SYNERGY OPERATING

COPY OF MINERAL DEED

and

OIL AND GAS

LEASES

BEFORE EXAMINER

CIL CONSERVATION DIVISION

EXHIBIT NO. 3

CASE NO.

OIL CONSERVATION DIVISION

EXHIBIT NO.

MINERAL DEED

THIS MINERAL DEED is made effective JULY 15, 2005 by and between DOLORES A. BEARDSLEY, whose mailing address is 617 Poplar Farmington, New Mexico 87401, hereinafter called "ASSIGNOR" and Synergy Operating, LLC. hereinafter referred to as "ASSIGNEES", whose mailing address is P.O. Box 5513, Farmington. New Mexico 87499. Sometimes both Assignor and Assignees will be referred to as "the parties".

WITNESSETH:

WHEREAS, ASSIGNOR owns an interest in and to certain minerals referred to as "ASSIGNED MINERALS", in the following lands: Lot Twelve (12) of the Larkspur Subdivision, in the City of Farmington, San Juan County, New Mexico according to the Plat thereof filed for record in the Office of the San Juan County Clerk on April 16, 1981, Book 1383, Page 4, being 617 Poplar Street Farmington, New Mexico located in the NW/4 NW/4 of section 22 Township 29 North, Range 13 West.

WHEREAS, ASSIGNOR agrees to sell all its right, title and interest in and to the ASSIGNED MINERALS and associated lands to ASSIGNEE".

NOW THEREFORE, in consideration of ten dollars and other good and valuable consideration the receipt of which is hereby acknowledged, ASSIGNOR does hereby transfer and assign unto ASSIGNEES all of ASSIGNOR'S right, title and interest in the ASSIGNED MINERALS and associated lands.

ASSIGNOR hereby agree to execute any additional paperwork that may be required, in the future, to effectuate the transfer of the interests covered by this Agreement.

ASSIGNOR hereby agrees to warrant and defend the title to said land as to ASSIGNEES' interest therein.

IN WITNESS WHEREOF, the parties hereto have executed this MINERAL DEED, effective the day first above written.

ASSIGNOR:

BY:

Dolores A. Beardsley,

a single woman

ACKNOWLEDGMENT

STATE OF NEW MEXICO)

COUNTY OF SAN JUAN 9)

The foregoing instrument was acknowledged before me this 13th day of July, 2005 by Dolores A. Beardsley, to me known to be the person described in and who executed the foregoing Deed, and acknowledged that he executed same as her free act and deed.

My commission expires:

s: Suly 25,200+

Notary Public

END OF ACKNOWLEDGMENT

PAGE 1 OF 1

OFFICIAL SEAL
JENNIFER THOMASON
Notary Public
State of New Mexico

My Commission Expires

200512488 07/14/2005 11:53A 10f1 B1413 P584 R 9.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

AGREEMENT made effective this 9th day of June 20 05 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.
 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 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.
- 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.

Od 6/20/05



200511378 06/27/2005 02:45P 10f3 B1412 P498 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

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.
Susie Chavez ajkla susie R. Chaven
ajela Susie R. Chaven
SS# 585 - 24 - 035 ACKNOWLEDGMENTS STATE OF NEW MEXICO
COUNTY OF SAN JUAN 3 On this 9 day of June, 2005, before me personally appeared SUSIE 17. CHAVE 2
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: OFFICIAL SEAL WIT TWO STANDS
Aubust 6, 2005 HOBERT NO WOODBERDE
STATE OF)
COUNTY 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 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)
COUNTY OF)
The foregoing instrument was acknowledged before me this day of, 20 05, by
On benan or said

END OF ACKNOWLEDGMENTS

Notary Public

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

My Commission Expires:



EXHIBIT "A"

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

*Property Address*1120 S BOWEN
FARMINGTON NM, 87401-7401

TownshipRangeSectionQtrQtrAcres291322NW NW0.2

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

day of Available 20 by and between the undersigned
reinafter called Lessor(s), whose address for notice purposes is set out on the attached EXHIBIT and Synergy Operating,
C. hereinafter called Lessee, whose mailing address is: P. O. Box 5513 Farmington, New
exico 87499.
1. Lessor, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable
nsideration, including but not limited to: the royalties provided herein, and the covenants of the Lease, the receipt of which are
reby acknowledged, Lessor hereby grants, leases and lets exclusively to Lessee the land described below for the purpose of
vestigating, exploring for, drilling for, producing, saving, owning, handling, storing, treating and transporting Oil and Gas
gether with all rights, privileges and easements useful for lessee's operations on said land and on land in the same field with a
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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.
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 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.
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 - 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 Lease.



200514456 08/10/2005 04:47P 10f3 B1415 P487 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

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.
Jerry Enel Dixon alkla Jerry E. Dixon, alkla Jerry DIXON dencing in his sole and separate property
STATE OF New Mexico) COUNTY OF San Juan
On this 10+b day of August, 2005, before me personally appeared Serry Dixon to me known to be the person described in and who executed the foregoing instrument, and acknowledged that
Witness my hand and seal the day and year last above written. My Commission Expires:
STATE OF
On this day of, 2005 , before me personary 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
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

END OF ACKNOWLEDGMENTS

200514456 08/10/2005 04:47P 20f3 B1415 P487 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

EXHIBIT "A"

DIXON JERRY EMEL 401 CONCHO DR FARMINGTON NM, 87401-6703

Property Address

401 CONCHO PL FARMINGTON NM, 87401-7401 Township Range Section QtrQtr

Acres

29

13

NW SW

0.4511

Legal:

TOTAH VISTA LOTS 12 & 13 7B.724 P.277 QCD B.854 P.280

22

200514456 08/10/2005 04:47P 30f3 B1415 P487 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

AGREEMENT made effective this	26 <u>*</u>		July			
the undersigned hereinafter called Lessor(s), whose addre	ess for notice purp	oses is set out	on the attach	ed EXHI	BIT and
Synergy Operating, LLC.		here	inafter called	Lessee, whos	e mailing	address
is: P. O. Box 5513 Farmington, I	New Mexico 8	7499				
1. Lessor, for and in co	nsideration of	the sum of Ten D	Oollars (\$10.00) and other g	good and v	aluable
consideration, including but not limited to	the royalties	provided herein, a	and the covena	nts of the Lea	ase, the re	ceipt of
which are hereby acknowledged, Lessor I	nereby grants, l	eases and lets exc	clusively to Le	essee the land	l describe	d below
for the purpose of investigating, explorin	g for, drilling f	or, producing, sav	ving, owning,	handling, sto	ring, treat	ing and
transporting Oil and Gas together with al	l rights, privile	ges and easemen	ts useful for le	essee's operat	tions on s	aid land
and on land in the same field with a comi	non Oil and Ga	is Reservoir, restr	icted to those	formations fr	om the su	irface to
the base of the Pictured Clifss horizons	The Phrase "Oi	l and Gas" as use	d herein inclu	des all hydro	carbons a	nd other
substances produced therewith.	The land in-	cluded in this	Lease is	situated in	the S	tate of
New Mexico, San Juan County		and is descri	bed as follows	:		

See the description of leased lands contained in the attached Exhibit

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

COUNTY AND STATES OF THE STATE



DODSON

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.

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

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, restricted to section 22 of Township 29 North, Range 12 West, San Juan County, New Mexico

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

,	Matthew T. Dodson Maria A Dodson
er replacement	A CYNIONII EDONENTE
MAA	ACKNOWLEDGMENTS STATE OF New Mexico)
701,	§
0.74	COUNTY OF San Jaun)
HAIMUL	On this 26 dayof 5014, 2005, before me personally appeared Matthew T. Dodson &
* •••	Maria A Dodson, husband and wife to me known to be the person described in and who executed the foregoing
PUBLIC	onstrument, and acknowledged that they executed same their free act and deed.
	Witness my hand and seal the day and year last above written: My Commission Expires: 11-26-05
OF NEW	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
	thatexecuted samefree act and deed. Witness my hand and seal the day and year last above written.
	My Commission Expires:
	Notary Public

END OF ACKNOWLEDGMENTS

200514124 08/05/2005 02:47P 2of3 B1415 P155 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARD'

Exhibit "A"

Legal Description

LESSOR:

MATTHEW AND MARIA A. DODSON 1009 N BUTLER AVE, FARMINGTON, NM 87401-6848

PROPERTY ADDRESS:

1314 AND 1316 BLUFFVIEW AV. FARMINGTON, NM 87401 T29N R13W SEC. 22 NENW 0.5 A

LEGAL: BEG AT PT 99 FT N AND 220 FT W FROM SE CORNER OF NENW 22-29-13, W 220 FT, N 99 FT, E 220 FT, S 99 FT TO BEG. B1368, P531

PROPERTY ADDRESS:

1320 S. BLUFFVIEW AV

T29N R13W SEC. 22 NENW .36 A

<u>LEGAL:</u> BEG 282.7 FT W OF SE COR OF NE NW 22-29-13 THENCE N 99 FT, W 157.3 FT, S 99 FT, E 157.3 FT TO BEG. B1369 P120

200514124 08/05/2005 02:47P 3of3 B1415 P155 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

REVISED EXHIBIT "A"

Legal Description

Attached to and made a part of that certain Oil and Gas Lease made effective by and between Lessor and Synergy Operating, LLC as Lessee.

LESSOR:

MATTHEW AND MARIA A. DODSON 1009 N BUTLER AVE, FARMINGTON, NM 87401-6848

PROPERTY ADDRESS:

1314 AND 1316 BLUFFVIEW AV. T29N R1 FARMINGTON, NM 87401

T29N R13W SEC. 22 NENW 0.5 A

LEGAL: BEG AT PT 99 FT N AND 220 FT W FROM SE CORNER OF NENW 22-29-13, W 220 FT, N 99 FT, E 220 FT, S 99 FT TO BEG. B1368, P531

PROPERTY ADDRESS:

1320 S. BLUFFVIEW AV

T29N R13W SEC. 22 NENW .36 A

LEGAL: BEG 282.7 FT W OF SE COR OF NE NW 22-29-13 THENCE N 99 FT, W 157.3 FT, S 99 FT, E 157.3 FT TO BEG. B1369 P120

AGREEMENT made effective this day of day of day of by and between the undersigned hereinafter called Lessor(s), whose address for notice purposes is serbut on the attached EXHIBIT and Synergy Operating.

LLC. hereinafter called Lessee, whose mailing address is:

P. O. Box 5513 Farmington, New Mexico 87499.

OIL AND GAS LEASE

l. 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 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.
- 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.

200511575 06/29/2005 11:57A 10f3 B1412 P695 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

Dominguey

the same of the purpose of the verification of the county records for the purpose of the verification. 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.
West - A American
- Crepte Orolo //
anall Dam'nacles
ange (Dominguez
STATE OF DEW MEXICO) ACKNOWLEDGMENTS
STATE OF LEW MEXICO)
l l l l s
COUNTY OF Jan Juan
On this 22 day of hink, 2005, before me personally appeared hula Ottor E. Johnson
On this 22 day of the
Witness my hand and seal the day and year last above written.
My Commission Expires:
Notary Public
May 29, 2007
STATE OF
Second Second
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)
\$ \\ \tag{8}
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)
8 8
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.

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.

END OF ACKNOWLEDGMENTS

Notary Public

My Commission Expires:

200511575 06/29/2005 11:57A 20f3 B1412 P695 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

EXHIBIT "A"

DOMINGUEZ PHILAPITA AND ANGEL 615 POPLAR FARMINGTON NM, 87401-7401

Property Address

615 POPLAR ST

FARMINGTON NM, 87401-0000

Township Range Section QtrQtr

Acres

29

13

NW NW

0.1735

Legal: LARKSPUR SUB. LOT 13 B.1361

22

P.966

200511575 06/29/2005 11:57A 3of3 B1412 P695 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

AGREEMENT made effective this day of <u>July</u> 20 <u>05</u> by and between
DUGAN PRODUCTION CORP., hereinafter called Lessor(s), whose address is P. O. Box 420., Farmington, New
Mexico 87499. and SYNERGY OPERATING LLC 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 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:

Township 29 North, Range 13 West, N.M.P.M.
Section 22: SHADY GROVE AMENDED REPLAT OF LOTS 1,5,6,7,8, 11,12,13, 14,19 AND THE WEST 25 FT OF LOT 2 BLK 2, AND A PORTION OF 222913 LOT 1 02 B883/P413

and containing 4.00 acres, more or less.

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 <u>four (4) years</u> 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.
- 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.
- 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.



SIGN & RETURN

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 11. 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. **ACKNOWLEDGMENTS** STATE OF COUNTY OF On this Witness my hand and seal the day and year last above written. My Commission Expires: **Notary Public** STATE OF _ COUNTY OF On this , 20<u>05</u>, before me personally appeared day of to me known to be the person described in and who executed the foregoing instrument, and acknowledged 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 ______, 20 05 ____, on behalf of said The foregoing instrument was acknowledged before me this _ Witness my hand and seal the day and year last above written. My Commission Expires: Notary Public STATE OF The Mexico COUNTY OF San Juan The foregoing instrument was acknowledged before me this 21 day of July, 20 05 by Thomas A. Dugan President of Dugan Production on behalf of said Corporation Witness my hand and seal the day and year last above written.

OFFICIAL SEAL
CONNIE L. RACZEK
NOTARY PUBLIC - STATE OF NEW MEDICO
My commission expires

My Commission Expires:

3/4/08

END OF ACKNOWLEDGMENTS

Notary Public

AGREEMENT made effective this day of 20 65 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 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 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.
 - 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 Lease.



200513362 07/26/2005 03:25P 10f3 B1414 P454 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

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. Lessee shall have the right to conduct an examination of the county records for the purpose of the verification 11. 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. **ACKNOWLEDGMENTS** Ton **COUNTY OF** On this 5th day of July, 2005, before me personally appeared (1ail 5. Le 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 8.2013 NOTARY PUBLIC STATE OF NEW MEXICO STATE OF News Mexic COUNTY OF DON David Dulco 54 , 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 free act and deed. Witness my hand and seal the day and year last above written. tolone My Commission Expires: Notary Public Dec. 8, 2008 OFFICIAL SEAL BLANCAT, PADILLA STATE OF News NOTARY PUBLIC-STATE OF NEW MEXICO. 12-8-08 COUNTY OF 1 The foregoing instrument was aeknowledged before me 20 05 Witness my hand and seal the day and year last above written. My Commission Expires: Notary Public Dec 8,2008 NOTARY PUBLIC-STATE OF NEW MEXICO STATE OF _ 80-8-12 | September | 12 COUNTY OF DONA acknowledged before me this The foregoing instrument was day of du 20 05 of on behalf of said Witness my hand and seal the day and year last above written. My Commission Expires:

> 200513362 07/26/2005 03:25P 20f3 B1414 P454 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

NOTARY PUBLIC-STATE OF NEW MEDICO

_ 12-8-48

OFFICIAL SEAL BLANCA T. PADILLA

Notary Public

END OF ACKNOWLEDGMENTS

2008

EXHIBIT "A"

DUKE DAVID S AND GAIL S 446 EASY LIVING DR LAS CRUCES NM, 88005-8005

Property Address

409 E SPRUCE ST FARMINGTON NM, 87401-0000 Township Range Section QtrQtr Acres

29 13 22 NW NW 0.1457

Legal: FRYAR TRACT LOT 5 B.1328

P.348

200513362 07/26/2005 03:25P 30f3 B1414 P454 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

AGREEMENT made effective this day of \(\frac{4}{n} = 20 \) 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 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 strate under gain dand not productive of fresh water.

2. This Lease shall remain in force for a period of five (5) years from this late called "primary term", and as

- 2. This Lease shall remain in force for a period of the (5) years from this late 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 Lease.



that Lessor considerati 1	s ownership of the oil and gas rights under the lands, which are the subject of this lease. If that examination reveals rowns oil and gas rights in lands not covered by the Lease, then Lessor shall lease those rights to Lessee at the same ion 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 r and Lessee.
IN WITNE	SS WHEREOF, we sign the day and year first above written.
Bob	by Leon Easlay marker al. Early
STATE OF	ACKNOWLEDGMENTS
O PHOP WIX	ACKNOWLEDGMENTS SANDWAL S SANDWAL S So, this _ Jith day of _ GUL , 2005 , before me personally appeared _ Bobby Leon Essley
OT Kepe know	on this
	hission Expires:
TE OSTMENTA	SAL PRESIDE
COUNTY	OF ALLEW Son this Abin day of Aug., 2005, before me personally appeared Marlew Earley wn to be the person described in and who executed the foregoing instrument, and acknowledged that 5/11 free act and deed.
	Witness my hand and seal the day and year last above written.
	3-31-05 Notary Public
OF NEVERTY	Š S
The second secon	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 Comm	nission Expires: Notary Public
STATE O	F
COUNTY	OF
·	The foregoing instrument was acknowledged before me this day of, 20 05, by on behalf of said

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

END OF ACKNOWLEDGMENTS

Notary Public

200511380 06/27/2005 02:45P 20f3 B1412 P500 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

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

My Commission Expires:

10.

whether all parties named in the granting clause execute the Lease or not.

EXHIBIT "A"

LEGAL DESCRIPTION:

TOWNSHIP 29 NORTH, RANGE 13 WEST, SECTION 22, BEG S33*42'E 2382.96 FT FROM NW COR 222913 TH E 433.41 FT, S 1979.56 FT, W 433.39 FT, N 1977.18 FT TO BEG. B.1135 P.930 — 19.68 ACRES

LESSOR'S ADDRESS:

BOBBY LEON EASLEY

4 SANDY LANE PLACITAS, NM 87043

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND GAS LEASE MADE EFFECTIVE OF LOTE DAY OF 14 110, 200 BY AND BETWEEN LESSOR AND SYNERGY OPERATING, LLC AS LESSEE.

200511380 06/27/2005 02:45P 30f3 B1412 P500 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

AGREEMENT made effective this day of June 20 0.5 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
<u>Mexico 87499.</u>
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.

- 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 wayears 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.
- 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.
- 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.





	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.
	David L. Early 6-17-05
C	David L. Early 6-17-05
	ACKNOWLEDGMENTS ACKNOWLEDGMENTS
	On this
100	Executed same free act and deed. Witness my hand and seal the day and year last above written. My Continuission Expires: Notary Public
e garage	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
	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

Notary Public

The foregoing instrument was acknowledged before me this ____ day of _____, 20 05 ____, on behalf of said _____

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

200511381 06/27/2005 02:45P 20f3 B1412 P501 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

STATE OF ____

My Commission Expires:

EXHIBIT A

Attached to and made a part of that certain Oil and Gas Lease made effective <u>June</u>, 2005 by and between David L. Easley, et ux, Lessor and Synergy Operating, LLC as Lessee.

TOWNSHIP 29 NORTH, RANGE 13 WEST, SECTION 22

BEG S 33'42' E 2382.96 FT AND E 433.41 FT FROM NW COR 222913 EAST 434.07 FT, S 1981.95 FT W 431.71 FT, N 1979.56 FT TO BEG. B 1135 P 173 - 19.68 ACRES

BEG 427.05 FT E OF NW COR SESW 222913 TH S 206.80 FT, N 84.42 E 118.95 FT, N 195.98 FT, W 118.44 FT TO BEG. B 1199 P 572 - TRACT 7 - .547 ACRES

200511381 06/27/2005 02:45P 30f3 B1412 P501 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

	00	111 00							
AGREEMENT made	effective this	17	day of	JuLY	_ 20 _	05_	by and b	etween	n the
undersigned hereinaft	er called Lessor(s), whose ac	ddress for not						
SYNERGY	OPERATING I	LC			hereina	fter ca	lled Less	ee, w	vhose
mailing address is:	P. O. Box	5513, Far	mington, Ne	w Mexico 874	99 Les	sor, for a	and in cons	iderati	on of
the sum of Ten Dollar	rs (\$10.00) and c	other good an	nd valuable co	onsideration, in	cluding i	but not l	imited to: t	he roy	alties
provided herein, and									
leases and lets exclus									
for, producing, savin	g, owning, hand	ling, storing	g, treating an	d transporting	Oil and	Gas to	gether with	h all r	ights,
privileges and easeme									
and Gas Reservoir.									
produced therewith.	The land include	d in this Lea	se is situated	in the State of		New	Mexico.	San	<u>Juan</u>
County	and is	described as	s 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.
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- 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.







<i>2</i>	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.
	(Harles has).
	PAWIEL FRIAS JR. BLANCA E FRIAS
	ACKNOWLEDGMENTS
	STATE OF NEW MEXICO
	COUNTY OF SAN JUAN
	On this day of, 2005, before me personally appeared [NCIVIII]
	to me known to be the person described in and who executed the foregoing instrument, and acknowledged that executed same free act and deed.
	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 NOW MAXICO
	8
	COUNTY OF SAN JUAN
BLANK	COUNTY OF SAN JUAN) COUNTY OF SAN JUAN) On this 14 Eday of JULY , 2005 , before me personally appeared DANIEL FRIAS TR. , E. FRIAS to me known to be the person described in and who executed the foregoing instrument, and acknowledged
Blank	COUNTY OF SAN JUAN) COUNTY OF SAN JUAN SAN
BLANK	COUNTY OF SAN SUAW)
Blank	COUNTY OF SAN SUAN) 6. FRAS On this 14 Eday of TULY, 2005, before me personally appeared DAN/EL FRIAS TR. to me known to be the person described in and who executed the foregoing instrument, and acknowledged that Thau executed same SAM free act and deed. Witness my hand and seal the day and year last above written. My Commission Expires:
Blank	COUNTY OF SAN SUAW Son this 14 Eday of Tuly 2005, before me personally appeared DAN/EL FRIAS To me known to be the person described in and who executed the foregoing instrument, and acknowledged that Thau executed same Sam free act and deed. Witness my hand and seal the day and year last above written. My Commission Expires: Notary Public
Blank	COUNTY OF SAN SUAW Son this 14 Eday of Tuly 2005, before me personally appeared DAN/EL FRIAS To me known to be the person described in and who executed the foregoing instrument, and acknowledged that Thau executed same Sam free act and deed. Witness my hand and seal the day and year last above written. My Commission Expires: Notary Public
Blank	COUNTY OF SAN SUAN SUAN SUAN SUAN SUAN SUAN SUAN
Blank	COUNTY OF SAN SUAN SUAN SUAN SUAN SUAN SUAN SUAN
Blank	COUNTY OF SAN SUAN SUAN SUAN SUAN SUAN SUAN SUAN
Blank	COUNTY OF SAN SUAW Son this 44 Eday of Tuly 2005, before me personally appeared DANIEL FRIA STA. E FRAS on this 44 Eday of Tuly 2005, before me personally appeared DANIEL FRIA STA. That 4 executed same SAM free act and deed. Witness my hand and seal the day and year last above written. My Commission Expires: Notary Public STATE OF State of New Mexico 125/19 The foregoing instrument was acknowledged before me this My Commission Expires and State of New Mexico 125/19 By Commission Expires And STA STATE OF State of New Mexico 125/19 By Commission Expires And STA STATE OF State of New Mexico 125/19 By Commission Expires And STA STATE OF State of New Mexico 125/19 By Commission Expires And STA STATE OF State of New Mexico 125/19 By Commission Expires And STA STATE OF State of New Mexico 125/19 By Commission Expires And STA STATE OF State of New Mexico 125/19 By Commission Expires And STA STATE OF State of New Mexico 125/19 By Commission Expires And STA STATE OF State of New Mexico 125/19 By Commission Expires And STA STATE OF State of New Mexico 125/19 By Commission Expires And STA STATE OF
Blank	COUNTY OF SAN SUAN SUAN SUAN SUAN SUAN SUAN SUAN
BLANK	COUNTY OF SAN SUAN SUAN SUAN SUAN SUAN SUAN SUAN
Blank	COUNTY OF SAN SUAN 3 DLM 2005 before me personally appeared DANIEL FRIAS TR. E. FRUAS to me known to be the person described in and who executed the foregoing instrument, and acknowledged that The half executed same SAM free act and deed. Witness my hand and seal the day and year last above written. My Commission Expires: OFFICIAL SEAL JENNIFER THOMASON Notary Public State of New Mexico 125/19 The foregoing instrument was acknowledged before me this My Commission Expires and My Commission Expires. Witness my hand and seal the day and year last above written. My Commission Expires:
Blank	COUNTY OF SAN SUAN SUAN SUAN SUAN SUAN SUAN SUAN
Blank	COUNTY OF SAW SUM 3005 before me personally appeared DANIEL FRIAS JZ. So to me known to be the person described in and who executed the foregoing instrument, and acknowledged that that executed same SAM and who executed the foregoing instrument, and acknowledged witness my hand and seal the day and year last above written. My Commission Expires: Description of the person described in and who executed the foregoing instrument, and acknowledged written. My Commission Expires
Blank	COUNTY OF SAN SUAN 3 DLM 2005 before me personally appeared DANIEL FRIAS TR. E. FRUAS to me known to be the person described in and who executed the foregoing instrument, and acknowledged that The half executed same SAM free act and deed. Witness my hand and seal the day and year last above written. My Commission Expires: OFFICIAL SEAL JENNIFER THOMASON Notary Public State of New Mexico 125/19 The foregoing instrument was acknowledged before me this My Commission Expires and My Commission Expires. Witness my hand and seal the day and year last above written. My Commission Expires:
Blank	COUNTY OF SAN SUAN SO ON thisU Eday of JULY, 2005, before me personally appeared DANIEL FRIA STA. E FRUAS ON thisU Eday of JULY, 2005, before me personally appeared DANIEL FRIA STA. E FRUAS ON the me known to be the person described in and who executed the foregoing instrument, and acknowledged free act and deed. Witness my hand and seal the day and year last above written. My Commission Expires: DOFFICIAL SEAL JENNIFER THOMASON Notary Public
Blank	COUNTY OF SAW SUAW . 2005 before me personally appeared DANIEL FRIASTR. See FRIAS on this 14 day of 3 via y . 2005 before me personally appeared DANIEL FRIASTR. See FRIASTR. See act and deed witness my hand and seal the day and year last above written. My Commission Expires: OFFICIAL SEAL STATE OF
BLANK	COUNTY OF SAN SUAN SO ON thisU Eday of JULY, 2005, before me personally appeared DANIEL FRIA STA. E FRUAS ON thisU Eday of JULY, 2005, before me personally appeared DANIEL FRIA STA. E FRUAS ON the me known to be the person described in and who executed the foregoing instrument, and acknowledged free act and deed. Witness my hand and seal the day and year last above written. My Commission Expires: DOFFICIAL SEAL JENNIFER THOMASON Notary Public

END OF ACKNOWLEDGMENTS

Notary Public

My Commission Expires:

200513200 07/25/2005 02:51P 20f3 B1414 P292 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

EXHIBIT "A"

FRIAS DANIEL AND BLANCA 820 E SPRUCE FARMINGTON NM, 87401-7401

Property Address

820 E SPRUCE ST FARMINGTON NM, 87401-7401 Township Range Section QtrQtr Acres

29 13 22 NE NW 0.1405

Legal: SHADY GROVE SUB NO.3 LOT

10 B.1309 P.859 B.1379 P.232

200513200 07/25/2005 02:51P 30f3 B1414 P292 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

AOIL AND GAS, LEASE
AGREEMENT made effective this OIL AND GAS LEASE day of 10 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 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 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 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

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.



200514123 08/05/2005 02:47P 10f3 B1415 P154 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

10. This Lease shall be binding upon all who execute it, whether they are named in the granting 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 of Lessor's ownership of the oil and gas rights under the lands, which are the subject of this lease. If that examinate that Lessor owns oil and gas rights in lands not covered by the Lease, then Lessor shall lease those rights to Lessor 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 said Lessor and Lessee.	ne verification nation reveals see at the same
IN WITNESS WHEREOF, we sign the day and year first above written.	
Raul Mario	
Tabrala Garcia	
STATE OF NW WWW. ACKNOWLEDGMENTS	
COUNTY OF half of subsequently speared and property of this day of subsequently speared and property of the subsequently speared and property of the subsequently speared and property of the subsequently speared and the	Fabiola Gava
to me known to be the person described in and who executed the foregoing instrument, and acknowledged that executed same free ast and deed.	
Witness my hand and seal the day and year last above written. My Commission Ekpires:	
Notary Public Notary Public	NEW INET
STATE OF)	0178n
§	
COUNTY OF) On this day of, 2005_, before me personally appeared	EANION :
to me known to be the person described in and who executed the foregoing instrument, and acknowledged that executed same free act and deed.	18
Witness my hand and seal the day and year last above written.	N. Alolaki
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	
<u> </u>	
STATE OF)	
COUNTY OF	
The foregoing instrument was acknowledged before me this day of, 20 05, on behalf of said,	by
on belian of said	
Witness my hand and seal the day and year last above written.	
My Commission Expires:	
Notary Public	-

END OF ACKNOWLEDGMENTS

200514123 08/05/2005 02:47P 20f3 B1415 P154 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

REVISED EXHIBIT "A"

Legal Description

LESSOR:

RAUL GARCIA CARLSON RD NO. 2 C SANTA FE, NM 87508-7508

PROPERTY ADDRESS:

1600 S. BUTLER FARMINGTON, NM 87401

LEGAL: BEG N 1241.8 FT AND W 20 FT AND N 60.47 W 125.6 FT FROM SE CORNER NWSW 222913, THENCE N 60.47 W 59.9 FT, N 115 FT, S 60.54 E 59.85 FT, S 115.5 FT TO BEG. B 1018 P 26. - .14 A AND

BEG N 1444.88 FT AND W 183.91 FT FROM SE COR NWSW 222913, THENCE S 115 FT, N 60.47 W 48.90 FT, N 65.24 W 41.12 FT, N 100 FT, S 72.09 E 84.82 FT TO BEG. - .19 A B 919 P 5, B 888 P29

200514123 08/05/2005 02:47P 30f3 B1415 P154 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

AGREEMENT made effective thishereinafter called Lessor(s), whose addre	100	()	ورود المراجع المراجع المراجع	المسمامسمامسي
AGREEMENT made effective this _	day of	20 c	by and between	en the undersigned
hereinafter called Lessor(s), whose addre	ess for notice purposes is s	et out on the attached	EXHIBIT and	Synergy Operating,
LLC. hereinafte	er called Lessee, whose m	nailing address is: _	P. O. Box 55	13 Farmington, New
Mexico 87499.				
 Lessor, for and in 	consideration of the su	um of Ten Dollars	(\$10.00) and other	good and valuable
consideration, including but not limited	to: the royalties provided l	herein, and the coven	ants of the Lease, the	receipt of which are
hereby acknowledged, Lessor hereby gr	ants, leases and lets exclu	usively to Lessee the	land described below	w for the purpose of
investigating, exploring for, drilling for	, producing, saving, own	ing, handling, storin	ng, treating and trans	porting Oil and Gas
together with all rights, privileges and ea				
common Oil and Gas Reservoir. The				
produced therewith. The land included i				
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.
- 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.
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 - 7. 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.

 9. Lessor warrants title to said land as to Lessor's interest therein. The royalties provided for are determined
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200512110 07/08/2005 03:04P 10f3 B1413 P206 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

Gorgola, Leferino

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.
Deperins borgeler
STATE OF New Mexico) ACKNOWLEDGMENTS
COUNTY OF Sen June , 2005, before me personally appeared Sefer in C Government , 2005, before me personally appeared Sefer in C Government , 2005, before me personally appeared Sefer in C Government , 2005, before me personally appeared Sefer in C Government , 2005, before me personally appeared Sefer in C Government , 2005, before me personally appeared Sefer in C Government , 2005, before me personally appeared Sefer in C Government , 2005, before me personally appeared Sefer in C Government , 2005, before me personally appeared Sefer in C Government , 2005, before me personally appeared Sefer in C Government , 2005, before me personally appeared Sefer in C Government , 2005, before me personally appeared Sefer in C Government , 2005, before me personally appeared Sefer in C Government , 2005, before me personally appeared Sefer in C Government , 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: Quant 12,2008 Notary Public ** The Commission Public Pu
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
Witness my hand and seal the day and year last above written. My Commission Expires:
Notary Public
STATE OF)
COUNTY OF

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:

200512110 07/08/2005 03:04P 20f3 B1413 P206 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

EXHIBIT "A"

GONZALES SEFERINO C ET AL 1109 S BUTLER AVE FARMINGTON NM, 87401-6643

Property Address

1109 S BUTLER AVE FARMINGTON NM, 87401-7401 Township Range Section QtrQtr

29 13 22 NE NW 0.1527

Legal: REPLAT SHADY GROVE SUB OF

LOTS 5-6-7 BLK 1 LOT 7 1 B.895 P.233 LESS 5 FT B.1127 P.242 B.1314 P.600 ASSIGN B.1262 P.57

200512110 07/08/2005 03:04P 30f3 B1413 P206 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

Acres

AGREEMENT made effective this day of vey 20 5 by and between the undersigned hereinafter called Lessor(s), whose address for notice purposes is set out on the attached EXHIBIT and Synergy Operating.
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
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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.

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This document received as altered for recordation.

look d

200512491 07/14/2005 11:53A 10f3 B1413 P587 R 13.50 D 0.00 San Juan County, NM Clerk FRAN HANHARDT Made Finith

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.
January South Minneth W. Counter
Total Gordon
STATE OF New Mexico
. 8
On this day of, 2005_, before me personally appeared
executed samefree act and deed.
My Commission Expires:
Notary Public OFFICIAL SEAL
STATE OF New Mexico
On this day of Sully, 2005, before me personally appeared Patricks Subcolon
to me known to be the person described in and who executed the foregoing instrument, and acknowledged that
Witness my hand and seal the day and year last above written. My Commission Expires:
Notary Public
WANDA CLARK
STATE OF Notary Public State of New Mexico
COUNTY OF Commission Expires 101
The foregoing instrument was acknowledged before me this day of 70,20 05, by on behalf of said
Witness my hand and seal the day and year last above written. My Commission Expires: Notary Public
STATE OF NOW MEXICO)
COUNTROP COUNTROP
Ny Confession and seal the day and year last above written. Ny Confession habites:
Notary Public
END OF ACKNOWLEDGMENTS

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

10.

GORDON TIMITHY LEE ET AL 408 SPRUCE FARMINGTON NM, 87401-6634

Property Address

408 E SPRUCE ST

FARMINGTON NM, 87401-7401

TownshipRangeSectionQtrQtrAcres291322NW NW0.45

Legal: BEG AT A PT 878 FT S & 550 FT E FR NW COR 222913 E 119 FT, S 160 FT, W 119 FT, N 160 FT TO BEG. B.1269 P.46

day of Tulas

AGREEMENT made effective this	Z6 the day of	Jun 2005	by and between the	undersigned
hereinafter called Lessor(s), whose address	for notice purposes is			
LLC. hereinafter	called Lessee, whose i	mailing address is:	P. O. Box 5513 Farm	ington, New
<u>Mexico 87499.</u>				
			0.00) and other good a	
consideration, including but not limited to:				
hereby acknowledged, Lessor hereby gran	nts, leases and lets exc	lusively to Lessee the lan	d described below for the	e purpose of
investigating, exploring for, drilling for,				
together with all rights, privileges and eas	ements useful for lesse	e's operations on said lan	d and on land in the same	field with a
common Oil and Gas Reservoir. The Pi				r substances
produced therewith. The land included in	this Lease is situated in	the State of New Mexic	o, 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.

- 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.
- 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.
- 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.



200513364 07/26/2005 03:25P 1of3 B1414 P456 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

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.	
Janet Harris NWA ACKNOWLEDGMENTS A. HARRIS STATE OF NEW MOXICO	
STATE OF New Mexico	
COUNTY OF SAN JUAN) On this	Harr
to me known to be the person described in and who executed the foregoing instrument, and acknowledged that executed same free act and deed.	AKIR
Witness my hand and seal the day and year last above written	A wet
My Commission Expires:	c. Jams
July 25, 2007	lus bax
STATE OF	and
State of New Maying	Wife
COUNTY OF) My Commission Expires 7-25-07 On this day of, 2005 , before me personally appears a	
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)	
S COLDITY 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	

Notary Public

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:

200513364 07/26/2005 03:25P 20f3 B1414 P456 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

, 20 <u>05</u>

HARRIS CHARLES H 1303 S BUTLER AVE FARMINGTON NM, 87401-6647

Property Address

1303 S BUTLER AVE FARMINGTON NM, 87401-7401 Township Range Section QtrQtr Acres

9 13 22 NE NW 0.3182

Legal: SHADY GROVE NO.2 LOTS 2 & 3 1 B.740 P.590

200513364 07/26/2005 03:25P 3of3 B1414 P456 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

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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.
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- 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
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200512111 07/08/2005 03:04P 10f3 B1413 P207 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

Herrera Don

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IN WITNESS WHEREOF, we sign the day and year first above written.	
Don R Herrera Priscilla M. Herrera	
Don R Herrera Priscilla M. Herrera Pusielle Clerieu	
ACKNOWLEDGMENTS ACKNOWLEDGMENTS	
Our this 2014 day of June, 2005, before me personally appeared Don trucilla Herrano. 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 Notary Public	
Sept 2nd, 08	
STATE OF)	
COUNTY OF	
On this	
My Commission Expires: Notary Public	
STATE OF)	
COUNTY 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)	
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	

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

END OF ACKNOWLEDGMENTS

200512111 07/08/2005 03:04P 20f3 B1413 P207 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

HERRERA DON R ET UX 809 SYCAMORE ST FARMINGTON NM, 87401-6669

Property Address

809 SYCAMORE FARMINGTON NM, 87401-7401

Township Range Section QtrQtr Acres

29 13 22 SE NW 0.1802

Legal: ODAFFER SUB LOT 11 01B.895

P.187

200512111 07/08/2005 03:04P 30f3 B1413 P207 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

		~~~							
AGREEMENT made e	ffective this	<del>-</del> 8 :-	day of	JuLY	20 _	<u>05</u>	by and b	etween th	ıe
undersigned hereinafte	r called Lesson	(s), whose a	ddress for no	tice purposes is	set out o	n the at	tached EX	HIBIT an	ıd
SYNERGY	OPERATING!	LLC			hereinafi	er cal	led Less	ee, whos	se
mailing address is:	P. O. Box	5513, Fai	mington, No	w Mexico 874	99 Less	or, for a	nd in cons	ideration of	of
the sum of Ten Dollars	(\$10.00) and	other good a	nd valuable c	onsideration, in	cluding b	ut not li	mited to: t	he royaltic	25
provided herein, and th	e covenants of	the Lease, t	he receipt of	which are hereb	y acknow	ledged,	Lessor her	reby grant	s,
leases and lets exclusiv	vely to Lessee t	he land desc	cribed below	for the purpose	of investi	gating,	exploring:	for, drillir	ıg
for, producing, saving	owning, hand	lling, storing	g, treating ar	d transporting	Oil and	Gas tog	gether with	ı all right	s,
privileges and easemer	its useful for le	ssee's opera	tions on said	land and on lan	d in the s	ame fie	ld with a c	common O	il
and Gas Reservoir.									
produced therewith. T	he land include	ed in this Lea	ase is situated	in the State of		New	Mexico.	San Jua	ın
County	and is	described a	s follows:						

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

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May mount

200512489 07/14/2005 11:53A 10f3 B1413 P585 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT morting, Juan Emander COUNTY & COUNTY &

10. This Lease shall be binding upon all who execute it, whether they are named in the gran	nting
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original lease.	
<ol> <li>This lease and all its terms, conditions, and stipulations shall extend to and be binding of</li> </ol>	m all
successors of said Lessor and Lessee.	
IN WITNESS WHEREOF, we sign the day and year first above written.	
Juan D. Martinez ( 12 Harting)	
Time D. Harding	
The martines	
A OFFICIAL FIDO ATTACK	
ACKNOWLEDGMENTS	
STATE OF New Mey (O)	
8	
COUNTY OF SHAW SUMM	
On this 8th day of July 2005 before me personally appeared Juan D. & River	<u>. V.</u>
ACTIME Z to me known to be the person described in and who executed the foregoing instrument, and acknowle	edged
that they executed same free act and deed.	
Witness my hand and seal the day and year last above written.	
My Commission Expires:	
25 2007	
STATE OF	7
STATE OF JENNIFER THOMASON	
Notary Public	ľ
State of New Mexico	7
State of New Mexico My Commission Expires 7-25-37 On this	?
to me known to be the person described in and who executed the foregoing instrument, and acknowle	edged
that executed same free act and deed.	augou
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	_,
The foregoing instrument was acknowledged before me this day of, 20 05 by of on behalf of	f 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	

MARTINEZ JUAN D JR ET UX P O BOX 2124 ESPANOLA NM, 87532-7532

*Property Address*GRAHAM RD

FARMINGTON NM, 87401-7401

Township Range Section QtrQtr Acres

29 13 22 NE NW 0.4591

Legal: GARDEN ACRES SUBD LOT 18

B.1260 P.561 B.1326

P.325

AGREEMENT made effective	ve this	day of 💆	20 C	by and l	between the u	indersigned
hereinafter called Lessor(s),	whose address for notice pur	poses is set or	at on the attached	EXHIBIT and	Synergy	Operating,
LLC.	hereinafter called Lessee,	whose mailing	ng address is: _	P. O. Bo	x 5513 Farmir	igton, New
Mexico 87499.						
1. Lessor,	for and in consideration	of the sum	of Ten Dollars	(\$10.00) and o	ther good an	d valuable
consideration, including but	not limited to: the royalties p	provided here	in, and the cover	ants of the Lease	e, the receipt o	f which are
hereby acknowledged, Lesso	or hereby grants, leases and	lets exclusive	ely to Lessee the	land described	below for the	purpose of
investigating, exploring for,	drilling for, producing, say	ing, owning,	handling, storir	ng, treating and	transporting C	il and Gas
together with all rights, priv	ileges and easements useful:	for lessee's o	perations on said	l land and on lan	d in the same	field with a
common Oil and Gas Rese	rvoir. The Phrase "Oil and	Gas" as use	d herein include	es all hydrocarb	ons and other	substances
produced therewith. The lan	d included in this Lease is si	tuated in the S	State of New M	exico, 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 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.

  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

marting

',	,
10. This Lease shall be binding upon all	who execute it, whether they are named in the granting clause a
whether all parties named in the granting clause execute th	,
11. Lessee shall have the right to conduct	an examination of the county records for the purpose of the verificati
	lands, which are the subject of this lease. If that examination rever
	y the Lease, then Lessor shall lease those rights to Lessee at the sar
consideration and on the same terms, conditions and provi	
<ol><li>This lease and all its terms, condition</li></ol>	s, and stipulations shall extend to and be binding on all successors
said Lessor and Lessee.	
'	
IN WITNESS WHEREOF, we sign the day and year first	bove written.
<b>1</b>	
4 6 21 1.	
Man K Malus	
Hogu R. Marting	
ACKN	OWLEDGMENTS
STATE OF New Mexico )  COUNTY OF Sea Suan )	Man Pagasa.
8	And the second s
COLINITY OF C	**************************************
COUNTY OF SAN SWAN	ME I WE THE THE PARTY OF THE PA
On this 1844 day of 54, 2005	
to me known to be the person described in and who execu	ed the foregoing instrument, and acknowledged that
executed same free act and deed.	1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -
Witness my hand and seal the day and year last	bove written.
My Commission Expires:	For a land
	Notary Public PHYLON
	, , , , , , , , , , , , , , , , , , ,

The foregoing instrument was acknowledged before me this _____ day of _____ of _____

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

_ day of

Notary Public

Notary Public

Notary Public

, 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.

STATE OF

COUNTY OF

STATE OF _

COUNTY OF ___

On this

My Commission Expires:

My Commission Expires:

My Commission Expires:

COUNTY OF ________)

The foregoing instrument was acknowledged before me this _____ day of ___

_____, of _____ on behalf of said

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

_, 20 <u>05</u>

on behalf of said

END OF ACKNOWLEDGMENTS

200511384 06/27/2005 02:45P 20f3 B1412 P504 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

MARTINEZ ROGER R 1437 YORK FARMINGTON NM, 87401-7401

**Property Address** 

Township Range Section QtrQtr

13

Acres

1437 YORK AVE FARMINGTON NM, 29

22

SE NW 0.2763

Legal: ODAFFER SUBDIVISION LOTS 7 AND 8 BLOCK 03 B.1283 P.473

200511384 06/27/2005 02:45P 30f3 B1412 P504 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

AGREEMENT made effective this day of	and between the
undersigned hereinafter called Lesson(s), whose address for	20 03 by and between the
andersigned herematter carred respon(s), whose somess for	
SYNERGY OPERATING LLC	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	le 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 belo	ow 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 s	aid 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	ated 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.
- 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.
- 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.
- 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 notwithstanting.

  1. Lessor warrants title to said land as to Lessor's interest therein.
- 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 lies upon said land, or redeem the land from any purchaser, any tax sale or adjudication, and shall be subrogated to such lies 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 WITNESS WHEREOF, we sign the day and year first above written.
ROBERT & NORTON - VENNA J. NORTON
ACKNOWLEDGMENTS STATE OF
COUNTY OF SAN JUAN  On this UT day of Alast 2005, before me personally appeared ROBSVIK, 2 Venna  VORTON to me known to be the person described in and who executed the foregoing instrument, and acknowledged that that executed same the Robert free act and deed.  Witness my hand and seal the day and year last above written.  My Commission Expires:
STATE 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
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 thisday 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

200514458 08/10/2005 04:47P 20f3 B1415 P489 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

SORTON ROBERT K ET AL 515 TAOS AVE FARMINGTON NM, 87401-6749

Property Address

503 TAOS AVE

**FARMINGTON NM**, 87401-7401

Property Address

515 TAOS AVE FARMINGTON NM, 87401-7401 Township Range Section QtrQtr Acres

29 13 22 NW SW 0.2431

Legal: TOTAH VISTA LOT 4 06B.1205

P.860

Township Range Section QtrQtr Acres

29 13 22 NW SW 0.246

Legal: TOTAH VISTA SUBDIVISION

LOT 5 06B.1026 P.352

200514458 08/10/2005 04:47P 30f3 B1415 P489 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

AGREEMENT made effective this 22 m day of July 2005 by and between the undersigned
day of 2003 by and between the undersigned
nereinafter 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 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.

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- 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.
- 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.
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- 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 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 WITNESS WHEREOF, we sign the day and year first above written.
CLEO NORTON a/kh CLEOR, NORTON JULIA A GONZALES a/Ha JULIEA, HEFRE
ACKNOWLEDGMENTS
STATE OF New Moxico
COUNTY OF San Juan  On this 22 day of July, 2005, before me personally appeared Julia A Hefrer  to me known to be the person described in and who executed the foregoing instrument, and acknowledged that the free executed same their free act and deed.  Witness my hand and seal the day and year last above written.  My Commission Expires:  Notary Public  Notary Public
STATE OF
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____
on behalf of said ______

Notary Public

Notary Public

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:

My Commission Expires:

STATE OF ___

200513363 07/26/2005 03:25P 20f3 B1414 P455 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

NORTON CLEO ET AL 511 CONCHO DR FARMINGTON NM, 87401-6765

Property Address	Township	Range	Section	QtrQtr	Acres
511 CONCHO DR	29	13	22	NW SW	0.2513
FARMINGTON NM, 87401-7401					
	Ģ	OTAH V 7B.1205		B LOT 23	
Property Address	Township	Range	Section	QtrQtr	Acres
511 1/2 CONCHO DR	29	13	22	NW SW	0.1499
FARMINGTON NM, 87401-7401					

200513363 07/26/2005 03:25P 30f3 B1414 P455 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

Legal: TOTAH VISTA PART OF LOT 22

07B.1207 P.520

		Avgust 20	by and between the undersigned	
hereinafter called Lessor(s), whose address f	or notice purposes is se			
LLC, hereinafter c	alled Lessee, whose ma	ailing address is:	P. O. Box 5513 Farmington, New	L
Mexico 87499.				
			0.00) and other good and valuable	
consideration, including but not limited to: t	he royalties provided h	erein, and the covenants	of the Lease, the receipt of which are	÷
hereby acknowledged, Lessor hereby grants	s, leases and lets exclu	sively to Lessee the lan	d described below for the purpose of	£
investigating, exploring for, drilling for, pr	roducing, saving, owni	ng, handling, storing, to	reating and transporting Oil and Gas	š
together with all rights, privileges and easer				
common Oil and Gas Reservoir. The Phi				
produced therewith. The land included in th	is Lease is situated in t	he State of New Mexic	o, San Juan County	_
and is described as follows:		1		•

#### 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.
- 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.
- 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 Lease.



200514767 08/16/2005 08:43A 10f3 B1415 P798 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

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.
mable com
PENN MABEL alka Penn C, mabel
ACKNOWLEDGMENTS
STATE OF New Maxico
COUNTY OF San Juan)
On this 10th day of August, 2005, before me personally appeared Mabel C. Penn to me known to be the person described in and who executed the foregoing instrument, and acknowledged that She
executed same as her free act and deed.
Witness my hand and seal the day and year last above written.  My Commission Expires:
Notes
STATE OF
STATE OF
State of New Mexico
COUNTY OF) My Commission Expires 7-25-07 On this day of, 2005 , before me personally appear to
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)
SOLD TIME 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

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

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10.

**END OF ACKNOWLEDGMENTS** 

200514767 08/16/2005 08:43A 20f3 B1415 P798 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

**Property Address** 

Township Range Section QtrQtr Acres

29 13 22 NW NW 0.25

**FARMINGTON NM, 87401-7401** 

Legal: BEG 820 FT S OF NW COR 222913 E 184 FT; S 60 FT; W 184 FT; N 60

FT TO BEG. ALSO: 10 FT R/W IN B.1138 P.668 B.1209 P.827 ESC

B.1252 P.867

200514767 08/16/2005 08:43A 30f3 B1415 P798 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

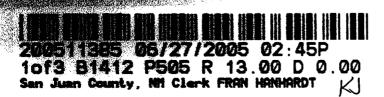
	17 day o	0	-	
	uu, t	of June 20 05	by and between	the undersigned
hereinafter called Lessor(s), whose addres	s for notice purposes is	set on the attached I	EXHIBIT andSy	nergy Operating,
LLC. hereinafter	called Lessee, whose	mailing address is:	P. O. Box 5513	Farmington, New
Mexico 87499.				
1. Lessor, for and in	consideration of the	sum of Ten Dollars (	\$10.00) and other go	ood and valuable
consideration, including but not limited to				
hereby acknowledged, Lessor hereby gra				
investigating, exploring for, drilling for,				
together with all rights, privileges and eas				
common Oil and Gas Reservoir. The I				
produced therewith. The land included in	this Lease is situated i	n the State of New Mex	cico, 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.

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- 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.
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  - 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
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Pope

14.5		
	10.	This Lease shall be binding upon all who execute it, whether they are named in the granting clause and
wheth	er all partie	s 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 Le	ssor's owne	rship of the oil and gas rights under the lands, which are the subject of this lease. If that examination reveals
that L	essor owns	oil and gas rights in lands not covered by the Lease, then Lessor shall lease those rights to Lessee at the same
consid	deration 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 l	essor and L	essee.
INI W	ITNIECC W	UEDEOE we sign the day and year first share written
		HEREOF, we sign the day and year first above written.
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STATE OF NEW MEXICO )	ACKNOWLEDGMENTS
	·
COUNTY OF San Juan	· <del>T</del> 0 : 0
On this 17th day of Du	and who executed the foregoing instrument, and acknowledged that
o me known to be the person described in a	and who executed the foregoing instrument, and acknowledged that
Witness my hand and seal the day	
1y Commission Expires:	Marin Stomers
T. 1. 15 2007	Notar Pular OFFICIAL SEAL
July 25, 2007	JENNIFER THOMASON
STATE OF)	Notary Public State of New Mexico
YOUNTY OF	State of New Mexico My Commission Expires 7.25 27.
On this day of	2005 before me personally appeared
o me known to be the person described in	and who executed the foregoing instrument, and acknowledged that
executed same fre	
Witness my hand and seal the day	y and year last above written.
My Commission Expires:	Notary Public
	,
STATE OF)	
,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
COUNTY OF)	
The ferror in a instrument was as	knowledged before me this day of 20-05 by
i ne foregoing instrument was ac-	of on behalf of said
i ne foregoing instrument was ac	cknowledged before me this day of, 20 05, by on behalf of said
i ne foregoing instrument was ac	of on behalf of said
Witness my hand and seal the da	•
Witness my hand and seal the da	ay and year last above written.
Witness my hand and seal the da	•
Witness my hand and seal the day My Commission Expires:	ay and year last above written.
	ay and year last above written.
Witness my hand and seal the day My Commission Expires:  STATE OF	ay and year last above written.
Witness my hand and seal the day My Commission Expires:  STATE OF	Notary Public  acknowledged before me this day of, 20 05, by
Witness my hand and seal the day My Commission Expires:  TATE OF	ay and year last above written.
Witness my hand and seal the day My Commission Expires:  STATE OF	Notary Public  acknowledged before me this day of, 20 05, by
Witness my hand and seal the day My Commission Expires:  STATE OF	Notary Public    acknowledged before me this day of, 20 05, by on behalf of said
Witness my hand and seal the day My Commission Expires:  STATE OF	Notary Public    acknowledged before me this day of, 20 05, by on behalf of said

200511385 06/27/2005 02:45P 20f3 B1412 P505 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

POPE TROY L ET AL 4315 W HOPI FARMINGTON NM, 87401-7401

Property Address	Township	Range	Section	QtrQtr	Acres
1403 BLUFFVIEW AVE	29	13	22	SE NW	0.1941
FARMINGTON NM, 87401-7401	-				
	Ų.			LAT B LOT	7 2B
	В	.1310 P.	196/198		
Property Address	Township	Range	Section	QtrQtr	Acres
816 TAMARACK	29	13	22	SE NW	0.1941
FARMINGTON NM, 87401-7401					

Legal: BLUFFVIEW-REPLAT B LOT 7B B.1310 P.196-198



day of active in add effective this day of active 20 22 by and between the undersigned
nereinafter called Lessor(s), whose address for notice purposes is set out on the attached EXHIBIT and Synergy Operating,
LC. 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
nereby acknowledged, Lessor hereby grants, leases and lets exclusively to Lessee the land described below for the purpose of
nvestigating, 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.

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COUNTY OF NEW

Ned Virfe's signature

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12. T	his lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of
said Lessor and Less	
•	
IN WITNESS WHEI	REOF, we sign the day and year first above written.

maken P. Properto			
<u> </u>			
ACKNOWLEDGMEN	TS		•
STATE OF NEW MOUCO			
COUNTY OF A day of A 2005, before me person to me known to be the person described in and who executed the foregoing	onally appeared	Molvin	Roberts
executed same free act and deed.	instrument, and	A	
Witness my hand and seal the day and year last above written.	Litar	1/1	OFFICIAL SEAL
My Commission Expires:	Dublia	The state of the s	KRISTA K. FLORES
2·/-4·07	ry Public		NOTARY PUBLIC STATE OF NEW MEXICO
STATE OF)		1912.	21407
\$		My Commission	Expires: 214 01
COUNTY OF) On thisday of, 2005_, before me person	onally appeared		
to me known to be the person described in and who executed the foregoing	instrument, and	d acknowledged that	ıt
executed same free act and deed.	,	J	
Witness my hand and seal the day and year last above written.			
My Commission Expires:	ry Public		
1100	ily I dolle		
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:			
	ry Public		
STATE OF)			
§			
COUNTY OF)			•
The foregoing instrument was acknowledged before me this	day of _	, 20 <u>05</u>	, by
, of	on beha	ii oi said	
·			,
Witness my hand and seal the day and year last above written.	•		
My Commission Expires:			
Not	ary Public		

200512492 07/14/2005 11:53A 20f3 B1413 P588 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

ROBERTS MELVIN P ET UX 2317 E 17TH ST FARMINGTON NM, 87401-7528

Property Address
1847 S BUTLER AVE
FARMINGTON NM, 87401-0000

Township Range Section QtrQtr Acres
29 13 22 NW SW 0.36

Legal: BEG AT SE COR OF NWSW
222913 TH W 196.11 FT, N23`42`E
11.59 FT, N 12.43 FT, N30`54`E
13.98 FT, N01`44`E 45.23 FT, E
143.51 FT, N87`24`E 39.99 FT, S 84

FT TO BEG. B.1265 P.743

**Property Address** 

980 HEAD ST

**FARMINGTON NM, 87401-0000** 

Township Range Section QtrQtr Acres

29 13 22 SE SW 0.747

Legal: BEG W 165 FT FROM NE COR

SESW 222913 TH S15'W 84.47 FT, S66'21'W 192 FT, S84'42'W 9.92 FT, N 159.24 FT, E 207.19 FT TO BEG. TR 2, ALSO BEG AT NE COR SESW 222913 TH S64'44'W 191.70 FT, N15'E 84.47 FT, E 151.50

FT TO BEG. TR. 12 B.1142 P.595

200512492 07/14/2005 11:53A 30f3 B1413 P588 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

#### 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.
- 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 of 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.
- 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
- 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.



COUNTY CLERK OF NEW WICK

Scott

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.
ACKNOWLEDGMENTS
STATE OF NEW MEXICO)
COUNTY OF SAN JUAN SON TO THE COUNTY OF SAN JUAN , 2005, before me personally appeared LINA D. SCOTT to me known to be the person described in and who executed the foregoing instrument, and acknowledged that LINA D. SCOTT executed same DF free act and deed.
Witness my hand and seal the day and year last above written.  My Commission Expires: 1/23/2006  Notary Public
STATE OF
COUNTY OF) On thisday of, 2005_, before me personally appeared
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  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
VI VVINUE VI VVI

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.

END OF ACKNOWLEDGMENTS

Notary Public

200511386 06/27/2005 02:45P 20f3 B1412 P506 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

My Commission Expires:

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

### Exhibit "A"

### Legal Description:

Attached to and made a part of that certain Oil and Gas Lease made effective 0/1/4-0/5 by and between Troy R. Strickland, et al, Lessor and Synergy Operating, LLC as Lessee.

### **TOWNSHIP 29 NORTH, RANGE 13 WEST, SECTION 22**

570 ft X 560 ft in SE corner of NW NW 222913

B787 P506

200513201 07/25/2005 02:51P 30f3 B1414 P293 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

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AGREEMENT made effective this 6th day of August 20 05 by and between the
undersigned neventancer called Lesson(s), whose address for notice purposes is set out on the attached FXHIRIT and
SYNERGY OPERATING LLC 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 Oi
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 Juar
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.
- 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.
- 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.
- 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 Lease.



200514455 08/10/2005 04:47P 10f3 B1415 P486 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT SIGN & RETURN
THIS COPY

11. Lessee shall have the verification of Lessor's ownership of the examination reveals that Lessor owns oil those rights to Lessee at the same consid- original lease.	l and gas rights in lands not cover	e or not.  the county records for which are the subject of red by the Lease, then additions and provision	the purpose of the f this lease. If that Lessor shall lease s applicable to the
successors of said Lessor and Lessee.	,,,,,,,,	Dian Ortona to una	oc ontaing on an
IN WITNESS WHEREOF, we sign the da	y and year first above written.		
Nelew Frest			
HELEN Treat alkla Hel	Len A Treat		
STATE OF TEXAS	ACKNOWLEDGMENTS		BLANCA V. MARCUS
3			May 13, 2007
COUNTY OF <u>EC PDS D</u> On this 6 day of Au	605 , 2005 , before me person	ally appeared #214	in Atrent
to me known to be the person	described in and who executed the	foregoing instrument,	and acknowledged
thatexecuted sa Witness my hand and seal the d	ame free act and deed lay and year last above written.	a. Mh	
My Commission Expires:		Dan W/M	<del>3.</del>
May 13, 2007	Notary	Public /	
STATE OF)			
§			
COUNTY OF) On this day of	, 20 <u>05</u> , before me person	ally anneared	
to me known to be the person	described in and who executed the	e foregoing instrument,	and acknowledged
that executed so Witness my hand and seal the d	ame free act and deed lay and year last above written.	<b>1.</b>	
My Commission Expires:		70 3.1°	
	Notary	Public	
STATE OF)			
COUNTY OF)	acknowledged before me this	day of	20.05
by	of _		on behalf of said
•			
Witness my hand and seal the o	lay and year last above written.		
Witness my hand and seal the of My Commission Expires:	-	Public	
Witness my hand and seal the of My Commission Expires:	-	Public	
My Commission Expires:	Notary	Public	
My Commission Expires:  STATE OF	Notary		
My Commission Expires:  STATE OF	Notary  S s acknowledged before me this	day of	, 20 05 .
My Commission Expires:	Notary  S s acknowledged before me this	day of	, 20 <u>05</u> , on behalf of said

Notary Public

200514455 08/10/2005 04:47P 20f3 B1415 P486 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

### Exhibit "A"

### **Legal Description**

Attached to and made a part of that certain Oil and Gas Lease made effective

August 6th, 2005 by and between Lessor and Synergy Operating, LLC as Lessee.

HELEN TREAT 124 BARRIO ANTHONY, NM 88021

TOWNSHIP 29 NORTH, RANGE 13 WEST SECTION 22 - W/2

LEGAL:

NW/4 SW/4, AND SOUTH 12 RODS OF THE SW/4 NW/4, excepting approximately 1 Acre Tract.

45 GROSS ACRES AND 5.625 NET ACRES

200514455 08/10/2005 04:47P 30f3 B1415 P486 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

AGREEMENT made effective this hereinafter called Lessor(s), whose address	23 day of	June 20 00	by and between	en the undersigned
hereinafter called Lessor(s), whose address	for notice purposes is s	set out on the attached E	XHIBIT and	Synergy Operating,
LLC. hereinafter	called Lessee, whose n	nailing address is:	P. O. Box 551.	3 Farmington, New
Mexico 87499.		-		
l. Lessor, for and in consideration, including but not limited to hereby acknowledged, Lessor hereby grar investigating, exploring for, drilling for, together with all rights, privileges and eas common Oil and Gas Reservoir. The Produced therewith. The land included in and is described as follows:	the royalties provided hts, leases and lets excl producing, saving, own ements useful for lessee thrase "Oil and Gas" as	usively to Lessee the la ning, handling, storing, e's operations on said land s used herein includes a	ts of the Lease, the read described below treating and transpend and on land in the all hydrocarbons are	receipt of which are for the purpose of orting Oil and Gas he same field with a and other substances

#### 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.

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- 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.



200515322 08/24/2005 12:09P 10f3 B1416 P350 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

10. This Lease shall be binding upon all who execute it, whether they are named in the granting clause a 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 verificat of Lessor's ownership of the oil and gas rights under the lands, which are the subject of this lease. If that examination reve that Lessor owns oil and gas rights in lands not covered by the Lease, then Lessor shall lease those rights to Lessee at the sa consideration and on the came 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 said Lessor and Lessee.	ion als me
IN WITNESS WHEREOF, we sign the day and year first above written.	
Jose V. Valencia	
STATE OF NEW WEXT CO ACKNOWLEDGMENTS	
On this 23 day of 700, 2005, before me personally appeared to be D. VAlencia to me known to be the person described in and who executed the foregoing instrument and acknowledged that	
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:	
8/15/2008 OFFICIAL SEAF UNIT KATHLEEN M. GIGUERE	
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  on behalf of said	
Witness my hand and seal the day and year has not to written the seal of the s	
My Commission Expires: JAIC JAICHEU Notary Mach	
A STATE OF THE PROPERTY OF THE	
STATE OF	
COUNTY OF	
·	
Witness my hand and seal the day and year last above written.	
My Commission Expires:  Notary Public	
. romj a word	

VALENCIA JOSE D 307 OURAY AVE FARMINGTON NM, 87401-6708

*Property Address*307 OURAY AVE
FARMINGTON NM, 87401-7401

TownshipRangeSectionQtrQtrAcres291322NW SW0.2436

Legal: TOTAH VISTA SUB LOT 5 02B.558 P.97