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Margaret R. Evans, Box Elder Co. Recorder Margaret R. Evans

OIL AND GAS LEASE

AGREEMENT, Made and entered into this 29th day of June 1979, by and between FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, as Trustee Bank under Trust Agreement and Conveyance in Trust dated May 29th, 1962, between Val A. Browning et al, First Security Bank of Utah, N.A., and Matt S. Browning party of the first part, hereinafter called lessor (whether one or more) and Douglas H. Willson, 240 Denver Club Bldg., Denver, CO 80202, party of the second part, lessee.

WITNESSETH: That the lessor for and in consideration of Ten and More (\$10.00+) Dollars, in hand paid, receipt of which is hereby acknowledged, of the royalties herein provided, and of the agreements of lessee herein contained, hereby grants, lease, and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas, casinghead gas, and other minerals, laying pipe lines, building tanks, power stations, telephone lines and other structures thereon to produce, save, take care of, treat, transport, and own said products, and housing its employees, the following described land in Box Elder County, State of Utah, to-wit:

See EXHIBIT A, attached hereto and made a part hereof.

See LEASE RIDER, attached hereto and made part hereof.

Containing 5946.84 (Eight) acres, more or less.

TO HAVE AND TO HOLD the same (subject to the other provisions herein contained) for a term of 8 years from this date (called "primary term") and as long thereafter as oil or gas or casinghead gas or either or any of them, is produced therefrom; or as much longer thereafter as the lessee in good faith shall conduct drilling operations thereon and should production result from such operations, this lease shall remain in full force and effect as long as oil or gas or casinghead gas, shall be produced therefrom.

- 1. The lessee shall deliver to the credit of the lessor as royalty, free of cost, in the pipe line to which lessee may connect its wells, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises, or at the lessee's option, may pay to the lessor for such one-eighth (1/8) royalty the market price for oil of like grade and gravity prevailing in the field where produced on the day such oil is run into the pipe line, or into storage tanks.
- 2. The lessee shall pay lessor, as royalty, one-eighth (1/8) of the proceeds from the sale of the gas, as such, for gas from wells where gas only is found, and where not used or sold shall pay per annum as royalty from each such well, and while such royalty is so paid such well shall be held to be a producing well. The lessor to have gas free of charge from any gas well on the leased premises for stoves and inside lights in the principal dwelling; house on said land by making his own connections with the well, the use of said gas to be at the lessor's sole risk and expense.
- 3. To pay lessor for gas produced from any oil well and used off the premises or in the manufacturing of gasoline or any other product a royalty of one-eighth (1/8) of the market value, at the mouth of the well, payable monthly at the prevailing market price.
- 4. If operations for the drilling of a well for oil or gas are not commenced on said land on or before one year from this date, this lease shall terminate as to both parties, unless the lessee shall, on or before one year from this date, pay or tender to the lessor or for the lessor's credit in

First Security Bank of Utah, N.A., Main Office Bank at Ogden, Utah 84409 or its successor or successors, which bank and its successors are lessor's agents and which shall continue as the depository regardless of changes in the ownership of the land, the sum of FIVE THOUSAND NINE HUNDRED FORTY-SIX AND 84/100ths (\$5946.84) Dollars,

which shall operate as a rental and cover the privilege of deferring the commencement of operations for the drilling of a well one year from said date. In like manner and upon like payments or tenders the commencement of operations for the drilling of a well may be further deferred for like periods successively during the primary term of this lease. And it is understood and agreed that the consideration first recited herein, the down payment, covers not only the privileges granted to the date when said rental is payable as aforesaid, but also the lessee's option of extending that period as aforesaid, and any and all other rights conferred. All payments or tenders may be made by check or draft of lessee or any assignee thereof, mailed or delivered on or before the rental paying date. Lessee may at any time execute and deliver to lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered herein is reduced by said release or releases. Notwithstanding the death of the lessor, or his successor in interest, the payment or tender of rentals in the manner provided above shall be binding on the heirs, devisees, executors and administrators of such persons.

5. If at any time prior to the discovery of oil or gas on this land and during the term of this lease, the lessee shall drill a dry hole, or holes, on this land, this lease shall not terminate, provided operations for the drilling of a well shall be commenced by the next ensuing paying date, or provided the lessee begins or resumes the payment of rentals in the manner and amount above herein provided; and in this event the preceding paragraphs hereof governing the payment of rentals and the manner and effect thereof shall continue in force.

6. If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided for shall be paid the lessor, only in the proportion which his interest bears to the whole and undivided fee.

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

8. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas or either of them, be found in paying quantities, this lease shall continue and be in force with the like effect as if such well had been completed within the terms of years herein first mentioned.

9. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to their heirs, executors, administrators, successors and assigns, but no change of ownership in the land or in the rentals or royalties shall be binding on the lessee until after notice to the lessee and it has been furnished with the written transfer or assignment or a certified copy thereof, and in case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

10. If the lease premises shall hereafter be owned in severalty, or in separate tracts, the premises, nevertheless, shall be developed and operated as one lease and all royalties accruing hereunder shall be treated as an entirety and shall be divided among and paid to such separate owners in the proportion that the acreage owned by each such separate owner bears to the entire leased acreage. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may be hereafter divided by sale, devise or otherwise, or to furnish separate measuring or receiving tanks. It is hereby agreed that, in the event this lease shall be assigned as to a part or as to parts of the above described lands, and the holder or owner of any such part or parts shall fail or make default in the payment of the proportionate part of the rent due from him or them, on an acreage basis, such default shall not operate to defeat or affect this lease in so far as it covers a part or parts of said lands upon which the said lessee or any assignee hereof shall make due payment of said rentals.

11. If at any time there be as many as six parties (or more) entitled to receive royalties under this lease, lessee may withhold payment thereof unless and until all parties designated in writing in a recordable instrument to be filed with the lessee a Trustee to receive all royalty payments due hereunder and to execute division and transfer orders on behalf of said parties and their respective successors in title.

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

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

14. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge any taxes, mortgage, or other liens existing, levied, or assessed on or against the above described lands and, in event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder.

15. All rental payments which may fall due under this lease may be made to same as Paragraph #4 one of the above named lessors, in the manner herein stated.

16. If within the primary term of this lease production on the leased premises shall cease from any cause, this lease shall not terminate provided operations for the drilling of a well shall be commenced before or on the next ensuing rental paying date; or, provided lessee begins or resumes the payment of rentals in the manner and amount herebefore provided. If, after the expiration of the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided lessee resumes operations for drilling a well within sixty (60) days from such cessation, and this lease shall remain in force during the prosecution of such operations and, if production results therefrom, then as long as production continues.

17. It is agreed that this lease shall never be forfeited or cancelled for failure to perform in whole or in part any of its implied covenants, conditions, or stipulations until it shall have first been finally judicially determined that such failure exists, and after such final determination, lessee is given a reasonable time therefrom to comply with any such covenants, conditions, or stipulations.

18. All expressed and implied covenants of this lease shall be subject to all federal and state laws, executive orders, rules and regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damage for failure to comply therewith if compliance is prevented by or if such failure is the result of any such law, order, rule or regulation, and if such compliance is prevented by or if such failure is the result of any such law, order, rule or regulation, the lessee shall not be held liable in damage for failure to comply therewith.

19. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor or lessee.

20. With respect to and for the purpose of this lease lessor, and each of them if there be more than one, hereby release and waive the right of homestead. WHEREOF witness our hands as of the day and year first above written. First Security Bank of Utah, N.A., TRUSTEE BANK

By: J.D. LAMPROS, Vice President and Trust Officer

\* an amount equal to delay rental payment

For assignment see RL 2689 274/ME.

For assignment see RL 372 pg 335 ME. For assignment see RL 360 pg 513 ME. For assignment see RL 345 pg 87 ME.

RELEASEE

TENTH: Should the mortgagor fail or refuse to make payment of said amount or amounts so paid by the mortgagee upon demand therefor, or should the mortgagor fail or refuse to make any payment of interest or principal, or any part thereof, upon the notes herein referred to according to the tenor thereof, or fail to perform or keep any of the covenants or agreements of this mortgage, then in any such event, the holder hereof may at its option declare the entire amount of the mortgage debt, including interest accrued thereon and other charges herein provided for, as due and payable, and may thereupon proceed to foreclose this mortgage in the manner provided by law. In case of such foreclosure the decree therein at the option of the plaintiff, shall provide that said property shall be sold in one piece or parcel, and the mortgagor agrees to pay the costs and expenses of such foreclosure, including reasonable attorney's fees, and such sums as the holder of said mortgage may expend for an abstract, or for a search of title of said premises subsequent to said mortgage, all of which are secured by these presents, and in such suit of foreclosure the plaintiff shall be entitled, without notice to the appointment of a receiver to take possession of said mortgaged property and premises and to collect and receive the income, rents, issues and profits thereof, and to exercise such other powers as the court shall confer, or the plaintiff, instead of applying for a receiver, at its option, may enter upon the property and collect the income, rents and profits thereof, the same being pledged as additional security for said indebtedness. Any failure on the part of the mortgagee or the holder to exercise its option on account of any prior default shall not waive or in any wise impair the right of the mortgagee or holder to accelerate maturity and to enforce and foreclose this mortgage on account of any other or subsequent default.

ELEVENTH: To pay promptly any deficiency that may remain after exhausting the security, and that a judgment for any such deficiency may be entered.

TWELFTH: The holder of this mortgage may, at any time, either before or after maturity, at its option, and without concurrence therein by the mortgagor, release from the lien hereof any part of the property covered hereby and the portion of the property not released shall not be affected by such partial release, but shall remain liable as security for the whole mortgage debt, or such portion thereof as may remain unpaid; and the holder, without notice to or concurrence therein by the mortgagor, may extend the time of payment of this mortgage or any part thereof, and such extension shall be valid and binding upon the mortgagor, his grantees, successors and assigns.

THIRTEENTH: The mortgagor agrees that in the event of the passage after the date of this mortgage of any law of the State of Utah deducting from the value of property for the purpose of taxation, any lien thereon, or changing in any way the laws now in force for the taxation of mortgages or debts secured thereby for State or local purposes, or the manner of the collection of any such taxes so as to affect the interest of the owner and holder of this mortgage, the whole of the principal sum secured by this mortgage, together with the interest due thereon shall at the option of the owner and holder of this mortgage, without notice to any party, to become immediately due and payable.

FOURTEENTH: If any provision of the mortgage shall be held void, the same shall not affect any other provision hereof.

IN WITNESS WHEREOF the Mortgagor has hereunto set his hand this Twentythird day of August, 19 79

STATE OF UTAH,  
COUNTY OF Box Elder } ss.

*Byron L. Parkinson*  
*Clara Q. Parkinson*

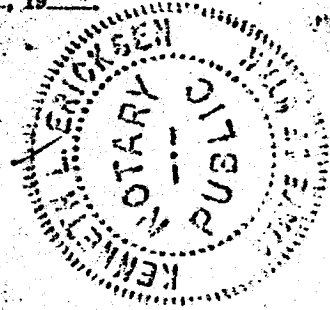
On this 23rd day of August, 19 79, personally appeared before me Byron L. Parkinson and Clara Q. Parkinson, his wife., personally known to me to be the signer

of the foregoing instrument, who duly acknowledged to me that they executed the same.

*Kenneth L. Erickson*  
Notary Public - Residing at Brigham, Utah

My commission expires the \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_  
MY COMMISSION EXPIRES OCTOBER 17, 1981

ABSTD. IN BOOK 1 OF tax PAGE Blk 2-1  
*Lindsay Park*  
*Index*



No. \_\_\_\_\_  
**Mortgage**  
TO \_\_\_\_\_  
Recorded at the request of \_\_\_\_\_, A. D. 19 \_\_\_\_\_  
at \_\_\_\_\_ minutes past \_\_\_\_\_ o'clock \_\_\_\_\_ M.,  
in Book \_\_\_\_\_ of Mortgages,  
page \_\_\_\_\_  
Recorder \_\_\_\_\_ County \_\_\_\_\_  
By \_\_\_\_\_ Deputy.

*at*  
*North*  
*Bank of Utah*  
*OK*

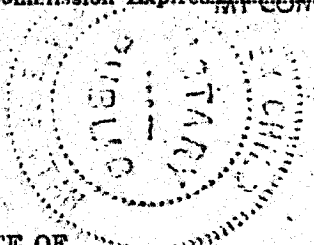
STATE OF UTAH }  
County of WEBER } ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, 19.79., before me personally appeared J. D. LAMPROS,  
Vice President and Trust Officer to me known to be the person described in and who executed  
the foregoing instrument and acknowledged that he executed the same as his free act and deed.

Given under my hand and seal this 2 day of JULY 19.79

My Commission Expires JANUARY 25, 1981

Notary Public.



Partially  
RELEASED

ACKNOWLEDGMENT—MAN AND WIFE

STATE OF \_\_\_\_\_ }  
County of \_\_\_\_\_ } ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_, before me personally appeared \_\_\_\_\_  
to me known to be the person described in and who executed  
the foregoing instrument and acknowledged that \_\_\_\_\_ executed the same as \_\_\_\_\_ free act and deed, including the release  
and waiver of the right of homestead; the said wife having been by me fully apprised of her right and the effect of signing and  
acknowledging the said instrument.

Given under my hand and seal this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_

My Commission Expires \_\_\_\_\_ Notary Public.

MONTANA ACKNOWLEDGMENT

STATE OF \_\_\_\_\_ }  
County of \_\_\_\_\_ } ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_, before me  
a notary public, personally appeared \_\_\_\_\_

Known to me to be the person whose name \_\_\_\_\_ subscribed to the within instrument, and acknowledged to me that  
executed the same.

Witness my hand and official seal.

My Commission Expires \_\_\_\_\_ Notary Public within and for the State of \_\_\_\_\_  
Residing at \_\_\_\_\_

COLORADO ACKNOWLEDGMENT

STATE OF \_\_\_\_\_ }  
County of \_\_\_\_\_ } ss.

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_, by \_\_\_\_\_

Witness my hand and official seal.

My Commission Expires \_\_\_\_\_ Notary Public.

P. O. \_\_\_\_\_

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

OIL AND GAS LEASE  
FROM \_\_\_\_\_  
TO \_\_\_\_\_

TO

State of \_\_\_\_\_ }  
County of \_\_\_\_\_ } ss.

This instrument was filed for record on the \_\_\_\_\_  
day of \_\_\_\_\_, 19\_\_\_\_\_, at \_\_\_\_\_  
o'clock, \_\_\_\_\_ M., and duly recorded  
in Book \_\_\_\_\_, Page \_\_\_\_\_, of the records  
of this office.

County Clerk—Registrar of Deeds:

Deputy:

When recorded return to \_\_\_\_\_

*Partial*  
RELEASED

EXHIBIT A

TOWNSHIP 8 NORTH, RANGE 6 WEST, S.L.M.

Section 3: All.

TOWNSHIP 8 NORTH, RANGE 7 WEST, S.L.M.

Section 5: Lots 1, 2, 3, 4, 5, 6, 7, S $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NW $\frac{1}{4}$ .  
Section 9: Lots 3, 4, 5, W $\frac{1}{2}$ NW $\frac{1}{4}$ .

TOWNSHIP 9 NORTH, RANGE 6 WEST, S.L.M.

Section 2: S $\frac{1}{2}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ , S $\frac{1}{2}$ .  
Section 11: ALL.  
Section 19: E $\frac{1}{2}$ .  
Section 29: ALL.  
Section 33: NE $\frac{1}{4}$ , NW $\frac{1}{4}$ , SE $\frac{1}{4}$ .

TOWNSHIP 9 NORTH, RANGE 7 WEST, S.L.M.

Section 17: W $\frac{1}{2}$ .  
Section 18: E $\frac{1}{2}$ .  
Section 29: All.  
Section 30: Lots 1, 2, 3, 4, NE $\frac{1}{4}$ , E $\frac{1}{2}$ NW $\frac{1}{4}$ , E $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$ .

TOWNSHIP 9 NORTH, RANGE 8 WEST, S.L.M.

Section 5: Lots 1 and 2  
Section 9: Lots 1, 2, 3, NE $\frac{1}{4}$ NE $\frac{1}{4}$ .

LEASE RIDER

Notwithstanding any provisions herein to the contrary, lessor may demand it's production royalty interest in kind and, upon such demand, lessor shall be entitled to receive the same free of cost at the well head.

FIRST SECURITY BANK OF UTAH, N.A.  
TRUSTEE BANK

Signed for Identification:

*J. B. Lampros*  
\_\_\_\_\_  
J. B. LAMPROS, Vice President and  
Trust Officer

REFD. IN BOOK 10 OF Sec. PAGE 357, 418-14 ✓

- 11 of Sec pg 25 ✓
- P. 17 Sec pg 497, 500. ✓
- A of Sec pg 483 ✓
- X of Sec pg 19, 259 ✓
- Y of Sec pg 278, 282, 478, 479 ✓
- Z of Sec pg 29 ✓
- 17 of Sec pg 349 ✓

*Index ✓*