



RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the San Juan 21-1 Unit Area located within the County of Rio Arriba, State of New Mexico in form approved on behalf of the Secretary of the Interior, the undersigned owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement hereby severally, each to the extent of his or her particular ownership or interest, as may appear, consent to the inclusion of said lands within the Unit Area therein defined, ratify, approve and adopt the terms of said Unit Agreement and any modifications thereof approved by the Secretary of the Interior or his duly authorized representative as applicable to said several lands and interests, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the terms of said Unit Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreements) oil and gas duly made at contract rates applied to the production allocated under said Unit Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon the undersigned, his or her assigns or successors in interest.

ADDRESS

Durango, Colo.

Date: _____

Date: _____

APPROVED AND CONSENTED TO:

BY J. A. Pierce
WORKING INTEREST OWNER

SIGNATURE

Adolph Soens
Adolph Soens
J. Christine Soens
J. Christine Soens

APPROVED AND CONSENTED TO:
ALBUQUERQUE ASSOCIATED OIL COMPANY

BY [Signature]
WORKING INTEREST OWNER

APPROVED AND CONSENTED TO:

EL PASO NATURAL GAS COMPANY

By [Signature]
Vice President

UNIT OPERATOR & WORKING INTEREST OWNER

OIL AND GAS LEASE

AGREEMENT, Made and entered into the 28 day of September, 1955, by and between Adolph Soens and J. Christine Soens, his wife, hereinafter called Lessors, and J. A. Pierce, hereinafter called lessee.

WITNESSETH: That the said lessors, for and in consideration of TEN THOUSAND and no/100 Dollars (\$10,000.00), cash in hand paid, the receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of lessee to be paid, kept and performed, has granted, demised, lessened and let, and by these presents does grant, lease and let unto the said lessee for the sole and only purpose of exploring, drilling, mining, and operating for oil and gas and of laying pipe lines and of building tanks, power stations and structures thereon to produce, save and take care of said products, all that certain tract of land situated in the county of Rio Arriba, State of New Mexico described as follows, to-wit:

An Undivided one-half (1/2) interest in and to the North One-half of the Northwest Quarter (N/2 NW/4): the Southeast Quarter of the Northwest Quarter (SE/4 NW/4); the Northeast Quarter of the Southwest Quarter (NE/4 SW/4); all in Section 9, Township 29 North, Range 7 West, NMPM, and containing 80 acres, more or less. This lease shall be construed as pertaining only to the mineral interest of the Lessors in and to those formations above the base of the Mesaverde formation and shall not pertain to those formations lying below the base of the Mesaverde formation.

It is agreed that this lease shall remain in force for a term of 5 years from this date, said term being hereinafter called "Primary Term", and as long thereafter as oil or gas, or either of them is produced from said land by the lessee.

It is agreed that this lease shall not contain a specific drilling clause inasmuch as lessee has prior to the date of this lease drilled a Mesaverde well on adjoining property unitized with the property described herein to comply with the spacing requirements., which well shall fulfill the drilling requirements and shall serve to extend the term of this lease so long as said well is produced.

It is agreed that Lessors shall be entitled to any and all proceeds realized, prior to the date of this lease, from that certain well drilled on the acreage unitized with the property described herein, in the proportion that the acreage described herein bears to the total acreage dedicated to said well. After the date of this lease Lessors shall received their one-eighth (1/8) royalty as provided for in this lease and Lessee shall be entitled to the balance.

In consideration of the premises the said lessee covenants and agrees:

1st. To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect its of his wells, the equal one-eighth part of all oil produced and saved from the leased premises.

2nd. To pay to lessor, as royalty for gas from each well where gas only is found, while the same is being sold or used off of the premises, one-eighth of the market price at the wells of the amount so sold or used, and where such gas is not so sold or used lessee shall pay to lessors \$50.00 per annum as royalty from each

of such wells and while such royalty is so paid such well shall be held to be a producing well under the above paragraph setting forth the primary term hereof. Lessors may have gas free of charge from any gas well on the leased premises for all stoves and inside lights in the principal dwelling house on said land during the time by making lessor's own connections with the well at lessor's own risk and expense.

3rd: To pay to lessor as royalty for gas produced from any oil well and used by lessee for manufacture of gasoline, one-eighth of the market value of such gas. If such gas is sold by lessee, then lessee agrees to pay lessors, as royalty, one-eighth of the net proceeds derived from the sale of said casinghead gas at the wells.

If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises, but lessee is then engaged in drilling for oil or gas, then this lease shall continue in force so long as drilling operations are being continuously prosecuted on the leased premises; and drilling operations shall be considered to be continuously prosecuted if not more than sixty (60) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If oil or gas shall be discovered and produced from any such well or wells drilled or being drilled at or after the expiration of the primary term of this lease, this lease shall continue in forced so long as oil or gas shall be produced from the leased premises.

It is specially agreed that in the event that oil or gas is being produced or is obtained from said premises after the expiration of the primary term hereof and said production shall for any reason cease or terminate, lessee shall have the right at any time within ninety(90) days from the cessation of such production to resume drilling operations in the effort to make said leased premises again produce oil or gas, in which event this lease shall remain in force so long as such operations are continuously prosecuted, as defined in the preceding paragraph, and if they result in production of oil or gas, so long thereafter as oil or gas is produced from the premises.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate or no interest therein, then the royalties and rentals herein provided for shall be paid the said lessor only in proportion which lessor's interest, if any, bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for all operations thereon, except from water wells of lessor. When requested by lessor, lessee shall bury pipe line below plow depth. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without the written consent of the lessor. Lessee shall pay for damages caused by all operations to growing crops on said land. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

If the estate of either party hereto is assigned--and the privilege of assigning in whole or in part is expressly allowed--the covenants hereof shall extend to their heirs, executors, administrators, successors, or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment, or a certified copy thereof; and it is hereby agreed that in the event this lease shall be assigned as to a part of as to parts of the above described lands and assignee or assignees of such part or parts shall fail or

make default in the payment of the proportionate part of the rents due from him or them such default shall not operate to defeat or affect this lease so far as it covers a part or parts of said land upon which the said lessee or any assignees thereof shall make due payment of said rental.

Lessee shall have the exclusive right to build, operate and maintain pits, reservoirs, pickup stations and plants for the purpose of picking up and conserving the waste oil that flows down the creeks, ravines, and across the land embraced in this lease, whether said oil is produced from land covered by this lease or other lands, and lessor shall be entitled to receive the royalty hereinbefore reserved on all such oil so saved.

In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, before production has been secured or after production has been secured, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

Lessee shall have the right to unitize, pool, or combine all or any part of the above described lands with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions, and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperation or unit plan of development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to lessor shall be based upon production only as so allocated. Lessor shall formally express lessor's assent to any cooperative or unit plan of development or operation adopted by lessee and approved by any governmental agency by executing the same upon request of lessee.

In addition to and not in limitation of the rights granted in the preceding paragraph hereof, lessee is hereby granted the right and option to consolidate, pool or combine the lands covered by this lease, or any portion or portions thereof or any stratum or strata thereunder, with other lands or like strata thereunder for the development thereof or for the production

therefrom of oil, gas, casinghead gas or other hydrocarbons, or any or all of said products when in lessee's discretion and judgment it is advisable so to do for proper development or operation of the premises, or to conform to spacing or zoning rules of any lawful authority.

In the interest of conservation, the protection of reservoir pressures and the recovery of the greatest ultimate yield of oil, gas and other minerals, lessee shall have the right to combine the leased premises with other premises in the same general area for the purpose of operating and maintaining repressuring and recycling facilities, and for such purpose may locate such facilities including input wells, upon the leased premises, and no royalties shall be payable hereunder upon any gas used for repressuring and recycling operations benefiting the leased premises.

Lessors hereby ratify the existing unit agreement and the unitization of this acreage as provided for in the existing communitization agreement.

Lessors hereby warrant and agree to defend the title to the land herein described and agree that the lessee shall have the right at any time to redeem for lessor by payment any mortgages, taxes or other liens or interest and other charges on the above described land in the event of default of payment by lessors and be subrogated to the rights of the holder thereof and to deduct amounts so paid from rentals or other payments due or which may become due under this lease, and further lessor agrees to defend and hold lessee harmless in any action brought by any party to claim an interest in the leased premises adverse to lessee because of any assignment made or purported to have been made by lessor.

All express or implied covenants of this lease shall be subject to all Federal and State laws, Executive orders, rules or regulations and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such law, order, rule or regulation. And if from such cause lessee is prevented from conducting drilling or reworking operations on or producing oil or gas from the leased premises, the time while lessee is so prevented shall not be counted against lessee, and this lease shall extend for a period of time equal to that during which such lessee is so prevented from conducting drilling or reworking operations on or producing oil or gas from such leased premises, notwithstanding any other provision hereof.

Lessors hereby acknowledges that they have received from lessee for their own use and reference a true and correct copy of this lease.

WITNESS our hands and seals this 29 day of September, 1955.

S/ Adolph Soens

S/ J. Christine Soens
Lessors

S/ J. A. Pierce
Lessee

STATE OF COLORADO

ss

COUNTY OF LA PLATA

On this 29th day of September, 1955, before me personally appeared Adolph Soens and J. Christine Soens, his wife, to me known to be the persons described in and who acknowledged to me that they executed the foregoing instrument as their free act and deed.

WITNESS MY HAND AND SEAL the day and year first above written.

S/ Dora Picali
Notary Public

STATE OF NEW MEXICO

ss

COUNTY OF SAN JUAN

On this 29th day of September, 1955 before me personally appeared J. A. Pierce, to me known to be the person described in and who acknowledged to me that he executed the foregoing instrument as his free act and deed.

WITNESS MY HAND AND SEAL the day and year first above written.

S/ Mae Rose
Notary Public

My commission expires Jan. 22, 1958