SYNERGY OPERATING

COPY OF MINERAL DEED

and

OIL AND GAS

LEASES

BEFORE EXAMINER

OIL CONSERVATION DIVISION

MO. —

CASE 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

Dolores A. Beardsley,

a single woman

ACKNOWLEDGMENT

STATE OF NEW MEXICO) COUNTY OF SAN JUAN

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

My commission expires:

her free act and deed.

END OF ACKNOWLEDGMENT

PAGE 1 OF 1

OFFICIAL SEAL JENNIFER THOMASON Notary Public State of New Mexico

Notary Public

My Commission Expires_

07/14/2005 1of1 B1413 P584 R 9.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

AGREEMENT made effective this 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.
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.
 - 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

N WITNESS WHEREOF, we sign the day and year first above written. SUSIC CHAVEZ AJE/4 SUSIC P. CHAVEY SS# 585 - 24 - 035 ACKNOWLEDGMENTS STATE OF NEW MEXICO On this 9 day of June 2005, before me personally appeared SUSE 17. CHAVE 2 o 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.	•	
This lease and all its terms, conditions, and stipulations shall lease those rights to Lessee at the seconsideration 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 successor and Lesser. N WITNESS WHEREOF, we sign the day and year first above written. SUSIE CHAVEZ SUSIE CHAVEZ SUSIE CHAVEZ SUSIE CHAVEZ SUSIE CHAVEZ On this 9 day of Junit 2005, before me personally appeared SUSE R. CHAVEZ On the known to be the person described in and who executed the foregoing instrument, and acknowledged that react and deed. Witness my hand and seal the day and year last above written. WITNESS WHEREOF, we sign the day and year last above written. SUSIE R. CHAVEZ COUNTY OF SAN JUAN 2005, before me personally appeared SUSE R. CHAVEZ OTHER OF MEMBOOD STATE OF NEW MEDOO STATE OF SOUNT MEMBOOD The person described in and who executed the foregoing instrument, and acknowledged that react and deed. Witness my hand and seal the day and year last above written. WITNESS WHEREOF, we sign the day and year last above written. OFFICIAL SAN MEMBOOD TO THIS SUMMER OF NEW MEDOO STATE OF SOUNTY OF SOUNT	hether all parties named in the granting	clause execute the Lease or not. right to conduct an examination of the county records for the purpose of the verificati
SUSING CHAVEZ AJKIA SUSING R. CHAVEZ AJKIA SUSING R. CHAVEZ STATE OF NEW MEXICO COUNTY OF SAN JUAN On this 9 day of Juan, 2005, before me personally appeared SUSING R. CHAVEZ of one 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. OFFICIAL SEA OFFICIAL SEA OFFICIAL SEA COUNTY OF On this day of 2005, before me personally appeared STATE OF NEW MEDICO STATE OF NEW MEDICO STATE OF MEW MEDICO Witness my hand and seal the day 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	hat Lessor owns oil and gas rights in land onsideration and on the same terms, con	nds not covered by the Lease, then Lessor shall lease those rights to Lessee at the said ditions and provisions applicable to the original lease.
On this	N WITNESS WHEREOF, we sign the d	ay and year first above written.
On this	Suca al.	
On this	SUSIO Chares	
On this	alkla Susie D	Plan. Lo.
On this	55# 585-24-	03500000000000000000000000000000000000
o 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: Aubust G. 2005 STATE 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	STATE OF NEW MEXICO) ACKNOWLEDGMENTS
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witness my hand and seal the day and year last above written. My Commission Expires: Aubust G, 2005 STATE 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	On this 9 day of	june, 2005, before me personally appeared SUSE /C. CHINES
RUBUST 6, 2005 STATE OF	executed same	
FOBERT LO WOODSTORM NOTARY PUBLIC STATE OF NEW MEXICO STATE OF	Witness my hand and seal the My Commission Expires:	day and year last above written.
STATE OF	Aubust 6, 2005	ALA ROBERTLO WOODSIDE
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) SCOUNTY OF)	•	STATE OF NEW MEDGOO
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Witness my hand and seal the day and year last above written. My Commission Expires: Notary Public STATE OF	o me known to be the person described	in and who executed the foregoing instrument, and acknowledged that
Notary Public STATE OF	Witness my hand and seal the	
STATE OF	My Commission Expires:	Notary Public
COUNTY OF		riotary i done
©UNTY OF	STATE OF)
The foregoing instrument was acknowledged before me this day of, 20 05, by		8
	The foregoing instrument was	acknowledged before me this day of, 20 05, by

END OF ACKNOWLEDGMENTS

The foregoing instrument was acknowledged before me this ____ day of _____, 2 ____, of _____ 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 ___

COUNTY OF

, 20 <u>05</u>

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

Property Address

1120 S BOWEN

FARMINGTON NM, 87401-7401

Township Range Section QtrQtr Acres
29 13 22 NW NW 0.2

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 3of3 B1412 P498 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

AGREEMENT made effective the	nis	day of 🔼	VALKO 20	65 by and	between the undersig	ned
hereinafter called Lessor(s), who	se address for notice pur	rposes is set ou	it on the attache	ed EXHIBIT and	Synergy Operat	ing,
LLC. h	ereinafter called Lessee,	, whose mailin	ng address is:	P. O. Bo	ox 5513 Farmington, N	<u>lew</u>
<u>Mexico 87499.</u>						
1. Lessor, for	and in consideration	of the sum	of Ten Dollar	s (\$10.00) and	other good and valua	able
consideration, including but not						
hereby acknowledged, Lessor h						
investigating, exploring for, dri						
together with all rights, privilege						
common Oil and Gas Reservoi						ices
produced therewith. The land in		ituated in the S	tate of New M	<u>Mexico, San Juan</u>	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.
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- 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.



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 doming in his sole and Separate property
STATE OF New Mexico) COUNTY OF San Juan
to me known to be the person described in and who executed the foregoing instrument, and acknowledged that
executed samefree act and deed. Witness my hand and seal the day and year last above written. My Commission Expires:
STATE OF OFFICIAL SEAL JENNIFER THOMASON Notary Public
COUNTY 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
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.

END OF ACKNOWLEDGMENTS

Notary Public

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

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

Property Address

401 CONCHOPL **FARMINGTON NM, 87401-7401** Township Range Section QtrQtr

29 13 22 NW SW 0.4511

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

Acres

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 ^s		July				
the undersigned hereinafter called Lessor(s), whose address	for notice purpo	ses is set out	on the attac	ched EXI	ДВІТ а	nd
Synergy Operating, LLC.			nafter called	Lessee, who	ose mailii	ng addre	ess
is: P. O. Box 5513 Farmington. N	ew Mexico 874	199.	,				
1. Lessor, for and in co.	nsideration of th	e sum of Ten Do	ollars (\$10.00)) and other	good and	d valuat	ole
consideration, including but not limited to	the royalties pro	ovided herein, ar	d the covena	ints of the L	ease, the	receipt	of
which are hereby acknowledged, Lessor h	ereby grants, lea	ses and lets excl	usively to Le	essee the lan	nd descri	bed belo	ow.
for the purpose of investigating, exploring	for, drilling for	, producing, sav	ing, owning,	handling, s	toring, tr	eating a	nd
transporting Oil and Gas together with all	rights, privilege	es and easements	useful for le	essee's oper	rations or	said la	ind
and on land in the same field with a comm	ion Oil and Gas	Reservoir, restri	cted to those	formations	from the	surface	to.
the base of the Pictured Clifss horizons	he Phrase "Oil a	and Gas" as used	l herein inclu	des all hydi	rocarbons	and ou	ner
substances produced therewith.	'he land incl				in the	State	oi _
New Mexico, San Juan County		and is describ	ed as toliows	3:			

See the description of leased lands contained in the attached Exhibit

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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.
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- 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.

COUNTY COUNTY ON THE STATE OF STATE OF



DODSON

8. Should Lessee be prevented from complying with any express or implied covenant of this Lease, from conducting drilling, or re-working operations therefor 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 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, 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 under the lands, which are the subject of this leas
ACKNOWLEDGMENTS STATE OF New Mexico
On this
STATE OF
that executed same free act and deed. Witness my hand and seal the day and year last above written.
My Commission Expires: Notary Public

END OF ACKNOWLEDGMENTS

Notary Public

200514124 08/05/2005 02:47P 20f3 B1415 P155 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARD"

Exhibit "A"

Legal Description

Attached to and made a part of that certain Oil and Gas Lease made ellecused 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. FARMINGTON, NM 87401 T29N R13W SEC. 22 NENW 0.5 A

<u>LEGAL:</u> 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

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 R13W SEC. 22 NENW 0.5 A FARMINGTON, NM 87401

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

OIL AND GAS LEASE Jam day of 20 05 by and between the undersigned hereinafter called Lessor(s), whose address for notice purposes is serout on the attached EXHIBIT and Synergy Operating, P. O. Box 5513 Farmington, New hereinafter called Lessee, whose mailing address is:

Mexico 87499.

LLC.

AGREEMENT made effective this

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.

- This Lease shall remain in force for a period of five (5) years from this date, called "primary term", and as 2. long thereafter as Oil, Gas or other Hydrocarbons and substances produced therewith are produced from said land, or Lessee is engaged in drilling or reworking operations on said land. Should Lessee breach any provision of this Lease, or at any time fail to perform fully any obligation hereunder, the Lessor shall have the right to terminate this Lease and render it null and void if such breach, is not addressed within thirty (30) days after Lessor has given Lessee written notice.
- Lessee shall pay royalties free of costs and expense of development and operation, except taxes on production, to Lessor as follows: (a) fifteen percent (15%) of the Oil produced and saved from said land to be delivered at the wells or to the credit of Lessor into the pipeline to which the well may be connected: Lessee may, at any time or times, purchase any royalty oil, paying the market value in the field on the day it is run to the storage tanks or pipeline: (b) the market value at the well of fifteen percent (15%) of the gas (including casinghead gas or other gaseous substances) produced from the land and sold, provided that on gas sold at the well the royalty shall be fifteen percent (15%) of the amount realized from such sale: (c) fifteen percent (15%) of the amount realized from the sale of any other substances produced from said land with Oil and Gas. Lessee may use, free of royalty, oil, gas, and water for all operations hereunder.
- This is a PAID UP LEASE; there is no yearly rental payment that is due. If at the expiration of the Primary Term oil and/or gas is not capable of being produced on said land, or from land pooled therewith, but Lessor is engaged in drilling, or reworking operations thereon, or shall have completed a dry hole thereon within ninety (90) days prior to the end of the Primary Term, the lease shall remain in force so long as operations on said well, or well, or for drilling or reworking of any additional well are prosecuted with no cessation of more than ninety (90) consecutive days, and if they result in the well being capable of production of oil or gas, or so long thereafter as oil or gas is produced from said land, or from land pooled therewith.
- Lessee may at any time or times pool any part or all of said land and Lease or any stratum or strata, with other lands and Leases, stratum or strata, in the same field so as to constitute a spacing unit to facilitate an orderly or uniform well spacing pattern or to comply with any order, rule or regulation of the State or Federal regulatory or conservation agency having jurisdiction. Such pooling shall be accomplished or terminated by filing of record a Declaration of Pooling, or Declaration of Termination of Pooling, and by mailing or tendering a copy to Lessor. Drilling or re-working operations upon or production from any part of such spacing unit shall be considered for all purposes of this Lease as operations or productions from this Lease. Lessee shall allocate to this Lease the proportionate share of production, which the acreage in this Lease included in any such spacing unit, bears to the total acreage in said spacing unit. Lessee may not unitize any part of said land and Lease, or any stratum or strata, with other lands and Leases in the same field without the expressed written permission of the Lessor.
- Lessee may, in the interest of economy, commingle production from this Lease with production from one or more Leases in the same field provided a method of measurement in accordance with established engineering practices is used to measure the production and to allocate the production to the respective Leases commingled.
 - No well, road or pipeline shall be placed on Lessor's land without the express written consent of the Lessor.
- Should Lessee be prevented from complying with any express or implied covenant of this Lease, from conducting drilling, or re-working operations thereon or from producing oil or gas or other hydrocarbons therefrom by reason of scarcity of, or inability to obtain or to use equipment or material, or by operation of force majeure, or because of any Federal or State law or any order, rule or regulation of a governmental authority, then while so prevented, Lessec'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.

200511575 06/29/2005 11:57A 1of3 B1412 P695 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

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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.
Wilst Smings
ange lomingue
STATE OF YEAR (CO) ACKNOWLEDGMENTS
On this 22 day of here, 2005, before me personally appeared Philapitas E. Jangas
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
May 29, 3007
STATE OF)
COUNTY OF
On this day of, 2005 , before me personally appeared to me known to be the person described in and who executed the foregoing instrument, and acknowledged that
executed same free act and deed.
Witness my hand and seal the day and year last above written. My Commission Expires:
Notary Public
STATE OF) §
COUNTY OF) The foregoing instrument was acknowledged before me this day of, 20 05, by
of
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

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.

END OF ACKNOWLEDGMENTS



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 22 NW NW 0.1735

Legal: LARKSPUR SUB. LOT 13 B.1361

P.966

200511575 06/29/2005 11:57A 30f3 B1412 P695 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

alph day of JuLY ______ 20 ______ by and between AGREEMENT made effective this hereinafter called Lessor(s), whose address is P. O. Box 420., Farmington, New **DUGAN PRODUCTION CORP.**, Mexico 87499. and SYNERGY OPERATING LLC hereinafter called P. O. Box 5513, Farmington, New Mexico 87499 Lessor, for and in Lessee, whose mailing address is: 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

200513198 07/25/2005 02:51P 20f2 B1414 P290 R 11.00 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.
DUGAN PRODUCTION CORP.
Nomas H. Willen
THOMAS A. DUGAN, PRES.
•
A OZNIONAL EDGIA ADRETO
ACKNOWLEDGMENTS STATE OF)
8
COUNTY OF S dw
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
to me known to be the person described in and who executed the foregoing instrument, and acknowledged that free act and deed.
Witness my hand and seal the day and year last above written.
My Commission Expires:
Notary Public
STATE OF)
§
COUNTY OF
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
rotary rubite
OTTA TTO OD
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 You Mexico)
COUNTY OF Sun Juan
The foregoing instrument was acknowledged before me this 21 day of 144, 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. My Commission Expires:
Notary Public



END OF ACKNOWLEDGMENTS

AGREEMENT made effective this day of 20 by and between the diddensigned
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 such sale: (c) fifteen percent (15%) of the amount realized from the sale of any other substances produced from said land with Oil and Gas. Lessee may use, free of royalty, oil, gas, and water for all operations hereunder.
- 4. This is a PAID UP LEASE; there is no yearly rental payment that is due. If at the expiration of the Primary Term oil and/or gas is not capable of being produced on said land, or from land pooled therewith, but Lessor is engaged in drilling, or reworking operations thereon, or shall have completed a dry hole thereon within ninety (90) days prior to the end of the Primary Term, the lease shall remain in force so long as operations on said well, or well, or for drilling or reworking of any additional well are prosecuted with no cessation of more than ninety (90) consecutive days, and if they result in the well being capable of production of oil or gas, or so long thereafter as oil or gas is produced from said land, or from land pooled therewith.
- 5. Lessee may at any time or times pool any part or all of said land and Lease or any stratum or strata, with other lands and Leases, stratum or strata, in the same field so as to constitute a spacing unit to facilitate an orderly or uniform well spacing pattern or to comply with any order, rule or regulation of the State or Federal regulatory or conservation agency having jurisdiction. Such pooling shall be accomplished or terminated by filing of record a Declaration of Pooling, or Declaration of Termination of Pooling, and by mailing or tendering a copy to Lessor. Drilling or re-working operations upon or production from any part of such spacing unit shall be considered for all purposes of this Lease as operations or productions from this Lease. Lessee shall allocate to this Lease the proportionate share of production, which the acreage in this Lease included in any such spacing unit, bears to the total acreage in said spacing unit. Lessee may not unitize any part of said land and Lease, or any stratum or strata, with other lands and Leases in the same field without the expressed written permission of the Lessor.
- 6. Lessee may, in the interest of economy, commingle production from this Lease with production from one or more Leases in the same field provided a method of measurement in accordance with established engineering practices is used to measure the production and to allocate the production to the respective Leases commingled.
 - 7. No well, road or pipeline shall be placed on Lessor's land without the express written consent of the Lessor.
- 8. Should Lessee be prevented from complying with any express or implied covenant of this Lease, from conducting drilling, or re-working operations thereon or from producing oil or gas or other hydrocarbons therefrom by reason of scarcity of, or inability to obtain or to use equipment or material, or by operation of force majeure, or because of any Federal or State law or any order, rule or regulation of a governmental authority, then while so prevented, Lessee's obligations to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this Lease shall be extended while and so long as Lessee is prevented by and such cause from conducing drilling (which shall include the inability of lessee, through no fault of its own, to obtain sufficient and satisfactory material and equipment), or re-working operations on, or from producing oil or gas or other hydrocarbons from the leased premises; and the time while Lessee is so prevented shall not be counted against the Lessee, anything in this Lease to the contrary notwithstanding.
- 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 1of3 B1414 P454 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.
Massen 1990	Datil & Dupa
	STATE OF New Mexico
	COUNTRY OF Day A Ahs
	On this 5th day of July , 2005, before me personally appeared Gail S. Duke 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: Padulla
	Dee 8, 2008 Notary Public PRANCAT PADRIA
	STATE OF New Mexico
	COUNTY OF Done Ara
	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. Plance 1 Paulle
	My Commission Expires: Notary Public OFFICIAL SEAL
	STATE OF New Merco New Medico
	COUNTY OF Dona Ana
In	The foregoing instrument was aeknowledged before me this 2 day of, 20 05, by
	Witness my hand and seal the day and year last above written. Blanca J. Paulla My Commission Expires:
	Dec 8,2008 Notary Public OFFICIAL SEAL BLANCAT. PADILLA
	STATE OF New Mexico) My commission expires 12-8-08
p	COLDIENT OF DAY
	The foregoing instrument was acknowledged before me this 5th day of http., 20 05 by on behalf of said
	Without makes developed and and all the developed and and and and and and and and and an
	Witness my hand and seal the day and year last above written. Blanca J. Padella
	Dec 8, 2008
	END OF ACKNOWLEDGMENTS OFFICIAL SEAL BLANCAT. PADILLA MOTARY PUBLIC-STATE OF NEW MEDICO My commission applies 12-3-43
	200513362 07/26/2005 03:25P 20f3 B1414 P454 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT
	Clerk FRAN HANHARDT

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 \u2004 n = 20 \u00d5 by and between the undersi	gned
hereinafter called Lessor(s), whose address for notice purposes is set out on the attached EXHIBIT and Synergy Opera	
LLC. hereinafter called Lessee, whose mailing address is: P. O. Box 5513 Farmington,	<u>New</u>
<u>Mexico 87499.</u>	
1. Lessor, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and value	
consideration, including but not limited to: the royalties provided herein, and the covenants of the Lease, the receipt of whic	
hereby acknowledged, Lessor hereby grants, leases and lets exclusively to Lessee the land described below for the purpo	
investigating, exploring for, drilling for, producing, saving, owning, handling, storing, treating and transporting Oil and	
together with all rights, privileges and easements useful for lessee's operations on said land and on land in the same field w	
common Oil and Gas Reservoir. The Phrase "Oil and Gas" as used herein includes all hydrocarbons and other substa	ınces
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 atlached 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 said and not productive of fresh water.

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

- This Lease shall remain in force for a period of five (5) years from this lates 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.
- 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.



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IN WITNESS WHEREOF, we sign the day and year first above written.	
Bobby Leon Easley marker il. Easle	
ACKNOWLEDGMENTS STATE OF NEW MEXICO, ACKNOWLEDGMENTS BOBBY LEON Essley	
Bobby Leon Ester	!
to me known to be the person described in and who executed the foregoing instrument, and acknowledged that Checked a same As Als free act and deed.	_
Recorded same <u>AS AUS</u> free act and deed. Witness my hand and seal the day and year last above written.	
My Commission Expires:	
PUBLY 0 31-05 Notary Paplic	
THE OFTHER DEN MEXICO,	
COUNTY OF SALDOWN D	u/
COUNTY OF HISTORY day of July 2005, before me personally appeared Marken Earce on this July day of July 2005, before me personally appeared Marken Earce on the known to be the person described in and who executed the foregoing instrument, and acknowledged that	_
executed same QS ALD, free act and deed	_
Witness my hand and seal the day and year last above written.	
Notary Public	
PUBLIC	
OF NEW OF	
The foregoing instrument was acknowledged before me this day of, 20 05, by	_
of on behalf of said	_
Witness my hand and seal the day and year last above written.	
My Commission Expires:	
Notary Public	
STATE OF)	
\$ COUNTY OF	
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

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

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 LOTO DAY OF 14 MP, 2000 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 Jul	<u>ne</u> 20 <u>0.</u> 5	by and between th	ne undersigned
hereinafter called Lessor(s), whose address for not	tice purposes is set out	on the attached EXH	IBIT andSyne	ergy Operating,
LLC. hereinafter called l	Lessee, whose mailing	address is:	P. O. Box 5513 Fa	rmington, New
<u>Mexico 87499.</u>				
1. Lessor, for and in conside	ration of the sum of	f Ten Dollars (\$10.	.00) and other good	l and valuable
consideration, including but not limited to: the roy	yalties provided herein,	, and the covenants o	of the Lease, the recei	pt of which are
hereby acknowledged, Lessor hereby grants, leas	es and lets exclusively	y to Lessee the land	described below for	the purpose of
investigating, exploring for, drilling for, product	ing, saving, owning, h	andling, storing, tre	ating and transporting	ig Oil and Gas
together with all rights, privileges and easements	useful for lessee's ope	rations on said land	and on land in the sa	me field with a
common Oil and Gas Reservoir. The Phrase "	Oil and Gas" as used	herein includes all	hydrocarbons and o	ther substances
produced therewith. The land included in this Lea	ase is situated in the Sta	ate of <u>New Mexico.</u>	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 we 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.
- 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.
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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 with respect to the entire mineral estate in Oil and Gas (including all previously reserved or conveyed non-participating royalty), and if Lessor owns a lesser interest, the royalty to be paid Lessor shall be reduced proportionately. Lessee may purchase or discharge in whole or in part any tax, mortgage or lien upon said land, or redeem the land from any purchaser, any tax sale or adjudication, and shall be subrogated to such lien with the right to enforce it, and may reimburse itself from any royalties accruing under the terms of this Lease.





	whether all parties named in the granting clause execute the Lease or not. 11. Lessee shall have the right to conduct an examination of 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 Lo Early 6-17-05
C	David L. Early 6-17-05 Parme J. Carly 6-17-05
A LANGE	ACKNOWLEDGMENTS ACKNOWLEDGMENTS
	On this, 2005 , before me personally appeared law of LEading + Morrow of East to the knowledged that
	executed same free act and deed. Witness my hand and seal the day and year last above written.
100	"My Confinission Expires:
" " " " " " " " " " " " " " " " " " "	Notary Public
e i serieli Grane	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
	Witness my hand and seal the day and year last above written.
	My Commission Expires: Notary Public
	STATE OF

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

END OF ACKNOWLEDGMENTS

Notary Public

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

COUNTY 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 Clark FRAN HONHERDT

AGREEMENT made effective this /4 day of July 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

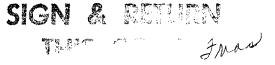
and containing the net acres set out on the attached Exhibit, including all Oil and Gas and substances produced therewith underlying lakes and streams of which all or any part of the land is riparian, all roads, easements, and rights-of-way which traverse or adjoin said land and including all lands owned 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.

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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
- 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.







	ther all parties named in the granting clau	se execute the Lease or not.
11. verification of		t an examination of the county records for the purpose of the ts under the lands, which are the subject of this lease. If that
		s in lands not covered by the Lease, then Lessor shall lease
		the same terms, conditions and provisions applicable to the
original lease.	notice at the same confidentation and the	the salite terms, to make the province approved to the
12.	This lease and all its terms, conditi	ons, and stipulations shall extend to and be binding on all
successors of s	aid Lessor and Lessee.	
	TERROTOR : 4 1 1 F.	
IN WITNESS	WHEREOF, we sign the day and year first λ	above written.
\bigcirc : \square		0121
Farell	pas .	Mundagues
PANIE	l Frias Jr.	BLANCA E UTTIAS
		-
	ACTOTON	T FID CL CT ITS
STATE OF	Vew Mexico)	/LEDGMENTS
STATE OF _	8	20 4 4
COUNTY OF	SAN DUAN)	// -/ P :
On t	his day of . 2005	_, before me personally appeared Naul Sugar
to	me known to be the person described in a	nd who executed the foregoing instrument, and acknowledged
that	executed same	
	ness my hand and seal the day and year las	t above written.
My Commissi	on Expires:	
		Notary Public
		
STATE OF	lew Maxico)	
	8	
	SAN JUAN ;	
		2.
FRIAC On		_, before me personally appeared DANIEL FRIAST
FRIAS On to	his	, before me personally appeared <u>DANIEL</u> FRIAS J and who executed the foregoing instrument, and acknowledged
that	his 4 day of July, 2005 me known to be the person described in a executed same SAM &	free act and deed.
that Wit	his 4 day of July, 2005 me known to be the person described in a executed same same mess my hand and seal the day and year last	free act and deed.
With My Commission	his 4 day of 3 vly 2005 me known to be the person described in a executed same 2 M hess my hand and seal the day and year las on Expires:	free act and deed. st above written.
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With My Commission	his 4 day of 3 vly 2005 me known to be the person described in a executed same 2 M hess my hand and seal the day and year las on Expires:	free act and deed. st above written. Notary Public OFFICIAL SEAL JENNIFER THOMASON
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My Commission STATE OF COUNTY OF The	his 4 day of 2 vly 2005 me known to be the person described in a executed same SAM a ness my hand and seal the day and year las on Expires: 25, 2007 6 foregoing instrument was acknowledged	official SEAL JENNIFER THOMASON Notary Public State of New Mexico 3/25/19 Defore me this My Comprission Expires 20.000
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END OF ACKNOWLEDGMENTS

Notary Public

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

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

22

NE NW

0.1405

Legal:

13

SHADY GROVE SUB NO.3 LOT 10 B.1309 P.859 B.1379 P.232

200513200 07/25/2005 02:51P 3of3 B1414 P292 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

AGREEMENT made effective this day of 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, 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.
- 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.
- 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 accurate 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

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.
Raul D'Hanii
tabrala Garcia
STATE OF NW MYLLO, ACKNOWLEDGMENTS
COUNTY OF COUNTY
Witness my hand and seal the day and year last above written. My Commission Expires: Notary Public
STATE OF)
COUNTY OF) On this day of, 2005_, before me personally appeared
to me known to be the person described in and who executed the foregoing instrument, and acknowledged that executed same free act and deed. Witness my hand and seal the day and year last above written.
My Commission Expires: Notary Public
STATE OF)
\$ COUNTY OF)
The foregoing instrument was acknowledged before me this day of, 20 05, by of on behalf of said
Witness my hand and seal the day and year last above written. My Commission Expires:
Notary Public
STATE OF)
COUNTY OF
on benair or said
Witness my hand and seal the day and year last above written. My Commission Expires:

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

Lessee shall have the right to conduct an examination of the county records for the purpose of the verification

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

11.

END OF ACKNOWLEDGMENTS

Notary Public

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

Attached to and made a part of tha	t certain Oil and Gas Lease made effective
July 2, 2005	by and between Lessor and Synergy
Operating	, LLC as Lessee.

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 3of3 B1415 P154 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

AGREEMENT made effective this day of day of 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.
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 lessed lands contained in the attached Exhibit

See the description of leased lands contained in the attached Exhibit

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

- This Lease shall remain in force for a period of five (5) years from this date, called "primary term", and as long thereafter as Oil, Gas or other Hydrocarbons and substances produced therewith are produced from said land, or Lessee is engaged in drilling or reworking operations on said land. Should Lessee breach any provision of this Lease, or at any time fail to perform fully any obligation hereunder, the Lessor shall have the right to terminate this Lease and render it null and void if such breach, is not addressed within thirty (30) days after Lessor has given Lessee written notice.
- Lessee shall pay royalties free of costs and expense of development and operation, except taxes on production, to Lessor as follows: (a) fifteen percent (15%) of the Oil produced and saved from said land to be delivered at the wells or to the credit of Lessor into the pipeline to which the well may be connected: Lessee may, at any time or times, purchase any royalty oil, paying the market value in the field on the day it is run to the storage tanks or pipeline: (b) the market value at the well of fifteen percent (15%) of the gas (including casinghead gas or other gaseous substances) produced from the land and sold, provided that on gas sold at the well the royalty shall be fifteen percent (15%) of the amount realized from such sale: (c) fifteen percent (15%) of the amount realized from the sale of any other substances produced from said land with Oil and Gas. Lessee may use, free of royalty, oil, gas, and water for all operations hereunder.
- This is a PAID UP LEASE; there is no yearly rental payment that is due. If at the expiration of the Primary Term oil and/or gas is not capable of being produced on said land, or from land pooled therewith, but Lessor is engaged in drilling, or reworking operations thereon, or shall have completed a dry hole thereon within ninety (90) days prior to the end of the Primary Term, the lease shall remain in force so long as operations on said well, or well, or for drilling or reworking of any additional well are prosecuted with no cessation of more than ninety (90) consecutive days, and if they result in the well being capable of production of oil or gas, or so long thereafter as oil or gas is produced from said land, or from land pooled therewith.
- Lessee may at any time or times pool any part or all of said land and Lease or any stratum or strata, with other lands and Leases, stratum or strata, in the same field so as to constitute a spacing unit to facilitate an orderly or uniform well spacing pattern or to comply with any order, rule or regulation of the State or Federal regulatory or conservation agency having jurisdiction. Such pooling shall be accomplished or terminated by filing of record a Declaration of Pooling, or Declaration of Termination of Pooling, and by mailing or tendering a copy to Lessor. Drilling or re-working operations upon or production from any part of such spacing unit shall be considered for all purposes of this Lease as operations or productions from this Lease. Lessee shall allocate to this Lease the proportionate share of production, which the acreage in this Lease included in any such spacing unit, bears to the total acreage in said spacing unit. Lessee may not unitize any part of said land and Lease, or any stratum or strata, with other lands and Leases in the same field without the expressed written permission of the Lessor.
- Lessee may, in the interest of economy, commingle production from this Lease with production from one or more Leases in the same field provided a method of measurement in accordance with established engineering practices is used to measure the production and to allocate the production to the respective Leases commingled.
 - No well, road or pipeline shall be placed on Lessor's land without the express written consent of the Lessor.
- Should Lessee be prevented from complying with any express or implied covenant of this Lease, from conducting drilling, or re-working operations thereon or from producing oil or gas or other hydrocarbons therefrom by reason of scarcity of, or inability to obtain or to use equipment or material, or by operation of force majeure, or because of any Federal or State law or any order, rule or regulation of a governmental authority, then while so prevented, Lessee's obligations to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this Lease shall be extended while and so long as Lessee is prevented by and such cause from conducing drilling (which shall include the inability of lessee, through no fault of its own, to obtain sufficient and satisfactory material and equipment), or re-working operations on, or from producing oil or gas or other hydrocarbons from the leased premises; and the time while Lessee is so prevented shall not be counted against the Lessee, anything in this Lease to the contrary notwithstanding.

 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 ccruing under the terms of this Lease.



200512110 07/08/2005 03:04P 10f3 B1413 P206 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

Gonzales, Leferino

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 examine that Lessor owns oil and gas rights in lands not covered by the Lease, then Lessor shall lease those rights to Lesser 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 staid Lessor and Lessee.	e verification lation reveals e at the same
IN WITNESS WHEREOF, we sign the day and year first above written.	
Deferins borgeler	_
ACKNOWLEDGMENTS STATE OF Act They ice On this 10 th day of 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: Act 12, 2008 Notary Public	517870
STATE OF)	12
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:	WOUG AKR
Notary Public	
STATE OF	
The foregoing instrument was acknowledged before me this day of 20.05	bv

END OF ACKNOWLEDGMENTS

The foregoing instrument was acknowledged before me this ____ day of _____, 20 05 _____, 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 _

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

on behalf of said

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 Acres

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

AGREEMENT made effective this 67th day of 20 25 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 andSynergy 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.
 - 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.
- 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 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 discharge in whole or in part any tax, mortgage or lien with the right to enforce it, and may reimburse itself from any royalties are the land from the terms of this Lease.



This document received as altered for recordation.

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

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 WINESS WHEREOF, we need the day and year first above written.
consideration and on the same terms, conditions and provisions applicable to the original lease. Limited To Sec 22. 12. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said Lessor and Lessee.
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 step the day and year first above written.
January Sorder Henrich W. Grande
This is the second
Total Gardon
CHICAC GEORGE
STATE OF New Mexico) ACKNOWLEDGMENTS
COUNTY OF San Quan
On this day of, 2005_, before me personally appeared
executed same _dd free act and deed.
Witness my hand and seal the day and year last above written. My Commission Expires:
Notary Public OFFICIAL SEAL MANDA CLARK
STATE OF New Mexico) IWANDA CLARK Notary Public State of New Mexico
Otale of Horizon and Marie
On this day of Sully, 2005, before me personally appeared
On this day of, 2005 _, before me personally appeared
executed same <u>did</u> free act and deed.
Witness my hand and seal the day and year last above written. My Commission Expires:
10 -1 - 2007 Notary Public OFFICIAL SEAL MANDA CLARK
A STATE OF THE PROPERTY OF THE
State of New Mexico
COUNTY OF Sanduary) My Commission Expires 101 of 1
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
Totaly Luono
STATE OF NOW MEX(W)
COUNTY OF
OTARY
Nav Carlos see Tax Uane and seal the day and year last above written.
Notary Public
OF NEW CONTRACTOR
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

AGREEMENT made effective this	26 to day of	Jun 2005	by and between the undersigned
hereinafter called Lessor(s), whose addr	ress for notice purposes is	set out on the attached EX	HIBIT and Synergy Operating,
LLC. hereinaft	ter called Lessee, whose i	nailing address is:	P. O. Box 5513 Farmington, New
Mexico 87499.			
 Lessor, for and i 	in consideration of the	sum of Ten Dollars (\$10	0.00) 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 g	grants, leases and lets exc	usively to Lessee the land	d described below for the purpose of
investigating, exploring for, drilling for	or, producing, saving, ow	ning, handling, storing, tr	eating and transporting Oil and Gas
together with all rights, privileges and		•	
common Oil and Gas Reservoir. The	Phrase "Oil and Gas" a	s used herein includes al	l hydrocarbons and other substances
produced therewith. The land included	in this Lease is situated in	the State of New Mexico	o, San Juan County
and is described as follows	:		

See the description of leased lands contained in the attached Exhibit

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- 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.
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 - No well, road or pipeline shall be placed on Lessor's land without the express written consent of the Lessor.
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- 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 Lessee's ownership of the oil and gas rights under the lands, which are the subject of this lesse. If that examination reveals

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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 Hours (Mailes # Harris
JANET HARRIS NINA ACKNOWLEDGEN STATE OF NOW MOVIES	TENTS A, HARRIS
STATE OF New Maxico	
to me known to be the person described in and who executed the foregon executed same free act and deed.	
Witness my hand and seal the day and year last above written My Commission Expires:	cun the komacorel . c.
Tuly 25, 2007 STATE OF	OFFICIAL SEAL. JENNIFER THOMASON Notary Public State of New Mexico My Commission Expires 7-25-02
On this day of, 2005_, before me p to me known to be the person described in and who executed the forego	
executed same free act and deed.	bing instrument, and acknowledged that
Witness my hand and seal the day and year last above written	n.
My Commission Expires:	
	Notary Public
STATE OF	
COUNTY OF)	
The foregoing instrument was acknowledged before me this of	day of, 20 05, by
	On behan of Said
-	
Witness my hand and seal the day and year last above written	n.
My Commission Expires:	Notary Public
	,
STATE OF	•
COUNTY OF)	
The foregoing instrument was acknowledged before me of	this day of, 20 05, by on behalf of said
manufacture of the second seco	
Witness my hand and seal the day and year last above writte	en.
My Commission Expires:	Notary Public
	ITOMITY I MOTIO

END OF ACKNOWLEDGMENTS

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

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

29 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

AGREEMENT made effective this						
hereinafter called Lessor(s), whose ad						
LLC. herein	after called Lessee,	whose mail	ling address	is:	P. O. Box 551	3 Farmington, New
Mexico 87499.						
 Lessor, for and 	in consideration	of the sum	of Ten Do	ollars (\$10.	00) and other	good and valuable
consideration, including but not limite	ed to: the royalties r	provided her	rein, and the	covenants o	f the Lease, the	receipt of which are
hereby acknowledged, Lessor hereby						
investigating, exploring for, drilling						
together with all rights, privileges and						
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produced therewith. The land include	ed in this Lease is si	tuated in the	State of N	ew Mexico,	San Juan Count	y
and is described as follow	vs:					

See the description of leased lands contained in the attached Exhibit

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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

of th co	10. This Lease shall be binding upon all who execute it, whether they are named in the granting clause and hether 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 f Lessor's ownership of the oil and gas rights under the lands, which are the subject of this lease. If that examination reveals at Lessor owns oil and gas rights in lands not covered by the Lease, then Lessor shall lease those rights to Lessee at the same onsideration 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 aid Lessor and Lessee.
IN	N WITNESS WHEREOF, we sign the day and year first above written.
2	Don R Herrera Priscilla M. Herrera Din R Herrera Din Oli Manage
	Donk Horrora Pusible Therren
	ACKNOWLEDGMENTS ACKNOWLEDGMENTS
Park G.	OUNTY OF Sau Tuau On this 2011 day of Tune, 2005, before me personally appeared Don Frici Va Herrara Exhaust to be the person described in and who executed the foregoing instrument, and acknowledged that executed same free act and deed.
· Com	Witness my hand and seal the day and year last above written
and the same of	Notary Public
	Sept 24d, 08
	STATE OF)
C	COUNTY OF
to	o me known to be the person described in and who executed the foregoing instrument, and acknowledged that
_	executed same free act and deed.
N	Witness my hand and seal the day and year last above written. My Commission Expires:
•	Notary Public
-	
S	STATE 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.
N	My Commission Expires:
•	Notary Public
-	
5	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.
ì	My Commission Expires:
	Notary Public

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 effective this 6 day of July 20 05 by and between	
undersigned hereinafter called Lessor(s), whose address for notice purposes is set out on the attached EXHIB	IT and
SYNERGY OPERATING LLC hereinafter called Lessee,	
mailing address is: P. O. Box 5513, Farmington, New Mexico 87499 Lessor, for and in considera	ation of
the sum of Ten Dollars (\$10.00) and other good and valuable consideration, including but not limited to: the re	oyalties
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,
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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 mull 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.
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- 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.
- 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 3/8/05 mint



martiney, Just Emarch

4.		
10. This Lease shall be binding	upon all who execute it, whether they are named in the gran	ting
clause and whether all parties named in the grant	ting clause execute the Lease or not.	
11. Lessee shall have the right to	conduct an examination of the county records for the purpose of	f 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 gr	as rights in lands not covered by the Lease, then Lessor shall l	ease
those rights to Lessee at the same consideration	and on the same terms, conditions and provisions applicable to	the
original lease.	The same states, sometimes and provide a provi	
12. This lease and all its terms,	, conditions, and stipulations shall extend to and be binding or	n all
successors of said Lessor and Lessee.	, voluntions, and supplied to the second se	
Successors of said Lessor and Lessoe.		
IN WITNESS WHEREOF, we sign the day and y	vear first above written.	
~	/	
200-11	J JEM - 1	
Fran D. Martinez	to I Marting	
Jun D. Hadwan	Dito V. Martina	
MOTINEZ)	American Control Control	
AC	CKNOWLEDGMENTS	
STATE OF NOW MULLO)		
§		
COUNTY OF SAN JUMN		
On this day of JVLY	_, 20 <u>05</u> , before me personally appeared <u>Juan D. & Rita</u>	<u>. V, </u>
	bed in and who executed the foregoing instrument, and acknowle	dged
that they executed same 1	their free act and deed.	
Witness my hand and seal the day and	year last above written.	
My Commission Expires:	Thrown homason	
	Mittage Babbic	
Tuly 25, 2007 STATE OF)	OFFICIAL SEAL	7
0 1	JENNIFER THOMASON	
STATE OF)	Motory Dublic	
Ş	State of New Mexico	
COUNTY OF)	My Commission Expires 7-25-07	
On this day of	State of New Mexico My Commission Expires 7-25-07	
to me known to be the person descri	bed in and who executed the foregoing instrument, and acknowle	dged
that executed same	free act and deed.	
Witness my hand and seal the day and		
My Commission Expires:	•	
	Notary Public	
	Trouty I tono	
STATE OF)		
8		
COUNTY OF		
The foregoing instrument was acknowled	ledged before me this day of, 20 05	
by	of on behalf of	.,
0y	on behalf of	said
**************************************	Constant of the Constant	
Witness my hand and seal the day and	year last above written.	
My Commission Expires:		·——·
•	Notary Public	
OTATE OF		
STATE OF)		
COUNTY OF		
The foregoing instrument was acknown	owledged 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	
	- · - · j ·	

END OF ACKNOWLEDGMENTS

PO BOX 2124 ESPANOLA NM, 87532-7532

*Property Address*GRAHAM RD
FARMINGTON NM, 87401-7401

TownshipRangeSectionQtrQtrAcres291322NE NW0.4591

Legal: GARDEN ACRES SUBD LOT 18 B.1260 P.561 B.1326

P.325

AGREEMENT made effective this day of 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
<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

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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.
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COUNTY CLERK OF NEW WILL

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marting

onsideration and on the sam	s rights in lands not covered by the Leas ne terms, conditions and provisions appli	cable to the original le	ase.	
12. This leas aid Lessor and Lessee.	se and all its terms, conditions, and stip	ulations shall extend	to and be binding on all si	uccessors of
N WITNESS WHEREOF,	we sign the day and year first above write	ten.		
Roger A.M.	reting			
	ACKNOWLEDG	GMENTS		
TATE OF Now Me	<u>-xico</u>)		man and a second	The state of the s
COUNTY OF San S	<u>, </u>			IN distance
	and day of, 2005 , before me on described in and who executed the force			
executed same	free act and deed.		TIC VO	BUCK
Witness my hand a My Commission Expires:	and seal the day and year last above writ	ten.	L VOO	••
	_	Notary Public	J. Del	TON ?
Sept 27, 201	15			
Sept 27, 201)		"	3 3
	8		****	1.1.44
On this)day of, 20 <u>05,</u> before m	e personally appeared		
o me known to be the perso	on described in and who executed the for	egoing instrument, and	l acknowledged that	
	and seal the day and year last above writ	ten.		
My Commission Expires:				_
		Notary Public	•	
TATE OF				
STATE OF	§		,	.*
COUNTY OF)			
The foregoing ins	trument was acknowledged before me th	is day of	on behalf of said	by
·			on ochair or said	
Witness		· ******		
My Commission Expires:	and seal the day and year last above write	uen.		
		Notary Public		
STATE OF)			
COUNTY OF	8			
	nstrument was acknowledged before m		20.05	t

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

END OF ACKNOWLEDGMENTS

Notary Public

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

My Commission Expires:

10.

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

MARTINEZ ROGER R 1437 YORK FARMINGTON NM, 87401-7401

Property Address

1437 YORK AVE FARMINGTON NM, Township Range Section QtrQtr Acres

29 13 22 SE NW 0.2763

ODAFFER SUBDIVISION LOTS 7 Legal:

AND 8 BLOCK 03 B.1283 P.473

200511384 06/27/2005 02:45P 3of3 B1412 P504 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

AGREEMENT made effective this day of Clugust 20 05 by and between the
AGREEMENT made effective this day of
undersigned hereinatter called Lesson(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,
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NWITNESS WHEREOF, we sign the day and year first above written. ROBERT & NORTON V	ENNA J. NORITON
ACKNOWLEDGMENTS	
STATE OF NOW MEXICO)	
COUNTY OF SAN JUAN) On this 4th day of Alaks 2005, before me person described in and who executed to	he foregoing instrument, and acknowledged
that executed same free act and de Witness my hand and seal the day and year last above written.	ed , /
	mihn Shomador
T.14 25 2007	OFFICIAL SEAL
Suly 25, 2007 STATE OF)	JENNIFER THOMASON
8	Notary Public State of New Mexico
COUNTY OF)	My Commission Expires 9-25-01
On thisday of, 2005_, before me person to me known to be the person described in and who executed the person described in an accordance to the person described in a person described in a person described in the person desc	
that executed same free act and de Witness my hand and seal the day and year last above written.	ed.
My Commission Expires:	
Notas	ry Public
OT LITTLE OT	
STATE OF)	
COUNTY OF)	
The foregoing instrument was acknowledged before me this of	day of, 20 <u>05</u> on behalf of said
Witness my hand and seal the day and year last above written. My Commission Expires:	
Nota	ry Public
STATE OF	
STATE OF)	
COUNTY OF)	
COUNTY OF	on behalf of said
Witness my hand and seal the day and seen last about and	
Witness my hand and seal the day and year last above written. My Commission Expires:	· · · · · · · · · · · · · · · · · · ·
	ry Public

END OF ACKNOWLEDGMENTS

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

SETON ROBERT K ET AL SET 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

day of July 2005

by and between the undersigned

hereinalter 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
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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.
- 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.

COUNTY



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.
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 FULIA A GONDARS alla JULIA
CLEO NORTON alky CLEOR, NORTON JULIA A GONERIES ally JULIA A

CLEO NORTON alky CLEOR, NORTON	Julia A Gonzales alba Julia A. Hefner
ACKNOWLEDGM	MENTS
STATE OF New Moxico)	a con ilmania il 1
COUNTY OF SAN JUAN)	CLED NORTON ALL CLOOR, NORTON and
On this 22 day of 30, 2005, before me p to me known to be the person described in and who executed the forego	personally appeared Tulia A Hetner
executed same free act and deed.	oning institution, and acknowledged that
Witness my hand and seal the day and year last above writter My Commission Expires:	union homaser
	Notary Public
July 25, 2007	OFFICIAL SEAL
STATE OF)	JENNIFER THOMASON
§	Notary Public
COUNTY OF)	State of New Mexico My Commission Evning 2 25-52
On this day of, 2005_, before me p to me known to be the person described in and who executed the foreg	personally applianed. My Commission Expires 7-25-0-7
executed same free act and deed.	onig nisti unient, and acknowledged that
Witness my hand and seal the day and year last above written	n.
My Commission Expires:	
1	Notary Public
STATE OF)	
SOLINITY 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	n.
My Commission Expires:	Notary Public
·	Tomiy Tuono
CTATE OF	
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 writte	on
My Commission Expires:	****
·	Notary Public

END OF ACKNOWLEDGMENTS

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

511 1/2 CONCHO DR

FARMINGTON NM, 87401-7401

Property Address

Township Range Section QtrQtr Acres

11 CONCHO DR

29 13 22 NW SW 0.2513

FARMINGTON NM, 87401-7401

Legal: TOTAH VISTA SUB LOT 23 07B.1205 P.861

Property Address

Township Range Section QtrQtr Acres

29

Legal: TOTAH VISTA PART OF LOT 22 07B.1207 P.520

22

13

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

NW SW

0.1499

AGREEMENT made effective this 10th day of Avgust 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
<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.

- 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.
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- 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.





NOUNTY OF On this
ACKNOWLEDGMENTS STATE OF ALL MANAGED STATE OF ALL MANAGED STATE OF ALL MANAGED STATE OF ALL MANAGED STATE OF S
ACKNOWLEDGMENTS STATE OF Alwa Mexico On this 10 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 a commission Expires: OFFICIAL SEAL JENNIFER THOMASON Notary Public State of New Mexico To me known to be the person described in and who executed the foregoing instrument, and acknowledged that to me known to be the person described in and who executed the foregoing instrument, and acknowledged that free act and deed. Witness my hand and seal the day and year last above written. My Commission Expires: Notary Public STATE OF
COUNTY OF San Juan On this 10 day of August, 2005, before me personally appeared Makel C. Penn to me known to be the person described in and who executed the foregoing instrument, and acknowledged that executed same as her 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 My Commission Expires 235-07 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 San Juan S 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: OFFICIAL SEAL JENNIFER THOMASON Notary Public State of New Mexico My Commission Expires 7-25-0-7 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 Notary Public
to me known to be the person described in and who executed the foregoing instrument, and acknowledged that
to me known to be the person described in and who executed the foregoing instrument, and acknowledged that
executed same as fee 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 My Commission Expires 225-07 On this
My Commission Expires: STATE OF
COUNTY OF
COUNTY OF
COUNTY 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)
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
My Commission Expires: Notary Public
Notary Public STATE OF
COUNTY OF)
COUNTY OF)
COUNTY OF) The foregoing instrument was acknowledged before me this day of .20 05 , by
The foregoing instrument was acknowledged before me this day of .20 05 , by
of on behalf of said
Witness my hand and seal the day and year last above written. My Commission Expires:
Notary Public
· · · · · · · · · · · · · · · · · · ·
STATE OF)
COUNTY OF
The foregoing instrument was acknowledged before me this day of, 20 05, by

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:

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

AGREEMENT made effective this hereinafter called Lessor(s), whose addr	17 De de	ay of June	20.05	hy and hatwaan	the understand
hereinafter called Lessor(s), whose addr	ress for notice purpose	es is set out on the	attached EXHI	BIT and Svi	nergy Operating
hereinafi	ter called Lessee, who	ose mailing addres	s is:	P. O. Box 5513 F	Farmington, New
Mexico 87499.					
consideration, including but not limited hereby acknowledged, Lessor hereby ginvestigating, exploring for, drilling for together with all rights, privileges and common Oil and Gas Reservoir. The produced therewith. The land included and is described as follows:	grants, leases and lets or, producing, saving, easements useful for le Phrase "Oil and Ga in this Lease is situate	ided herein, and the exclusively to Les, owning, handling essee's operations is" as used herein	e covenants of ssee the land d g, storing, treat on said land at includes all h	the Lease, the recelescribed below for ting and transported on land in the sydrocarbons and	eipt of which are or the purpose of ting Oil and Gas same field with a
See the descr	intion of leased la	nds contained i	n the attache	ed 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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in 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 reveat 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 said Lessor and Lessee.
IN WITNESS WHEREOF, we sign the day and year first above written.
Front L'Appe Pauline Pope Fauline Pope
ACKNOWLEDGMENTS
STATE OF NIAU MIXICO
COUNTY OF San Juan On this 13th day of June, 2005, before me personally appeared Tray: Pauline Pope to me known to be the person described in and who executed the foregoing instrument, and acknowledged that
On this 13th day of June 2005, before me personally appeared Troy & Pauline Pope
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 Pulants
1/2/ SECOND ICAMERTO TURNING
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
The foregoing instrument was acknowledged before me this day of, 20 05, by
······································

END OF ACKNOWLEDGMENTS

of _____ on behalf of said

Notary Public

Notary Public

200511385 06/27/2005 02:45P 20f3 B1412 P505 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.

COUNTY OF ________)

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

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

My Commission Expires:

My Commission Expires:

STATE OF _

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

Property Address	Township	Range	Section	QtrQtr	Acres
1403 BLUFFVIEW AVE FARMINGTON NM, 87401-7401	29	13	22	SE NW	0.1941
		LUFFVI .1310 P.		LAT B LOT	7 2B
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



REEMENT made effective this day of 20 # by and between the under	rsigned
einafter called Lessor(s), whose address for notice purposes is set out on the attached EXHIBIT and Synergy Ope	erating,
C. hereinafter called Lessee, whose mailing address is: P. O. Box 5513 Farmington	n, New
<u>xico 87499.</u>	
1. Lessor, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and v	aluable
isideration, including but not limited to: the royalties provided herein, and the covenants of the Lease, the receipt of wh	nich are
eby acknowledged, Lessor hereby grants, leases and lets exclusively to Lessee the land described below for the purp	pose of
estigating, exploring for, drilling for, producing, saving, owning, handling, storing, treating and transporting Oil a	nd Gas
ether with all rights, privileges and easements useful for lessee's operations on said land and on land in the same field	l with a
mmon Oil and Gas Reservoir. The Phrase "Oil and Gas" as used herein includes all hydrocarbons and other sub	stances
duced therewith. The land included in this Lease is situated in the State of New Mexico, San Juan County	
and is described as follows:	

See the description of leased lands contained in the attached Exhibit

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

- 2. This Lease shall remain in force for a period of five (5) years from this date, called "primary term", and as long thereafter as Oil, Gas or other Hydrocarbons and substances produced therewith are produced from said land, or Lessee is engaged in drilling or reworking operations on said land. Should Lessee breach any provision of this Lease, or at any time fail to perform fully any obligation hereunder, the Lessor shall have the right to terminate this Lease and render it null and void if such breach, is not addressed within thirty (30) days after Lessor has given Lessee written notice.
- 3. Lessee shall pay royalties free of costs and expense of development and operation, except taxes on production, to Lessor as follows: (a) fifteen percent (15%) of the Oil produced and saved from said land to be delivered at the wells or to the credit of Lessor into the pipeline to which the well may be connected: Lessee may, at any time or times, purchase any royalty oil, paying the market value in the field on the day it is run to the storage tanks or pipeline: (b) the market value at the well of fifteen percent (15%) of the gas (including casinghead gas or other gaseous substances) produced from the land and sold, provided that on gas sold at the well the royalty shall be fifteen percent (15%) of the amount realized from such sale: (c) fifteen percent (15%) of the amount realized from the sale of any other substances produced from said land with Oil and Gas. Lessee may use, free of royalty, oil, gas, and water for all operations hereunder.
- 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
- 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 SE COUNTY SE

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Ned Virfe's signature

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.

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

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

Makon F. Pro	esto				
		•			
	ACKN	OWLEDGMENT:	S		•
STATE OF ALL WILL	<u>((()</u>)				
STATE OF ALW MOLE COUNTY OF SINGUE On this 164 d	ay of <u>() 100</u> , 20 <u>05</u> ,	before me persona	ally appeared \int	nelvin ?	Roberts
o me known to be the person de		ed the foregoing ir	nstrument, and a	cknowledged that	·
executed same Witness my hand and My Commission Expires:	seal the day and year last a	41	uitak		OFFICIAL SEAL
2.14.07		Notary	Public		KRISTA K. FLORES NOTARY PUBLIC STATE OF NEW MEXIC
STATE OF)			1912	21407
COUNTY OF	§) ay of, 20 <u>05</u> _,	hafara ma marran	ally appared	My Commission	Expires: O' / O]
to me known to be the person d	ay or, 2005_,	ted the foregoing in	any appeared nstrument, and a	cknowledged that	
executed same	free act and deed.		,		
Witness my hand and My Commission Expires:	seal the day and year last a	above written.			
wy Commission Expires:		Notary	Public		
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STATE OF	,				
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COUNTY OF)	fana ma thia	da = 6	20.05	L. .
The foregoing instrum	nent was acknowledged be	of	day of	on behalf of said	, by
W/4 1 1 1		•			
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my commoden Expires.		Notary	Public		
<u> </u>		•			
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	§				
COUNTY OF)	hafana ma thia	dan af	20.05	L
	unent was acknowledged of	before the this _	on behalf	, 20 <u>03</u> of said	, by
Witness		1			,
Witness my hand and My Commission Expires:	seal the day and year last	above written.			
, John Modell Explics.		Notary	/ Public		

END OF ACKNOWLEDGMENTS

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 1**7TH SI** FARMING**TON NM, 8740**1-7528

Property Address
1817 S BUTLER AVE
PARMINGTON 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

TownshipRangeSectionQtrQtrAcres291322SE SW0.747

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

AGREEMENT made effective this 4 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.
1. Lessor, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable
consideration, including but not limited to: the royalties provided herein, and the covenants of the Lease, the receipt of which are
hereby acknowledged, Lessor hereby grants, leases and lets exclusively to Lessee the land described below for the purpose of
investigating, exploring for, drilling for, producing, saving, owning, handling, storing, treating and transporting Oil and Gas
together with all rights, privileges and easements useful for lessee's operations on said land and on land in the same field with a
common Oil and Gas Reservoir. The Phrase "Oil and Gas" as used herein includes all hydrocarbons and other substances
produced therewith. The land included in this Lease is situated in the State of New Mexico, San Juan County
and is described as follows:

See the description of leased lands contained in the attached Exhibit

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

- 2. This Lease shall remain in force for a period of five (5) years from this date, called "primary term", and as long thereafter as Oil, Gas or other Hydrocarbons and substances produced therewith are produced from said land, or Lessee is engaged in drilling or reworking operations on said land. Should Lessee breach any provision of this Lease, or at any time fail to perform fully any obligation hereunder, the Lessor shall have the right to terminate this Lease and render it null and void if such breach, is not addressed within thirty (30) days after Lessor has given Lessee written notice.
- 3. Lessee shall pay royalties free of costs and expense of development and operation, except taxes on production, to Lessor as follows: (a) fifteen percent (15%) of the Oil produced and saved from said land to be delivered at the wells or to the credit of Lessor into the pipeline to which the well may be connected: Lessee may, at any time or times, purchase any royalty oil, paying the market value in the field on the day it is run to the storage tanks or pipeline: (b) the market value at the well of fifteen percent (15%) of the gas (including casinghead gas or other gaseous substances) produced from the land and sold, provided that on gas sold at the well the royalty shall be fifteen percent (15%) of the amount realized from such sale: (c) fifteen percent (15%) of the amount realized from the sale of any other substances produced from said land with Oil and Gas. Lessee may use, free of royalty, oil, gas, and water for all operations hereunder.
- 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.





Scott

nat Lessor owns oil and gas rights in lands not covered by the Lease, then Lessonsideration and on the same terms, conditions and provisions applicable to the lands are lands and all its terms, conditions, and stipulations sha	original lease.	
aid Lessor and Lessee.	· ·	5400055015 01
N WITNESS WHEREOF, we sign the day and year first above written.		
Finds D. Scott		
ACKNOWLEDGMENTS		- Andrewson
STATE OF New Mexico		
COUNTY OF SANJUAN	1 Linda D	Scott
On this 14th day of June, 2005, before me personally of me known to be the person described in and who executed the foregoing instru	appeared <u>NINUIT</u> U.	JAMA N.
executed same 0 free act and deed.	. 1 0 1	1,10 A S
Witness my hand and seal the day and year last above written. My Commission Expires: 1 23 2006	landa Sanders	_ WM 4074
Notary Pul	blic	
		0
STATE OF)		TA VALLE
COUNTY OF		Or Manage
On this day of, 2005_, before me personally on me known to be the person described in and who executed the foregoing instru	appeared	NEW W
executed same free act and deed.	ament, and acknowledged that	
Witness my hand and seal the day and year last above written. My Commission Expires:		•
Notary Pu	blic	
STATE OF)		
COUNTY OF)		
The foregoing instrument was acknowledged before me this	day of, 20 <u>05</u>	_, by
, of	on behalf of said	
Witness my hand and seal the day and year last above written. My Commission Expires:		
Notary Pu	blic	
STATE OF)		
COUNTY OF		
		, by

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

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.

10.

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

SCOTT LINDA D 1433 TORY AVE FARMINGTON NM, 87401-6754

Property Address

Township Range Section QtrQtr Acres

1433 TORY AVE

29 13 22 SE NW 0.1381

FARMINGTON NM, 87401-7401

Legal: ODAFFER LOT 8 02B.1217 P.930

B.1246 P.103

200511386 06/27/2005 02:45P 3of3 B1412 P506 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

AGREEMENT made effective this 4 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

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200514766 08/16/2005 08:43A 10f3 B1415 P797 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 hose rights to Lessee at the same contriginal lease.	the granting clause execute the Lease of the right to conduct an examination of the coil and gas rights under the lands, who oil and gas rights in lands not covered sideration and on the same terms, conditions and stipulations	e county records for the purpose of the ich are the subject of this lease. If that I by the Lease, then Lessor shall lease litions and provisions applicable to the
IN WITNESS WHEREOF, we sign the	day and year first above written.	•
Lois Louisable	gelend	
STATE OF TEXAS	ACKNOWLEDGMENTS	
COUNTY OF DALLAN	§).	
On this 16th day of	Avg., 2005 before me personall	ly appeared hois hours
that to me known to be the per	son described in and who executed the formal free act and deed.	oregoing instrument, and acknowledged
Witness my hand and seal th	e day and year last above written.	10 m 10 10 V
My Commission Expires	MARTHA NETHERY Notary Public, State of Texas My Commission Expires	Norse Public, State of Texas
STATE OF	July 07, 2007	July 07, 2007
COUNTY OF	annie de la constante de la co	
On this day of _		lly appeared
	son described in and who executed the fide same free act and deed.	oregoing instrument, and acknowledged
Witness my hand and seal th	ne day and year last above written.	
My Commission Expires:	Notary Pr	nblic
·	-	
STATE OF	_)	
COUNTY OF	_)	
The foregoing instrument was	as acknowledged before me this of	day of, 20 05,
		on outling of balls
Witness my hand and seal th	he day and year last above written.	
My Commission Expires:	Notary Po	
	Notary Pi	MAIC
	_)	
STATE OF		
STATE OF	§	
COUNTY OF	§) was acknowledged before me this	_ day of 20 05
COUNTY OF	\$) was acknowledged before me this of	

END OF ACKNOWLEDGMENTS

Notary Public

200514766 08/16/2005 08:43A 20f3 B1415 P797 R 13.00 D 0.00 San Juan County, 121 Clark FREE HANNERDT

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:

LOIS LOUISE SLINGERLAND 9430 SPRING BRANCH DALLAS, TX 75238

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 4.725 NET ACRES

200514766 08/16/2005 08:43A 3of3 B1415 P797 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

GREE	EM.	ENT made effective this called Lessor(s), whose a	18 ddress for	notice p	ournoses is set out of	n the attached	by and b EXHIBIT and P. O. Box	Synergy Synergy x 5513 Farmin			
LC. Iexico	87	7499.	nd in cons	ideratio	on of the sum of	Ten Dollars	(\$10.00) and 0	other good ar	nd valuable of which are	; ;	
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(NO	TE:	If death is due to accident, homici-	- Certific ide, trauma, or	d by	Medical Investiga ertified by Physic	ator 📙	San Juar	1	Farmin	gton	
unki	_		irst		Middle	Last	County of De	SEX	DATE OF DEA	TOWN, Location	
	ļ	1. HO DATE OF BIRTH (mo, day, yr)	ward	thday	R. UNDER 1 YEAR	Sto	T	2. Black, Native	13.	12, 200	y Teibal
_	ı,	June 4, 1939	_{5a.} 64	4	MOS. DAYS H	OURS MINS.	American, etc. White	EDUCATION OF D	6b.	e.g. zia, Jicanila, Nav	ZA CO.
_	L	Spanish Mexican Cuban Puerto Rican Other 6c. X NO Yes Specify:									
Į,		8a. 1.4	136 Yor	•							
FCEASED	֝֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓֓	HOSPITAL Inpatient Is				Nursing Home		☐ Other (Specify)			
- H	` '	STATE OR COUNTRY OF BIRTH	COUNTRY 10, US	WHAT	MARRIED, NEVER MARRI WIDOWED, DIVORGED 11, Married	Specify 12.	Cecilia V	aldez	YSAYADA Harada A	WAS DECEDE U.S. ARMED F 13. YES	ORCES?
	ſ	17 f Ta.			USUAL OCCUPATION (KI	r-Operat	-	fe, even if retired)		tabout C	
	- 1	RESIDENCE - State	C	County	n Juan	City, Town or L	ocation mington		1190	INSIDE CITY L	
_		New Mexico STREET AND NUMBER OR LOCA	TION 1	_{6ь.} За	II Juan	16c. 1 at	ming con	ZIP CODE	g mil for Samuel V	16d. X YES	□ NO
_	-	1436 York	Middle		Last	IMOTHE	R - BIRTH NAME F	16f. 8740	Middle	Last	
PARENTS	, MEN	Delbert	R.		Stover	18.		dna		Fitzpa	tric
•	- 1	INFORMANT - NAME (Type or print Cecilia Stover	4		MAILING ADDRESS Stre 19b. 1436 YOR		City/Town Farmin		New Me	xico 8	Zip 37401
Z	7	METHOD OF DISPOSITION Burial Cormation CR	emoval from Sta	ate □ D		Other (Specify)			REMATORY - N	_{lame} Cremator	···
NOILI		20a. A LOCATION City/Town			State EUN		CENSEE or PERSON	/ 206.	- Signature	L CENSE NUME	BER
18	5	Rio Rancho, New	Mexico		SI FACILITY	Solv	manufic No.	COVER City/Town	Na_	FSP-62	
Ë	Š	Co pe Memorial C			ISXADA	West A	rington	Farmin	gton	New Mexi	
. Z	_ 1	CERTIFIER'S SIGNATURE - On the investigation, in my opinion death oc and place and due to the cause(s) and place and due to the cause(s)	curred at the ti		S. S	- V	DATE SIGNED	1563	22d.	R OF DEATH	
	ξ	~ \	levard	2 0	tungen	= 1/8/	22August	DEAD (mo, day, yr		NOUNCED DEAD 10:00.	
		TYPE/PRINT NAME Edward				12.0	MANNER OF DI	EATH	QNATURAL	a ji ji de sa	DENT
		22b. ADDRESS 2300 DATE FILED AT NIMVRHS (mo. day	у, ут)			ton NM 87		O	MANISHE SOF		SMINELY
	7. 7.7	23a. Uuguat 2 WAS AN AUTOPS PERFORMED		003 If yes,	were findings considered in dete	mining cause of death	S Location v	WHERE AUTOPSY	WAS PERFORI	MED (CITY, STAT	ΓE)
	. 9	24a	(XNO	24b.	☐ YES	□ NO	24c.	ff Fernale:		Ce	estimate
1		PROCEDURE PERFORMED? YES 25a.).	TIPE OF	PROCEDURE	250		Pregnant at time of Not pregnant, but pregnant within Unknown if pregna	egnant within 42 di past year	ays of death length	of pregn
-		DESCRIBE HOW INJURY DOCUM	RED (COMPL)	ETE FOR	ACCIDENT, SUICIDE; HO	MICIDE, UNDER		Hoor or he		OF INJURY (in	io, day; y
. LAT	E	27a INDURY AT WORK	PLACE OF IN	JURY S	pacity home reads, street, ea		CCATION So Sm	eni/etro nici/	Cey/Town	,	ale:
-4 -	ן כ	27d 28. PART LE	gya iter the disease	s, injuries	or complications which cau	ised the death. Do	76. not enter the mode of o	dying, such as		Approximate	
2	2	cardiac or		st, shock	or heart failure. List only on Acute	**.	line.			between onser	t and de
30110	ב כ	disease or condition resulting in death.	on	a	DUE TO (OR AS A CONS				<u> Paragar</u> Zama	enstan	
- 6	3	Sequentially list co	enditions,	b	DUE TO (OR AS A CONS	EQUENCE OF):			694. Pit.		
		CAUSE (Disease	or injury	C	·						
1		which initiated ever resulting in death)			DUE TO (OR AS A CONS	EQUENCE OF):		2007			
		PART II. Other si	gnificant condi	tions con	tributing to death but not re-	sulting in the under	lying cause given in Par	t I.			
L		SHA	NOED AR	EAS I	FOR MEDICAL 1	NVESTIGA	TOR - LEGAL	OFFICER	USE ON]
ت د _ د	5,	21182 561	9 9 8						n n	1.	1
58	5	561			CERTIFIED CO	xact reproduct	ion of all or part		n Ci-	ines Van	cke
		GAL TO ALTER. COPY OR COUNTERF Egal Aterar, Copiar o Falsifica			officially registered Records and Health	Statistics, Pub			Stat	te Regist	rar

A GREENENT made effective this 18 day of Reput 20 05 by and between the undersigned
hereinaster 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 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 the land, 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
Redditional 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 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
Size law or any order, rule or regulation of a governmental authority, then while so prevented, Lessee's obligations to comply such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this Lease
sextended while and so long as Lessee is prevented by and such cause from conducing drilling (which shall include the
through no fault of its own, to obtain sufficient and satisfactory material and equipment), or re-working
Street and the time while Lessee is so the contrary notwithstanding.
title to said land as to Lessor's interest therein. The rovalties provided for are determined
estate in Oil and Gas (including all previously reserved or conveyed non-participating royalty),
the royalty to be paid Lessor shall be reduced proportionately. Lessee may purchase or
mortgage or lien upon said land, or redeem the land from any purchaser, any tax sale or

200512113 07/08/2005 03:04P 10f3 B1413 P209 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

Aline Conelin

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.
54.6 200001 W.W 2000001
IN WITNESS WHEREOF, we sign the day and year first above written.
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ATARIA ME
ACKNOWLEDGMENTS
STATE CE. MAKICO
S S S S S S S S S S S S S S S S S S S
On this day of Stavez before me personally appeared Could Stavez
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:
17. 17. 17. 17. Notary Public
10/10/2007
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
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
······································
CTATE OF
STATE OF
COUNTY OF)
The foregoing instrument was acknowledged before me this day of, 20 05, by
of on behalf of said

END OF ACKNOWLEDGMENTS

Notary Public

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

My Commission Expires:

200512113 07/08/2005 03:04P 20f3 B1413 P209 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

EXHIBIT "A"

STOVER HOWARD R ET UX 1436 YORK AVE FARMINGTON NM, 87401-6755

Property Address

1436 YORK AVE

Property Address

FARMINGTON NM, 87401-7401

Township Range Section QtrQtr Acres

29 13 22 SE NW 0.1392

Legal: ODAFFER LOT 6 04B.710 P.140

Township Range Section QtrQtr

1432 YORK AVE 29 13 22 SE NW 0.1489 FARMINGTON NM, 87401-7401

Legal: ODAFFER LOT 5 04ALSO S 4 FT

LOT 4 04B.1124 P.750

200512113 07/08/2005 03:04P 3of3 B1413 P209 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

Acres

AGREEMENT made effective this July day of 14 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.
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.

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

Lessee may, in the interest of economy, commingle production from this Lease with production from one or in the same field provided a method of measurement in accordance with established engineering practices is used to 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 dung, or re-working operations thereon or from producing oil or gas or other hydrocarbons therefrom by reason of bility to obtain or to use equipment or material, or by operation of force majeure, or because of any Federal or router, rule or regulation of a governmental authority, then while so prevented, Lessee's obligations to comply shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this Lease while and so long as Lessee is prevented by and such cause from conducing drilling (which shall include the through no fault of its own, to obtain sufficient and satisfactory material and equipment), or re-working to producing oil or gas or other hydrocarbons from the leased premises; and the time while Lessee is so

the 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 entire mineral estate in Oil and Gas (including all previously reserved or conveyed non-participating royalty), a lesser interest, the royalty to be paid Lessor shall be reduced proportionately. Lessee may purchase or in part any tax, mortgage or lien upon said land, or redeem the land from any purchaser, any tax sale or be subrogated to such lien with the right to enforce it, and may reimburse itself from any royalties s of this Lease.



07/25/2005 02:51P 10f3 B1414 P293 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.
TROY STRICKION D
Property
ACKNOWLEDGMENTS
STATE OF New Mexico
On this 1900 day of July, 2005, before me personally appeared Iron Strickland
to me known to be the person described in an 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:
July 25, 2007
STATE OF JENNIFER THOMASON
COUNTY OF State of New Mexico
On this day of, 2005_, before me person by Cuttinission Expires
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
The state of the s
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.

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

10.

My Commission Expires:

END OF ACKNOWLEDGMENTS

Notary Public

200513201 07/25/2005 02:51P 20f3 B1414 P293 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 $\frac{\sigma/2-/4-\sigma/5}{}$ 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 3of3 B1414 P293 R 13.00 D 0.00 San Juan County, NM Clerk FRAN HANHARDT

AGREEMENT made effective this 670 day of Avgus	20 05 by and between	en the
undersigned hereinafter called Lessor(s), whose address for notice purposes is s	et out on the attached EXHIBI	T and
	ereinafter called Lessee,	
mailing address is: P. O. Box 5513, Farmington, New Mexico 8749		
the sum of Ten Dollars (\$10.00) and other good and valuable consideration, inc	uding but not limited to: the ro	yalties
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	f investigating, exploring for,	drilling
for, producing, saving, owning, handling, storing, treating and transporting (
privileges and easements useful for lessee's operations on said land and on land		
and Gas Reservoir. The Phrase "Oil and Gas" as used herein includes all	hydrocarbons and other sub	stances
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.
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- 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
- 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.

 1. Lessor warrants title to said land as to Lessor's interest therein. The royalties provided for are
- 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 SIGN & RETURN
THIS COPY

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	e it e
successors of said Lessor and Lessee.	1
IN WITNESS WHEREOF, we sign the day and year first above written.	
Helew Frest	_
HELEN Treat alkla Helen A Treat	
STATE OF TEXAS COUNTY OF EL POST ACKNOWLEDGMENTS BLANCA V. MARCU May 13, 2007	US PIRES
On this 6 day of AUCUST, 2005, before me personally appeared HELAM HTYOKE to me known to be the person described in and who executed the foregoing instrument, and acknowledge	xd xd
that executed same free act and deed. Witness my hand and seal the day and year last above written.	
My Commission Expires: Notary Public Notary Public	-
May 13, 2007 Notary Public	
STATE OF)	
COUNTY OF	<u>-4</u>
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 sai	id
Witness my hand and seal the day and year last above written.	
My Commission Expires: Notary Public	
Policy I want	
STATE OF	٠
COUNTY OF)	
The foregoing instrument was acknowledged before me this day of, 20 05 on behalf of sa	id
Witness my hand and seal the day and year last above written. My Commission Expires:	

END OF ACKNOWLEDGMENTS

Notary Public



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 0	5 by and between	the undersigned
hereinafter called Lessor(s), whose address	s for notice purposes is s	set out on the attached E	XHIBIT andS	nergy Operating,
LLC. hereinafter	called Lessee, whose m	nailing address is:	P. O. Box 5513	Farmington, New
<u>Mexico 87499.</u>				
l. Lessor, for and in consideration, including but not limited to hereby acknowledged, Lessor hereby grainvestigating, exploring for, drilling for, together with all rights, privileges and eas common Oil and Gas Reservoir. The P produced therewith. The land included in and is described as follows:	nts, leases and lets exclusion producing, saving, own sements useful for lessee thrase "Oil and Gas" as	herein, and the covenan usively to Lessee the landing, handling, storing, e's operations on said lass used herein includes	ats of the Lease, the re and described below the treating and transport and and on land in the all hydrocarbons and	ceipt of which are for the purpose of rting Oil and Gas same field with a

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 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.
 - 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.



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IN WITNESS WHEREOF, we sign the day and year first above written.	
Jose V. Volencia	
STATE OF NEW WEY CO ACKNOWLEDGMENTS	
COUNTY OF SAN TUCK	
On this	—
executed same free act and deed.	
Witness my hand and seal the day and year last above written. My Commission Expires:	
OFFICIAL OBSE APUBLIC TO THE OFFICIAL OBSE AP	
KATHLEEN M. GIGUERE NOTARY PUBLIC - STATE OF NEW MEXICO	
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)	
6	
COUNTY OF	
of on behalf of said	
Witness my hand and seal the day and year has rate ve written.	
My Commission Expires:	
William Control of the Work of	
STATE OF	
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	

END OF ACKNOWLEDGMENTS

EXHIBIT "A"

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

Property AddressTownshipRangeSectionQtrQtrAcres307 OURAY AVE291322NW SW0.2436FARMINGTON NM, 87401-7401

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