

Ent 810976 Bk 748 Pg 664  
Date: 10 JUN 2011 3:55:24PM  
Fee: \$95.00 Charge  
Filed By: CW  
VIKKI BARNETT, Recorder  
CARBON COUNTY CORPORATION  
For: PROFESSIONAL TITLE SERVICES

1688  
Recorded at the  
request of  
PROFESSIONAL TITLE  
SERVICES

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

After recording, return to:

Reed Smith LLP  
599 Lexington Avenue, 23rd Floor  
New York, New York 10022  
Attention: Thomas G. Maira

Tax Parcel ID Nos. See Exhibit A.

**RANGE CREEK LAND PAID-UP  
OIL AND GAS LEASE**

STATE OF UTAH           §  
                                  §       KNOW ALL MEN BY THESE PRESENTS THAT:  
COUNTY OF CARBON   §

THIS LEASE is entered into as of \_\_\_\_\_, 2011, between Levada EF Five, LLC, a Delaware limited liability company of 712 Fifth Avenue, 45<sup>th</sup> Floor, New York, New York 10019 ("Lessor"), and Preston Nutter Range Creek Holdings, LLC, a Delaware limited liability company, of 1900 North Akard Street, Dallas, Texas 75201 ("Lessee").

Recitals

A. Lessor owns certain oil and gas rights and interests in the following described lands in Carbon County, Utah (the "Leased Premises") as more particularly described on Exhibit A attached hereto (Containing 3,880 acres, more or less).

B. Lessee desires to lease the Leased Premises from Lessor for the purpose of exploring for and producing oil and gas.

### Agreement

For and in consideration of the sum of TEN AND NO/100 Dollars (\$10.00), the receipt of which is hereby acknowledged, the royalties, covenants and agreements hereinafter contained to be paid, kept and performed by Lessee and other good and valuable consideration, Lessor and Lessee agree as follows:

1. Lease. Upon the conditions and with the limitations hereinafter set forth and contained, Lessor hereby grants and leases all of Lessor's rights, titles and interests in oil and gas in and under the Leased Premises exclusively to Lessee for the term hereof, without warranties of title or of any other kind, for the purpose of investigating, exploring, and prospecting, by geophysical and other methods; and drilling and operating for and producing oil and gas, laying pipelines, and building tanks, power lines, telephone lines and other structures (other than refineries and gasoline plants) thereon that are reasonably necessary to find oil and gas under the Leased Premises or to produce, save, store, treat, transport and take care of oil and gas produced from the Leased Premises. The term "oil and gas" for the purposes of this Lease shall be deemed to include oil, gas, casinghead gas and by-products thereof, other hydrocarbons, coal bed methane, sulphur and other substances as are produced with, and incidental to, the production of oil and gas from wells on the Leased Premises or land pooled or unitized therewith; no other minerals or substances are covered hereby.

2. Term. Subject to the provisions of Section 3 below, this Lease shall remain in force for a term of 99 years from the date hereof (the "Primary Term"); provided, however, if and to the extent that the Primary Term would otherwise be unlawful or void for violation of (i) the rule against perpetuities or (ii) any other applicable statute or common law rule analogous thereto or otherwise imposing limitations upon the time for which such agreements may be valid, then the provisions concerned shall continue and endure only until the expiration of a period of twenty-one (21) years after the death of the last to survive the class of persons consisting of all of the lawful descendants of former U.S. President George Herbert Walker Bush, living on the date hereof. The Lease shall terminate at the end of the Primary Term as to all lands and depths then covered hereby, EXCEPT AS FOLLOWS:

(a) With regard to each unit on which there is located a well (whether such well is on the portion of the Leased Premises which is included in such unit or on other lands included in such unit) which is then producing oil and gas in paying quantities (a well completed and capable of producing gas in paying quantities, but shut-in, on which shut-in royalties are timely paid under this Lease, shall be deemed to be a then producing well for the purposes of this subsection (a)), this Lease shall continue in effect as to the

Leased Premises that are within the bounds of such unit, but only to those depths from the surface down to a depth which is the stratigraphic equivalent of a depth of 500 feet below the deepest formation from which production is then being obtained in paying quantities (or if such well is a shut-in gas well, the deepest formation from which production would be obtained in paying quantities if such shut-in well were not shut-in) underlying that portion of the Leased Premises which is included in such unit.

(b) With regard to each well located on the Leased Premises to which subsection (a) above does not apply, which well is then producing oil and gas in paying quantities (a well completed and capable of producing gas in paying quantities, but shut-in, on which shut-in royalties are timely paid under this Lease, shall be deemed to be a then producing well for purposes of this subsection (b)), this Lease shall continue in effect for a tract composed of either (i) the minimum number acres then required by the regulatory agency or authority having jurisdiction to obtain the maximum allowable production (oil production from a well then classified as an oil well, and gas production from a well then classified as a gas well) from such well, or, (ii) in the absence of such rules or regulations fixing such amount of acreage, the minimum number of acres (but not to exceed 640 acres for a gas well and 160 acres for an oil well) allocated to such type of well in accordance with established practice in the area. With respect to each tract described in the foregoing clauses (i) and (ii), this Lease shall continue only as to those depths from the surface down to a depth which is the stratigraphic equivalent of a depth of 500 feet below the deepest formation from which production is then being obtained in paying quantities (or if such well is shut-in, the deepest formation from which production would be obtained in paying quantities if such well were not shut-in) underlying such tract.

(c) Lessee shall designate and file for record in the County Clerk's office the area to be maintained within ninety (90) days after the end of the Primary Term or Lessor shall designate same. The designated areas to be maintained around each such well shall be of such shape and have such boundary lines as to comply with applicable rules and regulations of the governmental authority having jurisdiction. If Lessor designates same, Lessor is hereby granted a power of attorney from Lessee to file for record in the County Clerk's office the area so designated. This power of attorney is coupled with an interest and is irrevocable.

(d) From and after the Primary Term, it shall be considered that each such area containing a well producing or capable of producing oil and gas in paying quantities shall be treated as constituting a separate lease, and neither production from nor operations on any such area shall maintain this Lease in force as to any other areas.

3. Continuous Drilling. At the expiration of the Primary Term, so long as drilling or reworking operations are being continuously prosecuted on the Leased Premises or on acreage pooled or unitized therewith, then (i) the termination provisions of Section 2 shall not take effect, (ii) the period of time during which Lessee is to file a release as provided for in Section 2(c) shall not begin to run, and (iii) this Lease shall continue for successive one (1) year periods. Drilling or reworking operations shall be considered to be continuously prosecuted if Lessee completes at

least two (2) wells during each calendar year, either as producing wells or dry holes. If, after discovery of oil or gas in paying quantities on the Leased Premises or on acreage pooled or unitized therewith, the production thereof should cease from any cause after the Primary Term, this Lease shall not terminate if Lessee commences additional drilling or reworking operations on the Leased Premises or on acreage pooled or unitized therewith within 180 days from date of cessation of production in paying quantities or from date of completion of a dry hole.

4. Paid-up Lease. This is a "paid-up" lease. Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the Primary Term. Lessee may at any time or times during or after the Primary Term surrender this Lease as to all or any portion of the Leased Premises and as to any strata or stratum by delivering to Lessor and by filing for record a release or releases, and be relieved of all obligations thereafter accruing as to the acreage surrendered.

5. Production Royalty. The royalties to be paid by Lessee on production from wells on the Leased Premises or on lands pooled therewith are:

(a) On oil, including distillate or condensate and other liquid hydrocarbons produced and saved from the Leased Premises, by ordinary production method 18% of that produced from the Leased Premises, to be delivered to Lessor's credit into any pipeline to which the well or wells, or any of Lessee's tanks may be connected, all free of any cost or deductions for production, handling, transportation (including trucking charges) and delivery. Lessee will purchase or cause the purchase of all Lessor's royalty oil in Lessee's possession, paying the market price (for oil similarly situated) prevailing for the field where produced on the date of purchase, but not in any event is such price to be less than the gross price being received by Lessee for sale of its oil. Lessee agrees that Lessor shall never be forced or obligated in any manner to take Lessor's royalty portion in kind.

(b) The royalty on gas, including casinghead gas or other gaseous substances produced from the Leased Premises, shall be as set out below. However, Lessee hereby agrees, without further notice, to market Lessor's royalty portion of the said gas so long as any part of Lessee's portion of said gas is being sold and/or marketed. Lessee further agrees that all such sales must be at a price that is fair and reasonable for the area as determined by "arm's length" negotiations, and must be at least equal to the gross amount being paid for Lessee's gas, casinghead gas, or other gaseous substances at the wellhead, unless otherwise set forth below. Lessee also further agrees that Lessor shall never be obligated in any manner to take Lessor's royalty portion in kind.

(1) On gas sold at the well or sold or used off the Leased Premises (other than for processing at a plant as described in Section 5(b)(3) hereof) 18% of the higher of the value of the gross proceeds received by Lessee or a fair and reasonable price for the area determined by "arm's length" negotiations.

(2) On distillate, condensate and other products separated or extracted from gas by use of oil and gas separators or conventional type or other equipment at least as efficient, Lessor shall receive its royalty as specified in Section 5(a) of the distillate, condensate and other

products so separated and extracted, together with a royalty on residue gas in the amount and determined as provided in Section 5(b)(1) of this Lease, it being understood and agreed that said gas before being sold or used will be run through such separators or other equipment unless (i) the same is processed in an absorption or extraction plant, or (ii) the liquid hydrocarbon content of said gas is so small as to make the installation and operation of separators or other comparable equipment unprofitable, or (iii) the pressure of said gas is such that running the same through separators or other comparable equipment will so reduce the pressure that Lessee will be unable to sell and deliver the separated gas against existing gathering system or pipeline pressures.

(3) If gas produced from the Leased Premises, is processed in any absorption, cycling, recycling or extraction plant or other plant or facility or facilities for the recovery of liquid and/or liquefiable hydrocarbons therefrom (hereinafter "products"), then Lessor shall receive as royalty 18% of the higher of the value of the gross proceeds received by Lessee or a fair and reasonable price for the area determined by "arm's length" negotiations for all such products so extracted or absorbed, separated or saved from or attributable to said gas, the same to be delivered to the credit of Lessor into such truck, tank, tank car, or pipeline available for such products at the tailgate of such plant, and in addition thereto, Lessor shall be paid as royalty 18% of the higher of the value of the gross proceeds received by Lessee or a fair and reasonable price for the area determined by "arm's length" negotiations for all residue gas attributable to the Leased Premises, sold or used, which residue gas is understood to be the gas at the tailgate of such plant after same has been processed for the extraction of the liquid hydrocarbons therefrom.

(c) In the event the Leased Premises are pooled or unitized with federal or state acreage, Lessee shall promptly provide Lessor with copies of all reports and applications filed with and all other notices, determinations and correspondence between Lessee and any state or federal agency relating to production, the sale or valuation of production or the payment of royalties on production from the pooled or unitized acreage. Royalties payable on gas and gaseous substances, including casinghead gas, shall be free of all costs, charges or deductions of producing, treating, compressing, transporting, and marketing said gas to such purchaser, which royalty however, shall be subject to such production and severance taxes as are properly allocable thereto. Royalties on oil shall be free of all costs of transportation and production costs, and costs of treatment to make same marketable.

6. Minimum Annual Royalty - Extended Term. If this Lease is extended by production from or operations on the Leased Premises or acreage pooled or unitized with the Leased Premises beyond the Primary Term, then on or before the third and each subsequent anniversary of the date hereof, Lessee shall pay to Lessor, in advance, a minimum annual royalty as follows:

<u>Lease Years</u>	<u>Minimum Royalty</u>
4-5	\$10.00 per net mineral acre
6-7	\$15.00 per net mineral acre
8-14	\$20.00 per net mineral acre
15 and subsequent	\$25.00 per net mineral acre

For example, if the Leased Premises included 100 acres, and Lessor owned an undivided 50% interest in the oil and gas in and under the Leased Premises, then Lessor would own 50 net mineral acres (50% x 100 acres), and the minimum royalty due for the fourth lease year would be \$500.00 (50 net mineral acres x \$10.00/acre). Minimum annual royalty paid for any lease year shall be credited against the payment of production royalties accruing on actual production from or allocated to the Leased Premises during the same lease year.

7. Proportionate Reduction. If Lessor owns less than the entire and undivided fee simple estate in oil and gas in and under the Leased Premises, then the royalties herein provided for shall be paid Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee simple estate in such oil and gas.

8. Pooling. Lessee is hereby given the right at its option, at any time and from time to time, to pool for development and operation purposes all or any part or parts of the Leased Premises or rights therein with any other land (whether publicly or privately owned) in the immediate vicinity thereof, or with any leasehold, operating or other rights or interests in such other land in the immediate vicinity, sufficient to form a drilling unit for a single well under applicable laws, regulations and spacing orders. In the absence of any applicable law, regulation or spacing order, Lessee has the right at its option, at any time and from time to time, to voluntarily pool all or any part or parts of the Leased Premises or rights therein with any other land (whether publicly or privately owned) in the immediate vicinity thereof, or with any leasehold, operating or other rights or interests in such other land in the immediate vicinity, sufficient to form a drilling unit for a single well, by recording a pooling declaration in the county where the affected lands are located, provided that the number of acres included in any such drilling unit shall not exceed 640 acres for a gas well and 160 acres for an oil well. Lessee shall deliver to Lessor a copy of each recorded instrument identifying any pooled area. Any well drilled or operations conducted on any part of any lands so pooled shall be considered a well drilled or operations conducted under this Lease, and there shall be allocated to the portion of the Leased Premises included in any such pooling the proportion of the actual production from all lands so pooled as the included portion of the Leased Premises, computed on a surface acreage basis, bears to the entire acreage of the lands so pooled. It is understood and agreed that the production so allocated shall be considered for all purposes, including the payment or delivery of production royalty, to be the entire production from the portion of the Leased Premises included in such pooling in the same manner as though produced from such portion of the Leased Premises under the terms of this Lease; provided, however, that nothing contained in this Section 8 shall relieve Lessee from its obligation to pay minimum annual royalty hereunder.

9. Unitization. Lessee shall have the right to unitize all or any part of the Leased 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 including lands owned by the State of Utah or the United States and approved and administered by the State of Utah and/or the United States and, from time to time, with like approval, to modify, change or terminate any such plan or agreement. 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; provided, however, that in no event (i) shall minimum annual royalties accruing hereunder be reduced or delayed, (ii) shall

payment of royalties on production on or allocated to the Leased Premises be reduced or delayed, (iii) shall the term hereof be extended beyond the Primary Term except by production from or operations on the Leased Premises or on other acreage included within the unit, or (iv) shall this Lease be extended for more than two years beyond its Primary Term by virtue of production from unitized acreage if no part of such production is allocated to the Leased Premises for royalty purposes. Any well drilled or operations conducted on any part of any lands so unitized shall be considered a well drilled or operations conducted under this Lease, and, if so provided for in the applicable unitization agreement or unit plan of development, there shall be allocated to the portion of the Leased Premises included in any such unit the proportion of the actual production from all lands so pooled as the included portion of the Leased Premises, computed on a surface acreage basis, bears to the entire acreage of the lands so unitized. It is understood and agreed that the production so allocated shall be considered for all purposes, including the payment or delivery of production royalty, to be the entire production from the portion of the Leased Premises included in such unit in the same manner as though produced from such portion of the Leased Premises under the terms of this Lease; provided, however, that nothing contained in this Section 9 shall relieve Lessee from its obligation to pay minimum annual royalty hereunder. In the event that the Leased 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 royalties to be paid hereunder to Lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to Lessor shall be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any such cooperative or unit plan of development or operation adopted by Lessee and approved by the State of Utah or the United States, subject to the foregoing conditions, which shall be expressly stated in any joinder documents, by executing the same upon request of Lessee. If only part of the Leased Premises is committed to such an approved cooperative or unit plan of development or operation, or if after the initial formation of such a unit, part of the Leased Premises originally committed to the unit is excluded from the unit, then the excluded portion of the Leased Premises shall be segregated into, and shall thereafter constitute, a separate Lease from and after the effective date of the segregation, subject to all of the terms and conditions hereof. Notwithstanding anything to the contrary contained herein, in the event a portion of the Leased Premises is pooled or unitized with other lands so as to form a pooled unit, operations on or production from such unit will maintain this Lease in force only as to the Leased Premises included in such unit.

10. Shut-in Gas Wells. Where gas from any well capable of producing gas in paying quantities from the Leased Premises or from acreage pooled or unitized with the Leased Premises is not being sold, Lessee shall pay or tender to Lessor as shut-in gas royalty to Lessor, in addition to any minimum annual royalties accruing hereunder, an additional amount equal to the minimum annual royalty payable hereunder for the lease year, such payment or tender to be made on or before the anniversary date of this Lease next ensuing after the expiration of 90 days from the date such well is shut-in, and thereafter on or before each anniversary date of this Lease during the period such well is shut-in. A separate shut-in gas royalty payment shall be required for each shut-in gas well. If such payment or tender is made for each such shut-in gas well, it will be considered that gas is being produced in paying quantities from such wells within the

meaning of this Lease. Shut-in gas royalties paid with respect to any lease year shall be credited against actual production royalties accruing to Lessor on production from the affected well during the same year if the well is placed in production during the year. This Lease may not be maintained solely by the payment of shut-in royalty after the end of the Primary Term for a period of more than two (2) consecutive years.

11. Assignment. The rights of Lessee hereunder may be assigned or sublet in whole or part without the prior consent of Lessor upon Lessee's prior written notice to Lessor; provided, however, the assignee must assume all of the obligations (or in the case of a partial assignment, a proportionate share of the obligations) of Lessee to Lessor, including without limitation, the obligations set forth herein. No present or future division of Lessor's ownership as to different portions or parcels of the Leased Premises shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division.

12. Surface Use. Unless Lessor consents in writing otherwise, such consent not to be unreasonably withheld, Lessee shall bury all pipelines to a minimum depth of four feet, and in any event to a sufficient depth to allow normal surface uses (e.g., plowing, placement of culverts, ditches and other irrigation facilities, etc.). No well or other facility shall be placed on the Leased Premises within 500 feet of any structure or improvement (other than pipes or utility lines) or within 1,000 feet of any water well, spring, pond or stream. Lessee shall promptly repair and restore any damage caused by Lessee's operations to improvements, fences, timber, pastures, forage or growing crops, and shall reclaim and reseed all disturbed areas with a seed mixture reasonably acceptable to Lessor as soon as reasonably practicable following any surface disturbance. Reseeding shall be repeated as necessary until a mature stand of the reseeded vegetation has been achieved. In the construction of pits and sumps related to the drilling of any well on the Leased Premises, Lessee agrees to carefully remove the top 30 inches of soil first (and if clay, caliche, or gravel or material other than topsoil is encountered at a lesser depth, then the topsoil from above such materials as nearly as possible to do so) and to segregate it from all other soil and materials at a greater depth. Within 90 days after the abandonment of any well drilled on the Leased Premises and after the completion of any well drilled as a dry hole or as a producer, Lessee will clean out all water, drilling mud, and any other substances collected in pits related to the well, and fill all pits and sumps, remove and haul away all sludge and soaked earth, and backfill all pits in layers with the deepest soil and other materials backfilled first and the topsoil backfilled last. Such soil shall then be leveled to the end that the surface is restored as nearly as practicable to the same condition it was in prior to the drilling of the well. In addition, during the months of November, December, January and February of each year, Lessee shall clean out and not allow to remain in any pits on the Leased Premises, any water, drilling mud or other substances. Lessee shall not inject any water or any other liquids or solids of whatsoever kind or character produced from the Leased Premises, and or lands pooled or unitized therewith, into any formation other than the formation from which such water, liquids or substances was produced or another formation expressly agreed to in writing by Lessor. Lessee shall place gates at any points where Lessee's roads cross fence lines, and shall lock and provide Lessor with keys or combinations to locks at every point where Lessee's roads cross fence lines at or near the exterior boundaries of the Leased Premises. Gates on internal fences on the Leased Premises shall be left by Lessee open or closed, as found. Lessor shall provide Lessee with keys or combinations to locks on any internal gates. The Leased Premises shall be kept free of junk, litter



and debris at all times. Materials and equipment shall not be stored on the Leased Premises except as reasonably required for Lessee's then current operational needs on the Leased Premises.

13. Roads and Location of Surface Facilities. All roads used by Lessee on the Leased Premises shall be improved and maintained by Lessee to a level sufficient to support Lessee's operations without damage or undue wear and tear to the roads. Upon completion of Lessee's operations under this Lease, all currently existing roads shall be left in at least as good a condition as at the commencement of Lessee's operations. Any new roads created by Lessee shall be reclaimed upon completion of Lessee's operations under this Lease unless otherwise requested by Lessor, in which event such new roads shall be left in good and serviceable condition. To the fullest extent reasonably possible, Lessee's operations under this Lease shall be conducted in a manner that minimizes use of and damage to timber, meadow and pasture areas on the Leased Premises. Well pads, additional roads to individual well pads, pipelines and other surface facilities shall be placed at locations mutually approved by Lessor and Lessee, which approval shall not be unreasonably withheld, conditioned or delayed.

14. Noxious Weed Control. Lessee shall control noxious weeds on the Leased Premises in connection with Lessee's operations in accordance with the Utah Noxious Weed Act. Without limiting the foregoing, Lessee shall spray for noxious weeds on the Leased Premises as deemed necessary by the county weed control board and/or the county weed control supervisor.

15. Compliance with Laws. Lessee shall act as a prudent operator and use all reasonable safeguards to prevent contamination or pollution of any environmental medium, including soil, surface waters, storm water, groundwater, sediments, and surface or subsurface strata, ambient air or any other environmental medium in, on, or under, or about the land, by any waste, pollutant, or contaminant including, without limitation, sediment in storm water. Lessee shall not bring or permit to remain on the premises any explosives, toxic materials, or substances regulated as hazardous wastes, hazardous materials, hazardous substances, or toxic substances under any federal, state, or local law or regulation ("Hazardous Materials"), except products commonly used in connection with oil and gas exploration and development operations and stored in the usual manner and quantities. Lessee shall operate the properties as a prudent operator and comply with all laws, rules, regulations and orders of any governmental authority having jurisdiction concerning the operations and activities of and by Lessee or concerning any obligations under this Lease. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction ("Laws") over any of the obligations or activities under this Lease and any actions by Lessee including, without limitation, regulation of discharges of pollutants or contaminants to air, land, and water, including the discharge of storm water from Lessee's land disturbance activities and operations hereunder. Lessee shall clean up, remove, remedy and repair any soil or ground water contamination and damage caused by the presence or release of any Hazardous Materials in, on, under, or about the land related to Lessee's operations on the land. The obligations of Lessee hereunder shall survive the expiration or earlier termination, for any reason, of this Lease.

16. Force Majeure. If Lessee is prevented from complying with any express or implied covenant of this Lease other than the payment of money, from conducting drilling or reworking operations on the Leased Premises, or from producing oil or gas from the Leased Premises by reason of "force majeure" (which is defined as (i) an act of God, (ii) unusually severe weather, (iii) scarcity of or inability to obtain equipment or material or its transportation, (iv) war, (v) strikes or lockouts, (vi) riots, (vii) insurrections, (viii) failures to obtain state, federal or other governmental permits and approvals, so long as Lessee has filed all necessary applications and attachments with the appropriate state, federal or other governmental authority not less than sixty (60) days prior to the commencement of the asserted force majeure, or (viii) other unforeseeable conditions or circumstances not reasonably within the control of Lessee, but specifically excluding Lessee's inability to obtain financing for activities related to this Lease, regardless of the cause of such inability), then, while so prevented, Lessee's obligation to comply with the affected covenant shall be suspended and Lessee shall not be liable in damages for failure to comply with such covenant so long as the force majeure continues. Provided that Lessee continues to comply with all covenants for the payment of money and all other covenants hereof that are not prevented by the force majeure, this Lease shall be extended while and so long as Lessee is prevented by any force majeure cause from conducting drilling or reworking operations on or producing oil and gas from the Leased Premises. Should the force majeure occur during the Primary Term, the time during which the force majeure is in existence shall be added to the Primary Term of this Lease; provided, however that Lessee shall be entitled to maintain this Lease after the expiration of the Primary Term by the provisions in this Section 16 for a cumulative total of only one (1) year.

17. Duties. Lessee shall owe a duty of a prudent operator to Lessor in the development, operation, production and marketing of oil and gas from the Leased Premises. Lessee shall owe a duty of a prudent operator to Lessor in the plugging and abandoning of oil and gas wells on the Leased Premises, and in the restoring of the lands to their original condition. If more than one party becomes a working interest or leasehold owner of this Lease, all liabilities and obligations of the parties as Lessee hereunder shall be joint and several.

18. Indemnity. Lessee agrees to indemnify, protect and hold harmless Lessor and its successors and assigns, from any and all claims, demands, causes of action, damages, liabilities and costs (including, but not limited to attorney's fees, expert's fees and court costs) ("Costs"), arising out of injury to persons (including death), injury or damage to or loss of any property (real or personal) or improvements, remedial obligations, or violations of law caused by Lessee, its agents, employees, servants, contractors or any person acting under its direction or control, or arising out of, or incidental to, or resulting from the operations or obligations of or for the Lessee. Such Costs include any and all expenses, penalties, fines, response costs or clean-up costs arising out of or by virtue of any environmental law, common law (whether arising in tort, contract or strict liability), statute, rule, regulation, order, or judicial decision (whether state, federal or local) arising out of or incidental to Lessee's operations of or in connection with the Lease. For purposes of this Section 18, "Lessee" shall include its agents, employees, servants, or independent contractors or any person or entity acting under Lessee's direction or control. **SUCH COSTS FOR WHICH LESSOR IS INDEMNIFIED HEREUNDER SHALL ALSO INCLUDE, WITHOUT LIMITATION, ANY COST OR EXPENSE ARISING OUT OF, OR INCIDENTAL TO, OR RESULTING FROM ANY THEORY OF STRICT**

**LIABILITY OR FROM ANY SOLE, JOINT OR CONCURRENT NEGLIGENT ACT OR OMISSION OF LESSOR, ITS AGENTS, SERVANTS, OR EMPLOYEES, WHETHER SAID ACT OR OMISSION IS THE PROXIMATE CAUSE OF INJURY OR NOT (EXCEPT AGAINST LOSS OR LIABILITY FOR DAMAGE THAT IS CAUSED BY OR RESULTS FROM THE GROSS NEGLIGENCE OR WILFUL MISCONDUCT OF LESSOR, ITS AGENTS, SERVANTS, OR EMPLOYEES OR AN INDIVIDUAL CONTRACTOR DIRECTLY RESPONSIBLE TO LESSOR).** The foregoing indemnity shall survive any complete or partial termination of this Lease.

19. Interest and Attorneys' Fees. Any sum payable by Lessee hereunder that is not paid when due (including underpayments) shall bear interest at the rate of 18% per annum (or the highest rate permitted under applicable law, whichever is lower) until paid in full. In the event of the breach or default by either party in the performance of any of the terms of this Lease, the non-defaulting party, in addition to any other relief to which it may be entitled at law or in equity, shall be entitled to recover from the defaulting party the non-defaulting party's costs and reasonable attorneys' fees incurred in enforcing its rights hereunder or recovering damages for the breach hereof, both before and after judgment.

20. Information and Access. Lessee shall promptly provide Lessor with copies of all title reports, title opinions and abstracts of title which Lessee may obtain or receive with respect to the Leased Premises. Lessor agrees to cooperate with Lessee in Lessee's reasonable efforts to correct any apparent defect or discrepancy in Lessor's title to the oil and gas in and under the Leased Premises; provided, however, that in no event shall Lessor be required to incur out of pocket expenses in connection with such title curative efforts. Lessee agrees, upon request by Lessor, to immediately furnish Lessor, or its authorized representatives, full and complete information with respect to (1) all operations on the Leased Premises and the production of oil and gas, including but not limited to, samples of all cores, drill stem test results, electrical logs, and all other information pertaining to the formations, zones and sands under the Leased Premises, and (2) production reports, run tickets, meter runs, sales records, applications and reports made to any governmental agency or authority, and orders, rules or permits issued by any such agency or authority affecting the Leased Premises. Lessor and its authorized representatives shall have full right of ingress and egress to the Leased Premises for the purpose of inspecting drilling or production operations, and for any and all other purposes which Lessor may consider necessary or advisable at all times, at Lessor's sole risk, including without limitation, the right to inspect the derrick floor of all wells drilled on the Leased Premises as well as all other operational areas around equipment and structures located on the Leased Premises.

21. Confidentiality. Lessor agrees to maintain the confidentiality of any information Lessee provides to Lessor pursuant to Section 20 (the "Information"), except that Lessor may disclose Information (i) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (ii) to the extent such Information (x) becomes publicly available other than as a result of a breach of this section or (y) becomes available to Lessor or any of its affiliates on a non-confidential basis from a source other than Lessee, (iii) to any third party with whom Lessor is engaged in a bona fide effort to sell, farmout or trade all or a portion of its interest in the Leased Premises (it being understood that such third parties will be informed of the confidential nature of such Information and instructed to keep such Information confidential), or (iv) reputable financial institutions for study in connection with the evaluation

of Lessor's creditworthiness (it being understood that such financial institutions will be informed of the confidential nature of such Information and instructed to keep such Information confidential).

22. Governing Law. This Lease shall be governed by and construed and enforced in accordance with the laws of the State of Utah applicable to contracts affecting lands located in the State of Utah and entered into and to be performed within the State of Utah, without regard to rules pertaining to conflicts of law.

23. Successors and Assigns. Subject to the restrictions on assignment provided for in Section 11 above, this Lease and all of the terms, provisions and covenants hereof shall extend to and be binding on all of the heirs, devisees, executors, administrators, successors and assigns of said Lessor and Lessee. All of the covenants and agreements of Lessee herein shall be deemed to be covenants running with Lessee's interest in the Leased Premises.

24. Notice. Any notice or communication required or permitted hereunder shall be given in writing, sent by (a) personal delivery, or (b) expedited delivery service with proof of delivery, or (c) United States mail, postage prepaid, registered or certified mail, or (d) facsimile, addressed as follows:

To Lessor: c/o Argos Investment Partners, LLC  
712 Fifth Avenue, 45th Floor  
New York, New York 10019  
Attn: Adrian W. Zajac  
Phone: 212.991.2005  
Fax: 212.658.9346

With a copy to: Reed Smith LLP  
599 Lexington Avenue, 23<sup>rd</sup> Floor  
New York, New York 10022  
Attn: Thomas G. Maira, Esq.  
Phone: 212.205.6110  
Fax: 212.521.5450

To Lessee: 1900 North Akard Street  
Dallas, Texas 75201-2300  
Attn: David Hernandez and Ben Nelson  
Phone: 214.978.8542  
Fax: 214.855.6965

With copy to: Thompson & Knight LLP  
One Arts Plaza  
1722 Routh Street, Suite 1500  
Dallas, Texas 75201-6533  
Attn: Andrew Ingram

T&K File No. 038519.000023  
Phone: 214.969.1700  
Fax: 214.969.1780

or to such other address or to the attention of such other person as hereafter shall be designated in writing by the applicable party sent in accordance herewith. Any such notice or communication shall be deemed to have been given either at the time of personal delivery or, in the case of delivery service or mail, as of the date of first attempted delivery at the address and in the manner provided herein, or in the case of facsimile, upon receipt.

25. Release Instrument. Upon expiration or termination of this Lease for any reason, Lessee shall be obligated at its expense to promptly prepare, execute and file on record in Carbon County, Utah, an appropriate release instrument covering the Leased Premises, and to forward a copy of same as so recorded to Lessor. If Lessee fails to execute and record an appropriate release instrument in accordance with this Section 25 within fifteen (15) days after Lessor sends written notice to Lessee requesting Lessee to record such instrument, Lessor may execute and file on record in Carbon County, Utah an appropriate release instrument covering the Leased Premises. In furtherance of the foregoing, Lessee hereby grants Lessor a power of attorney to file such release instrument for record in the County Clerk's office. This power of attorney is coupled with an interest and is irrevocable.

26. Removal of Machinery. Lessee has the right at any time during the term of this Lease or within 180 days after the expiration, termination or release of this Lease, or any part thereof, to remove, as applicable, all of its recoverable casing (except water well casing), machinery and fixtures. If Lessee fails to remove its property within the 180-day period, title to it shall become vested automatically in Lessor, free of all liens, or Lessor may remove such items at Lessee's expense, at the sole option of Lessor. Lessee agrees to pay such charges within five (5) days of presentment by Lessor.

27. Special Warranty. Lessor warrants that title to the Leased Premises is granted and leased to Lessee free and clear of any mortgages, liens or encumbrances arising by, through and under Lessor, but not otherwise. Except for the warranties in the immediately preceding sentence, this Lease is made without representation or warranty of any kind, express, implied or statutory. Lessor agrees that Lessee, at its option after Lessee has given Lessor sixty (60) days written notice, may discharge any tax, mortgage or other lien upon the Leased Premises, and in the event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply royalties accruing hereunder toward satisfying same.

28. Miscellaneous. Headings of sections and paragraphs are included in this instrument for convenience of reference and shall in no way define, limit, extend or describe the scope or intent of any provision hereof. All references in this Lease to articles, sections, subsections, paragraphs and other subdivisions refer to corresponding articles, sections, subsections, paragraphs and other subdivisions of this Lease unless expressly provided otherwise. Titles appearing at the beginning of any of such subdivisions are for convenience only and shall not constitute part of such subdivisions and shall be disregarded in construing the language contained in such subdivisions. The words "this Lease", "this instrument", "herein",

"hereof", "hereby", "hereunder" and words of similar import refer to this Lease as a whole and not to any particular subdivision unless expressly so limited. Unless the context otherwise requires: "including" and its grammatical variations mean "including without limitation"; "or" is not exclusive; words in the singular form shall be construed to include the plural and vice versa; words in any gender include all other genders; and references herein to any instrument or agreement refer to such instrument or agreement as it may be from time to time amended or supplemented. All references in this Lease to annexes, exhibits, or schedules refer to annexes, exhibits, and schedules to this Lease unless expressly provided otherwise, and all such annexes, exhibits and schedules are hereby incorporated herein by reference and made a part hereof for all purposes.

**[END OF TEXT]**

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

LESSOR:

LEVADA EF FIVE, LLC  
a Delaware limited liability company

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

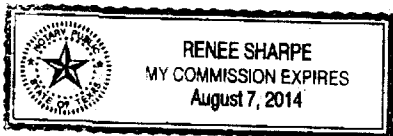
LESSEE:

PRESTON NUTTER RANGE CREEK HOLDINGS,  
LLC, a Delaware limited liability company

By *Meur*  
Name: Tom Meurer  
Title: President

STATE OF TEXAS            )  
  : ss.  
COUNTY OF DALLAS        )

The foregoing instrument was acknowledged before me this 8<sup>th</sup> day of June, 2011 by Tom Meurer, President of Preston Nutter Range Creek Holdings, LLC, a Delaware limited liability company, on behalf of such limited liability company.



*Renee Sharpe*  
Notary Public

STATE OF \_\_\_\_\_ )  
  : ss.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2011 by \_\_\_\_\_ of Levada EF Five, LLC, a Delaware limited liability company, on behalf of such limited liability company.

\_\_\_\_\_  
Notary Public

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

LESSOR: LEVADA EF FIVE, LLC  
a Delaware limited liability company

By [Signature]  
Name: ADRIAN ZAJAC  
Title: MANAGING MEMBER of Argus Utah 1 LLC

LESSEE: PRESTON NUTTER RANGE CREEK HOLDINGS, LLC, a Delaware limited liability company

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF TEXAS )  
: ss.  
COUNTY OF DALLAS )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2011 by \_\_\_\_\_ of Preston Nutter Range Creek Holdings, LLC, a Delaware limited liability company, on behalf of such limited liability company.

\_\_\_\_\_  
Notary Public

STATE OF New York )  
: ss.  
COUNTY OF New York )

The foregoing instrument was acknowledged before me this 7<sup>th</sup> day of June, 2011 by Adrian Zajac, Managing Member of Levada EF Five, LLC, a Delaware limited liability company, on behalf of such limited liability company.

[Signature]  
\_\_\_\_\_  
Notary Public

[SIGNATURE PAGE TO RANGE CREEK LAND PAID-UP OIL AND GAS LEASE]

EVAN F. JAFFE  
Notary Public, State of New York  
No. 01JA6196006  
Ent 810976 Bk 07 Commission Expires 11/03/2012



**EXHIBIT A TO RANGE CREEK LAND PAID-UP OIL AND GAS LEASE**

**LEGAL DESCRIPTION OF 3,880 ACRE RANGE CREEK LAND**

**RANGE CREEK  
SUMMARY**

<u>Parcel</u>	<u>Tax Parcel ID No(s).</u>
<u>Township 14 S Range 14 E</u>	
Section 24 – 440 acres	2A-1374
Section 25 – 480 acres	2A-1375
Section 36 – 480 acres	2A-1387
Total – 1400 acres	
<u>Township 14 S Range 15 E</u>	
Section 19 – 120 acres	2A-1408
Section 30 – 320 acres	2A-1420
Section 31 – 200 acres	2A-1421
Total – 640 acres	
<u>Township 15 S Range 14 E</u>	
Section 1 – 440 acres	2A-1824; 2A-1824-1
<u>Township 15 S Range 15 E</u>	
Section 6 – 360 acres	2A-1875; 2A-1875-1
Section 7 – 320 acres	2A-1876
Section 8 – 40 acres	2A-1878
Section 17 – 280 acres	2A-1891
Section 18 – 40 acres	2A-1894-1
Section 20 – 240 acres	2A-1898
Section 29 – 120 acres	2A-1907
Total – 1400 acres	
<b>TOTAL 3880 ACRES</b>	

**MORE PARTICULARLY DESCRIBED AS FOLLOWS**

**Township 14 South, Range 14 East, Salt Lake Base and Meridian**

-----

Section 24: E1/2 NE1/4.  
E1/2 SE1/4.  
E1/2 NW1/4; SW1/4 NE1/4; W1/2 SE1/4; E1/2 SW1/4.

Section 25: W1/2 NE1/4; NE1/4 NW1/4; SE1/4 NW1/4; W1/2 SE1/4; E1/2 SW1/4.  
E1/2 NE1/4; E1/2 SE1/4.

Section 36: E1/2 NW1/4; E1/2 SW1/4; S1/2 NE1/4; W1/2 SE1/4.  
N1/2 NE1/4; E1/2 SE1/4.

**Township 14 South, Range 15 East, Salt Lake Base and Meridian**

---

Section 19: W1/2 SW1/4 (Lots 3 & 4); SE1/4 SW1/4

Section 30: W1/2

Section 31: NW1/4 SW1/4.  
NW1/4

**Township 15 South, Range 14 East, Salt Lake Base and Meridian**

---

Section 1: W1/2 SE1/4; SE1/4 NW1/4; NE1/4 SW1/4.  
Lot 3; SW1/4 NE1/4.  
Lots 1 and 2; SE1/4 NE1/4; E1/2 SE1/4.

**Township 15 South, Range 15 East, Salt Lake Base and Meridian**

---

Section 6: W1/2; SW1/4 SE1/4.

Section 7: E1/2 NW1/4; NW1/4 NE1/4; S1/2 NE1/4; N1/2 SE1/4; SE1/4 SE1/4.

Section 8: SW1/4 SW1/4.

Section 17: W1/2 NW1/4; SE1/4 NW1/4; SW1/4.

Section 18: NE1/4 NE1/4.

Section 20: E1/2 NW1/4; NW1/4 NW1/4; NW1/4 SE1/4; E1/2 SW1/4.

SECTION 29: E1/2 SE1/4; NW1/4 SE1/4.