OIL AND GAS LEASE

THIS AGREEMENT made this 19th day of May, 19 84, between

Willie Arp Farms, Incorporated
RFD 2
Blair ~~Kennard~~, Nebraska ~~68034~~ 68008

Lessor (whether one or more), and Leaseholds Unlimited, LTD., Englewood, Colorado 80111
Lessee, WITNESSETH:

1. Lessor in consideration of TEN AND MORE Dollars ($ 10.00+), in hand paid, the receipt and sufficiency of which is hereby acknowledged, of the royalties herein provided, and of the agreement of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil and gas (including, but not limited to, gas producible from coal-bearing formations) and all substances produced in association therewith, laying pipe lines, building tanks, power stations, telephone lines, roads 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 Washington County, Nebraska, to wit:

Township 17 North, Range 11 East of the 6th P.M.
Section 17: Tax Lot 4(38.0 acres);

Township 18 North, Range 11 East of the 6th P.M.
Section 13: Tax Lot 216(60.24);
28: N½NW¼, Tax Lots 1(39.2 acres), 2(.5 acre), 4(36.61 acres), 6(39.0 acres), 7(.5 acre), 8(39.5 acres);

Township 18 North, Range 12 East of the 6th P.M.
Section 18: Tax Lots 12(33.3 acres), 13(28.35 acres), 14(43.73 acres), 25(16.57 acres)
19: Tax Lots 32(13.4 acres), 34(22.5 acres);

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CHARLOTTE L. PETERSEN
WASHINGTON COUNTY CLERK
BLAIR, NEBR.

of Section XXXXXXXXX, Township XXXXXXXXXX, Range XXXXXXXXXX.

In addition to the land above described, Lessor hereby grants, leases and lets exclusively unto Lessee to the same extent as if specifically described herein all lands owned or claimed by Lessor which are adjacent, contiguous to or form a part of the lands above particularly described, including all oil, gas and all substances produced in association therewith underlying lakes, rivers, streams, roads, easements and rights-of-way which traverse or adjoin any of said lands. For rental payment purposes, the land included within this lease shall be deemed to contain 491.41 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall be for a term of 10 years from this date (called "primary term") and as long thereafter as oil, or gas is produced from said land hereunder, or operations for drilling or reworking are conducted thereon.

3. The royalties to be paid by Lessee are: (a) on oil and other liquid hydrocarbons, one-eighth of that produced and saved from said land, the same to be delivered at the wells, or to the credit of Lessor into the pipe line to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase; (b) on gas and the constituents thereof produced from said land and sold or used off the premises or in the manufacture of gasoline or other products therefrom, the market value at the well of one-eighth of the product so sold or used, provided that on product sold at the wells the royalty shall be one-eighth of the amount realized from such sale. Lessee shall have free use of oil, gas, and water from said land, except water from Lessor's wells, streams, lakes and ponds, for all operations hereunder, and the royalty on oil and gas shall be computed after deducting any so used.

4. If a well capable of producing gas in paying quantities is completed on the above described land and is shut in, this lease shall continue in effect for a period of one year from the date such well is shut in. Lessee may thereafter, in the manner provided herein for the payment or tender of delay rentals, pay or tender to Lessor as royalty, on or before one year from the date such well is shut in, an amount equal to the rental, and, if such payment or tender is made, such well shall continue this lease in effect for a further period of one year. In like manner and upon like payments or tenders annually made on or before each anniversary of the shut-in date of such well, such well shall continue this lease in effect for successive periods of twelve (12) months each. Notwithstanding any other provision to the contrary, this lease shall not terminate because of a failure to properly or timely make shut-in gas well payments unless Lessor shall have given Lessee written notice of such failure to properly or timely make such shut-in gas well payment and Lessee shall have failed for a period of thirty (30) days after receipt of such notice to tender such payment in the proper amount, together with a late or improper payment penalty of $100.00.

5. If operations for drilling are not commenced on said land as hereinafter provided, on or before one year from this date, the lease shall then terminate as to both parties, unless on or before such anniversary date Lessee shall pay or tender to Lessor or to the credit of Lessor in Washington County Bank of Blair, Nebraska 68008 (which bank and its successors are Lessor's agent and shall continue as the depository for all rentals payable hereunder regardless of changes in ownership of said land or the rentals either by conveyance or by the death or incapacity of Lessor) the sum of Four Hundred Ninety One and 41/100 Dollars ($ 491.41), (herein called rental), which shall cover the privilege of deferring commencement of operations for drilling for a period of twelve (12) months. In like manner and upon like payments or tenders annually the commencement of operations for drilling may be further deferred for successive periods of twelve (12) months each during the primary term. The payment or tender of rental herein referred to may be made in currency, draft, check or by electronic funds transfer at the option of the Lessee; and the depositing of such currency, draft or check in any post office, properly addressed to the Lessor or said bank, or the transfer of such funds to said bank on or before the rental paying date, shall be deemed payment herein as provided. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payment, tender or transfer of rental until thirty (30) days after Lessor shall deliver to Lessee a proper recordable instrument, naming another bank as agent to receive such payment, tender or transfer. The down cash payment is consideration for this lease according to its terms and shall not be allocated as mere rental for a period. Lessee may at any time execute and deliver to Lessor or to the depository above named 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 hereby is reduced by said release or releases.

If Lessee shall, on or before any rental date make a bona fide attempt to pay or deposit a rental payment due hereunder, and if such payment or deposit shall be erroneous in any regard (whether deposited in the wrong depository, paid to persons other than the parties entitled thereto, in an incorrect amount, or otherwise), Lessee shall be unconditionally obligated to pay to such Lessor the rental properly payable for the period involved, but this lease shall be maintained in the same manner as if such erroneous payment or deposit had been properly made, provided that the erroneous payment or deposit be corrected within thirty (30) days after receipt by Lessee of written notice from such Lessor of such error accompanied by any documents and other evidence necessary to enable Lessee to make proper payment.

6. Should any well drilled on the above described land during the primary term before production is obtained be a dry hole, or should production be obtained during the primary term and thereafter cease, then and in either event, if operations for drilling an additional well are not commenced or operations for reworking an old well are not pursued on said land on or before the first rental paying date next succeeding the expiration of sixty (60) days after the cessation of production or drilling or reworking operations on said well or wells, then this lease shall terminate unless Lessee, on or before said date, shall resume the payment of rentals. Upon resumption of the payment of rentals, Section 5 governing the payment of rentals, shall continue in force just as though there had been no interruption in the rental payments. If during the last year of the primary term and prior to the discovery of oil, gas, or other hydrocarbons on said land Lessee should drill a dry hole thereon, or if after discovery of oil, gas or other hydrocarbons before or during the last year of the primary term the production thereof should cease during the last year of said term from any cause, no rental payment or operations are necessary in order to keep the lease in force during the remainder of the primary term. If at the expiration of the primary term Lessee is conducting operations for drilling or reworking on this lease or shall have completed a dry hole thereon within one hundred twenty (120) days prior to the end of the primary term or, if, after the expiration of the primary term, production on this lease shall cease, this lease nevertheless shall continue in force so long as operations for drilling or reworking on any existing or succeeding well are being conducted with no cessation of more than one hundred twenty (120) consecutive days and, if such operations result in production, so long thereafter as oil or gas is produced from this lease.

7. Lessee, at its option, is hereby given the right and power to pool or combine the land covered by this lease, or any portion thereof, as to oil and gas, or either of them, with any other land, lease or leases when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said premises, such pooling to be into a well unit or units not exceeding one hundred and sixty (160) acres, plus an acreage tolerance of ten percent (10%) of one hundred and sixty (160) acres, for oil, and not exceeding six hundred and forty (640) acres, plus an acreage tolerance of ten percent (10%) of six hundred and forty (640) acres for gas, except that larger units may be created to conform to any spacing or well unit pattern that may be prescribed by governmental authorities having jurisdiction. Lessee may pool or combine acreage covered by this lease, or any portion thereof, as above provided, as to oil or gas in any one or more strata, and units so formed need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions threreof into other units. Lessee shall execute in writing and place of record an instrument or instruments identifying and describing the pooled acreage. The entire acreage so pooled into a unit shall be treated for all purposes, except the payment of royalties, as if it were included in this lease, and drilling or reworking operations thereon or production of oil or gas therefrom, or the completion thereon of a well as a shut-in gas well, shall be considered for all purposes except the payment of royalties, as if such operations were on or such production were from or such completion were on the land covered by this lease, whether or not the well or wells be located on the premises covered by this lease. In lieu of the royalties elsewhere herein specified, Lessor shall receive from a unit so formed, only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein bears to the total acreage so pooled in the particular unit involved. Should any unit as originally created hereunder contain less than the maximum number of acres hereinabove specified, then Lessee may at any time thereafter, whether before or after production is obtained on the unit, enlarge such unit by adding additional acreage thereto, but the enlarged unit shall in no event exceed the acreage content hereinabove specified. In the event an existing unit is so enlarged Lessee shall execute and place of record a supplemental declaration of unitization identifying and describing the land added to the existing unit; provided, that if such supplemental declaration of unitization is not filed until after production is obtained on the unit as originally created, then and in such event the supplemental declaration of unitization shall not become effective until the first day of the calendar month next following the filing thereof. In the absence of production Lessee may terminate any unitized area by filing of record notice of termination.

8. Lessee also shall have the right to unitize, pool, or combine all or any part of the above described lands with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions, and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved 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 Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.

9. Lessee shall have the right at any time without Lessor's consent to surrender all or any portion of the leased premises and be relieved of all obligation as to the acreage surrendered. Lessee shall have the right within a reasonable time after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's consent. The Lessee agrees to promptly pay to the owner thereof any damages to crops, or improvements, caused by or resulting from any operations of Lessee.

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10. The rights of either party hereunder may be assigned, in whole or in part, and the provisions hereof shall extend to the heirs, successors and assigns of the parties hereto, but no change or division in ownership of the land, rentals or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No change in the ownership of the land, or any interest therein, shall be binding on Lessee until Lessee shall be furnished with a certified copy of all recorded instruments, all court proceedings and all other necessary evidence of any transfer, inheritance, or sale of said rights. In event of the assignment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be apportionable among the several leasehold owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. 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.

11. Lessee shall not be liable for breach of covenant, express or implied, nor shall this lease be subject to forfeiture for breach of condition, nor shall this lease be terminated by operation of any limitation provision herein as a result of Lessee's failure to pursue drilling operations on or to produce oil or gas from the leased premises or premises pooled therewith if such operations on or production from said premises is prevented or substantially impeded by governmental action or other cause not reasonably within the control of Lessee. After the cessation or termination of such governmental action or other cause, Lessee shall be entitled to a reasonable time to commence drilling operations or to commence or resume production.

12. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same. Lessee shall pay all taxes based on the production from said lands, and shall deduct such taxes attributable to Lessor's interest from royalty due hereunder. Without impairment of Lessee's rights under the warranty in event of failure of title, it is agreed that if Lessor owns an interest in said lands less than the entire fee simple estate, then the royalties and rentals to be paid Lessor shall be reduced proportionately.

13. Lessor hereby releases and waives all right of dower and right of homestead under the laws of this state in and to said premises to the extent of the rights granted by this lease.

14. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor, a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer. All offers made up to and including the last day of the primary term of this lease shall be subject to the terms and conditions of this Section. Should Lessee elect to purchase the lease pursuant to the terms hereof, it shall so notify Lessor in writing by mail or telegram prior to expiration of said 15-day period. Lessee shall promptly thereafter furnish to Lessor the new lease for execution on behalf of Lessor along with Lessee's sight draft payable to Lessor in payment of the specified amount as consideration for the new lease, such draft being subject only to approval of title according to the terms thereof. Upon receipt thereof, Lessor shall promptly execute said lease and return same along with the endorsed draft to Lessee's representative or through Lessor's bank of record for payment.

All of the provisions of this lease shall inure to the benefit of and be binding upon the parties hereto, their heirs, administrators, successors and assigns.

This agreement shall be binding on each of the above named parties who sign the same, regardless of whether it is signed by any of the other parties.

IN WITNESS WHEREOF, this instrument is executed effective as of the date first above written.

atures

X Willie A. Arp
Willie A. Arp, President of Willie Arp Farms, Inc.
SS# 507-12-6700

X Brent Arp
Brent Arp, Secretary SS# 506-80-3813

Taxpayer Identification or Social Security Number
TAX ID# 47-057-5575

ACKNOWLEDGMENTS FOR USE IN OREGON, NEBRASKA, KANSAS, COLORADO, WYOMING, NORTH DAKOTA, NEW MEXICO

STATE OF Nebraska)
: ss.
COUNTY OF Washington)

(Individual(s) Acknowledgment)

The foregoing instrument was acknowledged before me this _____
by _____

My Commission expires: GENERAL NOTARY - State of Nebraska THERESA M. ORSI My Comm. Exp. 2-17-85 Theresa Orsi Peterson

Theresa (Orsi) Peterson
Notary Public

Address: _____

STATE OF Nebraska)
: ss.
COUNTY OF Washington)

(Corporate Acknowledgment)

The foregoing instrument was acknowledged before me this day of May, 1984
Willie A. Arp, Pres. and Brent Arp, Sec.
Willie Arp Farms, Inc., a Nebraska
rporation, on behalf of the corporation.

y Commission expires:

Notary Public

No. _____

OIL AND GAS LEASE

FROM

TO

Date _____, 19__

Section _____ Township _____ Range _____ County _____

No. of Acres _____ Term _____

STATE OF Nebraska
ss.
County of Washington

This instrument was filed for record on the 30th day of June, 19 84 at 9:06 o'clock A M., and duly recorded in book 146 page 819-820 of the records of this office.

Charlotte A. Stavem
County Clerk–Register of Deeds

by Beverly Warren Deputy

Record and Mail to:

Recorded _____
General _____
Numerical _____