INVALID LEASES TAKEN BY SYNERGY OPERATING CO. SURFACE OWNERS ONLY DO NOT OWN MINERALS

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DATE MINERALS SEVERED	BOOK / PAGE	SYNERGY LEASE	BOOK / PAGE	LANCE LEASE BOOK / PAGE
1-5-70	706/249	JUAN D. MARTINEZ	1413 / 585	
11/15/63	568 / 78	TIMITHY GORDON	1413 / 587	
2/12/60	444/280	TROY L. POPE	1412 / 505	
1/4/95	1194 / 518	LINDA D. SCOTT	1412 / 506	1412/613
9/7/71	706 / 577	ROGER A. MARTINEZ	1412 / 504	1414 / 69
9/7/71	697 / 77	CECELIA STOVER	1413 / 209	1414 / 69
7/12/73	746 / 432	DON HERRERA	1413/207	1414 / 69
9/15/75	759 / 50	DANIEL FRIAS, JR.	1414 / 292	1338 / 278
1/26/76	873/406	DAVID S. DUKE	1414 / 454	

BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Case No. <u>13537</u> Exhibit No. 10 Submitted by: <u>LANCE OIL & GAS CO., INC.</u> Hearing Date: <u>August 25, 2005</u>

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	AND THE BROWNER C		
A CHARLEN PROVIDE	MABENHER, CARCIA	husband and	<u>ilfe</u>
and the second	san Juan		County, New Menico
Contraction of the contraction o	ARDEN ACRES SUBD	enplat thereof.	filed in
Dec. to restriction	is, reservations a	and easements o	f record.

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ACKNOWLEDGMENT FOR NATURAL PERSONS ATE OF NEW MEXICO

Juan The set was acknowledged before me this 5th day of January The and CLYNETH H. BROWNING, hus band and wife the or Manes of Persons of Persons Acknowledging? (13, 1971 Notary Public , 19 70 ACKNOWLEDGMENT FOR CORPORATION NEW MEXICO

trument was acknowledged before me this UNTERNEY (DEVICE at Di

of .	(20,000,03	VIIIII)						े. - २०
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			OFPORT	tion	00 b	ehalf	of se	id : .

(State of Incorporation)

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Producers 88 Paid Up

OIL AND GAS LEASE

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 lesse 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 tand. 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 gascous 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 hercunder.

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 Lesse or any stratum or strata, with other lands and Lesses, 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 Lesse as operations or productions from this Lesse. Lessee shall allocate to this Lesse the proportionate share of production, which the acreage in this Lesse included in any such spacing unit, bears to the total acreage in said spacing unit. Lessee may not unitize any part of said and 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 Lense with production from one or more Lesses in the same field provided a method of measurement in accordance with established engineering practices is used to measure the production and to allocate the production to the respective Leases commingled.

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

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

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





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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.

 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 these rights to Lessee at the same consideration and on the same terms, conditions and provisions applicable to the received by the Lesse. 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 Lessor.

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

Juan D. Martin	ez (artines
STATE OF NOW WELL	ACKNOWLEDGMENTS	
COUNTY OF SHAL JUNN	ہے۔۔۔) of, 2005_, before me personally appeared	Jun D. & Rita V.
that HAQA CXC	cuted same the electron in and who executed the knegoing instructed same the electron of the e	rument, and acknowledged
Witness my fland and se My Commission Expires:	al the day and year last above written.	tomason
- Sely 25, 2007 STATE OF		FICIAL SEAL ER THOMASON Kary Public
COUNTY OF	State My Commissie of, 2005_, before me tersoning appendent person described in and who executed the foregoing ins	A Maria a Arra a Arr
to me known to be the	person described in and who executed the foregoing ins	trument, and acknowledged
Witness my hand and se	cuted same free act and deed al the day and year last above written.	
My Commission Expires:	Notary Public	
STATE OF		
COUNTY OF	\$ 	
The foregoing instrumen	§) nt was acknowledged before me this day of of	, 20 <u>05</u> on behalf of said
	cal the day and year last above written.	
My Commission Expires:	Notary Public	
STATE OF	}	
COUNTY OF	9 	
The foregoing instrum by	cent was acknowledged before me this day of , of	20 <u>05</u> on behalf of said
	cal the day and year last above written.	
My Commission Expires:	Notary Public	

END OF ACKNOWLEDGMENTS



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

Property Address	Townshi	p Range	Section	QtrQtr	Acres
GRAHAM RD FARMINGTON NM, 87401-7401	29	13	22	NE NW	0.4591
	-		ACRES	SUBD LOI	6 18



P.325

REAL ESTATE CONTRACT-FORM 103 (
THIS CONTRACT, made in triplicate, t	this 15th day of	November	, 19_63,	
by and between JANIE HARDES'	TY, a widow			
of the first part hereinafter called the Owner, a	and CHARLES ARCH			;
WITNESSETH:		of the second part herein	fter called the Purchaser.	1
I. That the said Owner, in consideration contained, agrees to sell and convey unto the San Juan	e said Purchaser the following	g real estate situate, lying and	d Purchaser, bereinafter being in the County of	
The Surface rights of:	•		÷	•
That part of the Northwe: (NW\N\1) of Section Twen (29) North of Range Thir as follows:	ty-Two (22), in !	Fownship Twenty-N	ine	•
BEGINNING at a point whit East of the Northwest co				
THENCE East 184 feet; THENCE South 160 feet;				
THENCE West 184 feet; THENCE North 160 feet to	the point of be	I hereby cortify	EXICO, County of San Juan 8.5 this instrument was filed for re of <u>Mathematica</u> 15 dr. d. bh., and deig Land ard	
		book <u>56</u>		
		Br	Carl and an official further	<u>e</u>
		- Aal	Ju Bug	it.
2. The Owner undertakes and agrees, up	ma full_performance of the cor	iditions, covenants and agreemen	te The 31/2-	-
said l'urchaser, to make, execute and deliver to 3. In consideration of the premises, the s Six Thousand Five hund	aid Purchaser agrees to buy so red and $no/100 -$	id real estate and to pay said C	whet therefor the such of	
lawful money of the United States of America, no/100		Dollars (\$1,000.00), cash in hand	
paid the receipt of which is hereby acknowledg Payable at the rate of \$ ber annum with the first interest on first paymen on the first day of each orincipal and interest 1	50.00 per month payment due and t shall be from and every month	including interes payable January November 15, 1963	t at 6% 1, 1964, , and	
The balance may be paid of the purchaser.	at any time, how	wever, without pe	nalty at the op	tion
In case of default of pa 30 days written notice t the point of repossession the purchaser shall have	o the purchaser, n shall be consid	and all moneys r dered liquidated	roperty after eceived to damages and	
If not otherwise specified the above-mentioned			S17 (6)	
shall have been fully paid. All of said unpaid centum ($.6$, $\%$) per annum from date, paya Further, it is agreed that if this Real E Purchaser in the payment of any monies due provision of Paragraph 8 hereoi, the Purchas S2500 to cover the costs, expenses, and fees in	able monthly istate Contract is placed by the hercunder for the purpose of er shall pay, in addition to the	e Owner in the hands of an att	men unon default he the	
4. Said Purchaser agrees to keep the built rage insurance in an insurance company sais as his interest may appear, and deliver said it		ared against the hazards covered m of $\frac{5}{2},000.00$, for	by fire and extended cov- the benefit of said Owner	
 Said Owner undertakes and agrees to all other liens and charges now against said re 				
		POIL A WILLINGSCI MACITUS		

OIL AND GAS LEASE

AGREEMENT made effective this 67.64 day of 64.44 20 65 by and between the undersigned hereinafter called Lessor(s), whose address for notice purposes is set out on the attached EXHIBIT and <u>Synergy Operating</u>. <u>LLC.</u> <u>P. O. Box 5513 Farmington. New 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 <u>New Mexico, San Juan County</u> 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 case: (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 aniety (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 Foderal 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 screage 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 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.

200512491 07/14/2005 11:53A 1of3 B1413 P587 R 13.50 D 0.00 San Juan County, NH Clerk FRAN HANHARDT 7



This document received as altered for recordation. 7/14/15



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

Lessee shall have the right to conduct an examination of the county records for the purpose of the verification
of Lessor's ownership of the oil and gas rights under the lands, which are the subject of this lease. If that examination reveals
that Lessor owns oil and gas rights in lands not covered by the Lease, then Lessor shall lease those rights to Lessee at the same
consideration and on the same terms, conditions and provisions applicable to the original lease. LIMATEO 70 500, 21
i.e. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of
said Lessor and Lessee.

for the day and year first above written. IN WATNESS WHEREOF, we Comith W. P. ACKNOWLEDGMENTS STATE OF THE MERICO COUNTY OF San Quan Timothuk Gondon On this 101 day of Sully, 2005, before me personally appeared The rown to be the person described in and who executed the foregoing instrument, and acknow executed same ______ free act and deed. Witness my hand and seal the day and year last above written. Wanda My Commission Expires: Notary Public OFFICIAL SEAL 10-1-2007 WANDA CLARK Notary Public STATE OF New Melico w Movie State of N My Commission Expires COUNTY OF SAN Oan On this _____ day of _____ before me personally appeared ______ known to be the person described in and the executed the foregoing instrument, and ackr LAPON 10111 did executed same free act and deed. Witness my hand and scal the day and year last above Winda My Commission Expires: Notary Public OFFICIAL SEAL INVANDA CLARK 10-1-2001 Notary Public STATE OF Act Mex State of New Mexi My Commission Expires COUNTY OF Some State 7#7 The foregoing instrument was acknowledged before me this 20 65 day of bν Konth of said on h Witness my hand and seal the day and year last above written. Unt My Commission Expires: Notary Public Mexico STATE OF NOW ion Kennith was acknowledged before me this 20 05 dav o of seal the day and year last above written. Notary Public END OF ACKNOWLEDGMENTS



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

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Property Address	Townshi	ip Range	Section	<i>QtrQtr</i>	Acres
408 E SPRUCE ST	29	13	22	NW NW	0.45
FARMINGTON NM, 87401-7401					
	Legal:			FT S & 550 13 E 119 FT	

160 FT, W 119 FT, N 160 FT TO BEG. B.1269 P.46



	E Andred bedes Westernery setter and Barnet Parts State Squared to the Saustitive a Statest Date On at . St. 280
	WARRANTY DEED
	Eliza W. Otis, a Widdw for consideration paid, grant S to Cleo W. Smith and Willard Li Smith, husband & wife, the following described real estate in
	San Juan
	_ J GALL _A MARINA Grand , New Aderson :
	Lot 2, and South 67 feet of Lot 1, Bluffview
	Subdivision, according to the amended plat thereof filed February 26, 1959, in the office
	of the County Clerk and Recorder of San Juan County, New Mexico:
	together will all and singular the water and water rights, ditch and ditch rights thereto
	belonging or in anywise appertaining.
	Reserving unto the grantor, her heirs and assigns, all and singular the oil, gas and mineral rights
	in and under the said described land.
н.,	
	with warranty covenants.
	WITNESS TAY hand and scal this 23rd bay of February 19 60 (Scal) Ella W all (Scal)
	(Seal)(Seal)(Seal)(Seal)
	STATE OF NEW MEXICO, ACENOWLEDGHENT
•	Contraction 23rd day of February 160 before me personally appeared
	S. BULA Spirza W. Otis, a widow
	For the mounter he is genon described in and who executed the foregoing instrument and acknowledged that <u>she</u>
	C. Writesest my pand and send the day and year last above written.
	Composition
	On this, 19, before me personally appeared, to me personally known, who being by me duly
	sworn, did say that he is of
	organized under the laws of the State of, and that the scal affixed to said instrument is the corporate scal of and corporation, and that said instrument was signed and scaled in behalf of asid corporation, by authority of its
	beard of directors, and said
	Witness my hand and seal the day and year last above written. My commission expires
	STATE OF NEW MEXICO, County of One and the state of the s
	the record on the day of March 250 is to Trick & B: 31 o'clock a M. and day
	and march ADALO Junil Booling
	County Clerk
	Deputy.
	Stertif Bit - febrend and Die finte ber Vollinen Printing and Sectionery Co. allerideiten M. M

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AGREEMENT made effective this 17 B day of <u>June</u> 20 0.5 by and between the undersigned hereinafter called Lesson(s), whose address nor notice purposes is set but on the attached EXCHIBIT and <u>Strenzy Operating</u>. 17 5 Mexico 87499.

<u>Mexico 87499</u>. 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 royalities provided herein, and the coverants of the Lesse, the receipt of which are hereby acknowledged, Lessor hereby grants, lesses 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 commune our and ours reserver. are ranse out and user as used herein includes all hydrocarbons and produced therewith. The land included in this Lease is situated in the State of <u>New Mexico, San Juan County.</u> ______ and is described as follows:

See the description of leased lands contained in the attached Exhibit

See the description of leased lands contained in the attached Exhibit underlying lates and streams of which all or my part of the lead is riperins, all roads, essements, and right-of-way which inverse or adjoin sail land and including all lands owned or claimed by Lessor as a part of any of sail shad, and including all provides of the last has should have becket lessor has any claim to prior production from oil and gas wells previously drilled while historest now owned by, or hereafter vested in the Lessor mal Lessor releases and valves all rights under any Homestead Exemption Laws. Lessoe will investigate whether Lessor has any claim to prior production form oil and gas wells previously drilled while the should have included Lessor's acreage described herein. If such investigation determines that Lessor is emitted to share in the production from such gas conductive, of firsh water. 2. This Lesse that length on all Lessoe would receive its share of production, less Lessor's royaly. Lessoes as for generators and the classor may three hill be and the production determines that Lessor of the Hydroxether as OH. Gas to other Hydroxethons and substances produced flows and land, called "primary term", and as fong thereafter as OH. Gas to other Hydroxethons and substances produced flows with an advoid if prevents, and to the share of the classor shall be resorder, the Lessor shall have the right to terminate this Lesses and render it mall and void if prevents, to advoid the share the regulat lesses breach any provision of the Lessor that for any time hill to prevent advoid of Jacob Lessor is an tanget value. In the day is a run to the storage tank or pipeline: (b) the market value as the day is far un to class and exports that Lesse and render it mall and void if prevent of Jacob Mydrow and the share the regulation the pipeline to which the well may be connocted. Lessee may the share to advect the origin of the rybing the regulate barrow of the share trans produced from as and lands in a mall and void if and any origin

any straining or permit with other sector and Leases in the same their window the cupressed winders permitsed or out Lease.
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8. Should Lesses be prevented from complying with any express or inplicit covenant of this Lease, from conducting drilling, or re-working operations thereton or from production on to use equipment or material, or by operation of force mujeres, or because of any Federal or State law or any order, rule or regulation of a governmental authority, then while so prevented, Lesses's obligations to comply with sury covenant shall be aspended, and Lesses shall not be lisbe in damages for failure to comply therewith; and this Lesse shall be easended while and so long as Lesses is prevented by and such cause from conducting drilling (which shall include the inability of bease, through no fault of its own, to obtain sufficient and satisfactory material multication or networking operations on, or from producing oil or gas or other hydrocarbons from the leased premise; and the time while Lesses is so prevented shall not be counted against the Lessee, mything in this Lesse to the contary notwidts mining.
9. Lessor warraws tilts to said land as to Lessor is low converyed non-participating organized, or advecting in ling any parchase, any tax also or adjudication, and shall be taken do to such a sains the royably to be read land, or redeem the land from any parchaser, any tax also or adjudication, and shall be subrogated to such as low in the right to enforce it, and may parchase witax any tax sals or adjudication, and thall be subrogated to su

200511385 06/27/2005 02:45P 1of3 B1412 P505 R 13.00 D 0.00 Sen Juan County, NN Clark FRAM HAMMART KJ KJ



This Lease shall be binding upon all who execute it, whether they are named in the granting clause and whether all parties named in the granting clause execute the Lease or not.
 Lessee shall have the right to conduct an examination of the county records for the purpose of the verification of Lessor's ownership of the oil and gas rights under the lands, which are the ability being that Lease at the same consideration and on the same terms, conditions and provisions applicable to the ariginal lease.
 12. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said Leasor on Leasor

IN WITNESS WHEREOF, we sign the day and year first above written. I many 7

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Pauline Pope

ACKNOWLEDGMENTS

STATE OF NLW MILLICO COUNTY OF San Juan On this <u>116</u> bay of <u>Mars</u> 2005 before an to me known to be the person described in and who executed the for executed same <u>sector</u> free act and deed. Witness my band and seal the day and year last above write My Commission Expires: ally appeared Troy & Pauline Pope 2005_, before me perso Homes July 25,2007 OFFICIAL SEAL JEWRIFER THOMASON Notary Public State of New Madco Ammission Expires 2-25-0 STATE OF_ COUNTY OF On this _______ day of _______ 2005_1 to me known to be the person described in and who execute _______ executed same _______ five act and deed. Witness my hand and seal the day and year last ab My Commission Expires: _____, 2005_, befo ne dde 100 ed the fr d acknowledged that CRC Notary Public STATE OF COUNTY OF The foregoing instrument was acknowledged before me this _____ _____, 20 05 _ day of _ , 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 ackne ged before me this _ ____ day of _____ ___ on behalf of said , 20 <u>05</u> , by_ oſ Witness my hand and seal the day and year last above write My Commission Expires: -Notary Public END OF ACKNOWLEDGMENTS



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

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Property Address

1403 BLUFFVIEW AVE 29 13 FARMINGTON NM, 87401-7401 Legal: BLUFFV

Property Address

816 TAMARACK FARMINGTON NM, 87401-7401

Township	Range	Section	QtrQtr	Acres
29	13	22	SE NW	0.1941
	LUFFV1 .1310 P.		LAT B LOT	2B
Township	Range	Section	QtrQtr	Acres
29	13	22	SE NW	0.1941

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



200511385 06/27/2005 02:45P 3of3 B1412 P505 R 13.00 D 0.00 San Juan County, NM Clerk FRAN NAPUMARDT

WA	ARRANTY DEED
JOYCE G. FORD, personal	representative to the Estate of
JACKIE L. JACKSON, aka J	ACKIE L. FORD. MELTON, DECKER, deceased
GLENDA E. BELL. an un	married woman, and LINDA D. SCOTT,
an unmarried woman, a	
ose address is <u>507 E. 17t</u>	h St. Farmington, New Mexico 87401
following described real estate in	San Juan County, New Mexico:
SURFACE RIGHTS IN AN T	0:
Lot Eight (8) in Block	. Two (2) of the Odaffer Subdivision in
the City of Farmington	, New Mexico, as shown on the plat of
	for record in the office of the County
Clerk of San Juan Coun	ty, New Mexico, on July 10, 1958;
Subject to any and all restrictions of record	easements, servitudes, reservations and as of this date;
	rovements affixed thereto.
ith warranty covenants.	
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itness hand and seal House 33. House	(Seal) (Seal) (Seal) (Seal)
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My commission expires: (Seal)

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THE NEW VALLIANT COMPANY . ALBUQUERQUE, NEW MEXICO . 4/94

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OIL AND GAS LEASE

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AGREEMENT made effective this <u>IYT</u> day of <u>JUNP</u> 20 <u>0.5</u> by and between the undersigned hereinafter called Lessor(s), whose address for notice purposes is set out on the attached EXHIBIT and <u>Synergy Operating</u>. <u>LLC</u> hereinafter called Lessee, whose mailing address is: <u>P. O. Box 5513 Farmington, New</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 Lessoe 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 Lesse is situated in the State of <u>New Mexico, San Juan County</u> 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, sait water, gas or other substances into any stratum or strata under said land and not productive of firsh 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 tand. Should Lessee breach any provision of this Lease, or at any time fail to perform fully any obligation hereunder, the Lessor shall have the right to terminate this Lease and render it null and void if such breach, is not addressed within thirty (30) days after Lessor has given Lessoe written notice.

3. Lessee shall pay royalties free of costs and expense of development and operation, except taxes on production, to Lessor as follows: (a) fifteen percent (15%) of the Oil produced and saved from said iand 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 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 compty with any order, rule or regulation of the State or Federal regulatory or conservation agency having jurisdiction. Such pooling shall be accomplished or terminated by filing of record a Declaration of Pooling, or Declaration of Termination of Pooling, and by mailing or tendering a copy to Lessor. Drilling or re-working operations upon or production from any part of such spacing unit shall be considered for all purposes of this Lease as operations or productions from this Lease. Lessee shall allocate to this Lease the proportionate share of production, which the acreage in this Lease included in any such spacing unit, bears to the total acreage in said spacing unit. Lessee may not unitize any part of said land and Lease, or any stratum or strata, with other lands and Leases in the same field without the expressed written permission of the Lessor.

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

7. No well, road or pipeline shall be placed on Lessor's land without the express written consent of the Lessor.
8. Should Lessee be prevented from complying with any express or implied covenant of this Lesse, from conducting drilling, or re-working operations thereon or from producing oil or gas or other hydrocarbons therefrom by reason of scarcity of, or inability to obtain or to use equipment or material, or by operation of force majeure, or because of any Federal or State law or any order, rule or regulation of a governmental authority, then while so prevented, Lessee's obligations to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this 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, norther hydrocarbons from the lease to the contrary notwithstanding.

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





10. This Lease shall be binding upon all who execute it, whether they are named in the granting clause and whether all parties named in the granting clause execute the Lease or not. 11. Lessee shall have the right to conduct an examination of the county records for the purpose of the verification of Lessor's ownership of the oil and gas rights under the lands, which are the subject of this lease. If that examination reveals that Lessor owns oil and gas rights in lands not covered by the Lease, then Lessor shall lease those rights to Lessee at the same consideration and on the same terms, conditions and provisions applicable to the original lease. 12. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said Lesse.

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said Lessor and Lessee.

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

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STATE OF NEW MEXICO	_) s			
COUNTY OF SAN JUAN			uda D.S	cott
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My Commission Expires: 1 23	006	QUANUA_Q	anders.	NOTAR
···••1	• -	Notary Public		
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On this day of	/ , 20 <u>05</u> , befa	re me personally appeared		NEW
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COUNTY OF				
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wy Commission Expires.		Notary Public		-
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SCOTT LINDA D 1433 TORY AVE FARMINGTON NM, 87401-6754

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Property Address	Township	Range	Section	<i>QtrQtr</i>	Acres
1433 TORY AVE	29	13	22	SE NW	0.1381
FARMINGTON NM, 87401-7401					

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Legal: ODAFFER LOT 8 02B.1217 P.930 B.1246 P.103



PRODUCERS 88 PAID UP Rev. No. 5a (CBG)

OIL AND GAS LEASE

This Oil and Gas Lease ("Lease") is made this _ 4th ____ day of __ Mav __, 200<u>5</u>, by and between Joyce G. Ford, personal representative of the Estate of Jackie L. Jackson, a/k/a Jackie L. Ford, deceased whose address is 12 Rd 3435, Aztec, NM 87410-9406 ("Lessor", whether one or more) and

Lance Oil & Gas Company, Inc. whose address is PO Box 70, Kirtland, New Mexico, 87417 ("Lessee").

WITNESSETH, For and in consideration of TEN DOLLARS, the covenants and agreements contained herein, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Lessor does hereby grant, demise, lesse and let exclusive/with unto said Lessee, with the exclusive rights for the purposes of mining, exploring by geophysical and other methods and operating for and producing therefrom oil and all gas of whetsoever nature or kind (including coalbed gas), and laying pipelines, telephone and telegraph lines, building tanks, plants, power stations, rookways and structures thereton to produce, save and take care of isaid products (including downtering of coalbed gas sells), and the ce and su ce righ is and privileges related in any manner to any and all such operations, and any and all other rights and privileges necessary, incident to, or conve baurfa for the operation alone or conjointly with neighboring land for such purposes, all that certain tract

_County, __ or tracts of land situated in San Juan New Mexico described as follows, to-wit:

See Exhibit "A" attached hereto and made a part hereof,



nd containing 0.1381 scres, more or less, (the "Premises").

1. It is agreed that this Lease shall remain in force for a term of _____ (five) 5 _____ years from this date ("Primary Term") and as long thereafter as oil or gas of whats I. It is agreed that this Lease shall remain in force for a term of ______(IVE) D______ term from this date ("Primary Term") and as long thereafter as oil or gas of whatsoever nature or kind is produced from the Premises or on acreage pooled or unitized therewith, or operations are continued as hereinafter provided. If, at the expiration of the Primary Term, oil or gas is not being grounded from the Premises or on acreage pooled or unitized therewith, or operations are continued as hereinafter provided. If, at the expiration of the Primary Term, oil or gas is not being grounded from the Premises or on acreage pooled or unitized therewith us Lessee is then engaged in drilling, reworking or dewatering operations thereon, then this Lease shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or abandomment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on the Premises or on acreage pooled or unitized therewith, the production on thereof should cesse from any cause after the primary term, this Lease shall not terminate if Lessee commences additional drilling, reworking or dewatering operations within ninety (90) days from date of cessation of production or from date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the Primary Term, this Lease shall continue in force so long as is produced from the Premises or on acreage pooled or unitized therewith. therease

2. This is a PAID-UP LEASE. In consideration of the payment made herewith, Lessor agrees that Lessee shall not be obligated, except as otherwise provided her or continue any operations during the primary term. Lessee may at any time or times during or after the Primary Term surrender this Lesse as to all or any portion of the any strata or stratum, by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligations thereafter accruing as to the acreage surre rtion of the Pre s and as to 3.10

Lessee covenants and agrees to pay toyality to Lessor as follows: (a) On cil, to deliver to the credit of Lessor, free of cost in the pipeline to which Lessee may connect wells on the Premises, the equal one-eighth (1/8th) part of all cil produced and from the Pre

(b) On gas of whatsoever nature or kind, including coalbed gas and other gases, liquid hydrocarbons and their respective constituent elements, casinghead gas or other gaseous substances, produced from the Premises ("Cas") Lessee shall pay, as royaity, one-eighth (1/8th) of the net proceeds realized by Lessee from the sale thereof, provided that Lessee shall pay, as royaity, one-eighth (1/8th) of the net proceeds realized by Lessee from the sale thereof, provided that Lessee shall pay, as royaity, one-eighth (1/8th) of the net proceeds realized by Lessee from the sale thereof, provided that Lessee, shall have the community right to sell that Cas to itself or to an affiliate of Lessee, in which event the royaity yhall be based upon the prevailing wellhead market price paid for Cas of similar quality in the same field (or if there is no such price prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase arrangements including arrangements under which Lessee, or an affiliate, is purchaser, marked into on the same or nearest proceeding date as the date on which Lessee, or an affiliate, commences its includi

increasing arrangements under water Lessee, or an armitet, is purchaser, entered into on the same or indirest preceding date as the date on which Lessee, or an affinize, commences its purchases bereauder, and further provided that the net proceeds or preventing well-and market price, as a splicable, shall be after deduction for costs (third party charges and tariffs, and capital and operating costs incurred by Lessee) related to gathering, transporting, dehydrating, compressing, processing and treating the Gas. 4. Where Gas from a well capable of producing Gas (or from a well in which dewatering operations have commenced), is not sold or used after the expiration of the Primary Term, Lessee shall pay or tunder as royalty to Lessor at the address set forth above One Dollar per year per net mineral acre, such payment or inder to be reade on or before the anniversary date of this Lesse next ensuing after the expiration of 90 days from the date such well is shat in or dewatering operations are commenced and thereafter on or before the anniversary date of this lessee this the such day well is the the order to be an obtine articles of the sole of the sol

There uses uses a wate sequence to producing uses (or aroma weat on which deviating operations have commenced), is not adder uses the address set for the bord bear or perior net minimaral acre, such apprent or themefore to be made on or before the analysis responses of this Lease next ensuing after the expiration of 90 days from the date stuck well is shut in or deviating operations are commenced and thereafter on or before the analysis responses of this Lease or list bear of deviating apprent or themefore the student or bear deviating or advected for shall be pid Lease or object the student Lease's interest bears to the whole and undivided fore.
Lease that have the right to use, free of cost, Ga, oil and water produced on the Premises for Lease's operations thereone, except water from the wells of Leaser.
When requested by Leaser, Lease shall bury Lease's operations to growing crops on the Premises without written consent of Leasor.
No well shall be full do neare than 200 float to the house of born now on the Premises without written consent of Leasor.
I. Lease shall have the right at sum to remove all much charse and there affect and the state of th

13. All express or implicit overants 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. Any delay or interruption caused by storm, flood, act of God or other event of force majoure shall not be counted against Lessee. If, due to the above causes or any cause

Regulation. Any densy of interruption clusted by storm, mood, at of Odd of other event of notes majoure shall not be counted against Lessee. If, due to the above clustes or any cluste whatsoever beyond the control of Lessee, lessee is prevented from conducting operations hereunder, such time shall not be counted against Lessee, and this Lesse shall be extended for a period of time equal to the time Lessee was an prevented, anything in this Lesse to the contrary notwithstanding. 14. Lessor hereby warrants and agrees to defend the title to the Premises and agrees that Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the Premises, in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof, and he undersigned Lessors, for themselves and heir heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the Premises, insofar as said right of dower and homestead may in any way affect the purposes for which this Lesse is made, as recited herein.

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

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



B Doc kones Joyce G. Ford, personal representative of the Estate of Jackie L. Jackson, a/k/a Jackie L. Ford, deceased

Mr. MANIA	
STATE OF New 11 1100 55.	UNIFORM ACKNOWLEDGEMENT-INDIVIDUAL
COUNTY OF Sthe July }	
The foregoing instrument was acknowled	leed before me this <u>SYFh</u> day of <u>Mine</u> <u>2005</u> , 19 by
goure & For	ul
	Jedia adars
My Commission Expires: 7/10/07	NEDRA ADAMS Notary Public, State of New Method
	STATE OF NEW MEXIGEne of Notary Printed Nedra Adam
- My	Commission Expires: 7/10/07
07 4 100 A 10	
STATE OF	UNIFORM ACKNOWLEDGEMENT-CORPORATE
COUNTY OF}	
The foregoing instrument was acknowled	lged before me this day of, 19 by
	es
of	aa
corporation, on behalf of the corporation.	
My Commission Expires:	Notary Public, State of
My Commission Expires:	
My Commission Expires:	
My Commission Expires:	
My Commission Expires:	Name of Notary Printed
STATE OF	Name of Notary Printed 200511493 06/28/2005 01:58P 2013 B1412 P613 R 13.00 D 0.
	Name of Notary Printed 200511493 06/28/2005 01:58P 20f3 B1412 P613 R 13.00 D 0. Sen Juan County, NH Clerk FRAN HANNARDT
STATE OF	Name of Notary Printed 200511493 06/28/2005 01:58P 20f3 B1412 P613 R 13.00 D 0. San Juan County, NM Clerk FRAN HANNARDT UNIFORM ACKNOWLEDGEMENT-OTHER
STATE OF	Name of Notary Printed 200511493 06/28/2005 01:58P 20f3 B1412 P613 R 13.00 D 0. San Juan County, NH Clerk FRAN HANNARDT UNIFORM ACKNOWLEDGEMENT-OTHER Aged before me this day of, 19
STATE OF	Name of Notary Printed 200511493 06/28/2005 01:58P 20f3 B1412 P613 R 13.00 D 0. San Juan County. NH Clerk FRAN HANNARDT UNIFORM ACKNOWLEDGEMENT-OTHER Aged before me this day of, 19. as
STATE OF	Name of Notary Printed 200511493 06/28/2005 01:58P 20f3 B1412 P613 R 13.00 D 0. San Juan County, NH Clerk FRAN HANNARDT UNIFORM ACKNOWLEDGEMENT-OTHER Aged before me this day of, 19
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Exhibit "A"

To that Oil and Gas Lease dated the 4th day of May 2005 between loyce G. Ford, personal representative of

the Estate of Jackie L. Jackson, a/k/a Jackie L. Ford, deceased, Lessor and Lance Oil & Gas Company, Inc.

Lessee

Township 29 North, Range 13 West, NMPM Section 22: That part of the Southeast Quarter of the

1

Northwest Quarter (SE/4NW/4) of said Section

22, described as follows:

Lot Eight (8) in Block Two (2) in the ODAFFER SUBDIVISION in the City of Farmington, as shown on the Plat of said Subdivision filed for record

in the Office of the San Juan County Clerk on July 10, 1958.

Containing .1381 acres, more or less San Juan County, NM



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	for consideration paid, grant.S
AND A. DURLET	
DESCRIPT IS DURRETT, hus	
int tenants the following described real est	tate in County, New Mexico:
E SURFACE RIGHTS ONLY, IN	AND TO:
t Seven (7) in Block Three	e (3) of ODAFFER SUBDIVISION, in the City of Farmington, d Subdivision filed for record July 10, 1958;
GETHER WITH all ditch and	water rights appurtenant thereto;
nvevances heretofore made;	ar 1971 and thereafter; mineral reservations and/or ; and any and all easements and servitudes, public nd or nature, in existence at the date hereof;
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	Carol Landy 0 70 -
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b Warranty covenants.	Or NVS
n warranty covenants. WITNESS	this 7th day of September 19.71
-	R R Glain
-	this 7th day of Beptenber 19.71 (Seal) N. R. Cillefficer
-	R R Glain
-	R R Glain
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WITNESS	(Seal) D. R. S. Cilleffish
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WITNESS MY hand and seal ACKNO ATE OF NEW MEXICO OUNTY OF SAN JUAN The foregoing instrument was acknowled R. G. GDAFFE, a single 1 (Name or Names of Per- method for the seal	(Seal)

OIL AND GAS LEASE

AGREEMENT made effective this ______ day of **Jack C** 20 65 by and between the undersigned hereinafter called Lessor(s), whose address for notice purposes is set out on the attached EXHIBIT and <u>Synergy Operating</u>, <u>LLC</u> bereinafter 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 <u>New Mexico, San Juan County</u> 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 toyalty. 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, 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 Lesse the proportionate share of production, which the acreage in this Lease, or any stratum or strata, with other lands and Leases in the same field without the expressed written permission of the Lessor.

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

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

8. Should Lessee be prevented from complying with any express or implied covenant of this Lease, from conducting drilling, or re-working operations thereon or from producing oil or gas or other hydrocarbons therefrom by reason of scarcity of, or inability to obtain or to use equipment or material, or by operation of force majeure, or because of any Federal or State law or any order, rule or regulation of a governmental authority, then while so prevented, Lessee's obligations to comply with such coverant 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 lease premises; and the time while Lessee is so prevented shall not be counted against the Lessee, anything in this Lesse to the contrary notwithstanding.

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





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This Lease shall be binding upon all who execute it, whether they are named in the granting clause and 10.

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

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MARTINEZ ROGER R 1437 YORK FARMINGTON NM, 87401-7401

Property Address	Township	Range	Section	Qtr(2tr	Acres
1437 YORK AVE	29	13	22	SE	NW	0.2763
FARMINGTON NM,						
			R SUBDI LOCK 03			



OIL AND GAS LEASE

This Oil and Gas Lease ("Lease") is mode this 20th day of July, 2005, by and between Emma Lou Duran, a married woman dealing in her sole and separate property, joined pro-forms by her husband Johnnie & Ohna, whose address is 706 Deer Dancer Drive, Azzee, New Mexico 87410-2086, ("Lessor", whether one or more) and LANCE OIL & GAS COMPANY, INC. whose address is 1099 18th Street, Suite 1200 Denver, CO 80202, ("Lessee").

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

_County, __New Mexico or tracts of land situated in San Juan described as follows, to-wit:

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

Derivative 21: That per dames 19 freet. United Quarter of the Northwest Quarter (SE/4 NW/4) of said Section 22, described as follows: Lots One (1) through Twenty-Two (22, inchusive, in Block One (1); Lots One (2), Two (2), Four (4), Five (5), Six (6), Seven (7), Ninc (9), Ten (10), Eleven (11), and Twelve (12) in Block Two (2); Lots One (1) through Twelve (12), inclusive, in Block Three (3); and Lots Two (2), Four (4), Five (5), and Six (6), in Block Four (4), all in the Odaffer Subdivision in the City of Furmington, as shown on the Plat of said Subdivision Block Torcerd in the Office of the San Juan County Clerk on July 10th, 1958.

and containing

1. It is agreed that this Lease shall remain in force for a term of five (5) years from this date ("Primary Term") and as long thereafter as oil or gas of whatsoever nature or kind is produced from the Premises or on acreage pooled or unitized therewith, or operations are continued as hereinafter provided. If, at the expiration of the Primary Term, oil or gas is not being produced from the Premises or on acreage pooled or unitized therewith but Lesses is then engaged in artillag, reworking or dewatering operations thereon, then this Lesse shall continue to force so long as such operations are continuously produced in artifling, reworking or dewatering operations that is lesse shall containe to continuously produced in a such operation are being produced from the Premises or on acreage pooled or unitized therewith the Lesse shall continue the continuously prosecuted if the matery (90) days shall clapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on the Premises or on acreage pooled or unitized therewith, the production of theore of should cease from any cause after the primary term, this Lesse shall not terminate if Lesse commences additional drilling, reworking or dewatering operations within aniorty (90) days from date of constantion or from date of constpletion of the primary term, this Lesse shall not terminate if Lesse to commences additional drilling, reworking or operations within aniorty (90) days from date of constantion or from date of constantion of the primary term. Less are also as a possible discovered in approximation of the primary term. This Lesse shall continue in force so long as oflor gas is produced from the Premises or on acreage pooled or unitized therewith.
2. This is a PAID-UP LEASE. In consideration of the payment made herewith, Lessor gares that Lesses that all to be obligated, eacept as otherwise provided herein, to commence or commences and operations within or time

2. Link is a rank-of Lesson in comparison of the payment mode intervining, Lesson approximation to be compared, except as doorway provided nerven, to commo or continue any oportations during the primary term. Lesson as a link of the Primiers and any strate or stratune, by delivering to Lesson or by filing for record a release or releases, and be relieved of all obligations thereafter accruing as to the acreage surrendered.
3. Lesson covenants and agrees to pay toyalty to Lesson as follows:
(a) On oil, to deliver to the credit of Lesson, free of cost is the pipeline to which Lesson may connect wells on the Premises, the equal fifteen percent (15%) part of all oil produces.

and saved from the Permises

and saved from the Premises. (b) On gas of whatsoever nature or kind, including coalbed gas and other gases, liquid hydrocarbons and their respective constituent elements, casinghead gas or other gaseous substances, produced from the Premises ("Cas") Lessoe shall pay, as royally, fifteen percent (15%) of the net proceeds realized by Lessoe from the sale thereof, provided that Lessoe shall have the continuing right to sell that Gas to itself or to an affiliate of Lessoe, in which event the royalty shall be based upon the prevailing wellbead market price paid for Gas of similar quality in the same field (or if there is no such price prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase arrangements, including arrangements under which Lessoe, or an affiliate, is purchases, centerd into on the same or nearest preceding date as the date on which Lessee, or an affiliate, is purchases, centerd into our the same or nearest preceding date as the date on which Lessee, or an affiliate, is purchases, centerd into our the same or nearest preceding date as the date on which Lessee, or an affiliate, is purchases, centerd into our the same or nearest preceding date as the date on which Lessee, or an affiliate, is purchases and tariffs, and capital and operating costs incurred by Lessee) related to gathering, transporting, delydyrating, compressing, processing and treating the Gas. 4. Where Gas from a well capable of producing Gas (or from a well in which dewatering operations have commenced), is not add or used after the expiration of the Primary Term, Lessee shall pay or tender as royalty to Lessor at the address ast forth above One Dollar per year per net mineral acre, such payment or tender to be made on or before the anniversary date of this Lease thet event well is shalt in or dowatering operations are commenced and thereafter on or before the anniversary date of this Lesse during the to redict well is shalt in or dowatering operations ar

Lease during the period such well is shat in or dewatering operations are being conducted. 5. If Lessor owns a lesser interest in the Premises than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) berein provided for

shall be paid Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

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

- When requested by Lessor, Lessee shall bury Lessee's pipe line below plow depth.
 No well shall be drilled nearer than 200 feet to the house or barn now on the Premis
- a without written consent of Lesson

No well shall be onlice trained where to the house or near now on use Premises without written current or Lessor.
 Lesses shall pay for damages caused by Lessor's operations to growing crops on the Premises.
 Lessee shall have the right at any time to remove all machinery and fixtures (including casing) Lessee has placed on the Premises.
 Lessee shall have the right at any time to remove all machinery and fixtures (including casing) Lessee has placed on the Premises.
 Lessee shall have the right at any time to remove all machinery and fixtures (including casing) Lessee has placed on the Premises.
 Lessee shall be informed to a seven the remove all machinery and fixtures (including casing) Lessee has placed on the Premises.
 Essee that be find the seven the test in the other consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record tide from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or fiture

record tide from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of the Premises shall operate to entarge the obligations or diminish the rights of Lessoe, and all Lessor's ownershot conducted without regard to any such division. If all or any part of this Lesse is assigned, no lessehold owner shall be likely for any act or emission of any other lesscheld owner. 12. Lessee, at its option, is hereby given the right and power at any time and from time to time is a recurring right, either before or after production, as to all or any part of the Premises and as to any one or more of the formations thereunder, to pool or unitize the lesscheld estate and the mineral catate covered by this Lesse with other lead, lesse or lesses in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in Lessor's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lesse or lesses. Likewise units previously formed to include formations not producting of any main go fary unit shall be accomplished by Lesse executing and filing of records a declaration of a unitation. The forming of retromation is shall be accomplished by Lesse execution and filing of records a declaration of a unitation or reformations or a well shall for weat of a west of a market anywhere on a must which lochdes all or a part of this Lesse base commenced. Production, drilling, reworking or dewatering operations or a well shat in for want of a market anywhere on a must which lochdes all or a part of this Lesse ball be treated as commenced. Production, drilling, reworking or dewatering operations or a well shat in for want of a market anywhere on a must when herdense all or a part of this Lesse shall be trested as fit were production, ariting, r commenced. Production, drilling, reworking or dewatering operations or a well shut in for want of a market anywhere on a unit which includes all or a part of this Lease shall be treated as if it were production, drilling, reworking or dewatering operations or a well shut in for want of a market under this Lease. In lieu of the royalities classwhere herein specified, including sha-ing as royalities, Lessor shall receive royalities on production from such unit only on the portion of path production allocated to this Lease. In addition to the foregoing. Lesses shall have the right to unitize, pool, or combine all or any part of the Premises as to one or more of the formations thereunder 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 comfrom to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of 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 production thereform is allocated to different portions of the land overed by satid plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalities to be paid hereander to Leasor, be regarded as having been produced from the price land to which it is allocated and not to any outer tract of land; and royality payments to be made hereander to Leasor, be regarded as having been produced from the starse undirected to all prevents a subject to all federal and State Laws, Executive Orders, Rules or Regulations, and this Lease shall no to terminated, in whole or 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, Rute or Regulation. Any delay or interruption caused by storm, flood, act of God or other event of force majeure shall not be counted against Lessee. If, due to the above causes or any cause

Regulation. Any delay or interruption caused by storm, flood, act of God or other event of force majour shall not be counted against Lessee. If, due to the above causes or any cause whatsoever beyond the control of Lessee, Lessee is prevented from conducting operations hereunder, such time shall not be counted against Lessee. If, due to the above causes or any cause or any cause of a start of the control of Lessee, Lessee is prevented from conducting operations hereunder, such time shall not be counted against Lessee. If, due to the above causes or any cause of any cause of a start of the control of Lessee, Lessee shall be extended for a period of time equal to the time Lessee to shell the tilts to the Premises and agrees that Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the Premises, in the event of default of payment by Lessor, and be subrogated to the nights of the bodder thereof, and homestend may in any way affect the premises and their beins, successors and assigns, hereby surrender and relesse all right of dower and homestend in the Premises, insofar as said right of dower and homestend may in any way affect the premises and which the less is the subring in the subring the premises and their being the subrogated to the rights of the bodder thereof, and homestend may in any way affect the premises and the base is made as the subring have in made as the subrogated to the rights of the bodder thereof. uses for which this Lease is made, as recited hereir

15. Should any one or more of the parties named as Lessor herein fail to execute this Lease, it shall nevertheless be binding upon all such parties who do en word "Lessor," as used in this Lesse, shall mean any one or more or all of the parties who execute this Lesse as Lessor. All the provisions of this Lesse, shall be binding on the beirs, successors and assigns of Lessor and Lessor. IN WITNESS WHEREOF, this instrument is executed as of the date first above written.



Tamma, Jan

200512977 07/21/2005 02:46P 10f2 B1414 P69 R 11.00 D 0.00 San Juan County, Ni Clark FRAN HANHARDT

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TATE OF New Mexic	D UNIFORM	I ACKNOWLEDGEMENT-INDIVIDUAL
COUNTY OF Jan Juan	et	x
		-
The foregoing instrument	was acknowledged before me this \mathcal{A}	day of 2005 by
Emma hou	Duran dad Johanic C	- Juan
My Commission Expires	t 10 and	Notary Public, State of Alen Menio
Ay Commission Expires:		Name of Notary Printed Le, 12 Anne Lones
G	OFFICIAL SEAL LEELA ANNE JONES NOTATIV PLELIC-STATE OF NEW HERCES	
	NOTARY PUBLIC-STOLE OF NEW MORCO NOTARY BOILD WITH PECKETARY OF STOLE My Consultation Expires <u>APPE / Store</u>	
STATE OF	UNIFORM	I ACKNOWLEDGEMENT-CORPORATE
COUNTY OF		
The foregoing instrument		day of , 20 by
of		· · · · · · · · · · · · · · · · · · ·
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My Commission Expires:	、	Notary Public, State of
· · · ·		Name of Notary Printed
STATE OF	40.	ACKNOWLEDGEMENT-OTHER
COUNTY OF	}	
The foregoing instrumen	t was acknowledged before me this	day of 20 by
on behalf of)
		· · · ·
ly Commission Expires:	N	Notary Public, State of
	Name of No	otary Printed
) (22))) 22))) 2 ALA ALA ALA ALA ALA ALA ALA ALA ALA A
		200512977 07/21/2005 02:46P
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WARRANTI	DEED (Joir	nt Tenants)		
A. S. MARTER, a Martin mo.	n may e na sa Ang ang ang ang ang ang ang ang ang ang a		·····	
	<u></u>		, for consideration paid, g	rant S
and Constant of Constants () Beachange (and adden			
as joint tenants the following described real estate in				lexico:
	1 1 1 1			
THE SURFACE RIGHTS ONLY, IN AND TO Lot Six (6) in Block Four (4) of O as shown on the Plat of said Subdi-	DAFFER SUBDIVI	SION, in the Ci or record July	ty of Farmington 10, 1958;	2.9
TOGETHER WITH all ditch and water :	rights appurte	nant thereto;		
SUBJECT TO taxes for the year 1971 conveyances heretofcre made, and an or private, of whatsoever kind or a	ny and all eas	ements and serv	itudes, public	
· ·				
			-	
with warranty covenants.				
WITNESS hand and seal this		ty of Santa		19_12
	(Sea')	Dh. M. Z	7 Ollef	1601)
	* .		J U	
	(Seal)			(Scal)
ACKNOWLEDG	MENT FOR NAT	URAL PERSONS		
STATE OF NEW MEXICO				
COUNTY OF		**		-
The foregoing instrument was acknowledged before of by R. C. Construction of Research of Person	ni this 1010 de	ay of		19 23
Wane or Names of Person or Person My commission expires :	as Acknowledging)	Ary 8	Juck	
(Scal) January 13, 1973		Notary	Public	
FOR RECORDER & USE ONLY		WLEDGMENT FO	CORPORATION	
FILED OR RECORDED	STATE OF NEW	MEXICO	55.	
800K 697 PAGE 27	COUNTY OF	rument was acknowledge]	
S.NI , WAN COMTY, NEW MEXICO, 25-	day of			, 19,
	hul			
1971 SEP 30 PM 2:03		(Name of Off	cer)	. 69

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AGREEMENT made effective this ______ day of ______ 20 0.5 by and between the undersigned bereinafter called Lesson(6), whose address for notice purposes is service on the attached EXHIBIT and _______ Synergy Operating. LC.______ bereinafter called Lesson, whose mailing address in: ______ P. O. Box 5513 Farmington, New Mexico 87499

Mexica 27492. Lessor, for and is consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, including but not limited to: the royalites provided herein, and the covenants of the Lesse, the receipt of which are hereby acknowledged, Lessor hereby grants, lesses and lets exclusively to Lesse the land described below for the purpose of investigating, exploring for, infiling for, producing, area ing, owning, handling, storing, treating and transporting 0il and Gas nogether with all rights, privileges and easements useful for lesses' as used herein includes all hydrocarbons and other substances produced therewith. The land included in this Lesse is sinuted in the State of <u>New Mexico, San Juan County</u> and is described as follows:

See the description of leased lands contained in the attached Exhibit

<text><section-header><text><list-item><list-item><list-item><list-item>



200512113 07/08/2005 03:04P 10f3 B1413 P209 R 13.00 D 0.00 Sen Juan County, NI Clerk PROM HOMMONT ())

YOUR FRE COPY

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.

 Lease shall have the right to conduct an examination of the county records for the purpose of the verification of Leaser's ownership of the oil and gas rights in lands not covered by the Lease, then Lease these these these 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 signilations shall extend to and be binding on all successors of said Lessor.

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

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	ACKNOWLEDGMENTS
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COUNTY OF THE JAA	1
On this . me & dow of	-) DAL 2005 before me personally appeared Lizilia Stove
to me known to be the person described	d in and who executed the foregoing instrument, and acknowledged that
executed same	free act and deed.
Witness my hand and seal the	e day and year last above written.
My Commission Expires:	Notery Public
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STATE OF	_ <u>}</u>
	2005 , before me personally appeared
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Witness my hand and seal th	e day and year last above written.
My Commission Expires:	N
	Notary Public
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STATE OF	_)
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COUNTY OF] as anticonsultational before me this day of20.05bv
The solution instantion of	2) as seknowledged before me this day of 20 05 by on behalf of said
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	he day and year last above written.
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STATE OF)
0013-03-03	5
COUNTY OF	
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	the day and year last above written.
My Commission Expires:	
	Notary Public
**	 .
	END OF ACKNOWLEDGMENTS



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

Property Address

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1436 YORK AVE FARMINGTON NM, 87401-7401

Property Address

1432 YORK AVE 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	QurQur	Acres			
Township 29	Range 13	Section 22	<i>QurQur</i> Se NW	Acres 0.1489			

Legal: ODAFFER LOT 5 04ALSO S 4 FT LOT 4 04B.1124 P.750

I REITAL BIRGI, LEI BISEIRI IRRI DIIREI IK EDILL IKI IEEK 200512113 07/08/2005 03:04P 30f3 B1413 P209 R 13.00 D 0.00 Sen Juan County, NH Clark PRON HONNEROT

OIL AND GAS LEASE

This Oil and Gas Lease ("Lease") is made this 20^a day of July, 2005, by and between Emma Lou Duran, a married woman dealing in her sole and separate property, joined pro-forms by her husband Johnnie E. Duran, whose address is 706 Deer Dancer Drive. Artee. New Marries 87410, 2026. ("I and "I a e address is 706 Deer Dancer Drive, Aztec, New Mexico 87410-2086, ("Lessor", whether one or more) and LANCE OIL & GAS COMPANY, INC, whose address is 1099 18th Street, Suite 1200 Denver, CO 80202, ("Lessee").

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

or tracts of land situated in San Juan County. New Mexico described as follows, to-wit:

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

CERS 88 -PAID UP No. Sa (CBG)

Section 22: That part of the Southeast Quarter of the Northwest Quarter (SE/4 NW/4) of said Section 22, described as follows:

Lots One (1) through Twenty-Two (22), inclusive, in Block One (1); Lots One (2), Four (4), Five (5), Six (6), Seven (7), Nine (9), Ten (10), Eleven (11), and Twelve (12) in Block Two (2); Lots One (1) through Twelve (12), inclusive, in Block Three (3), and Lots Two (2), Four (4), Five (5), and Six (6), in Block Four (4), all in the Odaffer Subdivision in the City of Farmington, as shown on the Plat of said Subdivision filed for record in the Office of the San Juan County Clerk on July 10th, 1958.

9.3869 acres, more or less, (the "Premises"). and containing

It is agreed that this Lease shall remain in force for a term of five (5) years from this date ("Primary Term") and as long thereafter as all or gas of whatsoever nature or kind is produced from the Premises or on acreage pooled or unitized therewith, or operations are continued as hereinsfler provided. If, at the expiration of the Primary Term, oil or gas is not being produced from the Premises or on acreage pooled or unitized therewith but Lessee is then engaged in drilling, reworking or dewatering operations thereon, then this Lesse shall continue in force so long as such operations are being continuously prosecuted. Operations shall be considered to be continuously prosecuted if not more than uncety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on the Premises or on acreage pooled or unitized therewith, the production thereof should cease from any cause after the drilling of a subsequent well. If after discovery of oil or gas on the Premises or on acreage pooled or unitized therewith, the production thereof should cease from any cause after the drilling, reworking or discovery of oil or gas on the Premises or on acreage pooled or unitized therewith, the production thereof should cease from any cause after the drilling, reworking or devatering operations within ninety (90) days from date of consultion of production or from date of completion of day hole. If oil or gas shall be discovered and produced as a result of anch operations at or after the expiration of the Primary Term, this Lease shall continue in force so long as oil or gas is produced from the Premises or on acreage pooled or unitized therewith.
 This is a PAID-UF LEASE. In consideration of the prymetin made herewith, Leasor agrees that Lesser shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee mere atimes during or

Lessee covenants and agrees to pay royalty to Lessor as follows: (a) On oil, to deliver to the credit of Lessor, free of cost in the pipeline to which Lessee may connect wells on the Premises, the equal fifteen percent (15%) part of all oil prod 3. Lessee cov d from the Premises.

and saved from the Freenists. (b) On gas of whatsover nature or kind, including coalbed gas and other gases, liquid hydrocarbons and their respective constituent elements, casinghead gas or other gaseous substances, produced from the Premises ("Gas") Lessee shall pay, as royalty, fifteen percent (15%) of the net proceeds realized by Lessee from the sale thereof; provided that Lessee shall have the continuing right to sell that Gas to itself or to an affiliate of Lessee, in which event the royalty shall be based upon the prevailing wellheed market price paid for Gas of similar quality in the same field (or if there is no such price prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase arrangements, including arrangements under which Lessee, or an affiliate, is purchaser, entered into on the stane or nearest preceding date as the date on which Lessee, or an affiliate. errangements, including arrangements under which Lessee, or an affiliate, is purchaser, externed into on the same or nearest preceding date as the date on which Lessee, or an affiliate, is purchaser, externed into on the same or nearest preceding date as the date on which Lessee, or an affiliate, is commenced is purchases hereunder; and further provided that the net proceeds or prevailing wellhead market price, as applicable, shall be after deduction for costs (third party charges and triffs, and capital and operating costs incurred by Lessee; related to gathering, transporting, dehydrating, compression gad tresting the Gas. 4. Where Gas from a well capable of producing Gas (or from a well in which dewatering operations have commenced) is not sold or used after the expiration of the Primary Term, and pay or tender as troyably to Lessor at the address set forth above Cane Dollar per year per net mineral acre, such payment or tender to be made on or before the anniversary date of this Lessee end in the remarker and undivided fee simple estate therein, then the royables (including any shut-in gas royably to Lessor) at the address and more and undivided fee simple estate therein, then the royables (including any shut-in gas royably to Lessor) at the address and more and undivided fee simple estate therein, then the royables (including any shut-in gas royably to Lessor) at the address and market and undivided fee simple estate therein, then the royables (including any shut-in gas royably) berein provided for shall be paid Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee. 5. Lessee shall have the right to use, free of cost, Gas, oil and water produced on the Premises for Lessee's operations thereon, except water from the wells of Lessor. 7. When requested by Lessor, lesser interest have the prove the north work on the Premises without written consent of Lessor (including any shut-in gas royably) berein provided for the shut have the right to use, free of cost, Gas, oil and

 Not were share to only these in that 200 rest to the boast of our now on use recently within only in the content of Lessor.
 Lessoe shall have the right at any time to remove all machinery and fitzures (including casing) Lessoe has placed on the Premises.
 The rights of the Lessoe and Lessoe hersunder may be assigned in whole or part. No change in uncertain of fitzers' interest (by assignment or otherwise) shall be binding or until the content of the fitzer has been function with notice, consisting of certilled copies of all recorded instruments of documents and other information necessary to establish a complete chain or in of Leave use Leave use over tomaster with dotted, constant of certified copies of an record certific instruments or accuments and other instruments of accuments and other instruments and accuments and accument and accuments and a ent or fisters ns may be

n, as to all or any part of the Premises and as to any one or more of the formations thereunder, to pool or unitize the leasehold estate and the mineral estate covered by this Lease with other land, lease or leases in the immediate vicinity for the production of oil and gar, or separately for the production of either, when in Leases's judgement it is necessary or advisable to do so, and irrespective of whether such non-producing formations. The forming or reforming of any unit shall be accomplished by Lease excuting and filing of record a declaration of such unitization or reforming of any unit shall be accomplished by Lease excuting and filing of record a declaration of such unitization or reformation, which declaration shall describe the unit. Any unit may include land upon which a well has theretofore been completed or upon which operations for difficulting have theretofore been commenced. Production, drilling, reworking or dewatering operations or a well shut in for want of a market anywhere on a unit which includes all or a part of this Lease shall be treated as if it were production, drilling, reworking or dewatering operations or a well shut in for want of a market anywhere on a unit which includes all or a part of this Lease shall be treated as if it were production, drilling, reworking or dewatering operations or a well shut in for want of a market anywhere on a unit which includes all or a part of this Lease shall be treated as if it were production, drilling, reworking or dewatering operations or a well shut in for want of a market anywhere on a unit which includes all or a part of this Lease shall be treated as if y the unitize, people, and include in the part production allocated to this Lease. In addition to the foregoing. Leases thall have the right to unitize, pool, or combine all or any part of the Premises as to one or more of the formations thereunder with other hands in the same general area by entering into a cooperative or unit whan of devanderserve or corrents and any countenverted from tintere to fine weath in a weth h es in the or unit plan of development or operation approved by any governmental authority and, from time to time, with like approvel, to modify, change or terminate any much plan or at 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 as of such approved cooperative or unit such event, the terms, con 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 cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this Lease, express or implied, shall be astisfied by compliance with the drilling and development requirements of such plan or agreement, in the the Premisses 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 lead covered by said plan, then the production allocated to any particular ract of land shall, for the purpose of computing the royalities to be paid hereafter be laces, be regarded as having been produced from the particular ract of land shall on termines to erash the hereafter the cleaser shall be based upon production only as so allocated. Leaser shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lease and approved by any governmental agency by executing the same upon request of Lessee. 13. All termess or implied coverants of the lease that is consent to all federal and Stata Laws. Forestive Constraints and adopted by Lease and approved by any governmental agency by executing the same upon request of the same to find the address of the leaser constraints of the leaser to all be approved to any termine to allocate and the address of the leaser the same upon request of the same.

agency by checking the same upon returns of Lesser.
13. All express or majoritod covenants of this Lesse shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this Lesse 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. Any delay or interruption caused by storm, flood, act of God or other event of force majorare shall not be counted against Lessee. If due to the above causes or any cause whatsoever beyond the control of Lessee, Lesses is prevented from conducting operations hereunder, such time shall not be control against Lessee. If due to the above causes or any cause whatsoever beyond the control of Lessee, Lesses is prevented from conducting operations hereunder, such time shall not be control against Lessee, and this Lesse shall be extended for a force or the state of the control of Lessee. Lesses held from conducting operations hereunder, such time shall not be control against Lessee, and this Lesse shall be extended for a force or the state of the state of the control of Lessee.

window to construct the close time Lessee, Lessee is prevented into consucing operations networks that not be contrast against Lesse, and this Lesse shall be extended for a period of time equal to the time Lessee was to prevented, anything in this Lesse to the contrast advintistanding.
14. Lessor benchy warrants and agrees to defend the title to the Premises and agrees that Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the Premises, in the event of default of payment by Lessor, and be subrogated to the rights of the bolder thereof, and the undersigned Lessors, for themselves and their heris, successors and assigns, hereby surrender and release all right of dower and homestead in the Premiset, insofar as said right of dower and homestead may in any way affect the purposes for which this Lesse is made, as recited herein.

13. Should any one or more of the parties named as Lessor herein fail to execute this Lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor," as used in this Lease, shall mean any one or more or all of the parties who execute this Lease as Lessor. All the provisions of this Lease shall be binding on the heirs, ssors and assigns of Lessor and Lessoe. IN WITNESS WHEREOF, this instrument is executed as of the date first above writh



Tomma N Vuna us

200512977 07/21/2005 02:46P 1of2 B1414 P69 R 11.00 D 0.00 San Juan County, NH Clerk FRAN HANHARDT

ATE OF <u>New Mexico</u> ss. S.	UNIFORM AC	KNOWLEDGEMENT-	INDIVIDUAL	
DUNTY OF Jan Jaga }				
The foregoing instrument was acknowledged before	me this _20-5	day of teles		_ 20/25 by
Emma Low Duran Dad J	Chanic E.	Duran	,	
		Reite for	en Oph	nae Joan
y Commission Expires: 10, 2004		Notary Public, State of	s <u>New Me</u>	nio
NOTATION SEA	NED EW NEDCO	Name of Notary Print	∞i <u> <i>Le</i>ula</u> A	nae Jones
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TATE OF	UNIFORM AC	KNOWLEDGEMENT-	CORPORATE	
0UNTY OF}				
The foregoing instrument was acknowledged before				
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	**	<u> </u>		· · · · · · · · · · · · · · · · · · ·
rporation, on behalf of the corporation.				
			·····	
ly Commission Expires:		•		
		Name of Notary Print	icd	
FATE OF \$5.	UNIFORM AC		-OTHER	
COUNTY OF}				
The foregoing instrument was acknowledged before	me this	day of		20 by
n behalf of			·	
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y Commission Expires:	Notar	y Public, State of		
	Name of Notary	Printed		
		2012 8141	4 P69 R	2005 02:46P 11.00 D 0.00 FRAN HANHARDT

WARRANTY DEED (Joint Tenonts) G. ODAFFER, a single man, for consideration paid, grant S JAMES M. DURRETT DOROTHY M. DURRETT, husband and wife, and as joint tenants the following described real estate in the City of Farmington San Juan County, New Me THE SURFACE RIGHTS, ONLY, IN AND TO: Lot Eleven (11) in Block One (1) of the ODAFFER SUBDIVISION, as shown on the Plat of said Subdivision filed for record July 10, 1958; TOGETHER with all ditch and water rights appurtement thereto; SURJECT TO taxes for the year 1973 and thereafter; mineral reservations and/or conveyances heretofore made; and any and all easements and servitudes, public or private, of whatsoever kind or nature, in existence at the date hereof; with warranty covenants. WITNESS MY hand and seal 12th day this . 19.73 de (Seal) (Seal) (Seal) ACKNOWLEDGMENT FOR NATURAL PERSONS OF NEW MEXICO enowledged before me this July 1973 ingle man MLEDGMENT FOR CORPORATION wledged befo e me this (Name of Officer) (Name of Corporation Acknowled bring) corporation, on behalf of said

OIL AND GAS LEASE

AGREEMENT made effective this <u>2046</u> day of <u>JUNE</u> 20 <u>05</u> by and between the undersigned hereinafter called Lessor(s), whose address for notice purposes is set out on the attached EXHIBIT and <u>Synergy Operating</u>. <u>LLC</u> hereinafter called Lessee, whose mailing address is: <u>P. O. Box 3513 Farmington. New</u> 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 royattics provided herein, and the covenants of the Lease, the receipt of which are hereby acknowledged, Lessor hereby grants, leases and lets exclusively to Lessoe 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 <u>New Mexico, San Juan County</u> 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 rigarian, 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, sak water, gas or other substances into any stratum or strata under said land and not productive of fireth 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 aull and void if such breach, is not addressed within thirty (30) days after Lessor has given Lessee written notice.

3. Lessee shall pay royalities 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 coasidered 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 in the state 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

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

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

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

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

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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.

said Lessor and Lessee.

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

Don R Herrer	Priscilla M. Herrere Pusielle Cherrer
mR Hovero	Puselle Clemen
	ACKNOWLEDGMENTS
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	the day and year last above written Notary Public
Sept 244,08	
STATE OF) *
COUNTY OF	, 2005_, before me personally appeared
On this day o	f, 2005_, before me personally appeared bed 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
My Commission Expires:	I the day and year last above written. Notary Public
·	•••••
STATE OF	;
COUNTY OF	9)
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	Notary Public
	END OF ACKNOWLEDGMENTS
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	San Juan County, NH Clark FRAN HANHARDT

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

FARMINGTON NM, 87401-7401

Property Address 809 SYCAMORE

Township	Range	Section	QtrQtr	Acres
29	13	22	SE NW	0.1802

Legal: ODAFFER SUB LOT 11 01B.895 P.187

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OIL AND GAS LEASE

This Oil and Gas Lease ("Lease") is made this 20th day of July, 2005, by and between Emma Lou Duran, a married Woman dealing in her sole and separate property, joined pro-forma by her husband Johnnie & Duran, whose address is 706 Deer Dancer Drive, Aztec, New Mexico 87410-2086, ("Lessor", whether one or more) and LANCE OIL & GAS COMPANY, INC. whose address is 1099 18th Street, Suite 1200 Denver, CO 80202, ("Lessee").

WTINESSETH, For and in consideration of TEN DOLLARS, the overants and agreements contained herein, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Lessor does hereby grant, demise, lesse and let exclusively unto said Lessee, with the exclusive rights for the purposes of mining, exploring by geophysical and other methods and operating for and producing therefrom oil and all gas of whatoover nature or kind (including coalbed gas), and laying pipelines, telephone and telegraph lines, building tasks, plants, power stations, rousdways and structures thereon to produce, save and late care of esid products (including coalbed gas), and laying pipelines, telephone and exclusive nurface and subarrface rights and privileges related in any manner to any and all sub orgenations, and any and all other rights and privileges necessary, incident to, or convenient for the careful plant or actional plant for baild for sub-termines. for the operation alone or conjoinally with neighboring land for such purposes, all that certain tract

County, New Mexico described as follows, to-wit: or tracts of land situated in San Juan

Township 29 North. Rance 13 West, N.M.P.M Section 22: That part of the Southeast Quarter of the Northwest Quarter (SE/4 NW/4) of said Section 22, described as follows: Lots One (1) through Twenty-Two (22), inclusive, in Block Tone (1), Loto One (2), Two (2), Four (4), Five (5), Six (6), Seven (7), Nine (9), Ten (10), Eleven (11), and Twelve (12) in Block Two (2), Lose (1) through Twenty-Two (22), inclusive, in Block Three (3); and Lots Two (2), Four (4), Five (5), and Six (6), in Block Four (4), Eleven (11), Subdivision in the City of Farmington, as shown on the Plat of said Subdivision filed for record in the Office of the San Juan County Clerk on July 10th, 1958.

ntaining <u>9.3869</u> acres, more or less, (the "Premises").

1. It is secreed that this Lease shall remain in force for a term of five (5) years from this date ("Primary Term") and as long thereafter as oil or gas of what ure or kind is 1. It is agreed that this Lesse shall remain in force for a term of five (3) years from into dist ("Frimary term ") and as long thereases shall remain in force for a term of five (3) years from into dist ("Frimary term ") and as long thereases as our or gas of whatdoever manne of those is produced from the Premises for provide. If, at the expiration of the Primary Term, oil or gas is not being produced from the Premises or on acreage pooled or unitized therewish but Lesses is then engaged in drilling, reworking or dewatering operations thereon, then this Lesse shall continue in force so long as such operations the being produced. Operations shall be considered to be continuously prosecuted if not more than many (90) days shall elagae between the completion or a bandonmeet of our well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas or on acreage pooled or unitized therewish but Lesses shall continue the fremises or on acreage pooled or unitized therewish but Lesses is then engaged in drilling of a subsequent well. If after discovery of oil or gas or on acreage pooled or unitized therewish but Lesses as a subsequent well. If after discovery of oil or gas or on acreage pooled or unitized therewish the production thereof should cease from any cause after the primary term, this Lesse shall not terminate if Lesses commences additional drilling, reworking or unitized therewish, the production thereof should cease from any cause after the primary term, this Lesse shall not terminate if Lesses commences additional drilling, reworking or terminate of the start and the beginned on the beginned on the start and mazer uncreving, us production meror should case from any cause after the primary term, this Lease shall not terminate if Lesso commences additional drilling, reworking or vatering operations within minot(90) days from date of consolition of from date of completion of dry hole. Hol or gas shall be discovered and produced of a stress of such exacting operations within minot(90) days from date of consolition of from date of completion of dry hole. Hol or gas shall be discovered and produced of a stress of such exacting or a stress of and the primary Term, this Lesse shall continue in force so long as oll or gas is produced from the Premises or on accreage pooled or unitized therewith.
2. This is a PAID-UP LEASE. In consideration of the payment made betweint, Lessor agrees that Lesses shall not be obligated, except as otherwise provided herein, to commence continue any operations during the primary term. Lesse may at any time or times during or after the Primary Term arrender this Lease at a lat or any portion of the Premises and as to y strate or stratum, by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligations thereafter accruing as to the screage surrendered.

(a) On oil, to deliver to the credit of Lessor, free of cost in the pipeline to which Lessore may connect wells on the Premises, the equal fifteen percent (15%) part of all oil produced m the Premises.

and saved from the Fremises. (b) On gas of whatsoever nature or kind, including coalbed gas and other gases, liquid hydrocarbons and their respective constituent elements, casinghead gas or other gaseous substances, produced from the Premises ("Ges") Lessee shall pay, as royally, fifteen percent (15%) of the net proceeds realized by Lessee from the sale thereof; provided that Lessee shall have the continuing right to self that Gas to itself or to an affiliate of Lessee, in which event the royalty shall be based upon the prevailing price) pussuant to comparable purchase quality in the same field (or if there is no such price prevailing in the same field, then in the nearest field in which there is such a prevailing price) pussuant to comparable purchases arrangements, including arrangements under which Lessee, or an affiliate, is purchaser, entered into on the same to ensuest preceding date as the date on which Lessee, or an affiliate commences its purchases hereunder; and further provided that the net proceeds or prevailing welfhead market price, as applicable, shall be after douction for costs (third party charges and the net processing or the net processing or the net proceeds or prevailing welfhead market price, as applicable, shall be after douction for costs (third party charges and the net processing or the net processing or the net processing or the same field or the net processing or the net processing or the same field or the net processing or the net processing the date or the net processing the net processing or the net procesing or the net procesing or the net

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6 this base larter thanking that the separator by base town in the use such as a being conducted.
5. If Lessor owns a besser interest in the Premises than the easier and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid Lessor only in the proportion which Lessor's interest to the whole and undivided fee.
6. Lesses shall have the right to use, fitse of cases is interest bears to the whole and undivided fee.
7. When requested by Lessor, Lesses shall have Lesser's pipe line below plow depth.

- 8. No well shall be drilled nearer than 200 feet to the house or barn now on the Premis es without written consent of I er

 No well shall be doubted nearer than 200 text to me nouse or near now on use Premises winned written consent of Lessor.
 Lessee shall pay for damages caused by Lessor's operations to growing crops on the Premises.
 Lessee shall have the right at any time to remove all machinery and fixtures (including casing) Lessee has placed on the Premises.
 The rights of the Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on the million of the removes the norther with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of the lessor. record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, abalt be binding on Lessoe. No pr nt or future record use from Lessor, and these only will respect to payments thereater maker. No other tanks to endot noted, when the status of constructive, status to be noting on Lesser. No present of nature division of Lessor's ownerships at to different portions or parcels of the Premises shall operate to endot the tobility into the rights of Lesser, and all constructive, status of the right and power status per of this Lesser is assigned, no elsewhold owner shall be liable for any set or omission of any other lesseshold owner. 12. Lesses, at its option, is bareby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the premises and as to any cost or more of the formations thereunder, to pool or unlitter the lessehold cate and the mineral cases covered by this Lesse with other leads, lesse or lesses in the

Premises and as to any one or more of the formations thereunder, to pool or unitize the leasehold estate and the minoral estate covered by this Lease with other lead, lease or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in Lease 's judgement it is nocessary or advisable to do so, and irresportive of whethe suthority similar to this exists with respect to such other lead, lease or leases. Likewise units previously formed to include formations not producing of or gas, may be reformed to exclud such non-producing formastions. The forming or reforming of any unit shall be accomplished by Lease executing and filing of second a declaration of a uch unitization or reformation or a well shall be accomplished by Lease executing and filing of second a declaration of a uch unitization or reformation or a well shall in for want of a market snywhere on a univerbin includes all or a part of this Lease shall be treated a if it were production, drilling, reworking or dewatering operations or a well shat in for want of a market snywhere on a univerbin hereit on a part of the Premise as to one or more of the formations of such unitization. In addition to the foregoing, Leasee shall have the right to unitize, pool, or combines of or any part of the Premises as to one or more of the formations for devatering operations or a well shat in for want of a market snywhere on a univerbin the classe. In addition to the foregoing, Leasee shall have right to unitize, pool, or combines of or any part of the Premises as to one or more of the formation approval, to any part of the Premises as to need the formations, and provisions of university and provisions of this Lease shall be determed in outple to continue all or any part of the Premises as to one or more of the formations, and provisions of university and provisions of this Lease shall be determed in outple to continue all or one approved by any governmental authority and, from time to time, with like approval, to ed as di have at or unit and, in such event, the terms, commons and provisions of this Lease shall be doesned modified to controm to the terms, commons, and provisions of such approved cooperative or unit phan of development or operation and, particularly, all fulling and development or operation the terms, cooking and be easisfed by compliances 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 the Premises 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 royabies 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 royaby payments to be made hereunder to Lessor shall be based upon production only as to allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental means the requirement toop menute of Lessor. nty as so allocated. Lessor shall formally express Lessor's consent to any co gency by executing the same upon request of Lessee. agency by executing the sa

13. All carbon of the 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 e or in part, nor Lease held liable in damages, for failure to compty therewish if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or lation. Any delay or interruption caused by storm, flood, act of God or other event of force majeure shall not be counted against Lease. If, due to the above causes or any cause whole or in part, nor Lessee Regulation. Any delay or in

Regulation. Any detay of interruption causes or storm, moos, as or tool or other event of norce majore shall not be counted against Lessee. It, sue to the above causes or any cause or whethous the bound of the counted against Lessee, and this Lesse shall be extended for a period of time equal to the time Lessee was so prevented, anything in this Lesse to the contrary solwithstanding. 14. Lessor bereby warrants and agrees to defend the tife to the Premises and agrees that Lessee shall have the right at any time to redeem for Lessee, by payment, any mortgages, areas or other iterations and agrees to defend the tife to the Premises and agrees that Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other iterations and agrees and be suborgated to the holder thereof, and the undersigned Lessers, for themaselves and their beins, successors and assigns, hereby summeder and release all right of dower and homestead in the Premises, insofar as said right of dower and homestead may way affect the succession and assigns. oses for which this Lease is made, as recited hereis

purposes for which has Lesse is made, as recirco the end. 15. Should any one or more of the parties named as Lessor herein fail to execute this Lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor," as used in this Lease, shall mean any one or more or all of the parties who execute this Lease as Lessor. All the provisions of this Lease shall be binding on the being In WITNESS WHEREOF, this instrument is executed as of the date first above write



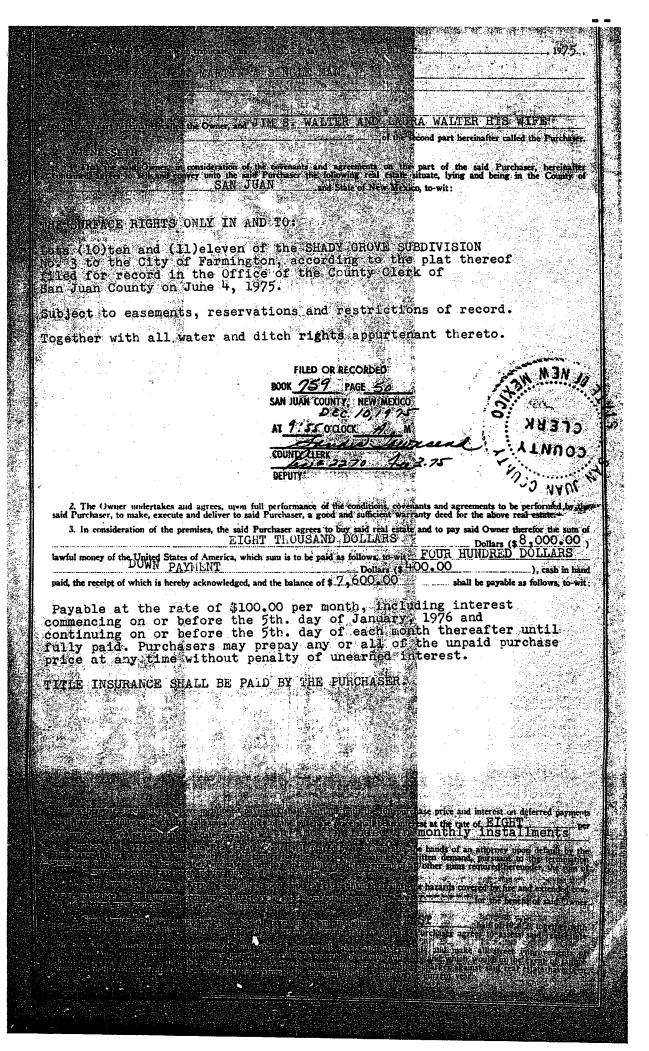
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Producers 88 Paid Up

OIL, AND GAS LEASE

14 2 day of AGREEMENT made effective this 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: <u>P. O. Box 5513, Farmington, New Mexico 87499</u> 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 and is described as follows: County

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, sait 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 kind. 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 heremder.

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 Lease. stratum or strata, in the same field so as to constitute a spacing unit to facilitate

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 specing 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 Lesses in the same field provided a method of measurement in accordance with established engineering practices is used to measure the production and to allocate the production to the respective Leases commingled.

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

8. Should Lessee be prevented from complying with any express or implied covenant of this Lease, from conducting drilling, or re-working operations thereon or from producing oil or gas or other hydrocarbons thereform 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 country 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 Lesse.







10. This Lease shall be binding upon all who execute it, whether they are named in the granting clause and whether all parties named in the granting clause execute the Lease or not. 11. Lessee shall have the right to conduct an examination of the county records for the purpose of the verification of Lessoe'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 Lessor.

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

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	STATE OF New Mexico	ACKNOWLEDGMENTS
	COUNTY OF SAN DUAN	
	to me known to be the person thatcxxcuted s	n described in and who executed the foregoing instrument, and acknowledged
	Witness my hand and seal the of My Commission Expires:	ame free act and deed. day and year last above written.
	My Commission Capitos.	Notary Public
	STATE OF New MAYICO)
	COUNTY OF SAN JUAN	
ANCI	AE FRIAS On this 14 to day of 3	12.4
	that <u>Hak</u> executed	same SIM C free set and deed. day and year last above written
	My Commission Expires:	Berner Mary Public
	July 25,2007	
	STATE OF) OFFICIAL SEAL JENNIFER THOGASON
	COUNTY OF	Notary Public State of New Mexico, 7/25/47 scknowledged before me the My Comprision Expires
	The foregoing instrument was	acknowledged before me this My Campilision Eroires. ed. 24

		day and year last above written.
•	Witness my hand and seal the My Commission Expires:	day and year last above written. Notary Public
•	My Commission Expires: STATE OF	Notary Public
•	My Commission Expires: STATE OF	
•	My Commission Expires: STATE OF COUNTY OF The foregoing instrument w by	Notary Public) \$.) as acknowledged before me this day of, 20 <u>05</u> ,

END OF ACKNOWLEDGMENTS



EXHIBIT "A"

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

FARMINGTON NM, 87401-7401

Property Address 820 E SPRUCE ST

, [,]

.....

Townshi	p Range	Section	QtrQtr	Acres	
29	13	22	NE NW	0.1405	

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

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

PU Lease 5/yr Term Producers 88 Rev NM622,413

follows, to wit:

200204114 03/07/2002 02:42P 10f2 B1338 P278 R 7.00 D 3.00 San Juan County, NI Clerk FRAN HANHARDT

OIL AND GAS LEASE

THIS AGREEMENT. Made and entered into this 12th day of_

November Mary Martin, widow of Veral V. Martin

2001 , by and between

Whose post office address is P O Box 10026 E. Rocky Hill Rd, Dewey, AZ 86327 bereinafter called Lessor (whether

one or more) and Richardson Production Company whose post office address is 1700 Lincoln, Suite 1700, Denver, CO 80203, herei fter called Lessee: WIINESSETH, That the Lessor, for and in consideration of <u>Ten and more (\$10 & more)</u> DOLLARS cash in hand paid, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the still Lessoe, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by goophysical and other methods, and operating for and producing thereform oil and all ges of whatever nature or kind, with this to tway and easements for lawing pipe lines, and exercise to rischure thereins to produce, save and take care of said products, all that certain tract of land situated in the County of <u>San Juan</u>. State of <u>New Mexico</u>, described as

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

Section 22: Shady Grove Subdivision No 3: All of the Shady Grove Subdivison No. 3, in the City of Farmington, as shown on the plat filed of record on June 4, 1975

and containing 1.8657 acres, more or less.

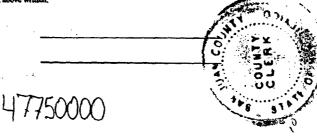
1. It is agreed that this lease shall remain in force for a term of live (5) years from this date and as long thereafter as oil or gas of whatsoever nature or kind is produced from said leased premises or on acreage pooled therewin, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary terms of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewink, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary terms of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith but Lesses is than engaged in drilling or re-working operations thereon, then this lease shall continues in farce as long as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall continues the primary term of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said and or on acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall continues in furce as ball not terminate if Lessee commences additional drilling or re-working operations at or after the expiration of the primary term of production of thor of the primary term of t

is to the accesse surrendered.
3. In consideration of the premises the said Lessee covenants and agrees:
1st. To detiver to the credit of Lessor, free of cost, in the pipe line to which Lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil
produced and saved from the lessed premises.

a. In consideration of the premises the said Lessee covenantis and agrees:
lis. To deliver to the cendit of Lessoe, free of cost, in the pipe line to which Lesses may connect wells on said land, the equad one-eighth (1/8) part of all of produced and saved from the lessed premises.
2. To To py Lessor the same produced from any of and all used off the promises or in the manufacture of gradience or any other produced range. Saved of the produce in any any of well and used off the premises to rith the manufacture of gradience or any other produced range of the saved in the same any of well and used off the provinties or in the manufacture of gradience or any other produced range of the saved in the same any of well and used off the provinties or in the manufacture of gradience or any other produced range of the saved well is shut in and thereaftor on or before the namineextry died of all cureds Lesson any part of the loss and or or before the same day any other discover and the save of the saved in the saved in the saved in the saved in the saved interest in the discover on the save to be made on or before the namineextry died of the lesson any part of the lesson.
3. If stail Lessor owns less interest in the all watter produced on said and for lessors, the any and the discover any save state of the lessor and undivided file.
4. Unset all he paid the Lessor only in the proportion which Lessor's interest beaus to the whole an undivided file.
8. No well all he full to use, file of cost, gas, of all and watter produced or said and file cureston, except watter from the wells of Lessor.
9. Hence the same day of a cost and the save of the save day and the properties of the save day and the difference operation for the save day and the difference operation day promises or the save day and and the difference operation day and the save day and the save day and the save day and the difference operation day the save day and the difference operation day and the diff

allocated. Lessor shall formally express Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessoe and approved by any governmental agency by executing the same upon request of Lessee. 13. All express or implied covenness of this lesse shall be subject to all Federal and State Lawa, Executive Orders, Rules or Regulations, and this lesse 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. 14. Lessor hereby warrants and agrees to defend the tifle to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other lieus on the above described lands, in the event of default of payment by Lessor and be subrogated to the rights of the holder thereof, and the undersigned Lessor, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insoft as said right of dower and homestead may to any way affect the purposes for which this lesse is made, as recited herein. 15. Should any one or more of the parties hereinabove named as Lessor fail to execute this lesse, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor" as used in this lesses, shall mean any one or more or all of the parties who execute this lesse as Lessor. All the provisions of this lesses the be binding on the heirs, successors and assigns of Lessor and Lessee. IN WITNESS WHEREOF, this instrument is executed as of the date first above written.

1563362



20f2 B1338 P278 San Juan County, NH Cl	7/2002 02:42P 3 R 7.00 D 3.00	
STATE OF Autona	чтк гили пилиниці }	
COUNTY OF MANAPE	, }§ Acknowledgment - individual(s)	
BEFORE ME, the und Movember 2001, per	dersigned, a Notary Public, in and for said County and State, on this <u>7.24</u> day of rsonally appeared <u>Mary C. Master</u>	, •
to me known to be the identi- and acknowledged to me that uses and purposes therein set		·
	EREOF, I have hereunto set my hand and affixed by notarial seal the day and year last above	•
written.		· .
My Commission Expires:	OFFICIAL SEAL Matalie B. Mark	
April 5, 2002	Work y runt State of Actin diress 200 E. Valley Ma YAVARA COUNTY My Comm. Explose Sar 5, 2002 Page	
·	preser Varieg up	
STATE OF]§ Acknowledgment - Partnership/Trust	
COUNTY OF		
BEFORE ME, the un	ndersigned, a Notary Public, in and for said County and State, on this day of	
and acknowledged to me that uses and purposes therein se	et forth.	
and acknowledged to me that uses and purposes therein se	atduly executed the same as free and voluntary act and deed for the	
and acknowledged to me the uses and purposes therein so IN WITNESS WH written.	atduly executed the same asfree and voluntary act and deed for the et forth.	
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406 SF - 2 SHORT WARRANTY DEF pint Tenants)-Rev. 7-75-New Mexico Statutory For-WARRANTY DEED (Joint Tenants) WOODROW W. KILLEN and MILDRED KILLEN, husband and wife for consideration paid, grant.... to E. V. ISBELL and DOROTHY ISBELL, husband and wife whose address is 2204 Camino Rio, Farmington, New Mexico 87401 XXXX XXXXXXXXXXXXX as joint tenants the following described real estate in the City of Farmington, San Juan County, New Mexico: THE SURFACE RIGHTS, ONLY, IN AND TO: Tract Nos. Five (5) and Six (6) of the FRYAR TRACT, as shown on the Plat of said Tract filed for record December 9, 1955, more particularly described as follows: BEGINNING 1,078 feet South and 588 feet East of the Northwest corner of Section Twenty-Two (22), in Township Twenty-Nine (29) North of Range Thirteen (13) West, N.M.P.M.; THENCE South 235 feet; THENCE East 54 feet; THENCE North 235 feet; THENCE West 54 feet to the point of beginning; SUBJECT TO taxes for the year 1976 and thereafter; and any and all easements and servitudes, public or private, of whatsoever kind or nature, in existence at the date hereof; OUR TRACT 61 with warranty covenants. 26th WITNESS OUT hand S and sealS __this_ och Seall (Seal) _ ante TUCK TARY COUNTY OF SAN JUAN ACKNOWLEDGMENT FOR NATURAL PERSONS SS. day of 26.44 January 19⁷⁶ The foregoing Estrument was acknowledged before me this Webnets W. RELLEN and MILDRED KILLEN, husband and wif ACKNOWLEDGMENT FOR CORPORATION FOR RECORDER'S USE ONLY STATE OF NEW MEXICO FILED OR RECORDED BOOK 873 PAGE 404 COUNTY OF. SAN JUAN COUNTY, NEW MEXICO A JAN. 4, 19, 80 . The foregoing instrument was acknowledged before me this. WAY & COUNTY LOCLOCK VINTY (Name of Officer) (Title of Cipcer) (Name of Corporation Acknowledging) CLERK ... corporation, on behalf of said of Inc oration. My commission expires : Notary Public

OIL AND GAS LEASE

hereinafter called Lessor(s), whose address for notice purposes is set out on the attached EXHIBIT and <u>Synergy Operating</u>, LLC. hereinafter called Lessee, whose mailing address is: <u>P. O. Box 5513 Farmington Name</u> 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, casements, 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. Leasee 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.

3. Lessee shall pay royalities 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 gascous substances) produced from the land and sold, provided that on gas sold at the well the royalty shall be fifteen percent (15%) of the amount realized from such sale: (c) fifteen percent (15%) of the amount realized from the sale of any other substances produced from said land with Oil and Gas. Lessee may use, free of royalty, oil, gas, and water for all operations hereunder.

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

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

Lessee may, in the interest of economy, commingle production from this Lesse with production from one or 6 more Leases in the same field provided a method of measurement in accordance with established engineering practices is used to measure the production and to allocate the production to the respective Leases commingled. 7.

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

8. Should Lessee be prevented from complying with any express or implied covenant of this Lease, from conducting drilling, or re-working operations thereon or from producing oil or gas or other hydrocarbons therefrom by reason of scarcity of, or inability to obtain or to use equipment or material, or by operation of force majeure, or because of any Federal or State law or any order, rule or regulation of a governmental authority, then while so prevented, Lessee's obligations to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this Lease shall be extended while and so long as Lessee is prevented by and such cause from conducing drilling (which shall include the inability of lessee, through no fault of its own, to obtain sufficient and satisfactory material and equipment), or re-working operations on, or from producing oil or gas or other hydrocarbons from the leased premises; and the time while Lessee is so prevented shall not be counted against the Lessee, anything in this Lease to the contrary notwithstanding. 9. Lessor warrants title to said land as to Lessor's interest therein. The royalties provided for are determined

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





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

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

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

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

ACKNOWLEDGMENTS STATE OF N COUNTY OF Dong Ana S. Dute Gail Stb_ day of_ , 2005 , before me personally appeared On this Jul 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. Hanc My Commission Expires: Notary Public 8,2003 OFFICIAL SEAL MANCA Z PADILLA NODAY PARACETATE OF NEW MEDICO STATE OF New Mexico 12-8-08 COUNTY OF DONC Ana Dute , 2005, before me personally appeared David S, On this 513 day of On this 5 day of <u>hely</u>, 2005, before me personally appeared <u>VEUIA</u>, 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. alle Blanc My Commission Expires: Notary Public OFFICIAL SEAL Dec. 8, 2008 LANCAT, PADILLA NOTARY PURISE ATOME OF HEM MEXICO STATE OF New mexic 12-8-08 COUNTY OF DONA Ane Jur The foregoing instrument was seknowledged before me th 20 05 day of by on behalf of said of Padill Witness my hand and seal the day and year last above written. Blow My Commission Expires: Notary Public OFFICIAL SEAL Dec 8,2008 BLANCA T, PADILLA NODAY PUBLICADATE OF NEW MEDICO nev STATE OF Ner acopter 12-8-08 tile corre AN COUNTY OF DON acknowledged before and this 54 The foregoing instrument day of _____ 20 05 by on behalf of said of Witness my hand and seal the day and year last above written anc My Commission Expires: quary Public ð معلا 2.00% OFFICIAL SEAL BLANCA T. PAORLA NOTARY PUBLIC ADATE OF NEW MERCO END OF ACKNOWLEDGMENTS 12-8-03 200513362 07/26/2005 03:25P 2013 B1414 P454 R 13.00 D 0.00 Sen Juan County, NH Clerk FRAN HANHARDT

EXHIBIT "A"

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

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Property Address	Township	Range	Section	QtrQtr	Acres
409 E SPRUCE ST	29	13	22	NW NW	0.1457
FARMINGTON NM, 87401-0000					
		FRYAR TRACT LOT 5 B.1328 P.348			

