

THIS AGREEMENT made and entered into this 10th day of June 1981, by and between

GRAHAM-JENIKE RANCH, a limited partnership

hereinafter called "Lessor", whether one or more, and Special Services Co., hereinafter called "Lessee".

WITNESSETH: That, for and in consideration of the sum of Ten and no/100

Dollars (\$ 10.00), receipt of which is hereby acknowledged and of the royalties herein provided and the agreements of Lessee herein contained Lessor does hereby grant, lease and let exclusively unto Lessee, its successors and assigns, all of the land hereinafter described, together with any reverentary rights therein...

All of the SE/4 of Section 8 and the SW/4 of Section 9, T-15-S, R-36-E

ILLEGIBLE

VF 4 8591

This lease covers all of the land described above, including any interests therein that any signatory hereto has the right or power to lease, and in addition it shall cover any other land which may be included in the lease by amendment or extension...

TO HAVE AND TO HOLD the leased premises for a term of three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as oil, gas or other hydrocarbons, or other minerals or leased substances, or either or any of them, are produced from the leased premises...

1. Royalty On Oil Lessee shall deliver to Lessor, at the well or to the credit of Lessor in the pipeline to which the well may be connected, \* of all oil and other liquid hydrocarbons produced and saved from the leased premises, or Lessee, at its option, may buy or sell such \* royalty and pay Lessor the market price \* of the net proceeds at the well received from the sale thereof...

2. Royalty On Gas Lessee shall pay to Lessor as royalty on gas, including casinghead gas or other gaseous substances produced from said land and sold on or off the premises, \* of the net proceeds at the well received from the sale thereof, provided that on gas used off the premises or by Lessee in the manufacture of gasoline or other products therefrom, the royalty shall be the market value at the well of \* of the gas so used...

3. Royalty On Other Substances Lessee shall pay to Lessor, as royalty on any substances covered by this lease other than oil and gas and the products thereof which Lessee may elect to produce, save and market from the leased premises, \* of the proceeds received by Lessee from the sale thereof after deducting the processing costs.

4. Shut - In Gas Royalty. If at any time, or from time to time, either before or after the expiration of the primary term of this lease, there is any gas well on the leased premises or on lands with which the leased premises are pooled or unitized and which is capable of producing in paying quantities, but which is shut in before or after production therefrom, such well shall be considered under all provisions of this lease as a well producing gas in paying quantities...

5. Delay Rental. If operations for drilling or mining on the leased premises, or on lands with which the leased premises are pooled or unitized, are not commenced on or before one (1) year from the date of this lease, as set forth above, this lease shall terminate as to both parties unless on or before one (1) year from the date of this lease, Lessee shall pay or tender to the Lessor a rental of Three Hundred Twenty and no/100 Dollars (\$ 320.00) which shall cover the privilege of deferring commencement of such drilling or mining operation for a period of twelve (12) months...

6. Production Operations. If Lessee should drill and abandon a dry hole a well on the leased premises, or if after the discovery of oil, gas or other minerals, the production therefrom should cease from any cause, and, in either event, there are no other producing wells on the leased premises or on lands with which they are pooled or unitized, or drilling or reworking operations are not being conducted thereon, this lease shall not terminate if Lessee commences reworking or additional drilling operations on the leased premises within sixty (60) days thereafter...

7. Pooling. Lessee is hereby granted the right, at any time and from time to time, whether before or after production, to pool this lease for the production of oil, gas or condensate, or any or either of them, as to the land covered hereby, or any zone or portion thereof, or as to any mineral or royalty interest therein, with any other lease covering the above described land, or lands adjacent, contiguous, adjoining, or in the immediate vicinity thereof...

8. Use Of Oil, Gas And Water For Operations. Lessee shall have the free use of oil, gas and water from the leased premises, except water from Lessor's wells and tanks, for all operations hereunder, and the royalty on oil and gas shall be computed after deducting the amount so used.

9. Removal Of Equipment. Lessee shall have the right, at any time during or after the expiration of this lease, to remove all property and fixtures placed on the leased premises by Lessee, including the right to withdraw and remove all casing.

10. Assignment Or Change Of Ownership. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors, and assigns, but no change or division in ownership of the land, rentals or royalties, however accomplished, shall be binding upon Lessee for any purpose and shall not impair the effectiveness of any payment heretofore made by Lessee...

11. Force Majeure. Lessee shall not be liable for any delays in its performance of any covenant or condition hereunder, express or implied, or for total or partial nonperformance thereof, due to force majeure. The term "force majeure", as used herein, shall mean any circumstance or any condition beyond the control of Lessee, including but not limited to acts of God and acts of the elements; acts of the public enemy; strikes; lockouts; accidents; laws, acts, rules, regulations and orders of federal, state or municipal governments, or officers or agents thereof; failure of transportation; or the exhaustion, unavailability, or delays in delivery, of any product, labor, service or material.

12. Suspension Of Operations. If Lessee is required to cease drilling or reworking or producing operations on the leased premises by force majeure, then until such time as such force majeure is terminated and for a period of ninety (90) days after such termination, each and every provision of this lease that might operate to terminate it shall be suspended and this lease shall continue in full force and effect during such suspension period. If any period of suspension occurs during the primary term, the time thereof shall be added to such term.

13. Lessor Interest Clause. If Lessor does not own, or have the right to lease the entire mineral in the land described above, then the royalties, rentals, and any other sums payable hereunder, shall be reduced and payable only in the proportion that the interest covered by this lease bears to the entire mineral interest in the above described land. If the mineral interest covered hereby is subject to an outstanding nonparticipating royalty, such royalty shall be deducted from the royalties payable to Lessor hereunder.

14. Warranty. Lessor hereby warrants and agrees to defend the title to the lands herein described and agree that the Lessee shall have the right, at any time, to redeem for Lessor, by payment, any mortgage, taxes or other liens on the leased premises in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof, and such payments may be deducted from any rental or royalties that may be payable to Lessor hereunder.

15. Surrender. Lessee, its successors and assigns, shall have the right at any time, to surrender this lease, in whole or in part, by delivering or mailing a release to the Lessor or by placing a release of record in the county, or counties, in which the leased premises are situated, and thereupon, Lessee shall be relieved from all obligations, expressed or implied, of this lease as to the acreage so surrendered.

16. Parties Bound. This lease and all of the rights, obligations and conditions hereof shall be binding upon each party executing this instrument and his heirs, devisees, successors and assigns. Should any party named above as Lessor fail to execute this lease, or should any party execute this lease who is not named above as a Lessor, it shall nevertheless be binding upon the party or parties executing the same.

17. Headings For Convenience. The paragraph headings herein are for convenience only and shall not be considered or construed to limit the subject matter of any paragraph.

IN WITNESS WHEREOF, this instrument is executed the day and year first above written.

GRAHAM-JENIKE RANCH, a limited partnership  
 By: George A. Graham, Jr.  
 GEORGE A. GRAHAM, JR.,  
 Sole General Partner

THE STATE OF \_\_\_\_\_  
 COUNTY OF \_\_\_\_\_

TEXAS ACKNOWLEDGMENT

Before me, the undersigned authority, on this day personally appeared \_\_\_\_\_  
 known to me to be the identical person whose name are/is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.  
 Given under my hand and seal of office this the \_\_\_\_\_ day of \_\_\_\_\_, A. D. 19 \_\_\_\_\_

Notary Public in and for \_\_\_\_\_  
 County, \_\_\_\_\_

THE STATE OF \_\_\_\_\_  
 COUNTY OF \_\_\_\_\_

Before me, the undersigned authority, on this day personally appeared \_\_\_\_\_  
 known to me to be the identical person whose name are/is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.  
 Given under my hand and seal of office this the \_\_\_\_\_ day of \_\_\_\_\_, A. D. 19 \_\_\_\_\_

Notary Public in and for \_\_\_\_\_  
 County, \_\_\_\_\_

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THE STATE OF New Mexico  
 COUNTY OF Soldier

NEW MEXICO ACKNOWLEDGMENT

The foregoing instrument was acknowledged before me this 16th day of June, 19 81,  
 by GEORGE A. GRAHAM, JR., Sole General Partner of GRAHAM-JENIKE RANCH, a limited partnership.

Notary Public in and for \_\_\_\_\_  
 County, \_\_\_\_\_  
 OFFICIAL SEAL  
 Patricia Ann Oliver  
 NOTARY PUBLIC - NEW MEXICO  
 MY COMMISSION EXPIRES 6/20/81

My Commission Expires: \_\_\_\_\_

No. \_\_\_\_\_

OIL, GAS AND MINERAL LEASE

TO \_\_\_\_\_

Filed for Record this the \_\_\_\_\_ day of \_\_\_\_\_ A. D. 19 \_\_\_\_\_ at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

By \_\_\_\_\_ County Clerk  
 \_\_\_\_\_ Deputy.

Recorded \_\_\_\_\_ A. D. 19 \_\_\_\_\_ County \_\_\_\_\_

Record of \_\_\_\_\_ Page \_\_\_\_\_

Book \_\_\_\_\_

By \_\_\_\_\_ County Clerk  
 \_\_\_\_\_ Deputy.