor" as used in this lesse, shall never the less as Lessor. All the provisions of this lesses shall be binding on the heirs, successors and assigns of Lessor and Lessoe.

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

47.783000

רנאוכם

בבנים מכיבי

200204131 03/07/2002 03:13P 20f2 B1338 P295 R 7.00 D 3.00 San Juan County, NM Clerk FRAN HANHARDT

Acknowledgment - Individual(s)  Acknowledgment - Individual(s)  BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this			3	**
BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this	TATE OF NM	}	Acknowledgment - Individual(s)	₹ #
ACKNOWLEDGE HER the undersigned, a Notary Public, in and for said County and State, on this		<del></del> -	· · · · · · · · · · · · · · · · · · ·	
MELONIC CHAPES  MELONIC DE HOS Identical person(s) described in and who executed the within and foregoing instrument of writing decknowledged to me that the day and deed for the same as there is not forth.  Address: How the day and year last above the forth of the same as the day and year last above item.  In witness whereous the undersigned authority, this day personally appeared and year last above item.  Address:	BEFORE ME, the unde	rsigned, a Notary P	ublic, in and for said County and State, on thisday of	.4 ·
duly executed the same as Test free and voluntary act and deed for the sand gurouses therein set forth.  ACREOF JACKNOWLEGE WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above that the same as Test free and voluntary act and deed for the sand gurouses therein set forth.  Acknowledgment - Partnership/Trust  Address: TICK 3634  FOUNTY OF JS Acknowledgment - Partnership/Trust  DUNTY OF JOI, personally appeared of me known to be the identical personally appeared duly executed the same as free and voluntary set and deed for the same purposes therein set forth.  DUNTY OF JS Acknowledgment - Corporation  The WITNESS WHEREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above inten.  Address:  Address:  Address:  Address:  Address:  Address:  Address:  SEFORE ME, the undersigned authority, this day personally appeared me personally known who being by me duly sworn did say that he is the and that the seal affixed to said instrument is the corporate seal of said corporation did that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors who knowledge said instrument to be the free act and deed of said corporation.  Sworn to and subscribed before me, thisday of 2001.				2000 2000
Address: 47 CR 3934  TOUNTY OF	d acknowledged to me that_	theyduly	ed in and who executed the within and foregoing instrument of writing y executed the same as I Ric free and voluntary act and deed for the	eraja i jet je <del>a</del> s
Acknowledgment - Partnership/Trust    Acknowledgment - Partnership/Trust	HANNESS WHER	CEOF, I have hereu	nto set my hand and affixed by notarial seal the day and year last above	
Address: 47CR 36:34  tos mung_ten DM87los  Acknowledgment - Partnership/Trust  DUNTY OF			V 1000 1. (1. A.) SARAH (1. A.)	
ACKnowledgment - Partnership/Trust    Acknowledgment - Partnership/Trust	Chamission Expres:		TIMULKUAN	ton.
ATE OF	MAGNOS.			
DUNTY OF	A second a second of the second		tarmington DM87401	tigan sa sa
DUNTY OF	To a second the second		ر ما در العجم المرابع في يوني و أن العرب المرابع المرابع المرابع المرابع المرابع المرابع المرابع المرابع المرا ولا المرابع ال	
DUNTY OF				
BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this				
DUNTY OF	ATE OF			•
	DUNTY OF	}]9 }]	ACKROWIEGEMENT - Partnership/Trust	
	Remount on the and	orionad e Notae: E	Public in and for said County and State on this	
of				
dacknowledged to me that	of			
Address:    Address:	es and purposes therein set i	forth.		
ACKnowledgment - Corporation  DUNTY OF	es and purposes therein set f  IN WITNESS WHER  itten.	forth.		
BEFORE ME, the undersigned authority, this day personally appeared me personally known who being by me duly sworn did say that he is the and that the seal affixed to said instrument is the corporate seal of said corporation d that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors who knowledge said instrument to be the free act and deed of said corporation.  Sworn to and subscribed before me, thisday of, 2001.	es and purposes therein set f  IN WITNESS WHER itten.	forth.	nto set my hand and affixed by notarial seal the day and year last above	
BEFORE ME, the undersigned authority, this day personally appeared me personally known who being by me duly sworn did say that he is the and that the seal affixed to said instrument is the corporate seal of said corporation d that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors who knowledge said instrument to be the free act and deed of said corporation.  Sworn to and subscribed before me, thisday of, 2001.	es and purposes therein set f  IN WITNESS WHER itten.	forth.	nto set my hand and affixed by notarial seal the day and year last above	
BEFORE ME, the undersigned authority, this day personally appeared	es and purposes therein set f  IN WITNESS WHER  itten.	forth.	nto set my hand and affixed by notarial seal the day and year last above	
DUNTY OF	es and purposes therein set f  IN WITNESS WHER  itten.	forth.	nto set my hand and affixed by notarial seal the day and year last above	
DUNTY OF	es and purposes therein set f  IN WITNESS WHER  itten.	forth.	nto set my hand and affixed by notarial seal the day and year last above	
BEFORE ME, the undersigned authority, this day personally appeared	es and purposes therein set f IN WITNESS WHER itten. y Commission Expires:	forth.	nto set my hand and affixed by notarial seal the day and year last above	
me personally known who being by me duly sworn did say that he is the	IN WITNESS WHER itten.  Commission Expires:	forth. REOF, I have hereu	nto set my hand and affixed by notarial seal the day and year last above  Address:	
and that the seal affixed to said instrument is the corporate seal of said corporation of that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors who the troowledge said instrument to be the free act and deed of said corporation.  Sworn to and subscribed before me, thisday of, 2001.	IN WITNESS WHER itten.  y Commission Expires:	forth. REOF, I have hereu	nto set my hand and affixed by notarial seal the day and year last above  Address:	
d that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors who knowledge said instrument to be the free act and deed of said corporation.  Sworn to and subscribed before me, thisday of, 2001.	IN WITNESS WHER IN WITNESS WHER itten.  y Commission Expires:  ATE OF  DUNTY OF  BEFORE ME, the under	forth. REOF, I have hereus    Section   Property   Prop	nto set my hand and affixed by notarial seal the day and year last above  Address:  Acknowledgment - Corporation  this day personally appeared	
Sworn to and subscribed before me, thisday of, 2001.  y commission Expires:	IN WITNESS WHER IN WITNESS WHER itten.  Y Commission Expires:  ATE OF  DUNTY OF  BEFORE ME, the under me personally known who is	REOF, I have hereus    Sersigned authority, to being by me duly so and that the	Acknowledgment - Corporation  this day personally appeared worm did say that he is the seal of said corporation seal affixed to said instrument is the corporate seal of said corporation	
y commission Expires:	IN WITNESS WHER IN WITNESS WHER itten.  Y Commission Expires:  ATE OF  DUNTY OF  BEFORE ME, the under me personally known who led that said instrument was s	REOF, I have hereus  REOF, I have hereus    Security   Security	Acknowledgment - Corporation  this day personally appeared worm did say that he is the seal affixed to said instrument is the corporate seal of said corporation he held of said corporation by authority of its Board of Directors who	
ing the second of the second o	IN WITNESS WHER IN WITNESS WHER itten.  Y Commission Expires:  ATE OF  DUNTY OF  BEFORE ME, the under me personally known who is d that said instrument was a	REOF, I have hereus  REOF, I have hereus    Second of the	Acknowledgment - Corporation  Acknowledgment - Corporation  this day personally appeared worn did say that he is the seal affixed to said instrument is the corporate seal of said corporation in behalf of said corporation by authority of its Board of Directors who id deed of said corporation.	
ing the state of the The state of the state	IN WITNESS WHER IN WITNESS WHER itten.  Y Commission Expires:  "ATE OF  DUNTY OF  BEFORE ME, the under me personally known who is d that said instrument was a	REOF, I have hereus  REOF, I have hereus    Second of the	Acknowledgment - Corporation  Acknowledgment - Corporation  this day personally appeared worn did say that he is the seal affixed to said instrument is the corporate seal of said corporation in behalf of said corporation by authority of its Board of Directors who id deed of said corporation.	
	IN WITNESS WHER itten.  IN WITNESS WHER itten.  Y Commission Expires:  FATE OF  DUNTY OF  BEFORE ME, the under me personally known who is knowledge said instrument was sknowledge said instrument.	REOF, I have hereus  REOF, I have hereus    Second of the	Acknowledgment - Corporation  Acknowledgment - Corporation  this day personally appeared worn did say that he is the seal affixed to said instrument is the corporate seal of said corporation in behalf of said corporation by authority of its Board of Directors who id deed of said corporation.	
	IN WITNESS WHER itten.  IN WITNESS WHER itten.  Y Commission Expires:  FATE OF  DUNTY OF  BEFORE ME, the under me personally known who led that said instrument was a knowledge said instrument. Sworn to and subscript y commission Expires:	REOF, I have hereus  REOF, I have hereus    Second of the	Acknowledgment - Corporation  Acknowledgment - Corporation  this day personally appeared worn did say that he is the seal affixed to said instrument is the corporate seal of said corporation in behalf of said corporation by authority of its Board of Directors who id deed of said corporation.	
	IN WITNESS WHER itten.  y Commission Expires:  FATE OF  DUNTY OF  BEFORE ME, the unde me personally known who le d that said instrument was a knowledge said instrument  Swom to and subscri	REOF, I have hereus  REOF, I have hereus    Second of the	Acknowledgment - Corporation  Acknowledgment - Corporation  this day personally appeared worm did say that he is the seal affixed to said instrument is the corporate seal of said corporation in behalf of said corporation by authority of its Board of Directors who aid deed of said corporation.  Acknowledgment - Corporation  to said say that he is the corporate seal of said corporation in behalf of said corporation by authority of its Board of Directors who aid deed of said corporation.  Acknowledgment - Corporation  acknowledgment - Corporation	
	IN WITNESS WHER itten.  y Commission Expires:  FATE OF  DUNTY OF  BEFORE ME, the unde me personally known who le d that said instrument was a knowledge said instrument  Swom to and subscri	REOF, I have hereus  REOF, I have hereus    Second of the	Acknowledgment - Corporation  Acknowledgment - Corporation  this day personally appeared worm did say that he is the seal affixed to said instrument is the corporate seal of said corporation in behalf of said corporation by authority of its Board of Directors who aid deed of said corporation.  Acknowledgment - Corporation  to said say that he is the corporate seal of said corporation in behalf of said corporation by authority of its Board of Directors who aid deed of said corporation.  Acknowledgment - Corporation  acknowledgment - Corporation	
the control of the co	IN WITNESS WHER itten.  IN WITNESS WHER itten.  Y Commission Expires:  FATE OF  DUNTY OF  BEFORE ME, the under me personally known who led that said instrument was a knowledge said instrument. Sworn to and subscript y commission Expires:	REOF, I have hereus  REOF, I have hereus    Second of the	Acknowledgment - Corporation  Acknowledgment - Corporation  this day personally appeared worm did say that he is the seal affixed to said instrument is the corporate seal of said corporation in behalf of said corporation by authority of its Board of Directors who aid deed of said corporation.  Acknowledgment - Corporation  to said say that he is the corporate seal of said corporation in behalf of said corporation by authority of its Board of Directors who aid deed of said corporation.  Acknowledgment - Corporation  acknowledgment - Corporation	
	IN WITNESS WHER  IN WITNESS WHER  Itten.  Commission Expires:  ATE OF  BEFORE ME, the unde me personally known who le  that said instrument was a nowledge said instrument of  Sworm to and subscrit  commission Expires:	REOF, I have hereus  REOF, I have hereus    Second of the	Acknowledgment - Corporation  Acknowledgment - Corporation  this day personally appeared worm did say that he is the seal affixed to said instrument is the corporate seal of said corporation in behalf of said corporation by authority of its Board of Directors who aid deed of said corporation.  Acknowledgment - Corporation  to said say that he is the corporate seal of said corporation in behalf of said corporation by authority of its Board of Directors who aid deed of said corporation.  Acknowledgment - Corporation  acknowledgment - Corporation	

LIPEGCARO.

#### OIL AND GAS LEASE

AGREEMENT made effective this
hereinafter called Lessor(s), whose address for notice purposes is set out on the attached EXHIBIT and Synergy Operating.
LLC. hereinafter called Lessee, whose mailing address is: P. O. Box 5513 Farmington, New
Mexico 87499.
<ol> <li>Lessor, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable</li> </ol>
consideration, including but not limited to: the royalties provided herein, and the covenants of the Lease, the receipt of which are
hereby acknowledged, Lessor hereby grants, leases and lets exclusively to Lessee the land described below for the purpose of
investigating, exploring for, drilling for, producing, saving, owning, handling, storing, treating and transporting Oil and Gas
together with all rights, privileges and easements useful for lessee's operations on said land and on land in the same field with a
common Oil and Gas Reservoir. The Phrase "Oil and Gas" as used herein includes all hydrocarbons and other substances
produced therewith. The land included in this Lease is situated in the State of New Mexico, San Juan County
and is described as fellows.

#### See the description of leased lands contained in the attached Exhibit

and containing the net acres set out on the attached Exhibit, including all Oil and Gas and substances produced therewith underlying lakes and streams of which all or any part of the land is riparian, all roads, easements, and rights-of-way which traverse or adjoin said land and including all lands owned or claimed by Lessor as a part of any of said land, and including all reversionary rights therein. This lease covers all the Interest now owned by, or hereafter vested in the Lessor and Lessor releases and waives all rights under any Homestead Exemption Laws. Lessee will investigate whether Lessor has any claim to prior production from oil and gas wells previously drilled that should have included Lessor's acreage described herein. If such investigation determines that Lessor is entitled to share in the production from such previously drilled wells, Lessor would receive royalty, as set out herein below, and Lessee would receive its share of production, less Lessor's royalty. Lessee may inject water, gas or other substances into any stratum or strata under said land and not productive of fresh water.

2. This Lease shall remain in force for a period of five (5) years from this date, called "primary term", and as long thereafter as Oil, Gas or other Hydrocarbons and substances produced therewith are produced from said land, or Lessee is engaged in drilling or reworking operations on said land. Should Lessee breach any provision of this Lease, or at any time fail to perform fully any obligation hereunder, the Lessor shall have the right to terminate this Lease and render it null and void if such

breach, is not addressed within thirty (30) days after Lessor has given Lessee written notice.

3. Lessee shall pay royalties free of costs and expense of development and operation, except taxes on production, to Lessor as follows: (a) fifteen percent (15%) of the Oil produced and saved from said land to be delivered at the wells or to the credit of Lessor into the pipeline to which the well may be connected: Lessee may, at any time or times, purchase any royalty oil, paying the market value in the field on the day it is run to the storage tanks or pipeline: (b) the market value at the well of fifteen percent (15%) of the gas (including casinghead gas or other gaseous substances) produced from the land and sold, provided that on gas sold at the well the royalty shall be fifteen percent (15%) of the amount realized from such sale: (c) fifteen percent (15%) of the amount realized from the sale of any other substances produced from said land with Oil and Gas. Lessee may use, free of royalty, oil, gas, and water for all operations hereunder.

4. This is a PAID UP LEASE; there is no yearly rental payment that is due. If at the expiration of the Primary Term oil and/or gas is not capable of being produced on said land, or from land pooled therewith, but Lessor is engaged in drilling, or reworking operations thereon, or shall have completed a dry hole thereon within ninety (90) days prior to the end of the Primary Term, the lease shall remain in force so long as operations on said well, or well, or for drilling or reworking of any additional well are prosecuted with no cessation of more than ninety (90) consecutive days, and if they result in the well being capable of production of oil or gas, or so long thereafter as oil or gas is produced from said land, or from land pooled therewith.

- 5. Lessee may at any time or times pool any part or all of said land and Lease or any stratum or strata, with other lands and Leases, stratum or strata, in the same field so as to constitute a spacing unit to facilitate an orderly or uniform well spacing pattern or to comply with any order, rule or regulation of the State or Federal regulatory or conservation agency having jurisdiction. Such pooling shall be accomplished or terminated by filing of record a Declaration of Pooling, or Declaration of Termination of Pooling, and by mailing or tendering a copy to Lessor. Drilling or re-working operations upon or production from any part of such spacing unit shall be considered for all purposes of this Lease as operations or productions from this Lease. Lessee shall allocate to this Lease the proportionate share of production, which the acreage in this Lease included in any such spacing unit, bears to the total acreage in said spacing unit. Lessee may not unitize any part of said land and Lease, or any stratum or strata, with other lands and Leases in the same field without the expressed written permission of the Lessor.
- 6. Lessee may, in the interest of economy, commingle production from this Lesse with production from one or more Lesses in the same field provided a method of measurement in accordance with established engineering practices is used to measure the production and to allocate the production to the respective Lesses commingled.
  - No well, road or pipeline shall be placed on Lessor's land without the express written consent of the Lessor.
- 8. Should Lessee be prevented from complying with any express or implied covenant of this Lease, from conducting drilling, or re-working operations thereon or from producing oil or gas or other hydrocarbons therefrom by reason of scarcity of, or inability to obtain or to use equipment or material, or by operation of force majeure, or because of any Federal or State law or any order, rule or regulation of a governmental authority, then while so prevented, Lessee's obligations to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this Lease shall be extended while and so long as Lessee is prevented by and such cause from conducing drilling (which shall include the inability of lessee, through no fault of its own, to obtain sufficient and satisfactory material and equipment), or re-working operations on, or from producing oil or gas or other hydrocarbons from the leased premises; and the time while Lessee is so prevented shall not be counted against the Lessee, anything in this Lease to the contrary notwithstanding.
- 9. Lessor warrants title to said land as to Lessor's interest therein. The royalties provided for are determined with respect to the entire mineral estate in Oil and Gas (including all previously reserved or conveyed non-participating royalty), and if Lessor owns a lesser interest, the royalty to be paid Lessor shall be reduced proportionately. Lessee may purchase or discharge in whole or in part any tax, mortgage or lien upon said land, or redeem the land from any purchaser, any tax sale or adjudication, and shall be subrogated to such lien with the right to enforce it, and may reimburse itself from any royalties accruing under the terms of this Lesse.







This Lease shall be binding upon all who execute it, whether they are named in the granting clause and whether all parties named in the granting clause execute the Lease or not. Lessee shall have the right to conduct an examination of the county records for the purpose of the verification of Lessor's ownership of the oil and gas rights under the lands, which are the subject of this lease. If that examination reveals that Lessor owns oil and gas rights in lands not covered by the Lesse, then Lessor shall lease those rights to Lessee at the same consideration and on the same terms, conditions and provisions applicable to the original lease. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said Lessor and Lessee. IN WITNESS WHEREOF, we sign the day and year first above written. **ACKNOWLEDGMENTS** STATE OF MULL MEXICO On this 5th day of 7, 2005 before me personally appeared 1000. C1.

to me known to be the person described in and who executed the foregoing instrument, and acknowledge executed same 1000 V.

Witness my hard and 1000 in the foregoing instrument in the foregoing instrument in the foregoing instrument. Witness my hand and seal the day and year last above written. My Commission Expires: Notary Public 8-13-08 STATE OF **COUNTY OF** On this , 2005, before me personally appeared to me known to be the person described in and who executed the foregoing instrument, and acknowledged that \_ free act and deed. Witness my hand and seal the day and year last above written. My Commission Expires: **Notary Public** STATE OF\_ COUNTY OF 20 05 The foregoing instrument was acknowledged before me this day of \_ on behalf of said Witness my hand and seal the day and year last above written. My Commission Expires: Notary Public STATE OF COUNTY OF

END OF ACKNOWLEDGMENTS

Notary Public

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_

Witness my hand and seal the day and year last above written.

My Commission Expires:

of

on behalf of said

## EXHIBIT "A"

GOMEZ JOSE G 306 OURAY AVE FARMINGTON NM, 87401-6709

Property Address

Township Range Section QtrQtr

Acres

306 OURAY AVE

FARMINGTON NM, 87401-6709

13

SW NW

0.4533

Legal: TOTAH VISTA SUBDIVISION

LOTS 4 AND 5 BLOCK 01 B.421

P.46 B.439 P.154

#### OIL AND GAS LEASE

This Oil and Gas Lease ("Lease") is made this 10th day of May, 2005, by and between Thomas M. Dinning and Eileen Dinning, Trustees of the Thomas M. & K. Eileen Dinning Living Trust, dated March 22", 1994, whose address is 301 West Apache, Farmington, New Mexico 87401, ("Lessor", whether one or more) and LANCE OIL & GAS COMPANY, INC. whose address is 1099 18th Street, Suite 1200 Denver, CO 80202, ("Lessee").

WITINESSETH, For and in consideration of TEN DOLLARS, the covenants and agreements contained berein, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Lessor does hereby grant, demise, lease and let exclusively unto said Lessoe, with the exclusive rights for the purposes of mining, exploring by geophysical and other methods and operating for and producing therefrom oil and all gas of whatsoever nature or kind (including coalbed gas), and laying pipelines, telephone and telegraph lines, building tanks, plants, power stations, roadways and structures thereon to produce, save and take care of said products (including dewatering of coalbed gas wells), and the exclusive surface and subsurface rights and privileges related in any manner to sny and all such operations, and any and all other rights and privileges necessary, incident to, or convenient for the operation alone or conjointly with neighboring land for such purposes, all that certain tract

_			
or tracts of land situated in	San Juan	County, New Mexico	described as follows, to-wit
Section 22: Lot Six (6 Section 22: A tract of Lot	AND fland in the Northeast Quar t One (1) in Block One (1) o	rter of the Northwest Quarter (NE/4 NW/4)	Farmington, New Mexico as shown on the Plat of said Subdivision, filed for record in
Section 22: A tract of	AND I land in the Southeast Quar I Seven (7) in Block Four (4)	rter of the Northwest Quarter (SE/4 NW/4)	of said Section 22, described as follows: Parmington, New Mexico, as shown on the Plat of said Subdivision, filed for record in
and containing 0.46	21acres, more or lo	ess, (the "Premises").	

- 1. It is agreed that this Lease shall remain in force for a term of five (5) years from this date ("Primary Term") and as long thereafter as oil or gas of wh In it is agreed that this Lease shall remain in force in a term of the (5) years from this date († Financy Term) also as long theretains as out or gas of wanterever institled the produced from the Premises or on acreage pooled or unitized therewith, or operations are continuously provided. If, at the expiration of the Primary Term, oil or gas is not being produced from the Premises or on acreage pooled or unitized therewith but Lessee is then engaged in drilling, reworking or dewatering operations thereon, then this Lesse shall continue in force so long as such operations are being continuously prosecuted. Operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall chapse 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 the Premises or on acreage pooled or unitized therewith, the production thereof should cease from any cause after the primary term, this Lesse shall not terminate if Lessee commences additional drilling, reworking or dewatering operations within ninety (90) days from date of cessation of production of from date of completions 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, this Lease shall continue in force so long on oil or gas is produced from the Premises or on acreage pooled or unifixed therewish.

  2. This is a PAID-UP LEASE. In consideration of the payment made herewish, Lesse against a subsection of the payment made herewish, Lesse against a subsection of the payment made herewish. Lesse against a subsection of the payment made herewish, Lesse against a subsection of the payment made herewish. Lesse against a subsection of the premises and as to any stream nor 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.
- Lessee coverants and agrees to pay royalty to Lessor as follows:

  (a) On oil, to deliver to the credit of Lessor, free of cost in the pipeline to which Lessee may connect wells on the Premises, the equal one-eighth (1/6th) part of all oil produced and saved from the Pres
- (b) On gas of whatsoever nature or kind, including coalbed gas and other gases, liquid hydrocarbons and their respective constituent elements, casinghead gas or other gaseous substances, produced from the Premises ("Gas") Lessee shall pay, as royalty, one-eighth (1/8th) of the net proceeds realized by Lessee from the sale thereof, provided that Lessee shall have the continuing right to sell that Gas to itself or to an affiliate of Lessee, in which event the royalty shall be based upon the prevailing wellhead market price paid for Gas of similar quality in the same field (or if there is no such price prevailing in the same field, then in the nearest field which there is a tota prevailing price) pursuant to comparable purchase arrangements, including arrangements under which Lessee, or an affiliate, is purchases, entered into on the same or nearest preceding date as the date on which Lessee, or an affiliate, commences its purchases hereunder, and further provided that the net proceeds or prevailing wellhead market price, as applicable, shall be after deduction for costs (third party charges and turiffs, and capital and operating costs incurred by Lessee) related to gathering, transporting, dehydrating, compressing, processing and treating the Gas.

  4. Where Gas from a well capable of producing Gas (or from a well in which dewatering operations have commenced), is not sold or used after the expiration of the Primary Term,
- Lessee shall pay or tender as royally to Lessor at the address set forth above One Dollar per year per net mineral sere, 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 or dewatering operations are commenced and thereafter on or before the anniversary date of this
- to the Lease during the period such well is shut in or devatering operations are being conducted.

  5. If Lessor owns a lesser interest in the Premises than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid Lessor only in the proportion which Lessor's interest bears to the whole and undivided fize.

  6. Lessee shall have the right to use, free of cost, Gas, oil and water produced on the Premises for Lessee's operations thereon, except water from the wells of Lessor.

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

  8. No well shall be drilled nearer than 200 feet to the house or barn now on the Premises without written consent of Lessor.
- 7. When requested by Lessor, Lessee shall bury Lessee's papetime below prow aepm.

  8. No well shall be drilled nearer than 200 feet to the house or barn now on the Premises.

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

  10. Lessee shall have the right at any time to remove all machinery and fixtures (including casing) Lessee has placed on the Premises.

  11. The rights of the Lessor and Lessee herunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee usual or constructive, shall be binding on Lessee usual casses have been famished 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 the Premises 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 Lesse is assigned, no lessehold owner shall be liable for any act or omission of any other lessehold owner.

  12. Lessee, at its option, is thereby 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 Premises and as to any one or more of the formations thereunder, to pool or unitize the lessehold owner, and as to any one or more of the formations thereunder, to pool or unitize the lessehold estate and the mineral estate covered by this Lesse with other land, lesse or lesses. Likewise units previously formen to include formations not producting oil or gas, may be reformed to exclude auch non-producing divendence.

  12. Lessee, and the reproduction of oil and gas, or se and, in state event, in terrus, constitutes and provisions of unit Lesse same to exemen moment to controm 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 such plan or agreement, and this Lesse shall not terminate or expire during the life of such plan or agreement. In the event that the Premises or any part thereof, shall bereafter 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, he 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 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 asserts by executing the same upon prompt of Lessor shall be based upon production. 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 faithre to comply therewith if compliance is prevented by, or if such faithre is the result of, any such Law, Order, Rule or Regulation. Any delay or interruption caused by storm, flood, act of God or other event of force majeure shall not be counted against Lessee. If, the to the above causes or any cause whatsoever beyond the control of Lessee, Lessee is prevented from conducting operations hereunder, such time shall not be counted against Lessee, and this Lease shall be extended for a period of time equal to the time Lessee was so prevented, anything in this Lease to the contrary notwithstanding.

  14. Lessor hereby warrants and agrees to defend the title to the Premises and agrees that Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the Premises, 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, insofarths said right of dowerland homestead may in any way affect the purposes for which this Lease is made, as recited herein.

  15. Should any one or worse of the assistance and the last and the assistance of the last and the assistance of the last and the last of the last and last and the last and last and
- purposes for which una scess is make, as course seven.

  15. Should any one or more of the parties named as Lessor herein fail to execute this Lease, it shall nevertheless be binding upon all such word "Lessor," as used in this Lease, shall mean any one or more or all of the parties who execute this Lease as Lessor. All the provisions of urties who do execute it as Lessor. The his Lease shall be binding on the heirs, ors and assigns of Lessor and Lessee. SAN JUAN COL

Gours Ax

CLERK

OF NEW WAY

IN WITNESS WHEREOF, this instrument is executed as of the date fi

200509946 06/06/2005 12:29P 1of2 B1411 P67 R 11.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

STATE OF	UNIFORM ACKNOWLEDGEMENT-INDIVIDU	AL
COUNTY OF}		
The foregoing instrument was acknowledged before	e me this day of	, 20by
My Commission Expires:		
STATE OFss.  COUNTY OF}	UNIFORM ACKNOWLEDGEMENT-CORPOR	ATE
• •	re me this day of	
ofcorporation, on behalf of the corporation.		
My Commission Expires:	Notary Public, State of	
STATE OF NEW MEYICO SS. COUNTY OF San Juan }	UNIFORM ACKNOWLEDGEMENT-OTHER	
The foregoing instrument was acknowledged before Thomas Dinning Karen Dinning on behalf of Thomas M& K Eiken D	Trustees 8	, 20 <u>05</u> by
My Commission Expires: D2 R4 08  OFFICIAL SEAL VIVIAN VALDEZ NOTATIVE PUBLIC-STATE OF NEW INDIANS  NY Commission Expires 02 24 08	Notary Public, State of New M Name of Notary Printed VIVIEW Value	
	T BYEN BUILD IN INDING BURDY IN BUILD HEN IND	1/41/1/A

200509946 06/06/2005 12:29P 20f2 B1411 P67 R 11.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT PU Lease 5/vt Term PRODUCERS 88-PAID UP

#### OIL AND GAS LEASE



THIS AGREEMENT, made and entered into this 3rd day of April 20 02, by and between Thomas M. Dinning and K. Eileen Dinning Trusteces of the Thomas M. Denning and K. Eileen Dinning Trust dated March 22, 1994, whose post office address is 301 West Apache, Farmington, New Mexico 87401, hertinafter called Lessor (whether one or more) and RICHARDSON PRODUCTION COMPANY, whose post office address is 1700 Lincoln, Suite 1700, Denver, Colorado 80203, hereinafter called Lessee

WITNESSETH, That the Lessor, for and in consideration of Ten and more (\$10.00 & 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 essements for laying pipe lines, and exection of structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of San Jinan Absentiand as follows: , described as follows, to-wit:

Township 29 North. Range 13 West. N.M.P.M.
Section 22:
Two (2) tracts of land in the Southeast Quarter of the Northwest Quarter (SE/4NW/4) of said Section 22, described as follows:
Lot Six (6) and Lot Seven (7) in Block Four (4) of the Gulledge Subdivision in the City of Farmington, as shown on the Plat of said Subdivision field for record in the Office of the San Jian County, Clerk on March 16, 1954
\*It is expressly understood that there shall be no surface use or occupancy of said lands subject to this lense.

and containing 0,3030 acres, more or less.

- 1. It is agreed that this lesse shall remain in force for a term of five (5) years 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 than engaged in drilling or re-working operations thereon, then this lease shall continue in force as 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 chapte 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 case 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 cossation 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.

  2. This is a PAID-UP LEASE. In consideration of the down cash payment, the second again of the primary term surrender this lease as to all or any portion of said land and as to any strate or stratum by delivering to Lessor or by filling for record a release or releases, and be relieved of all obligation thereafter acroning as to the acreage surrendered.

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 retieved of all obtigation increasure 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 one-eighth (1/8) part of all oil produced and saved from the leased premises.

2nd. To pay Lessor one-eighth (1/8) of the gross proceeds each year, psyable 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 one-eighth (1/8), psyable monthly at the prevailing market rate for gas.

3rd. To pay Lessor (ags produced from any oil well and used off the premises or in the manufacture of gasoline or ony other product a royalty of one-eighth (1/8) of the proceeds, at the mouth of the well, psyable mouthly at the prevailing market rate.

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 One Dollar per year per net royalty acre retained hereunder, such psyment or tender to be made on or before the amiversary date of this lessee next ensuing after the expiration of 90 days from the date such well is shut in and thereafter on or before the amiversary date of this lessee next ensuing after the expiration of 90 days from the date such well is shut in and thereafter on or before the amiversary date of this lessee 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 lesse.

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

gas royably) herein provided far shall be poid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

1. Lessor.

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

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

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

9. Lessoe shall have the right at any time to renove all machinery and futures placed on said premises, including the right to draw and seanove casing.

10. Lessoe shall be brinding on Lessor and Lessoe hereunder may be segined in whole or part. No change in ownership such single to the premise of the brinding on Lessoe ustil Lessoe has been furthished with notice, consisting of certified copies of all recorded decuments and other risitytanian appearance of the brinding on Lessoe. No present or future division of Lesson's ownership as to different portions or parcets of said lands shall operate to calsege the obligations or deminish the right of Lessoes, and all Lessoe's operations may be cannoteded without regard to any such drivision. If all poperate to calsege the obligations or ownership of Lessoes, and all Lessoe's operations may be conducted without regard to any such drivision. If all poperate to calsege the obligations or ownership of Lessoes, and all Lessoe's operations may be combated without regard to any such drivision. If all poperate to calsege the obligations or ownership of Lessoes, and all Lessoe's operations may be conducted without regard to any such drivision. If all poperate to calsege the obligations or ownership of Lessoes, and all Lessoe's operations may be considered without regard to make the such drivision. If all poperates or any such documents and the such described because a single of Lessoes and the such described because in such as a such calls and the su

TEXIDNO: 555-86-9942

ees K. Éileen Dinning, Trustee

mas

Tex ID No.: 555-86-7752

HI **THE THE HE HELD HE HELD STOR** HE **THE HELD HE** 200209776 06/06/2002 01:31P 1of2 B1343 P634 R 7.00 D 3.00

San Juan County, NM Clerk FRAN HANHARDY Seils

47895000



ATE OF	<del></del>	Astronologica I	n dinimu al(a)	
UNTY OF		Acknowledgment – II	tarrianas(s)	
DEDODD ME 4		ublic is and for said County	and State on this	day o
BEFORE ME, U	, 20, personally :	ublic, in and for said County ppeared		and
	to	me known to be the identica	al person(s) described in and v buly executed the same as fi	vho executed the ee an
untary act and deed for the u	ises and purposes therein s	et forth.	, account the man is 1	
	WHEREOF, I have hereu	nto set my hand an affixed	by notarial seal the day and	year last abov
tten.				
commission expires:		·.	·	
				<del></del>
		Address:		
	•	<del>- ;</del>	<del></del>	
	•			•
	•			
	· · · · · · · · · · · · · · · · · · ·	<del></del>	<del></del>	
			·	
				•
ATE OF NEW M.	emico 1			
OUNTY OF SAN J	3	Acknowledgment - l	Partnerskip/Trust)	
JUNITUR	~~~			
DEEODE ME	the understand of Matour	Public is and for said Count	nu and State on this	dev
April BETOKE ME,	20 0 2, personally	Public, in and for said Count appeared 17771	ilan Amina	as
scribed in and who executed			no luse kuloami no de me io	entical persone duly
Commercial Marian	•	Divian i	)a.e.2	
102104 F		Address: UR	1 5345	
PHRLICE	OFFICIAL SE VIVIAN VALO	Blow	mfield NM ?	5743
	MODEL PUBLIC SINE OF	RIVINDOCA COLLEGE		
OF HEAL WARE			***	
Antistration of the second			<del></del>	
		•	· . •	
				V
			•	
TATE OR				
TATE OF		Acknowledgment –	Corporation	
OUNTY OF		•		
•	•			
BEFORE ME,		y Public, in and for said Co	ounty and State, on this day p by me duly sworn did say that	ersonally appea
uthority of its Board of Direc	of all of said corporation and	that said instrument was sid instrument to be the free a	and that the sea gned and sealed in behalf of set and deed of said corporation 20	l affixed to s aid comporation
DAMEN OF STATE		wy 52	, 20,	
	•			-
Ay commission expires:		. ,		
-				
		Address:		
	<del>_</del>			<del>,</del>
	•			

CHARDSON OPERATING 100 (A PLATA HUSY)

200209776 06/06/2002 01:31P 20f2 B1343 P634 R 7.00 D 3.00 San Juan County, NM Clerk FRAN HANHARDT

OIL AND GAS LEASE
AGREEMENT made effective this 8th day of June 20 05 by and between the undersigned
hereinafter called Lessor(s), whose address for notice purposes is serout on the attached EXHIBIT and
LLC. hereinafter called Lessee, whose mailing address is: P. O. Box 5513 Farmington, New
Mexico 87499.
1. Lessor, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable
consideration, including but not limited to: the royalties provided herein, and the covenants of the Lease, the receipt of which are
hereby acknowledged, Lessor hereby grants, leases and lets exclusively to Lessee the land described below for the purpose of
investigating, exploring for, drilling for, producing, saving, owning, handling, storing, treating and transporting Oil and Gas
investigating, exploring tor, until tor, producing, saving, until the second country to the same field with
together with all rights, privileges and easements useful for lessee's operations on said land and on land in the same field with a
common Oil and Gas Reservoir. The Phrase "Oil and Gas" as used herein includes all hydrocarbons and other substances
produced therewith. The land included in this Lease is situated in the State of New Mexico, San Juan County
and is described as follows:

### See the description of leased lands contained in the attached Exhibit

and containing the net acres set out on the attached Exhibit, including all Oil and Gas and substances produced therewith underlying lakes and streams of which all or any part of the land is riparian, all roads, easements, and rights-of-way which traverse or adjoin said land and including all lands owned or claimed by Lessor as a part of any of said land, and including all reversionary rights therein. This lease covers all the Interest now owned by, or hereafter vested in the Lessor and Lessor releases and waives all rights under any Homestead Exemption Laws. Lessee will investigate whether Lessor has any claim to prior production from oil and gas wells previously drilled that should have included Lessor's acreage described herein. If such investigation determines that Lessor is entitled to share in the production from such previously drilled wells, Lessor would receive royalty, as set out herein below, and Lessee would receive its share of production, less Lessor's royalty. Lessee may inject water, salt water, gas or other substances into any stratum or strata under said land and not productive of fresh water.

2. This Lease shall remain in force for a period of five (5) years from this date, called "primary term", and as long thereafter as Oil, Gas or other Hydrocarbons and substances produced therewith are produced from said land, or Lessee is engaged in drilling or reworking operations on said land. Should Lessee breach any provision of this Lease, or at any time fail to perform fully any obligation hereunder, the Lessor shall have the right to terminate this Lease and render it null and void if such breach, is not addressed within thirty (30) days after Lessor has given Lessee written notice.

3. Lessee shall pay royalties free of costs and expense of development and operation, except taxes on production, to Lessor as follows: (a) fifteen percent (15%) of the Oil produced and saved from said land to be delivered at the wells or to the credit of Lessor into the pipeline to which the well may be connected: Lessee may, at any time or times, purchase any royalty oil, paying the market value in the field on the day it is run to the store tanks or pipeline: (b) the market value at the well of fifteen percent (15%) of the gas (including casinghead gas or other gaseous substances) produced from the land and sold, provided that on gas sold at the well the royalty shall be fifteen percent (15%) of the amount realized from such sale: (c) fifteen percent (15%) of the amount realized from the sale of any other substances produced from said land with Oil and Gas. Lessee may use, free of royalty, oil, gas, and water for all operations hereunder.

4. This is a PAID UP LEASE; there is no yearly rental payment that is due. If at the expiration of the Primary Term oil and/or gas is not capable of being produced on said land, or from land pooled therewith, but Lessor is engaged in drilling, or reworking operations thereon, or shall have completed a dry hole thereon within ninety (90) days prior to the end of the Primary Term, the lease shall remain in force so long as operations on said well, or well, or for drilling or reworking of any additional well are prosecuted with no cessation of more than ninety (90) consecutive days, and if they result in the well being capable of production of oil or gas, or so long thereafter as oil or gas is produced from said land, or from land pooled therewith.

Lessee may at any time or times pool any part or all of said land and Lease or any stratum or strata, with other lands and Leases, stratum or strata, in the same field so as to constitute a spacing unit to facilitate an orderly or uniform well spacing pattern or to comply with any order, rule or regulation of the State or Federal regulatory or conservation agency having jurisdiction. Such pooling shall be accomplished or terminated by filing of record a Declaration of Pooling, or Declaration of Termination of Pooling, and by mailing or tendering a copy to Lessor. Drilling or re-working operations upon or production from any part of such spacing unit shall be considered for all purposes of this Lease as operations or productions from this Lease. Lessee shall allocate to this Lease the proportionate share of production, which the acreage in this Lease included in any such spacing unit, bears to the total acreage in said spacing unit. Lessee may not unitize any part of said land and Lease, or any stratum or strata, with other lands and Leases in the same field without the expressed written permission of the Lessor.

6. Lessee may, in the interest of economy, commingle production from this Lease with production from one or more Leases in the same field provided a method of measurement in accordance with established engineering practices is used to measure the production and to allocate the production to the respective Leases commingled.

7. No well, road or pipeline shall be placed on Lessor's land without the express written consent of the Lessor.

8. Should Lessee be prevented from complying with any express or implied covenant of this Lesse, from conducting drilling, or re-working operations thereon or from producing oil or gas or other hydrocarbons therefrom by reason of scarcity of, or inability to obtain or to use equipment or material, or by operation of force majeure, or because of any Federal or State law or any order, rule or regulation of a governmental authority, then while so prevented, Lessee's obligations to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this Lesse shall be extended while and so long as Lessee is prevented by and such cause from conducing drilling (which shall include the inability of lessee, through no fault of its own, to obtain sufficient and satisfactory material and equipment), or re-working operations on, or from producing oil or gas or other hydrocarbons from the lessed premises; and the time while Lessee is so prevented shall not be counted against the Lessee, anything in this Lesse to the contrary notwithstanding.

9. Lessor warrants title to said land as to Lessor's interest therein. The royalties provided for are determined with respect to the entire mineral estate in Oil and Gas (including all previously reserved or conveyed non-participating royalty), and if Lessor owns a lesser interest, the royalty to be paid Lessor shall be reduced proportionately. Lessee may purchase or discharge in whole or in part any tax, mortgage or lien upon said land, or redeem the land from any purchaser, any tax sale or adjudication, and shall be subrogated to such lien with the right to enforce it, and may reimburse itself from any royalties

accruing under the terms of this Lease.





22

10. This Lease shall be binding upon all who execute it, whether they are named in the granting clause and whether all parties named in the granting clause execute the Lease or not.  11. Lessee shall have the right to conduct an examination of the county records for the purpose of the verification of Lessor's ownership of the oil and gas rights under the lands, which are the subject of this lease. If that examination reveals that Lessor owns oil and gas rights in lands not covered by the Lease, then Lessor shall lease those rights to Lessee at the same consideration and on the same terms, conditions and provisions applicable to the original lease.  12. This tease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said Lessor and Lessee  IN WITNESS WHERROF, we sign the day and year first above written.
Geren Erleen D'
STATE OF NEW MEXICO )
COUNTY OF San Jan Son June 2005, before me personally appeared TROMAS Dinning
On this Oh day of Name, 2005, before me personally appeared 110 Mas to me known to be the person described in and who executed the foregoing instrument, and acknowledged that free act and deed.
Witness my hand and seal the day and year last above written.  My Commission Expires: 03 24 08  Notary Public
STATE OF New Merica ) STATE OF New Merica ) STATE OF New Merica )
On this 08 day of 100 2005, before me personally appeared 100 me known to be the person described in and who executed the foregoing instrument, and acknowledged that 500
witness my hand and seal the day and year last above written.  My Commission Expires: (2) 24) (2) (Notary Public)
STATE OF
COUNTY OF
of on behalf of said
Witness my hand and seal the day and year last above written.  My Commission Expires:  Notary Public
STATE OF)
COUNTY OF)
The foregoing instrument was acknowledged before me this day of 20 05 by of on behalf of said
Witness my hand and seal the day and year last above written.
My Commission Expires:  Notary Public
- comp a mone

END OF ACKNOWLEDGMENTS

200511379 06/27/2005 02:45P 20f3 B1412 P499 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

DINNING THOMAS M AND K EILEEN TR 301 W APACHE FARMINGTON NM, 87401-7401

Property Address	Townsh	ip Range	Section	QtrQtr	Acres
1015 TAMARACK ST	29	13	22	SE NW	0.1653
FARMINGTON NM, 87401-0000				•	
	Legal:	GULLED 7 BLOCK		DIVISION 234 P.249	LOT
Property Address	Townsh	ip Range	Section	QtrQtr	Acres
1011 TAMARACK AVE	29	13	22	SE NW	0.1377
FARMINGTON NM,					
	Legal:	GULLED P.249	GE SUB	LOT 6 04B	.1234
Property Address	Townsh	ip Range	Section	QtrQtr	Acres
1209 S BUTLER AVE	29	13	22	NE NW	0.1636
FARMINGTON NM, 87401-7401					
	Legal:	SHADY (		MENDED	3.1370

200511379 06/27/2005 02:45P 30f3 B1412 P499 R 13.00 D 0.00 San Juan County, NH Clerk FRAN HAMMART

THIS AGREEMENT, Made and entered into this	26th	day of	November	2001 by and between
Da	nny R. Smit	h, a single m	an	

Whose post office address is 501 Pima aVe, Farmington, NM 87401

Richardson Production Company whose post office address is 1700 Lincoln, Snite 1709, Denver, CO 80203, hereinafter called Lessee.

W/TNESSETH, That the Lessor, for and in consideration of Ten and more [\$10 & 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 lot, and by these presents does grant, demise, lease and lot 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 essements 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 San Juan. State of New Mexico, described as follows, to-wir:

Township 29 North - Range 13 West, N.M.P.M.

Section 22: Totah Vista Subdivision: Lots 1 & 2 in Block Five (5) in the City of Farmington, as shown on the Plat of said Subdivision filed for record in the Office of the County Clerk on March 5, 1957

\*It is expressly understood that there shall be no surface use or occupancy of said lands subject to this lease

and containing \_\_3246\_ acres, more or less.

1. It is agreed that this lease shall remain in force for a term of five (5) years from this date and as long thereafter as oil or gas of whatsoever usture 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 in not being produced on the leased premises or on acreage pooled therewith but Lease is than engaged in drilling or re-working operations thereon, then this lease shall continue in force as long as operations are being continuously prosecuted in 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 operations of the trilling of the trilling of the subsequent well. If after discovery of oil or gas on said land or on acreage pooled therewith, the production thereof should cease from any operation of 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.

2. This is a PAID-UP LEASE. In consideration of the down cash payment, Leason egrees that Lease shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lesses energes that Lease, shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lesses energes that Lease, and be relieved of all obligation thereafter accruing as to the acreage surrendered.

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 one-eighth (1/8) part of all oil produced

the acreage surrendered.

3. In consideration of the premises the asid Lessee coveraints and agrees:

ist. To deliver to the credit of Lesser, free of cost, is the pipe line to which Lessee may consect wells on said land, the equal one-eighth (18) part of all oil produced and saved from the lesseed premise, and it case of in the manufacture of genetime a reysulty of one-eighth (18), psyable monthly at the prevailing marker into the gas.

2nd. To pay Lessor the gas produced from any oil well and used off the premises or in the manufacture of genetime a reysulty of one-eighth (18), psyable monthly at the provided a royalty of one-eighth (18) of the green produced from any oil well and used off the premises or in the manufacture of genetime at one of the premises or in the manufacture of genetime at one of the premises or in the manufacture of genetime at one of the premises or in the manufacture of genetime at one of the premises or in the manufacture of genetime at one of the premises or in the manufacture of genetime at one of the premises or in the manufacture of genetime at one of the premises or in the manufacture of genetime at one of the premises or in the manufacture of genetime at one of the genetic premises or the problem of the premises of the control of the premises of the control of the premises of the premises of the psychological development of the premises of the psychological development of the premises of the psychological development of the psy

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.

Law, Order, Rule or Regulation.

14. Lessor hereby warrants and agrees to defend the title to the lands berein described, and agrees that the Lesser shall have the right at any time to redeem for Lessor, by payment, any morrgages, 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 heim, 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 lesses in made, as recited herein.

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

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

STCOUNT

Danny R. Smith 585-24-COV

200204107 03/07/2002 02:32P

1of2 B1338 P271 R 7.00 D 3.00 San Juan County, NA Clark FRAN HANHARDT COUNTY שוני ות 17759000

### 200204107 03/07/2002 02:32P 20f2 B1338 P271 R 7.00 D 3.00 San Juan County, NM Clerk FRAN HANHAROT

STATE OF NM	The state of the s
COUNTY OF San June 18	Acknowledgment - Judividual(s)
COUNTY OF Sangue	
BEFORF ME, the undersigned, a	Notary Public, in and for said County and State, on thisday of
November, 2001, personally app	eared Danny R. Smith
and	N. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1.
and acknown to be the identical persons	described in and who executed the within and foregoing instrument of writing duly executed the same as His free and voluntary act and deed for the
uses to provides the circulate forth.	
ON APTENESS WHEREOF, I ha	we hereunto set my hand and affixed by notarial seal the day and year last above
179, mil	The second of th
My Commercial Expires:	gri sue Cone
V 7 2 3 5 0 20 1	71 - 11) Mai
To the same	Address: 719 W. Main Furnington NM 87
The same of the sa	armingion "
STATE OF	A second
COUNTY OF	Acknowledgment - Partnership/Trust
DEFORE ME, the undersigned, a	Notary Public, in and for said County and State, on this day of
, 2001, perso	onally appeared
to me known to be the identical percental	s) described in and who executed the within and foregoing instrument of writing
	duly executed the same asfree and voluntary act and deed for the
uses and purposes therein set forth.	
niumpiree number 11.	
written.	ive hereimto set my hand and affixed by notarial seal the day and year last above
THE CO.	
My Commission Expires:	
•	Address:
	Address:
	· · · · · · · · · · · · · · · · · · ·
	•
STATE OF	
(V) (DP (V) (D	Acknowledgment - Corporation
COUNTY OF	
BEFORE ME, the undersigned at	uthority, this day personally appeared
to me personally known who being by n	ne duly sworn did say that he is the
ofan	d that the seal affixed to said instrument is the corporate seal of said corporation
and that said instrument was signed and acknowledge said instrument to be the f	I sealed in behalf of said corporation by authority of its Board of Directors who ree act and deed of said corporation.
Sworn to and subscribed before	e me, this day of 2001
Z Z Zan yanamibat better	e me, thisday of 2001.
My commission Expires:	

OIL AND GAS LEASE 20 O<u>5</u> yne by and between the undersigned AGREEMENT made effective this day of hereinafter called Lessor(s), whose address for notice purposes is secont on the attached EXHIBIT and Synergy Operating. hereinafter called Lessee, whose mailing address is: P. O. Box 5513 Farmington, New Mexico 87499. Lessor, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, including but not limited to: the royalties provided herein, and the covenants of the Lease, the receipt of which are hereby acknowledged. Lessor hereby grants, leases and lets exclusively to Lessee the land described below for the purpose of investigating, exploring for, drilling for, producing, saving, owning, handling, storing, treating and transporting Oil and Gas together with all rights, privileges and easements useful for lessee's operations on said land and on land in the same field with a common Oil and Gas Reservoir. The Phrase "Oil and Gas" as used berein includes all hydrocarbons and other substances produced therewith. The land included in this Lease is situated in the State of New Mexico. San Juan County.

See the description of leased lands contained in the attached Exhibit

and is described as follows:

and containing the net acres set out on the attached Exhibit, including all Oil and Gas and substances produced therewith underlying lakes and streams of which all or any part of the land is riparian, all roads, easements, and rights-of-way which traverse or adjoin said land and including all lands owned or claimed by Lessor as a part of any of said land, and including all reversionsry rights therein. This lease covers all the Interest now owned by, or hereafter vested in the Lessor and Lessor releases and waives all rights under any Homestead Exemption Laws. Lessee will investigate whether Lessor has any claim to prior production from oil and gas wells previously drilled that should have included Lessor's acreage described herein. If such investigation determines that Lessor is entitled to share in the production from such previously drilled wells, Lessoe would receive royalty, as set out herein below, and Lessee would receive its share of production, less Lessor's royalty. Lessee may inject water, salt water, gas or other substances into any stratum or strats under said land and not productive of fresh water.

2. This Lease shall remain in force for a period of five (5) years from this date, called "primary term", and as long thereafter as Oil, Gas or other Hydrocarbons and substances produced therewith are produced from said land, or Lessee is engaged in drilling or reworking operations on said land. Should Lessee breach any provision of this Lease, or at any time fail to perform fully any obligation hereunder, the Lessor shall have the right to terminate this Lease and render it null and void if such breach, is not addressed within thirty (30) days after Lessor has given Lessee written notice.

3. Lessee shall pay royalties free of costs and expense of development and operation, except taxes on production, to Lessor as follows: (a) fifteen percent (15%) of the Oil produced and saved from said land to be delivered at the wells or to the credit of Lessor into the pipeline to which the well may be connected: Lessee may, at any time or times, purchase any royalty oil, paying the market value in the field on the day it is run to the stage tanks or pipeline: (b) the market value at the well of fifteen percent (15%) of the gas (including casinghead gas or other gaseous substances) produced from the land and sold, provided that on gas sold at the well the royalty shall be fifteen percent (15%) of the amount realized from such sale: (c) lifteen percent (15%) of the amount realized from the sale of any other substances produced from said land with Oil and Gas.

Lessee may use, free of royalty, oil, gas, and water for all operations bereunder.

4. This is a PAID UP LEASE; there is no yearly rental payment that is due. If at the expiration of the Primary

Term oil and/or gas is not capable of being produced on said land, or from land pooled therewith, but Lessor is engaged in drilling, or reworking operations thereon, or shall have completed a dry hole thereon within ninety (90) days prior to the end of the Primary Term, the lease shall remain in force so long as operations on said well, or well, or for drilling or reworking of any additional well are prosecuted with no cessation of more than ninety (90) consecutive days, and if they result in the well being capable of production of oil or gas, or so long thereafter as oil or gas is produced from said land, or from land pooled therewith.

5. Lessee may at any time or times pool any part or all of said land and Lease or any stratum or strata, with other lands and Leases, stratum or strata, in the same field so as to constitute a spacing unit to facilitate an orderly or uniform well spacing pattern or to comply with any order, rule or regulation of the State or Federal regulatory or comervation agency having jurisdiction. Such pooling shall be accomplished or terminated by filing of record a Decharation of Pooling, and by mailing or tendering a copy to Lessor. Drilling or re-working operations upon or production from any part of such spacing unit shall be considered for all purposes of this Lease as operations or productions from this Lease. Lessee shall allocate to this Lease the proportionate share of production, which the acreage in this Lease included in any such spacing unit, bears to the total acreage in said spacing unit. Lessee may not unitize any part of said land and Lease, or any stratum or strata, with other lands and Lease; in the same field without the expressed written permission of the Lessor.

6. Lessee may, in the interest of economy, commingle production from this Lesse with production from one or more Lesses in the same field provided a method of measurement in accordance with established engineering practices is used so measure the production and to allocate the production to the respective Lesses commingled.

No well, road or pipeline shall be placed on Lessor's land without the express written consent of the Lessor.

8. Should Lessee be prevented from complying with any express or implied covenant of this Lesse, from conducting drilling, or re-working operations thereon or from producing oil or gas or other hydrocarbons therefrom by reason of scarcity of, or inability to obtain or to use equipment or material, or by operation of force majeure, or because of any Pederal or State law or any order, rule or regulation of a governmental authority, then while so prevented, Lessee's obligations to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this Lesse shall be extended while and so long as Lessee is prevented by and such cause from conducing drilling (which shall include the inability of lessee, through no fault of its own, to obtain sufficient and satisfactory material and equipment), or re-working operations on, or from producing oil or gas or other hydrocarbons from the leased premises; and the time while Lessee is so prevented shall not be counted against the Lessee, anything in this Lesse to the contrary notwithstanding.

9. Lessor warrants title to said land as to Lessor's interest therein. The royalties provided for are determined with respect to the entire mineral estate in Oil and Gas (including all previously reserved or conveyed non-participating royalty), and if Lessor owns a lesser interest, the royalty to be paid Lessor shall be reduced proportionately. Lessee may purchase or discharge in whole or in part any tax, mortgage or lien upon said land, or redeem the land from any purchaser, any tax sale or adjudication, and shall be subrogated to such lien with the right to enforce it, and may reimburse itself from any royalties

accruing under the terms of this Lease.



200512112 07/08/2005 03:04P 10f3 B1413 P208 R 13.00 D 0.00 San Juan County, NT Clerk FRAN HANNARDT () M.

	10. This Lease shall be binding upon all who execute it, whether they are named in the granting clause and whether all parties named in the granting clause execute the Lease or not.  11. Lessee shall have the right to conduct an examination of the county records for the purpose of the verification of Lessor's ownership of the oil and gas rights under the lands, which are the subject of this lease. If that examination reveals that Lessor owns oil and gas rights in lands not covered by the Lease, then Lessor shall lease those rights to Lessee at the same consideration and on the same terms, conditions and provisions applicable to the original lease.  12. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said Lessor and Lessee.
	IN WITNESS WHEREOF, we sign the day and year first above written.
	Danny R. Smod 6-29-05
	ACKNOWLEDGMENTS
	STATE OF NEW MORLOD
	On this 29 day of June 2005 before me personally appeared Daning R Smith
	On this day of, 2005 _, before me personally appeared to nie known to be the person described in and who executed the foregoing instrument, and acknowledged that
•	executed same free act and deed.
and the same of	Witness my hand and seal the day and year last above written Wash Suith
10	Notary Public
•	(SPATE OF TAXABLE PARTY
13	COUNTY OF
1. 18 15	
· ••,	to me Chown us be the person described in and who executed the foregoing instrument, and acknowledged that
	Witness my hand and scal the day and year last above written.
	My Commission Expires:  Notary Public
	STATE OF)
	COUNTY OF)
	The foregoing instrument was acknowledged before me this day of, 20 05, by of on behalf of said
	Witness my hand and seal the day and year last above written.
	My Commission Expires:  Notary Public
	Trong : abit
	STATE OF)
	COUNTY OF)
	The foregoing instrument was acknowledged before me this day of, 20 05, by of on behalf of said
	Witness my hand and seal the day and year last above written.
	My Commission Expires:

END OF ACKNOWLEDGMENTS

200512112 07/08/2005 03:04P 20f3 B1413 P208 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

SMITH DANNY R 501 PIMA AVE **FARMINGTON NM, 87401-6720** 

Property Address

501 PIMA AVE **FARMINGTON NM, 87401-7401**  Township Range Section QtrQtr

13

Acres

22

NW SW

0.3524

Legal: TOTAH VISTA SUB LOT I AND 2 05 B.1345 P.917

200512112 07/08/2005 03:04P 3of3 B1413 P208 R 13.00 D 0.00 San Juan County, NN Clerk FRRN HANNARDT

þ

OIL AND G	AS LEASE
, , , , , , , , , , , , , , , , , , , ,	day of Rehruary , 2002 , by and between
Robert M. Wharton and Barri	
Whose post office address is512 Tans Avenue, Farmington, New Mexico 874	hereinafter called Lessor (whether one or more) and
Richardson Production Company whose post office address is17/	00 Lincoln, Suite 1700, Denver, CO 80203 , hereinafter called Lessee:
WITNESSETH, That the Lessor, for and in consideration of <u>Ten and more</u> can in hand paid, the receipt of which is hereby acknowledged, and the covenants these presents does grant, demise, lesse and let exclusively unto the said Lessee, the exploring by geophysical and other methods, and operating for and producing theret for laying pipe lines, and erection of structures thereon to produce, save and take can San Lisan.  State of <u>New Mexico</u> New Mexico	and agreements hereinafter contained, has granted, demised, leased and let, and by the land hereinafter described, with the exclusive right for the purpose of mining, from oil and all gas of whatsoever nature or kind, with rights of way and easements te of said products, all that certain tract of land situated in the County of
WAN COL	
Lot Seventeen (17) in Block Five (5) of the Tot	ne Southwest Quarter (NW/4SW/4) of said Section 22, described as follows: tah Vista Subdivision in the City of Farmington, as shown on the e Office of the County Clerk of San Juna County, New Mexico on
*It is expressly understood that there shall be no surface to	me or occupancy of said lands subject to this lease.
WEW and containing acres, more or less.	
produced from said leased premises or on acreage pooled therewith, or drilling op- term of this lease, oil or gas is not being produced on the leased premises or on acre- thereon, then this lease shall continue in force as long as operations are being co- operations shall be considered to be continuously prosecuted if not more than nine the beginning of operations for the drilling of a subsequent well. If after discover should cease from any cause after the primary term, this lease shall not terminate it days from date of cessation of production or from date of completion of dry block the the expiration of the primary term of this lease, this lease shall continue in force	age pooled therewish but Lessee is than engaged in drilling or re-working operations minimously prosecuted on the leased premises or on acreage pooled therewith; and ety (90) days shall elapse between the completion or abandournem of one well and try of oil or gas on said land or on acreage pooled therewith, the production thereof if Lessee commences additional drilling or re-working operations within ninety (90) of oil or gas shall be discovered and produced as a result of such operations at or after
therewith.  2. This is a PAID-UP LEASE. In consideration of the down cash payment, Les commence or continue any operations during the primary term. Lessee may at any portion of said land and as to any strain or strainm by delivering to Lessor or by acrusing as to the acreage surrendered.	
<ol><li>In consideration of the premises the said Lessee covenants and agrees:</li></ol>	ch Lessee may connect wells on said land, the equal one-eighth (1/8) part of all oi
produced and saved from the leased premises.  2nd. To pay Lessor one-eighth (1/8) of the gross proceeds each year, payal	ble quarterly, for the gas from each well where gas only is found, while the same is
(1/8) of the proceeds, at the mouth of the well, payable monthly at the prevailing many	mises or in the manufacture of gasoline or any other product a royalty of one-eighti arket rate.
royalty acre retained hereunder, such payment or tender to be made on or before th	see may pay or tender as royalty to the royalty owners. One Dolfar per year per ne se anniversary date of this lease next ensuing after the expiration of 90 days from the se during the period such well is shut in. If such payment or tender is made, it will b
considered that gas is being produced within the meaning of this lease.	ntire and undivided fee simple therein, then the royalties (including any shut-in ga
<ol> <li>Lessee shall have the right to use, free of cost, gas, oil and water produced o</li> <li>When requested by Lessor, Lessee shall bury Lessee's pipe line below plow</li> </ol>	on said land for Lessee's operation thereon, except water from the wells of Lessor. depth.
<ol> <li>No well shall be drilled nearer than 200 feet to the house or barn now on sai</li> <li>Lessee shall pay for damages caused by Lessee's operations to growing crop</li> </ol>	ps on said land.
binding on Lessee until Lessee has been furnished with notice, consisting of certif complete chain of record title from Lessor, than then only with respect to paymen	rt. No change in ownership of Lessor's interest (by assignment or otherwise) shall b field copies of all recorded documents and other information necessary to establish nts thereafter made. No other kind of notice, whether actual or constructive, shall b
	ifferent portions or parcels of said land shall operate to enlarge the obligations of ut regard to any such division. If all or any part of this lease is assigned, no leasehold
part of the land described herein and as to any one or more of the formations here lesse with other land, lesse or lesses in the immediate vicinity for the production judgment it is necessary or advisable to do so, and irrespective of whether authority previously formed to include formations not producing oil or gas, may be reformed.	
include land upon which a well has therefore been completed or upon which	ch unitization or reformation, which declaration shall describe the unit. Any unit ms operations for drilling have thereofore been commenced. Production, drilling inch inchudes all or a part of this lesse shall be treated as if it were production, drilling inchiding shaf-in gas royalies. Less the of the royalties elsewhere herein specified, including shaf-in gas royalies. Less
shall receive on production from the unit so pooled royalties only in the portion of unit production that the total number of surface acres covered by this lease and in	such production allocated to this lease; such allocation shall be that proportion of the cluded in the unit bears to the total number of surface acres in such unit. In addition part of the above described lands as to one or more of the formations thereunder wi
time, with like approval, to modify, change or terminate any such plan or agree	development or operation approved by any governmental authority and, from time ment and, in such event, the terms, conditions and provisions of this lease shigh pproved cooperative or unit plan of development of operation and, praticularly,
or agreement, and this lease shall not terminate or expire during the life of such pla hereafter be operated under any such cooperative or unit plan of development or	satisfied by compliance with the drilling and desclopment requirements of such plant or agreement. In the event that said above described hands or any part thereof, an operation whereby the production therefrom is allocated to different portions of it land shall, for the purpose of computing the royalties to be faid hereunder to Lesse.
be regarded as having 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 ma- hall formally express Lessor's consent to any cooperative or unit plan of developme
<ol><li>All express or implied covenants of this lease shall be subject to all Feder</li></ol>	ral and State Laws, Executive Orders, Rules or Regulations, and this lease shall not loomply therewith, if compliance is prevented by, or if such failure is the result of, as
14. Lessor hereby warrants and agrees to defend the title to the lands herein Lessor, by payment, any mortgages, taxes or other liens on the above described it he holder thereof, and the undersigned Lessors, for themselves and their heirs, so in the premises described herein, insofar as said right of dower and homestead may 15. Should any one or more of the parties hereinabove named as Lessor fail execute it as Lessor. The word "Lessor" as used in this lease, shall mean any one or lease shall be binding on the heirs, successors and assigns of Lessor and Lessee.	il to execute this lease, it shall nevertheless be binding upon all such parties who or more or all of the parties who execute this lease as Lessor. All the provisions of the
IN WITNESS WHEREOF, this instrument is executed as of the date first above	
hor W.Who	Barrie Wharton
Robert M. Wharton	DATTIC WOSTION

47796000

200209783 06/06/2002 01:38P 10f2 B1343 P641 R 7.00 D 3.00 San Juan County NM Clark FRON MONHOPPIT

STATE OF NEW TOWNS OF SHAND WAS A	<u>}</u> 2 }22	Acknowledgment -	Individual(s)		
and BARR	, personally appea E UNOQ	hed DODEKF I	County and State, on this _		day of
to me known to be the identical p acknowledged to me that	duly e	xecuted the same as	free and	voluntary act and deed	i for the uses
and purposes therein set forth.			and the second s	A Ag interest	Million .
IN WITNESS WHERE	OF, I have hereunt	to set my hand and affin	ted by notarial seal the da	y and year last little in	rated
My Commission Expires:		<u> -</u>		NOTA	4) (
1-8-03		A	ddress: <u>4381 Hu</u> X <sub>7</sub> 4HNiH	A STICK	FIG.
STATE OF	<u>}</u> }ss	Acknowledgment -	- Partnership/Trust		
COUNTY OF					
BEFORE ME, the under	rsigned, a Notary	Public, in and for said (	County and State, on this		day of
asof_ to me known to be the identical p acknowledged to me that and purposes therein set forth.	person(s) described	d in and who executed executed the same as _	the within and foregoing i	nstrument of writing an voluntary act and deed	for the uses
My Commission Expires:	01,111110111011	no see my mare and em	not by nothing out the di	ny many em mass mouve t	AT BLOSI.
		A	.ddress:		
STATE OF		A . 8	Comment		
COUNTY OF	}ss }	Acknowledgment	— Corporation		
BEFORE ME, the under to me personally known who being	ng by me duly sw	orn did say that he is th	peared ie aid instrument is the corp		
that said instrument was signed a instrument to be the free act and	and sealed in beha	olf of said corporation b			
Sworn to and subscribe	d before me, this	day of	, 2002.		

200209783 06/06/2002 01:38P 20f2 B1343 P641 R 7.00 D 3.00 San Juan County, NM Clerk FRAN HANHARDT

My Commission Expires:

AGREEMENT made effective this hereinafter called Lessor(s), whose addres				
LLC. hereinafter			P. O. Box 5513 Fa	
Mexico 87499.  1. Lessor, for and in	consideration of the	sum of Ten Dollars	(\$10.00) and other good	and valuable
consideration, including but not limited to				
investigating, exploring for, drilling for,	producing, saving, ow	ning, handling, storin	g, treating and transportin	g Oil and Gas
together with all rights, privileges and eac common Oil and Gas Reservoir. The I				
produced therewith. The land included in				
and is described as follows:				

### See the description of leased lands contained in the attached Exhibit

and containing the net acres set out on the attached Exhibit, including all Oil and Gas and substances produced therewith underlying lakes and streams of which all or any part of the land is riparian, all roads, easements, and rights-of-way which traverse or adjoin said land and including all lands owned or claimed by Lessor as a part of any of said land, and including all reversionary rights therein. This lease covers all the interest now owned by, or hereafter vested in the Lessor and Lessor releases and waives all rights under any Homestead Exemption Laws. Lessee will investigate whether Lessor has any claim to prior production from oil and gas wells previously drilled that should have included Lessor's acreage described herein. If such investigation determines that Lessor is entitled to share in the production from such previously drilled wells, Lessor would receive royalty, as set out herein below, and Lessee would receive its share of production, less Lessor's royalty. Lessee may inject water, salt water, gas or other substances into any stratum or strata under said land and not productive of fresh water.

2. This Lease shall remain in force for a period of five (5) years from this date, called "primary term", and as long thereafter as Oil, Gas or other Hydrocarbons and substances produced therewith are produced from said land, or Lessee is engaged in drilling or reworking operations on said land. Should Lessee breach any provision of this Lease, or at any time fail to perform fully any obligation hereunder, the Lessor shall have the right to terminate this Lease and render it null and void if such breach, is not addressed within thirty (30) days after Lessor has given Lessee written notice.

3. Lessee shall pay royalties free of costs and expense of development and operation, except taxes on production, to Lessor as follows: (a) fifteen percent (15%) of the Oil produced and saved from said land to be delivered at the wells or to the credit of Lessor into the pipeline to which the well may be connected: Lessee may, at any time or times, purchase any royalty oil, paying the market value in the field on the day it is run to the storage tanks or pipeline: (b) the market value at the well of fifteen percent (15%) of the gas (including casinghead gas or other gaseous substances) produced from the land and sold, provided that on gas sold at the well the royalty shall be fifteen percent (15%) of the amount realized from the sale of any other substances produced from said land with Oil and Gas. Lessee may use, free of royalty, oil, gas, and water for all operations hereunder.

Lessee may use, free of royalty, oil, gas, and water for all operations hereunder.

4. This is a PAID UP LEASE; there is no yearly rental payment that is due. If at the expiration of the Primary Term oil and/or gas is not capable of being produced on said land, or from land pooled therewith, but Lessor is engaged in drilling, or reworking operations thereon, or shall have completed a dry hole thereon within ninety (90) days prior to the end of the Primary Term, the lease shall remain in force so long as operations on said well, or well, or for drilling or reworking of any additional well are prosecuted with no cessation of more than ninety (90) consecutive days, and if they result in the well being capable of production of oil or gas, or so long thereafter as oil or gas is produced from said land, or from land pooled therewith.

5. Lessee may at any time or times pool any part or all of said land and Lease or any stratum or strata, with other lands and Leases, stratum or strata, in the same field so as to constitute a spacing unit to facilitate an orderly or uniform well spacing pattern or to comply with any order, rule or regulation of the State or Federal regulatory or conservation agency having jurisdiction. Such pooling shall be accomplished or terminated by filing of record a Declaration of Pooling, or Declaration of Termination of Pooling, and by mailing or tendering a copy to Lessor. Drilling or re-working operations upon or production from any part of such spacing unit shall be considered for all purposes of this Lease as operations or productions from this Lease. Lessee shall allocate to this Lease the proportionate share of production, which the acreage in this Lease included in any such spacing unit, bears to the total acreage in said spacing unit. Lessee may not unitize any part of said land and Lease, or any stratum or strata, with other lands and Leases in the same field without the expressed written permission of the Lessor.

6. Lessee may, in the interest of economy, commingle production from this Lease with production from one or more Leases in the same field provided a method of measurement in accordance with established engineering practices is used to measure the production and to allocate the production to the respective Leases commingled.

7. No well, road or pipeline shall be placed on Lessor's land without the express written consent of the Lessor.

8. Should Lessee be prevented from complying with any express or implied covenant of this Lease, from conducting drilling, or re-working operations thereon or from producing oil or gas or other hydrocarbons therefrom by reason of scarcity of, or inability to obtain or to use equipment or material, or by operation of force majeure, or because of any Federal or State law or any order, rule or regulation of a governmental authority, then while so prevented, Lessee's obligations to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this Lease shall be extended while and so long as Lessee is prevented by and such cause from conducing drilling (which shall include the inability of lessee, through no fault of its own, to obtain sufficient as datisfactory material and equipment), or re-working operations on, or from producing oil or gas or other hydrocarbons from the leased premises; and the time while Lessee is so prevented shall not be counted against the Lessee, anything in this Lease to the contrary notwithstanding.

9. Lessor warrants title to said land as to Lessor's interest therein. The royalties provided for are determined with respect to the entire mineral estate in Oil and Gas (including all previously reserved or conveyed non-participating royalty), and if Lessor owns a lesser interest, the royalty to be paid Lessor shall be reduced proportionately. Lessee may purchase or discharge in whole or in part any tax, mortgage or lien upon said land, or redeem the land from any purchaser, any tax sale or adjudication, and shall be subrogated to such lien with the right to enforce it, and may reimburse itself from any royalties

accruing under the terms of this Lease.





whether all parties named in the granting clause execute the Lease or n 11. Lessee shall have the right to conduct an examinat of Lessor's ownership of the oil and gas rights under the lands, whic that Lessor owns oil and gas rights in lands not covered by the Lease consideration and on the same terms, conditions and provisions applic	ion of the county records for the purpose of the verification h are the subject of this lease. If that examination reveals then Lessor shall lease those rights to Lessee at the same
IN WITNESS WHEREOF, we sign the day and year first above writte	n.
Robert M Wharton	
STATE OF NEW MEXICS	MENTS
COUNTY OF SAU JUAU On this 102 day of June 2005, before me	Pohort Al (1 Maetas)
to the known to be the person described in and who executes are forej	going instrument, and acknowledged that Robert M. Whaten
witness my hand and scal the day and year last above written  My Commission Expires:	en, Cl. 1 A. A
My Commission Expires:	they unercon
02/02/06	Notary Publicy
STATE OF)	
COUNTY OF	
On this day of, 20 <u>05</u> , before me	personally appeared
to me known to be the person described in and who executed the fore executed same free act and deed.	going instrument, and acknowledged that
Witness my hand and seal the day and year last above write My Commission Expires:	en.
My Continussion expires:	Notary Public
STATE OF)	
COUNTY OF)	
The foregoing instrument was acknowledged before me this	s day of, 20 <u>05</u> , by on behalf of said
Ot	On Densiti of Salo
Witness and and and the decoration has about making	<u>.</u>
Witness my hand and seal the day and year last above writt My Commission Expires:	
	Notary Public
STATE OF)	
COUNTY OF)	atia dan at 20.05 hu
of	this day of 20 05, by on behalf of said
•	
Witness my hand and seal the day and year last above write	en.
My Commission Expires:	Notary Public

END OF ACKNOWLEDGMENTS

200511576 06/29/2005 11:57A 20f3 B1412 P696 R 13.00 D 0.00 San Juan County, NH Clerk FRAN HANHAROT

29

WHARTON ROBERT M ET UX **512 TAOS AVE FARMINGTON NM, 87401-6748** 

**Property Address** 

Township Range Section QtrQtr

Acres

512 TAOS AVE

FARMINGTON NM, 87401-7401

13

NW SW

0.2306

Legal: TOTAH VISTA SUB LOT 17

22

05B.1157 P.650

200511576 06/29/2005 11:57A 30f3 B1412 P696 R 13.00 D 0.00 San Juan County, NA Clerk FRAN HANHARDT

THIS AGREEMENT, Made and entered into this	26th	day of	November		
Jesse W. Gardner and Patsy J. Gardner, h/w as joint tenants					
Whose post office address is 502 Pima Ave., Farmington, NM 87401 hereinafter called Lessor (whether one or more)					
and Richardson Production Company whose post office ad	dress is <u>1700 1</u>	incoln, Suite	1700, Denver, CO 8	0203, hereinafter called Lessee:	

WITNESSETH, That the Lessor, for and in consideration of Tea and more (\$10 & 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 exclasively 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 casements 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 San Juan, State of New Mexico, described as follows, to-wit:

#### Township 29 North - Range 13 West, N.M.P.M.

Section 22: Totah Vista Subdivision: Lots 11, 15 thru 17, 19 all in Block Three (3) in the City of Farmington, as shown on the Plat of said Subdivision filed for record in the Office of the County Clerk on March 5, 1957

\*It is expressly understood that there shall be no surface use or occupancy of said lands subject to this lease

and containing 1.0685 acres, more or less.

1. It is agreed that this lease shall remain in force for a term of five (5) years 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 Leasee is than engaged in drilling or re-working operations thereon, then this lease shall continue in force as 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 nisety (90) days shall elayee 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 Leasee commences additional fling or re-working operations within ninety (90) days 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.

2. This is a PABLU-PLEASE. In consideration of the down cash payment, Lessor agrees that Leasee shall not be obligated, concept as otherwise provided herein, to commence or continue any operations sharing the primary term. Lessor 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 strate or stratum by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.

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 one-eighth (1/8) part of all oil produced

1st. To deliver to the credit of Lessor, free of cost, in me pape use to wince Lessor any country of the lessed premises.

2nd. To pay Lessor one-eighth (1/8) 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 one-eighth (1/8), 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 one-eighth (1/8) of the proceeds, at the mouth of the well, psyable monthly at the prevailing market rate.

4. Where gas from a well capable of producing gas is not sold or used, Lesson may pay or tender as royalty to the royalty owners. One Dollar per year per not royalty are retained betweener, such payment or tender to tender to be made on or before the anniversary date of this lesse and 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 lesse during the period such well is that in. If such payment or tender is made, it will be considered that one is being reached within the meaning of this lesse.

4. Where gas from a well capable of producing gas is not sold or used, Lessee may pay or teacher at royaty to the requiration of 90 days from the date such well is shut in and thereafter on or before the anniversary date of this lesse end 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 lesse during the period such well is that in. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this lesse.

5. If said Lessor owns a less interest in the above described land than the eatire 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 have the right at one, the company of the period of the same of the said of the said of the lessor of the said land.

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

11. The right of Lessor and Lessee have been furnished with notice, consisting of certified copies of all recorded documents and other information necessary to establish a complete chain of record with from Lessor, than the only with respect to permisest thereafter made. No other tenders to enlarge the collections or distinction of Lessor's nother information or complete chain of routed with notice, consisting of certified copies of all recorded documents and other information eccessary to establish a complete chain of routed with from Lessor, than the only with respect to permisest thereafter made. No other tends, he other information are constructive; shall be braiding on Lesson in the information of Lessor's operation may be conducted without regard to make a recurring right, either before or after production, as to all or any part of the land described herein and as to any ones or more of the formations are

to 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 reminated, 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.

Laws, Order, Rule or Regulation.

14. Lessor bareby warrants and agrees to defend the tifle 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 afflict the proposes for which this lease is made, as recited herein.

15. Should any one or more of the parties bereinabove 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 or 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 Lessor.

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

<u> 1984 Polina Bibl Jahol Birat binara kabi in batai 1401 basi</u> 200204124 03/07/2002 02:58P 10f2 B1338 P288 R 7.00 D 3.00 San Juan County, NM Clerk FRAN HANHARDT Whows

525-78-66 93 2 47775000

# 200204124 03/07/2002 02:58P 20f2 B1338 P288 R 7.00 D 3.00 San Juan County, NM Clerk FRAN HANHARDT

STATE OF TOWN PLACE	( <b>ک</b> ا					
~ ~ / /	18	Acknowled	gment - Indi	viduai(s)	•	**
COUNTY OF <u>Jan Jua</u>						
BEFORE ME, the undersi	oned, a Notary Publ	lic, in and for	said County a	and State, on t	his	day of
December 2001, persons	ally appeared Tes	sse WG	ardner	and		
and $VX \leq (1.5)$ .	Garrines					
to me known to be the identical r	person(s) described	in and who ex	ecuted the w	ithin and fore	going instrum	ent of writing
and acknowledged to me that	duly e	recuted the sa	mo as the	free and vo	duntary act an	d deed for the
uses and puspesses therein set fort	h.		•			
All Millianian .						
IN WITNESS WHERE	OF, I have hereunto	set my hand :	and affixed by	y notarial scal	the day and y	ear last above
CO			10	. 1/	. 1	
				ul Jac	ahas	
My gon O SA Apprica:			_ f ne	un zuu	nue	
			LA	40000	Bank	NM
WILD LE COLOR		А	odress: <i>CI</i>	IIZEKO.	Cank	<del>////</del>
(A)						
TEC NAME OF THE PARTY OF THE PA						
N	er en		, .			
						•
·: ·	· · · · ·		• • • •			•
STATE OF		: .				
	}§	Acknowle	dgment - Par	tnership/Trw:	rif .	* * *
COUNTY OF	)	٠,	٠			
BEFORE ME, the unders	•	•	-	and State, on	this	day of
	1, personally appea	red				
asof		<del></del>			<del></del>	
to me known to be the identical	person(s) described	in and who e	xecuted the v	vitnin and ion	egoing insurin	nent of writing
and acknowledged to me thatuses and purposes therein set for		executed the si	une as	Tree and v	Olumary act a	na acea ku tue
uses and purposes therein section	***			•		
IN WITNESS WHERE	OF I have becount	set my hand	and affixed i	ov potarial sea	the day and	vear last above
written.		,		,		,
My Commission Expires:	• • • • • • • • • • • • • • • • • • • •				· · ·	
		-				
	* * * * * * * * * * * * * * * * * * *	· A	\ddress:			
	·		a sa sa			•
					•	
	<u> </u>					
•			3			
			٠.			•
STATE OF	1 1				•	
	1	Acknowle	dement - Co	moration.	•	\$75
COUNTY OF	)			<b>7</b> -0-1-0-1-	•	
	<del></del>					
BEFORE ME, the unders	igned authority, this	s day personal	lly appeared			
to me personally known who bei						
of	and that the se	eal affixed to	said instrume	nt is the corpo	orate seal of s	id corporation
ofand that said instrument was sig	ned and senled in t	ehalf of said	corporation l	y authority o	its Board of	Directors who
acknowledge said instrument to				•		
· · · · · · · · · · · · · · · · · · ·		: * *		\$10 m	.*	
Sworn to and subscribe	d before me, this _	day of	200	1.		
•			,			-
		<u>.</u>				
My commission Expires:						
	**					

. 4, 4

AGREEMENT made effective this
11.C. hereinafter called Lessee, whose mailing address is: P. O. Box 5513 Farmington. New
Mexico 87499.
1. Lessor, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable
consideration, including but not limited to: the royalties provided herein, and the covenants of the Lease, the receipt of which are
hereby acknowledged, Lessor hereby grants, leases and lets exclusively to Lessee the land described below for the purpose of
investigating, exploring for, drilling for, producing, saving, owning, handling, storing, treating and transporting Oil and Gas
together with all rights, privileges and easements useful for lessee's operations on said land and on land in the same field with a
common Oil and Gas Reservoir. The Phrase "Oil and Gas" as used herein includes all hydrocarbons and other substances
produced therewith. The land included in this Lease is situated in the State of New Mexico, San Juan County
and is described as follows:

#### See the description of leased lands contained in the attached Exhibit

and containing the net acres set out on the attached Exhibit, including all Oil and Gas and substances produced therewith underlying lakes and streams of which all or any part of the land is riparian, all roads, easements, and rights-of-way which traverse or adjoin said land and including all lands owned or claimed by Lessor as a part of any of said land, and including all reversionary rights therein. This lease covers all the interest now owned by, or hereafter vested in the Lessor and Lessor releases and waives all rights under any Homestead Exemption Laws. Lessee will investigate whether Lessor has any claim to prior production from oil and gas wells previously drilled that should have included Lessor's acreage described herein. If such investigation determines that Lessor is entitled to share in the production from such previously drilled wells, Lessor would receive royalty, as set out herein below, and Lessee would receive its share of production, less Lessor's royalty. Lessee may inject water, salt water, gas or other substances into any stratum or strata under said land and not productive of fresh water.

2. This Lease shall remain in force for a period of five (5) years from this date, called "primary term", and as long thereafter as Oil, Gas or other Hydrocarbons and substances produced therewith are produced from said land, or Lessee is engaged in drilling or reworking operations on said land. Should Lessee breach any provision of this Lease, or at any time fail to perform fully any obligation hereunder, the Lessor shall have the right to terminate this Lease and render it null and void if such breach, is not addressed within thirty (30) days after Lessor has given Lessee written notice.

3. Lessee shall pay royalties free of costs and expense of development and operation, except taxes on production, to Lessor as follows: (a) fifteen percent (15%) of the Oil produced and saved from said land to be delivered at the wells or to the credit of Lessor into the pipeline to which the well may be connected: Lessee may, at any time or times, purchase any royalty oil, paying the market value in the field on the day it is run to the storage tanks or pipeline: (b) the market value at the well of fifteen percent (15%) of the gas (including casinghead gas or other gaseous substances) produced from the land and sold, provided that on gas sold at the well the royalty shall be fifteen percent (15%) of the amount realized from such sale: (c) fifteen percent (15%) of the amount realized from the sale of any other substances produced from said land with Oil and Gas. Lessee may use, free of royalty, oil, gas, and water for all operations hereunder.

4. This is a PAID UP LEASE; there is no yearly rental payment that is due. If at the expiration of the Primary Term oil and/or gas is not capable of being produced on said land, or from land pooled therewith, but Lessor is engaged in drilling, or reworking operations thereon, or shall have completed a dry hole thereon within ninety (90) days prior to the end of the Primary Term, the lease shall remain in force so long as operations on said well, or well, or for drilling or reworking of any additional well are prosecuted with no cessation of more than ninety (90) consecutive days, and if they result in the well being capable of production of oil or gas, or so long thereafter as oil or gas is produced from said land, or from land pooled therewith.

5. Lessee may at any time or times pool any part or all of said land and Lease or any stratum or strata, with other lands and Leases, stratum or strata, in the same field so as to constitute a spacing unit to facilitate an orderly or uniform well spacing pattern or to comply with any order, rule or regulation of the State or Federal regulatory or conservation agency having jurisdiction. Such pooling shall be accomplished or terminated by filing of record a Declaration of Pooling, or Declaration of Termination of Pooling, and by mailing or tendering a copy to Lessor. Drilling or re-working operations upon or production from any part of such spacing unit shall be considered for all purposes of this Lease as operations or productions from this Lease. Lessee shall allocate to this Lease the proportionate share of production, which the acreage in this Lease included in any such spacing unit, bears to the total acreage in said spacing unit. Lesse my not unitize any part of said land and Lease, or any stratum or strata, with other lands and Leases in the same field without the expressed written permission of the Lessor.

6. Lessee may, in the interest of economy, commingle production from this Lease with production from one or more Leases in the same field provided a method of measurement in accordance with established engineering practices is used to measure the production and to allocate the production to the respective Leases commingled.

7. No well, road or pipeline shall be placed on Lessor's land without the express written consent of the Lessor.

8. Should Lessee be prevented from complying with any express or implied covenant of this Lease, from conducting drilling, or re-working operations thereon or from producing oil or gas or other hydrocarbons therefrom by reason of scarcity of, or inability to obtain or to use equipment or material, or by operation of force majeure, or because of any Federal or State law or any order, rule or regulation of a governmental authority, then while so prevented, Lessee's obligations to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this Lease shall be extended while and so long as Lessee is prevented by and such cause from conducing drilling (which shall include the inability of lessee, through no fault of its own, to obtain sufficient and satisfactory material and equipment), or re-working operations on, or from producing oil or gas or other hydrocarbons from the leased premises; and the time while Lessee is so prevented shall not be counted against the Lessee, anything in this Lease to the contrary notwithstanding.

9. Lessor warrants title to said land as to Lessor's interest therein. The royalties provided for are determined with respect to the entire mineral estate in Oil and Gas (including all previously reserved or conveyed non-participating royalty), and if Lessor owns a lesser interest, the royalty to be paid Lessor shall be reduced proportionately. Lessee may purchase or discharge in whole or in part any tax, mortgage or lien upon said land, or redeem the land from any purchaser, any tax sale or adjudication, and shall be subrogated to such lien with the right to enforce it, and may reimburse itself from any royalties accruing under the terms of this Lesse.



200512109 07/08/2005 03:04P 10f3 B1413 P205 R 13.00 D 0.00 San Juan County, NT Clerk FRAN HANHARDT (J.)

whether all parties named in the granting  11. Lessee shall have the of Lessor's ownership of the oil and gas that Lessor owns oil and gas rights in is consideration and on the same terms, con	binding upon all who execute it, whether they are named in the granting clause and g clause execute the Lease or not.  e right to conduct an examination of the county records for the purpose of the verification a rights under the lands, which are the subject of this lease. If that examination reveals ands not covered by the Lease, then Leasor shall lease those rights to Lessee at the same additions and provisions applicable to the original lease.  In the examination reveals are the same and provisions applicable to the original lease.  In the granting clause and granting the purpose of the verification of the purpose of the verification are the same and provisions applicable to the original lease.
IN WITNESS WHEREOF, we sign the	day and year first above written.
Jone W. Ballo	
	ACKNOWLEDGMENTS
STATE OF ARIZONA	
COUNTY OF MARICON C. On this day of	Deuc, 2005, before me personally appeared 40 sse w Gardner
executed same	in and who executed the foregoing instrument, and acknowledged that
	day and year last above written.
•	as and a second of the second
Hug 18 2008	DEF FITZSBAADAR
STATE OF ARROWA	Notary Public - State of Adapte
COUNTY OF MALL CALL On this day of	My Comm. Expires Aug. 18, 2000
to me known to be the person described	in and who executed the foregoing instrument, and acknowledged that
executed same Witness my hand and seal the	free act and deed. day and year last above written.
My Commission Expires:	
	Notary Public
STATE OF	·
COUNTY OF	
i ne toregoing instrument was	acknowledged before me this day of, 20 05, by of on behalf of said
Witness my hand and seal the	day and year last above written.
My Commission Expires:	
	Notary Public
STATE OF	·
STATE OF	. / §
COUNTY OF	a)
ine foregoing instrument w	as acknowledged before me this day of, 20 05, by of on behalf of said
Witness my hand and seal the	day and year last above written.
My Commission Expires:	
	Notary Public

END OF ACKNOWLEDGMENTS

200512109 07/08/2005 03:04P 20f3 B1413 P205 R 13.00 D 0.00 Sen Juan County, NY Clerk FRAN HANHARDT

GARDNER JESSE W ET AL 502 PIMA AVE FARMINGTON NM, 87401-6721

Property Address	Township	Range	Section	QtrQtr	Acres
606 PIMA AVE FARMINGTON NM, 87401-0000	29	13	22	NW SW	0.1817
		OTAH V 3B.1313		B LOT II D	
Property Address	Township	Range	Section	QtrQtr	Acres
PIMA AVE	29	13	22	NW SW	0.1931
FARMINGTON NM, 87401-7401		OTAH \ 3B.1175		B LOT 12	
Property Address	Township	Range	Section	QtrQtr	Acres
602 PIMA AVE FARMINGTON NM, 87401-7401	29	13	22	NW SW	0.2207
		ОТАН \ 3В.1175		JB LOT 13	
Property Address	Township	Range	Section	QtrQtr	Acres
507 PIMA AVE FARMINGTON NM, 87401-0000	29	13	22	NW SW	0.596
	1			JBD. LOTS 3.679 P.222 E	
Property Address	Township	Range	Section	QtrQtr	Acres
PIMA AVE FARMINGTON NM, 87401-7401	29	13	22	NW SW	0.2244
		TOTAH 1 3B.718		JB LOT 16	
Property Address	Township	Range	Section	QtrQtr	Acres
502 PIMA AVE FARMINGTON NM, 87401-7401	29	13	22	NW SW	0.2236
		ГОТАН Р.173	VISTA L	OT 15 03B.	1014
Property Address	Townshij	Range	Section	QtrQtr	Acres
502 PIMA AVE FARMINGTON NM, 87401-7401	29	13	22	NW SW	0.4803
	U	TOTAH		UB LOT 5 &	<b>2</b> 6

200512109 07/08/2005 03:04P 30f3 B1413 P205 R 13.00 D 0.00 San Juan County, NH Clerk FRAN HANHARDT

03B.1113 P.437

THIS AGREEMENT, Made and entered into this	19th	day of	November	2001, by and between	
Susie Rose Chavez					
1170 Parent Ave Formington	NM 97401			haveingfler called Lesson (whether one or more)	

and Richardson Production Company whose post office address is 1700 Lincoln, Sulte 1700, Denver, CO 80203, hereinafter called Lessee:

WITNESSETH, That the Lessor, for and in consideration of Ten and more (§10 & 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 San Juan, State of New Mexico, described as follows, to-wit:

Township 29 North - Range 13 West, N.M.P.M.
Section 22: A tract of land lying in the NW/4NW/4 of said Section 22, more particularly described as follows:
BEGINNING at a point which is 557 feet E. and 570 feet S. from the NW corner of the NW/4NW/4 of said Section 22;
THENCE East 90 feet;
THENCE North 100 feet;
THENCE Was 06 feet; THENCE West 90 fe THENCE South 160 feet to the point of beginning.

\*It is expressly understood that there shall be no surface use or occupancy of said lands subject to this lease

and containing \_\_\_\_\_\_, 2066\_ acres, more or less.

1. It is agreed that this lease shall remain in force for a term of five (5) years 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 thesewith, 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 than engaged in drilling or re-working operations thereon, then this lease shall continue in force as long as operations are being continuously prosecuted in not more than ninety (30) 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 terms of the primary term, this lease shall not terminate if Lessee commences additional drilling or re-working operations within ninety (90) days 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.

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 many at any time or times during or after the primary term surrender this lease as to all or any portion of said band and as to sary strain or stratum by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.

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

1st. To deliver to the credit of Lessec, free of cost, in the pipe line to which Lessec may connect wells on said land, the equal one-eighth (1/8) part of all oil produced

Int. 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 one-eighth (1/8) part of all oil produced and saved from the leased premises.

2nd. To pay Lessor one-eighth (1/8) of the gross proceeds each year, payable quarterly, for the gas from each well where gas only is found, while the same in being used off the premises, and if used in the manufacture of gasoline a royalty of one-eighth (1/8), payable monthly at the prevailing market rats for gas.

3rd. To pay Lessor for gas produced from any od well and used off the premises or in the manufacture of gasoline or any other product a royalty of one-eighth (1/8) of the proceeds, at the mouth of the well, payable monthly at the prevailing market with payable monthly at the provailing market with the provailing market with the proceeds of the mouth of the well, payable monthly at the prevailing market with the provailing market with the provailing market with the provailing market with the proceeds, at the mouth of the well, payable monthly at the prevailing market with the provailing market with the proceeds, at the mouth of the well, payable monthly at the prevailing market with the proceeds, at the mouth of the well, payable monthly at the prevailing market with the provailing market with the provailing

11. The rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in conversing of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been farmished with notice, consisting of certified copies of all recorded documents and other information necessary to establish a complete chain of record title from Lessor, than 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 lessee is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.

12. 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 bereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lesse with other land, lesse or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in the Lessee's judgment it is necessary or advisable to do so, and irrespective or 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 declarations shall describe the unit. Any unit may include land upon which a well has therefore been completed or upon which operations for well shall not of an arrest united as

Lesson states in territory express Losson as an expression of the same upon request of Lesson.

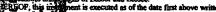
13. All express or implied coverants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lesson held liable in damages, for failure to comply therewith, if compliance is prevented by, or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

such Law, Order, Rule or Regulation.

14. Lessor heading 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, and received the such several contents of the holder hereof places in the state of the holder the regulation of the holder hereof places in the state of the holder the propose of the solid special places and because and homestead may in any way affect the purposes for which this lesse is made, as recited herein.

15. The provision of middle of significant is lesse, shall mean any one or more or all of the parties who execute this lesse as Lessor. All the provisions of this lesse shall be provisions of the lessee.

15. The provision of the provision of the date first above written.



200204126 03/07/2002 03:01P 10 f 2 B 1338 P 290 R 7.00 D 3.00 San Juan County, NH Clerk FRAN HANHARDT

47774000



## 

· · · · · · · · · · · · · · · · · · ·	}]9: ]	Acknowleagment - Partnership/Trust	
			)f
of			
ged to me that	dul		
TNESS WHERE	OF, I have hereu	unto set my hand and affixed by notarial seal the day and year last a	bove
n Expires:		Address:	<del></del>
	1	•	•
	)5	Acknowledgment - Corporation	٠
	ofothe unders, 200of	EMF, the undersigned, a Notary	IFMIF, the undersigned, a Notary Public, in and for said County and State, on this

and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors who

acknowledge said instrument to be the free act and deed of said corporation.

Sworn to and subscribed before me, this

My commission Expires:

and that the seal affixed to said instrument is the corporate seal of said corporation

AGREEMENT made effective this	_qth day of	JUNE 20 O	5 by and between the und	lersigned
hereinafter called Lessor(s), whose addr	ress for notice purposes is s	set out on the attached E	XHIBIT andSynergy O	perating.
LLC. hereinafi	ter called Lessee, whose n	nailing address is:	P. O. Box 5513 Farming	ion. New
Mexico 87499.				
			\$10.00) and other good and	
consideration, including but not limited	to: the royalties provided	herein, and the covenar	its of the Lease, the receipt of v	which are
hereby acknowledged, Lessor hereby a	grants, leases and lets excl	usively to Lessee the la	and described below for the pe	urpose of
investigating, exploring for, drilling for				
together with all rights, privileges and				
common Oil and Gas Reservoir. The				
produced therewith. The land included				
and is described as follows				

#### See the description of leased lands contained in the attached Exhibit

and containing the net acres set out on the attached Exhibit, including all Oil and Gas and substances produced therewith underlying lakes and streams of which all or any part of the land is riparian, all roads, easements, and rights-of-way which traverse or adjoin said land and including all lands owned or claimed by Lessor as a part of any of said land, and including all reversionary rights therein. This lease covers all the Interest now owned by, or hereafter vested in the Lessor and Lessor releases and waives all rights under any Homestead Exemption Laws. Lessee will investigate whether Lessor has any claim to prior production from oil and gas wells previously drilled that should have included Lessor's acreage described herein. If such investigation determines that Lessor is entitled to share in the production from such previously drilled wells, Lessor would receive royalty, as set out herein below, and Lessee would receive its share of production, less Lessor's royalty. Lessee may inject water, salt water, gas or other substances into any stratum or strata under said land and not productive of fresh water.

2. This Lease shall remain in force for a period of five (5) years from this date, called "primary term", and as long thereafter as Oil, Gas or other Hydrocarbons and substances produced therewith are produced from said land, or Lessee is engaged in drilling or reworking operations on said land. Should Lessee breach any provision of this Lease, or at any time fail to perform fully any obligation hereunder, the Lessor shall have the right to terminate this Lease and render it null and void if such breach, is not addressed within thirty (30) days after Lessor has given Lessee written notice.

3. Lessee shall pay royalties free of costs and expense of development and operation, except taxes on production, to Lessor as follows: (a) fifteen percent (15%) of the Oil produced and saved from said land to be delivered at the wells or to the credit of Lessor into the pipeline to which the well may be connected: Lessee may, at any time or times, purchase any royalty oil, paying the market value in the field on the day it is run to the storage tanks or pipeline: (b) the market value at the well of fifteen percent (15%) of the gas (including casinghead gas or other gaseous substances) produced from the land and sold, provided that on gas sold at the well the royalty shall be fifteen percent (15%) of the amount realized from such sale: (c) fifteen percent (15%) of the amount realized from the sale of any other substances produced from said land with Oil and Gas. Lessee may use, free of royalty, oil, gas, and water for all operations hereunder.

4. This is a PAID UP LEASE; there is no yearly rental payment that is due. If at the expiration of the Primary Term oil and/or gas is not capable of being produced on said land, or from land pooled therewith, but Lessor is engaged in drilling, or reworking operations thereon, or shall have completed a dry hole thereon within ninety (90) days prior to the end of the Primary Term, the lease shall remain in force so long as operations on said well, or well, or for drilling or reworking of any additional well are prosecuted with no cessation of more than ninety (90) consecutive days, and if they result in the well being capable of production of oil or gas, or so long thereafter as oil or gas is produced from said land, or from land pooled therewith.

5. Lessee may at any time or times pool any part or all of said land and Lease or any stratum or strata, with other lands and Leases, stratum or strata, in the same field so as to constitute a spacing unit to facilitate an orderly or uniform well spacing pattern or to comply with any order, rule or regulation of the State or Federal regulatory or conservation agency having jurisdiction. Such pooling shall be accomplished or terminated by filing of record a Declaration of Pooling, or Declaration of Termination of Pooling, and by mailing or tendering a copy to Lessor. Drilling or re-working operations upon or production from any part of such spacing unit shall be considered for all purposes of this Lease as operations or productions from this Lease. Lessee shall allocate to this Lease the proportionate share of production, which the acreage in this Lease included in any such spacing unit, bears to the total acreage in said spacing unit. Lessee may not unitize any part of said land and Lease, or any stratum or strata, with other lands and Leases in the same field without the expressed written permission of the Lessor.

6. Lessee may, in the interest of economy, commingle production from this Lease with production from one or more Leases in the same field provided a method of measurement in accordance with established engineering practices is used to measure the production and to allocate the production to the respective Leases commingled.

7. No well, road or pipeline shall be placed on Lessor's land without the express written consent of the Lessor.

8. Should Lessee be prevented from complying with any express or implied covenant of this Lease, from conducting drilling, or re-working operations thereon or from producing oil or gas or other hydrocarbons therefrom by reason of scarcity of, or inability to obtain or to use equipment or material, or by operation of force majeure, or because of any Federal or State law or any order, rule or regulation of a governmental authority, then while so prevented, Lessee's obligations to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this Lease shall be extended while and so long as Lessee is prevented by and such cause from conducing drilling (which shall include the inability of lessee, through no fault of its own, to obtain sufficient and satisfactory material and equipment), or re-working operations on, or from producing oil or gas or other hydrocarbons from the leased premises; and the time while Lessee is so prevented shall not be counted against the Lessee, anything in this Lease to the contrary notwithstanding.

Lessor warrants title to said land as to Lessor's interest therein. The royalties provided for are determined

9. Lessor warrants title to said land as to Lessor's interest therein. The royalties provided for are determined with respect to the entire mineral estate in Oil and Gas (including all previously reserved or conveyed non-participating royalty), and if Lessor owns a lesser interest, the royalty to be paid Lessor shall be reduced proportionately. Lessee may purchase or discharge in whole or in part any tax, mortgage or lien upon said land, or redeem the land from any purchaser, any tax sale or adjudication, and shall be subrogated to such lien with the right to enforce it, and may reimburse itself from any royalties

accruing under the terms of this Lease.





This Lease shall be binding upon all who execute it, whether they are named in the granting clause and whether all parties named in the granting clause execute the Lease or not. Lessee shall have the right to conduct an examination of the county records for the purpose of the verification of Lessor's ownership of the oil and gas rights under the lands, which are the subject of this lease. If that examination reveals that Lessor owns oil and gas rights in lands not covered by the Lease, then Lessor shall lease those rights to Lessee at the same consideration and on the same terms, conditions and provisions applicable to the original lease. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said Lessor and Lessee. IN WITNESS WHEREOF, we sign the day and year first above written. Stisie. Chavez Susie Chavez alkla 5 usie R. Chaven 55# 585 - 24 - 035QCKNOWLEDGMENTS STATE OF NEW MEXICO COUNTY OF SAN JUAN 3
On this 9 day of JUAN 2005, before me personally appeared SUSE R. CHAVE 2 to me known to be the person described in and who executed the foregoing instrument, and acknowledged that executed same \_\_\_\_\_\_ free act and deed.
Witness my hand and seal the day and year last above written. My Commission Expires: POSERT TO WOOD BED NOTARY PUBLIC STATE OF MEN MEDGOO Aubust 6, 2005 STATE OF AUGUST 6 2005 COUNTY OF On this , 2005 , before me personally appeared day of to me known to be the person described in and who executed the foregoing instrument, and acknowledged that executed same \_\_\_\_\_\_ free act and deed.
Witness my hand and seal the day and year last above written. My Commission Expires: **Notary Public** STATE OF\_ COUNTY OF \_ day of \_ The foregoing instrument was acknowledged before me this \_ on behalf of said Witness my hand and seal the day and year last above written. My Commission Expires: Notary Public STATE OF COUNTY OF The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_ on behalf of said \_ of Witness my hand and seal the day and year last above written. My Commission Expires: **Notary Public** 

END OF ACKNOWLEDGMENTS

200511378 06/27/2005 02:45P 20f3 B1412 P498 R 13.00 D 0.00 San Juan County, NH Clerk FRAN HANHARDT

**CHAVEZ SUSIE ROSE** 1120 BOWEN AVE **FARMINGTON NM, 87401-6606** 

**Property Address** 

1120 S BOWEN **FARMINGTON NM, 87401-7401**  Township Range Section QtrQtr

Acres

29

22

NW NW

0.2

13

Legal: BEG AT A PT WHICH IS 557 FT E & 570 FT S OF NW COR NW NW 222913 THENCE E 90 FT N 165 FT, W 90 FT, S 165 FT TO BEG. QC B.573 P.101 LESS N65' TO

LUCERO

200511378 06/27/2005 02:45P 30f3 B1412 P498 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

OII	L AND GAS LE	ASE	
THIS AGREEMENT, Made and entered into this	26th day of Sondra L. Ballard	Nevember	, 2001 , by and between
Whose post office address is 507 Pinna Ave, Farmington, NM Richardson Production Company whose post office address WITNESSETH, That the Lessor, for and in consideration of acknowledged, and the covenants and agreements hereinsther conts exclusively unto the said Lessoe, the land hereinsther doctribed, we operating for and producing therefrom oil and all gas of wistonews to produce, save and take care of said products, all that certain tract of	is 1700 Lincoln, Suite I	709, Denver, CO 80203, hen	Hed Lessor (whether one or more) and winafter called Lessor. I paid, the receipt of which is hereby sents does grant, demise, lesse and let y geophysical and other methods, and lines, and erection of structures thereon
		San Juan State of New	Mexico ,described as follows, to-wit
Township 29 North - Range 13 West. Section 22: Totah Vista Subdivision	: Lots 3 thru 5 in Block	Five (5) in the City of Fare	nington, as shown on the Pist of
said Subdivision filed for	r record in the Office of	the County Clerk on Marci	5, 1957
*It is expressly understood that there	SURN DE NO SUYINCE USO O	r occupancy or said tands s	soject to the sense
and commining4752_ acres, more or less.  1. It is agreed that this lease shall remain in force for a term of fi	ive (5) years from this date and	as long thereafter as oil or gas of	(whatmoever nature or kind is produced
from said leased promises or on acreage pooled therewith, or drilling oil or gas in not being produced on the lessed promises or on acreage base shall continue in three as long as operations are being conficered to be combined by processors for the drilling of a subsequent well. If after discovery of cases after the prizary term, his lettes shall not terminate if Lesses of production or from date of completion of fix) hale. If of or gas at term of this lease, this knees shall continue in force so long as old or 7. This is a PAID-UP_LEASE, in consideration of the down on commence or continues any operations during the primary term. Less of said land and as to any strate or stratum by delivering to Lessor of said land and as to any strate or stratum by delivering to Lessor	operations are continued as a population and the terminal but Lesso mously prosecuted on the ter (90) days shall clapse betw f oil or gas on said land or on commences additional drilling hall be discovered and product gas is produced from the less sho payment. Lessor agrees the shop of the lessor agrees the shop of the lessor agrees the state of the lessor agrees the shop of the shop of the lessor agrees the shop of the shop of the lessor agrees the shop of the shop of shop of	creinafter provided. If, at the expi s is than engaged in drilling or re- med premises or on acreage poo- cen the completion or standonn acreage pooled thesewith, the pro- or re-working operations within ad as a result of such operations is ed premises or on acreage pooled to Lesses shall not be obligated.	rations of the primary term of this tests, working operations thereon, then this lotd therewith; and operations shall be nest of one well and the beginning of eduction thereof should cease from any sincety (90) days from due of cessation at or after the expiration of the primary if therewith. except as otherwise provided herein, to
the accessor surrendered.  3. In consideration of the premises the said Lesson covenants a	ad soroes:		
1st. To deliver to the credit of Lessor, free of cost, in the pipe	line to which Lessee may com		
2nd. To pay Lessor one-cighth (1/8) of the gross proceeds as used off the premises, and if used in the manufacture of gasoline as 3rd. To pay Lessor for gas produced from any oil well and us	on year, payaose quartery, sor royalty of one-eighth (1/8), pe ed off the premises or in the n	yable monthly at the prevailing a manufacture of gasoline or any oth	romy is tousin, while the same is occur narket rate for gas. acr product a royalty of one-eighth (1/8)
of the proceeds, at the mouth of the well, psyable mouthly at the pro- 4. Where gas from a well capable of producing gas is not sold acre restained herounder, such psyment or tender to be made on or be well is shut in and thereafter on or before the ansiversary date of this	or used, Lessee may pay or to efore the anniversary date of	nder as royalty to the royalty owe this lease next cusning after the c	sers One Dollar per year per net royalty appraison of 90 days from the date such
with a sent in ago increasing on or some me answersely out of that gas is being produced within the meaning of this lease.  3. If said Lessor owns a less intenent in the show described knothers in provided for shall be paid the Lessor only in the proportion of the			
herein provided for shall be paid the Lessor only in the proportion v 6. Lessoe shall have the right to use, five of cost, gas, oil and v 7. When requested by Lessor, Lessoe shall bury Lessor's pipe l	rater produced on said land fo	o the whole and undivided fee. It Lessee's operation thereon, exc	ept water from the wells of Lessor.
No well shall be drilled nearer than 200 fact to the house or     Lessee shall pay for damages caused by Lessee's operations     Lessee shall have the right at any time to remove all machi-	bern now on said necmises w	ithout written consent of Lessor. 1	
10. Lessee shall have the right at any times to remove all much! 11. The rights of Lessee and Lessee hereunder may be assigned binding on Lessee until Lessee has been fluminded with notice, conception chain of record title from Lessee, that these only with notice, copyone as Lessee. No present or future division of Lessee, and all Lessee's operations may be conducted without to of Lessee, and all Lessee's operations may be conducted without to only the conduction of	d in whole or part. No change	to ownership of Lesson's interes	t (by assignment or otherwise) shall be
for any act or omission of any other leasehold owner.			
12. Lesson, et its option is hereby given the right and power at part of the land described herein and as to say one or more of the for with other land, lesse or lesses in the immediate vicinity for the pro-	any time and from time to tis amations beremder, to pool o adaction of oil and gas, or set	me as a recurring right, either bei or soitize the leasehold estate and parately for the production of eith	fore or after production, as to all or any the mineral estate covered by this leas her, when in the Lessee's indement it is
with other land, lease or leases in the immediate vicinity for the processary or advisable to do so, and irrespective of whether suthering to include formations not producing oil or gas, may be reformed to by Lease executing and filing of record a declaration of such unitiz	y similar to this exists with res exclude such non-producing	pect to such other hand, lease or le formations. The forming or refor	ases. Likewise, units previously former ming of any unit shell be accomplished
by Lessee executing and mong or record a occurrence or such inner with his therefore been completed or upon which operations for in for want of a market snywhere on a unit which includes all or a n	enion or reformation, which of drilling have theretofore been art of this lease shall be treate	ecumenos snan descrine ine unir. commenced. Production, drilling d as if it were production, drillin	Any unit may memor and upon which per reworking operations or a well sha see reworking operations or a well sha
oy Lesse executing and Lung or receive a constraint or state stume, as well has therefore been completed or upon which operations for in fire went of a market supwhere on a unit which includes all or a pin for went of a market supwhere on a unit which includes all or a pin for went of a market supwhere on the lesses. In list of the respublies elsev so pooled royalties only in the portion of such production allocate surface acress covered by this issue and included in the unit bears to to unitate, pool, or countries all or any part of the above described its units a cooperative or unit time of development or coveration many	where herein specified, including to this lease; such allocation	ing shut-in gas royalties, Lessor a shall be that proportion of the t	hall receive on production from the un mit production that the total number o
some acces covered by any sease gap recessed in the amin bears to into a cooperative or mit plan of development or operation appro-	the total number of partice as ids as to one or more of the fix wed by any governmental aut	cres in such time, in sociation to te mistions thereinder with other la bority and, from time to time, w	ie xoregoing, Lemes mail mive the rigo nds in the same general area by enterin ith like approval, to modify, change o
to manks, pow, or execution as or any pair or us as over extensions used into a cooperative or mist plan of development or operation approximation any mark plan or agreement east, in such event, the terms, or implied, such as of person or agreement east, in such event, the terms or implied, such loss satisfied they competed with the first development or implied, such loss satisfied they competed with the first development or agreement. In the overest that said above does development or operation whereoff the prochasion therefore in alloc tract or hand shall, for the purpose of computing the reyulties to need that the prochasion of the	conditions and provisions of pment or operation and, parti	this lease shall be deemed modificularly, all drilling and develope	ied to combren to the terms, conditions next requirements of this lease, expres
or impants, simil be anisated by companies with the ariting and or the life of such plan or agreement. In the event that said show dear development or operation whereby the production therefrom is alloc	reliable to different part therecated to different part therecated to different partitions of the	sen pass or agreement, and this it is, shall bereafter be operated un- e land covered by said plan, then t	tase stati not terminate or expire during der any such cooperative or unit plan o the production allocated to any particula
tract of land shall, for the purpose of computing the royalties to be it is ellocated and not to any other tract of land; and the royalty pays formally express Lesson's consent to any cooperative or unit plan of	paid hereunder to Lessor, be neuts to be made hereunder to	regarded as having produced fr Lessor shall be based upon prod	om the particular tract of land to which faction only as so allocated. Lessor sha
the same upon request of Lessee.			
<ol> <li>All express or implied covenants of this tease shall be sub terminated, in whole or in part, nor Lessee held liable in damages, \$\frac{1}{2}\$ Law, Order, Rule or Regulation.</li> <li>Law, Sangarana and serves to defined the title to the</li> </ol>			
14. Lessor hereby warrants and agrees to defend the title to the by payment, any mortgages, trues or other liens on the above describered, and the undersigned Lessors, for themselves and their heirs.	ribed lands, in the event of de , successors and assigns, here	Smit of payment by Lessor and by surrender and release all right	pe subrogated to the rights of the holds of dower and homestead in the premise
described herein, insofter as said right of dower and homesteed may 15. Should any one or more of the parties hereinabove named it as Lessor. The word "Lessor" as used in this lesse, shall mean any			
be binding on the heirs, successors and assigns of Lessor and Lesso IN WITNESS WHEREOF, this instrument is executed as of the	DEL.		
1. 1. 2. 2. 2. 2		COUNT	
Sondra L. Ballard		27	$\overline{}$
185-82-3028		3 034	
200204104 03/07/2002 0 10f2 B1338 P268 R 7.00	2:26P	Vice 's	1
1072 B1338 P208 K 7.00 San Juan County, NH Clerk FRSH HR	MIAROT Mrow	01.20	

### 200204104 03/07/2002 02:26P 20f2 B1338 P268 R 7.00 D 3.00 Sen Juan County, Ni Clark FROM HANHAROT

STATE OF THE MEY	(C) 18 Acknowledgment - Individual(s)
COUNTY OF SAN JUAN	j
and	ed, a Notary Public, in and for said-County and State, on this
to me known to be the identical per and acknowledged to me that uses and purposes therein set forth.	on(s) described in and who executed the within and foregoing instrument of writing  duly executed the same as him free and voluntary act and deed for the
E DARA	I have hereunto set my hand and affixed by notarial seal the day and year last above
My Commission Expires:	Barke Darnell
July and poor	Address PO BOX 1486
NEW WERE	
Commission.	
STATE OF	
COUNTY OF	] }§ Acknowledgment - Parinership/Trust }
	ed, a Notary Public, in and for said County and State, on this day of
	ersonally appeared
to me known to be the identical per and acknowledged to me that uses and purposes therein set forth.	con(s) described in and who executed the within and foregoing instrument of writingduly executed the same asfree and voluntary act and deed for the
and acknowledged to me thatuses and purposes therein set forth,	on(s) described in and who executed the within and foregoing instrument of writingduly executed the same asfroe and voluntary act and doed for thethe hereunto set my hand and affixed by notarial seal the day and year last above
and acknowledged to me that uses and purposes therein set forth. IN WITNESS WHEREOF	duly executed the same asfree and voluntary act and deed for the
and acknowledged to me that uses and purposes therein set forth.  IN WITNESS WHEREOF written.	duly executed the same asfree and voluntary act and deed for the
and acknowledged to me that uses and purposes therein set forth.  IN WITNESS WHEREOF written.	duly executed the same asfree and voluntary act and deed for the I have hereunto set my hand and affixed by notarial seal the day and year last above
and acknowledged to me that uses and purposes therein set forth.  IN WITNESS WHEREOF written.	duly executed the same asfree and voluntary act and deed for the I have hereunto set my hand and affixed by notarial seal the day and year last above
and acknowledged to me that uses and purposes therein set forth.  IN WITNESS WHEREOF written.	duly executed the same asfree and voluntary act and deed for the I have hereunto set my hand and affixed by notarial seal the day and year last above
and acknowledged to me that uses and purposes therein set forth.  IN WITNESS WHEREOF written.	duly executed the same asfree and voluntary act and deed for the in the deed for the deed fored for the deed for the deed for the deed for the deed for the de
and acknowledged to me that uses and purposes therein act forth, IN WITNESS WHEREOF written. My Commission Expires:	duly executed the same asfree and voluntary act and deed for the I have hereunto set my hand and affixed by notarial seal the day and year last above
and acknowledged to me that uses and purposes therein set forth.  IN WITNESS WHEREOF written.  My Commission Expires:  STATE OF  COUNTY OF  BEFORE MF, the undersigne to me personally known who being	duly executed the same asfree and voluntary act and deed for thei have hereunto set my hand and affixed by notarial seal the day and year last above
and acknowledged to me that uses and purposes therein set forth.  IN WITNESS WHEREOF written.  My Commission Expires:  STATE OF  COUNTY OF  BEFORE ME, the undersigns to me personally known who being of and that said instrument was signed	duly executed the same asfree and voluntary act and deed for the
and acknowledged to me that uses and purposes therein set forth.  IN WITNESS WHEREOF written.  My Commission Expires:  STATE OF  COUNTY OF  BEFORE MF, the undersigne to me personally known who being of and that said instrument was signed acknowledge said instrument to be to	duly executed the same asfree and voluntary act and deed for the

### Quitclaim Deed

This Quitclaim Deed made August 5th 2002, by Sondra L. Ballard ("Transferor") 507 Pima Ave. Farmington, NM 87401

to:

Jesse D. Winters Sr. ("Transferee") 505 Pima Ave. Farmington, NM 87401

Transferor, in consideration of One Dollar, the receipt and sufficiency of which is hereby acknowledged, remises, releases, and forever quitclaims to Transferee all of the interest of Transferor, if any, in an to that real property located in the County of San Juan County, and State of New Mexico, and more certainly described as follows: Lots Three (3), Four (4) and Five (5) in Block Five (5) of Totah Vista Subdivision in the County of San Juan, according to the Plat therof filed in the office of the County Clerk of San Juan County, New Mexico...

To have and to hold, all and singular the described property, together with the tenements, hereditaments, and appurtenances belonging to such property, or in anywise appertaining, and the rents, issues, and profits of such property to Transferee, and Transferee's heirs and assigns forever.

IN WITNESS WHEREOF, Transferor has executed this Quitclaim Deed on the date first above written.

South & Bolland

Acknowledgment

State of Flu Mulcu

State of Flu Mu

200319693 09/19/2003 12:02P 10f1 B1373 P331 R 9.00 D 0.00 San Juan County, NH Clerk FRAN HANHARDT

Page 1 of 2

AGREEMENT made effective this 14th day of June 2005 by and between the undersigned
hereinafter called Lessor(s), whose address for notice purposes is set out on the attached EXHIBIT and Synergy Operating,
LLC. hereinafter called Lessee, whose mailing address is: P. O. Box 5513 Farmington, New
Mexico 87499.
1. Lessor, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, including but not limited to: the royalties provided herein, and the covenants of the Lease, the receipt of which are hereby acknowledged, Lessor hereby grants, leases and lets exclusively to Lessee the land described below for the purpose of investigating, exploring for, drilling for, producing, saving, owning, handling, storing, treating and transporting Oil and Gas together with all rights, privileges and easements useful for lessee's operations on said land and on land in the same field with a common Oil and Gas Reservoir. The Phrase "Oil and Gas" as used herein includes all hydrocarbons and other substances produced therewith. The land included in this Lease is situated in the State of <a href="New Mexico">New Mexico</a> , San Juan County and is described as follows:

#### See the description of leased lands contained in the attached Exhibit

and containing the net acres set out on the attached Exhibit, including all Oil and Gas and substances produced therewith underlying lakes and streams of which all or any part of the land is riparian, all roads, easements, and rights-of-way which traverse or adjoin said land and including all lands owned or claimed by Lessor as a part of any of said land, and including all reversionary rights therein. This lease covers all the Interest now owned by, or hereafter vested in the Lessor and Lessor releases and waives all rights under any Homestead Exemption Laws. Lessee will investigate whether Lessor has any claim to prior production from oil and gas wells previously drilled that should have included Lessor's acreage described herein. If such investigation determines that Lessor is entitled to share in the production from such previously drilled wells, Lessor would receive royalty, as set out herein below, and Lessee would receive its share of production, less Lessor's royalty. Lessee may inject water, salt water, gas or other substances into any stratum or strata under said land and not productive of firesh water.

2. This Lease shall remain in force for a period of five (5) years from this date, called "primary term", and as long thereafter as Oil, Gas or other Hydrocarbons and substances produced therewith are produced from said land, or Lessee is engaged in drilling or reworking operations on said land. Should Lessee breach any provision of this Lease, or at any time fail to perform fully any obligation hereunder, the Lessor shall have the right to terminate this Lease and render it null and void if such breach, is not addressed within thirty (30) days after Lessor has given Lessee written notice.

3. Lessee shall pay royalties free of costs and expense of development and operation, except taxes on production, to Lessor as follows: (a) fifteen percent (15%) of the Oil produced and saved from said land to be delivered at the wells or to the credit of Lessor into the pipeline to which the well may be connected: Lessee may, at any time or times, purchase any royalty oil, paying the market value in the field on the day it is run to the storage tanks or pipeline: (b) the market value at the well of fifteen percent (15%) of the gas (including casinghead gas or other gaseous substances) produced from the land and sold, provided that on gas sold at the well the royalty shall be fifteen percent (15%) of the amount realized from such sale: (c) fifteen percent (15%) of the amount realized from the sale of any other substances produced from said land with Oil and Gas. Lessee may use, free of royalty, oil, gas, and water for all operations hereunder.

This is a PAID UP LEASE; there is no yearly rental payment that is due. If at the expiration of the Primary Term oil and/or gas is not capable of being produced on said land, or from land pooled therewith, but Lessor is engaged in drilling, or reworking operations thereon, or shall have completed a dry hole thereon within ninety (90) days prior to the end of the Primary Term, the lease shall remain in force so long as operations on said well, or well, or for drilling or reworking of any additional well are prosecuted with no cessation of more than ninety (90) consecutive days, and if they result in the well being capable of production of oil or gas, or so long thereafter as oil or gas is produced from said land, or from land pooled therewith.

5. Lessee may at any time or times pool any part or all of said land and Lease or any stratum or strata, with other lands and Leases, stratum or strata, in the same field so as to constitute a spacing unit to facilitate an orderly or uniform well spacing pattern or to comply with any order, rule or regulation of the State or Federal regulatory or conservation agency having jurisdiction. Such pooling shall be accomplished or terminated by filing of record a Declaration of Pooling, or Declaration of Termination of Pooling, and by mailing or tendering a copy to Lessor. Drilling or re-working operations upon or production from any part of such spacing unit shall be considered for all purposes of this Lease as operations or productions from this Lease. Lessee shall allocate to this Lease the proportionate share of production, which the acreage in this Lease included in any such spacing unit, bears to the total acreage in said spacing unit. Lessee may not unitize any part of said land and Lease, or any stratum or strata, with other lands and Leases in the same field without the expressed written permission of the Lessor.

6. Lessee may, in the interest of economy, commingle production from this Lease with production from one or more Leases in the same field provided a method of measurement in accordance with established engineering practices is used to measure the production and to allocate the production to the respective Leases commingled.

No well, road or pipeline shall be placed on Lessor's land without the express written consent of the Lessor.

8. Should Lessee be prevented from complying with any express or implied covenant of this Lease, from conducting drilling, or re-working operations thereon or from producing oil or gas or other hydrocarbons therefrom by reason of scarcity of, or inability to obtain or to use equipment or material, or by operation of force majeure, or because of any Federal or State law or any order, rule or regulation of a governmental authority, then while so prevented, Lessee's obligations to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this Lease shall be extended while and so long as Lessee is prevented by and such cause from conducing drilling (which shall include the inability of lessee, through no fault of its own, to obtain sufficient and satisfactory material and equipment), or re-working operations on, or from producing oil or gas or other hydrocarbons from the leased premises; and the time while Lessee is so prevented shall not be counted against the Lessee, anything in this Lease to the contrary notwithstanding.

9. Lessor warrants title to said land as to Lessor's interest therein. The royalties provided for are determined with respect to the entire mineral estate in Oil and Gas (including all previously reserved or conveyed non-participating royalty), and if Lessor owns a lesser interest, the royalty to be paid Lessor shall be reduced proportionately. Lessee may purchase or discharge in whole or in part any tax, mortgage or lien upon said land, or redeem the land from any purchaser, any tax sale or adjudication, and shall be subrogated to such lien with the right to enforce it, and may reimburse itself from any royalties accruing under the terms of this Lesse.





10. This Lease shall be binding upon all who execute it, whether they are named in the granting clause and whether all parties named in the granting clause execute the Lease or not.  11. Lessee shall have the right to conduct an examination of the county records for the purpose of the verification of Lessor's ownership of the oil and gas rights under the lands, which are the subject of this lease. If that examination reveals that Lessor owns oil and gas rights in lands not covered by the Lease, then Lessor shall lease those rights to Lessee at the same consideration and on the same terms, conditions and provisions applicable to the original lease.  12. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said Lessor and Lessee.
IN WITHESS WHEREOF, we sign the day and year first above written.
Jossia Winters
525-09-8460
STATE OF THE MARKED ACKNOWLEDGMENTS
On this 14th day of June, 2005, before me personally appeared Jesse Winters
to me known to be the person described in and who executed the foregoing instrument, and acknowledged that  executed same
Witness my hand and seal the day and year last above written.  My Commission Expires: Auly 24, 2008
Notary Public
STATE OF
COUNTY OF ) On this day of, 2005 , before me personally appeared
to me known to be the person described in and who executed the foregoing instrument, and acknowledged that
executed same free act and deed.  Witness my hand and seal the day and year last above written.
My Commission Expires:  Notary Public
STATE OF)
COUNTY OF
The foregoing instrument was acknowledged before me this day of, 20 05, by  of on behalf of said
Witness my hand and seal the day and year last above written.  My Commission Expires:
Notary Public
STATE OF
COUNTY OF
i he toregoing instrument was acknowledged defore me this day of, 20 UD, Uy
of on behalf of said
of on behalf of said
Witness my hand and seal the day and year last above written.  My Commission Expires:

END OF ACKNOWLEDGMENTS

200511389 06/27/2005 02:45P 20f3 B1412 P509 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANNAROT

WINTERS JESSE D SR 505 PIMA AVE FARMINGTON NM, 87401-7401

Property Address	Township	Range	Section	QtrQtr	Acres
507 PIMA AVE	29	13	22	NW SW	0.4689
FARMINGTON NM, 87401-7401					
		OTAH \		B LOTS 4 . 3 P.331	AND
	·				
Property Address	Township	Range	Section	QtrQtr	Acres
505 PIMA AVE	29	13	22	NW SW	0.2281
FARMINGTON NM, 87401-7401					

Legal: TOTAH VISTA SUB LOT 3 BLK 05 B.1373 P.331

200511389 06/27/2005 02:45P 30f3 B1412 P509 R 13.00 D 0.00 San Juan County, NFI Clerk FRON HAMMEROT