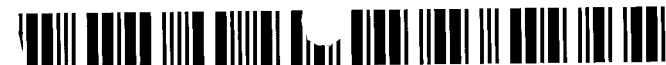


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3366585 03/01/2006 11:12A Weld County, CO
1 of 3 R 16.00 D 0.00 Steve Moreno Clerk & Recorder

Form 88 Revised 3/05--Paid-up (Producers)

OIL AND GAS LEASE

THIS AGREEMENT made and entered into this 1 day of MARCH, 2006 but made effective the 9th day of April, 2006 by and between LARRY CEY CURTIS AND JAN DALE CURTIS, husband and wife, lessor (whether one or more), with an address of 2837 W. 49th Street, Evans, Colorado 80620 and **Kerr-McGee Rocky Mountain LLC**, formerly known as Kerr-McGee Rocky Mountain Corporation, a Colorado corporation with an address of 1999 Broadway, Suite 3600, Denver, Colorado 80202, Lessee.

WITNESSETH:

That Lessor, for and in consideration of Ten and no/100 Dollars (\$10.00) in hand paid, the receipt and sufficiency of which are hereby acknowledged, and the covenants and agreements hereinafter contained, does hereby grant, demise, lease and let unto the said Lessee, exclusively, its successors and assigns, the following described land for the purpose of carrying on geological, geophysical and other exploratory work, including core drilling and the investigating, exploring, prospecting, drilling, mining, operating for, producing and saving of oil, liquid hydrocarbons, gas, gas condensate, gas distillate, casinghead gas, casinghead gasoline, coal bed methane gas and all other gases and their constituent parts, other minerals and substances produced in connection with oil and gas operations hereunder, or as a by-product of oil and gas, (collectively and/or individually hereinafter referred to as "Leased Substances") and the exclusive right of injecting gas, air, waters, brine and other fluids and substances into the subsurface strata, together with all rights of way, easements and use of the surface as is necessary or convenient for such operations and for laying pipe lines, flow lines, and other underground lines to gather, remove or otherwise transport the Leased Substances, telephone and other communication lines, building tanks, power houses, stations, ponds, roadways and other fixtures or structures for producing, treating, storing and caring for such products, and any and all other rights and privileges necessary, incident to or convenient in the economical or efficient operation of said land, or lands pooled therewith or adjacent thereto, together with any reversionary rights therein or rights hereafter vested in Lessor, said tract of land being situated in the County of **Weld**, State of **Colorado**, and described as follows, to-wit:

Township 5 North, Range 66 West, 6th P.M.

Section 25: Lots 3 and 4; the S/2 of Lot 2, all in the SW/4SE/4 of said section.

together with all submerged lands, accretions, and strips adjacent or contiguous thereto and owned or claimed by Lessor, which land shall, for the purpose of calculating the amount of any money payment permitted or required by the terms of this lease, be considered as containing exactly **16 acres**, whether there is more or less.

TO HAVE AND TO HOLD the same, subject to the provisions herein contained, for a term of **three (3) years** from this date (hereafter called "Primary Term") and as long thereafter as Leased Substances are being or may be produced from said leased premises, whether or not in paying quantities, or operations for the drilling or production thereof are continued as hereinafter provided. This is a paid-up lease and Lessee shall have no obligation to make annual rental payments to Lessor over and above the consideration stated above and the production royalty payments described below.

In consideration of these premises, it is hereby mutually agreed as follows:

1. Royalties on the Leased Substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be **one-eighth (1/8)** of such production, payable to Lessor as hereinafter provided, less a proportionate part of ad valorem taxes and production severance or other excise taxes and the actual costs incurred by Lessee in delivering, treating or otherwise marketing such oil or other liquid hydrocarbons, provided that Lessee shall have the continuing right to sell such production to itself or an affiliate at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; and, (b) for gas, gas condensate, gas distillate, casinghead gas, casinghead gasoline, coal bed methane gas and all other gases and their constituent parts, other minerals and all other substances covered hereby, the royalty shall be **one-eighth (1/8)** of the net proceeds realized by Lessee from the sale thereof, after deducting from Lessor's share a proportionate amount of all post-production costs, including but not limited to ad valorem taxes, gross production taxes, and severance taxes, or other excise taxes, gathering and transportation costs from the wellhead to the point of sale, as well as the actual costs of compressing, treating, dehydrating, purifying, delivering, processing or otherwise putting such gas or other substances into marketable condition, provided that Lessee shall have the continuing right to sell such production to itself or an affiliate at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder. Lessor shall not be entitled to any royalty on any Leased Substances used by Lessor on or off the leased premises or for that portion of the Leased Substances used as fuel or lost due to shrinkage, flaring, venting, line loss or otherwise.

2. Notwithstanding any of the prior provisions of this lease to the contrary, Lessee shall have free use of the Leased Substances, water, gravel, and other materials from the leased premises, except domestic or irrigation water from Lessor's wells and tanks, for all operations hereunder.

3. All royalty payments under this lease shall be paid or tendered to Lessor or its successors in currency, by check or by draft by deposit in the U.S. Mail in a stamped envelope addressed to Lessor at the last address known to Lessee, which shall constitute proper payment.

4. It is expressly agreed that if Lessee shall commence operations for the drilling of a well at any time while this lease is in force, this lease shall remain in force and its term shall continue for so long as such operations are prosecuted and, if production results therefrom, whether or not in paying quantities, then so long as such production may continue. 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 or commences operations for the drilling or reworking of a well within one (1) year from the date of such cessation, and this lease shall remain in force and effect during the prosecution of such operations, and if production results therefrom, then as long as such production continues or the well or wells are capable of producing, whether or not in paying quantities. If Lessee fails to resume or commence operations as heretofore provided, Lessee shall pay to Lessor, as minimum royalty, the sum of Fifty Dollars (\$50.00) per net mineral acre then covered by this lease for the right to defer operations. Such payment to be made to Lessor on or before the end of said one (1) year period and thereafter on or before each anniversary of the said one (1) year period until such time as Lessee resumes or commences operations, and so long as such payment is made to Lessor this lease shall continue in full force and effect; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no minimum royalty shall be due until the end of the one (1) year period of the cessation of such operations or production, as the case may be. Lessee's failure to properly pay any minimum royalty as provided herein shall render Lessee liable for the amount due, but shall not operate to terminate this lease. Lessee shall be deemed to have commenced operations by actual drilling or by any act necessary for and in preparation of actual drilling operations, including by way of example, but not limited to making application for required permits (whether required by local government or state or federal regulatory agencies), site survey and preparation, and the construction of access routes to the proposed well site (whether or not such routes are located on the leased premises). Operations shall also include all activities designed to obtain, enhance, deliver or market production from the leased premises, or lands pooled therewith, including by way of example, but not limited to reworking, deepening, plugging back, treating, stimulating, refitting, installing equipment, construction of facilities related to transporting, treating and marketing of Leased Substances, contracting for the marketing and sale of Leased Substances, and construction of water disposal facilities and removal of water.

5. Where required by Lessor in writing, Lessee shall bury all pipelines below ordinary plow depth in cultivated land and shall pay for damage caused by its operations to growing crops on said land. Lessee shall be under no obligation to pay for additional damage of any kind or nature caused by Lessee's operations on the leased premises or for operations on lands pooled therewith or adjacent thereto, and Lessor hereby waives any and all claims and releases Lessee for any such additional damage. Lessee shall have the right, but shall not be obligated, at any time, either before or after expiration of this lease, to remove all fixtures and other property placed by Lessee on the leased premises, including the right to draw and remove all casing. Lessee agrees, upon the completion of any test as a dry hole or upon the abandonment of any producing well, to restore the premises to their original contour as near as practicable and to remove all installations within a reasonable time. Any structures and facilities placed on the leased premises by Lessee for operations hereunder and any well or wells on the leased premises drilled or used for the injection of salt water, fluids or other substances may also be used for Lessee's operation on other lands in the same area. The right to so use such facilities may be continued beyond the term of this lease by payment to Lessor of the sum of One Hundred Dollars (\$100.00) per year payable on the anniversary date of this lease first ensuing after the termination of this lease and annually thereafter on or before such anniversary date, provided however that a delay or default in such payment shall not act to terminate Lessee's continuing rights as provided hereby.

6. Lessee, at its option is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the leased premises and as to any one or more of the formations hereunder, to pool or unitize the leasehold estate and the mineral estate covered by this lease with other land, lease or leases in the immediate vicinity for the production of the Leased Substances, whether one or more, or for the injection of fluids or other substances, when in Lessee's judgment it is necessary or advisable to do so, and irrespective of whether authority similar to this exists with respect to such other land, lease or leases. Likewise, units previously formed to include formations not producing oil or gas, may be reformed to exclude such non-producing formations. The forming or reforming of any unit may be accomplished by Lessee executing and filing of record a declaration of such pooling, unitization or reformation, which declaration shall describe the unit. Provided, however, the absence of such recorded declaration shall not affect the continued validity of this lease or the creation of a unit by established operations and/or the payment of royalties on a unit basis. Any unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced. Production, drilling or reworking operations or a well shut in for want of market anywhere on a unit which includes all or part of this lease shall be treated as if it were production, drilling or reworking operations or a well shut in for want of a market under this lease. In lieu of the royalties elsewhere herein specified, Lessor shall receive on production from the unit so pooled royalties only on the portion of production allocated to this lease. Such allocation shall be that proportion of the unit production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, Lessee shall have the right to unitize, pool, or combine 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 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 while such plan or agreement remains in force and in effect. If 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. Lessee shall not be required to obtain Lessor's consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency.

7. The rights of either party hereunder may be assigned or conveyed in whole or in part and the provisions hereof shall extend to their heirs, successors and assigns, but no change or division in the ownership of the land, royalties, however accomplished, shall operate or be construed so as to enlarge or increase the obligations or burdens of Lessee, or diminish its rights. Specifically, but not by way of limitation of the foregoing, Lessee shall not be required to offset wells on separate tracts into which the land covered by this lease may hereafter be divided, or to furnish separate measuring or receiving tanks. Notwithstanding any actual or constructive knowledge of or notice to Lessee, no change in the ownership of said land or the right to receive royalties hereunder, or any interest therein, however accomplished, shall be binding on Lessee until thirty (30) days after Lessee has been furnished with written notice thereof, together with the supporting information hereinafter referred to, by the party claiming as the result of such change in ownership or interest. Such notice shall be supported by original or certified copies of all recorded documents and other instruments or proceedings necessary in Lessee's opinion to establish the ownership of the claiming party. At such time as any part of Lessor's interest covered by this lease is conveyed or transferred, Lessee may at its sole discretion and option require Lessor to appoint an agent for all purposes of this lease, including receiving payments and notices. Any payments or notices, or other obligations required by Lessee under this lease, made to such agent shall constitute payment or notice, or complete satisfaction of any other obligation, to any party taking or acquiring an interest in this lease by or through Lessor.

8. No litigation shall be initiated by Lessor for damages, forfeiture or cancellation with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to substantially remedy the breach or default within such period. In the event any matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless and until Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to substantially do so. In the event any matter is litigated the prevailing party shall be entitled to recover or be awarded all reasonable attorney fees, costs and expenses.

9. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises. To the extent any royalties or other payment attributable to the mineral estate covered by this lease is payable to someone other than Lessor, or in the event of any improper payment of such royalties or other payment to Lessor, regardless of the cause or reason for the same, Lessee shall be entitled to recover from Lessor, in full, any such improper payment. In the event any improper payment, or portion thereof, arises out of any misrepresentation or omission by Lessor, Lessor shall indemnify and hold Lessee harmless for and against any claim arising out of such improper payment, including any judgment, penalty, interest, attorney fees, expenses and costs incurred by Lessee in defending or settling any such claim. Any amounts owed by Lessee to Lessor under this provision may, in addition to other legal or equitable remedies, be recovered by Lessee by deducting the same from any royalties or other payment thereafter due to Lessor.

10. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases less than all of the interest or area covered hereby, Lessee's obligations shall be proportionately reduced in accordance with the net acreage interest retained hereunder, provided however, that any rights granted to Lessee by this lease, including the rights-of-way and easements, and the right to penetrate any and all depths and formations underlying the lands described herein, shall continue to the extent necessary for the efficient and convenient operation of the interest retained by Lessee.

11. 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, including restrictions on the drilling and production of wells, and regulation of the transportation of oil, gas and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed, whether before or after the expiration of the primary term, by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any provisions or implied covenants of this lease when drilling, production or other operations are so prevented or delayed.

12. Lessor hereby warrants and agrees to defend the title to the land above described and agrees that Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgage, taxes or other liens on the above described land in the event of default of payment by Lessor and Lessee shall be subrogated to the rights of the holder thereof, and Lessor hereby agrees that any such payments made by Lessee for Lessor may, at Lessee's option, be deducted from any amounts of money which may become due or payable to Lessor under the terms of this lease.

13. In the absence of any other condition which may extend this Lease beyond its Primary Term, Lessor hereby grants to Lessee, its successors and assigns, the right and option to extend the Primary Term of this lease, as to part or all of the lands covered hereby, for an additional period of two (2) years by payment to Lessor of an additional bonus of Five Hundred Dollars \$500.00, payable on or before the expiration of the initial Primary Term. Should Lessee, its successors or assigns, exercise its option to extend the Primary Term of this lease, then this lease and all its provisions shall remain in full force and effect as to the lands to which the extended lease applies.

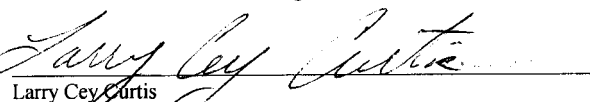
14. In the event that Lessor during the Primary Term of this lease or any extension thereof receives a bona fide offer, which Lessor is willing to accept, from any third party offering to purchase from Lessor a lease covering any or all of the Leased Substances and covering all or a portion of the leased premises, with the third party lease becoming effective on or after the termination of this lease, Lessor hereby agrees to submit to Lessee a complete copy of such offer, including the proposed third party lease form. Lessee, for a period of fifteen (15) days after receipt of a copy of the third party offer and lease, shall have the prior and preferred right and option to purchase a lease from Lessor on all or part of the interest covered by the third party offer at the price and according to the terms and conditions specified in such offer. Lessee shall be deemed to have received a copy of such offer from Lessor three (3) business days after mailing by Lessor, excluding the date of mailing, as evidenced by the postmark. All third party offers made up to and including the last day of the Primary Term of this lease, or any extensions thereof, shall be subject to the right and option granted to Lessee by this section. Should Lessee elect to exercise its right and option as herein provided, Lessee shall notify Lessor in writing on or before the end of the said fifteen (15) day period. Notice to Lessor of Lessee's election shall be delivered or sent to Lessor by any means, including personal delivery, U.S. Mail, facsimile or electronic mail, provided that if such notice of acceptance is sent by U.S. Mail, the notice shall be effective upon deposit in the U.S. Mail, postage paid. Lessee shall thereafter furnish to Lessor a new lease, effective upon the termination of this lease, and collection draft consistent with the terms and conditions thereof. Such draft shall be subject only to approval of title according to the terms thereof. Upon receipt of the new lease and draft, 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.

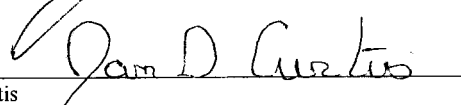
15. Additional Provisions (Please use bold or capitalized type. If no additional provisions, please indicate by inserting NONE):


16. This lease and all of its terms and conditions shall be binding upon Lessor and Lessee, their successors and assigns. Should any one or more of the parties above named as Lessor fail to execute this lease, it shall nevertheless be binding upon all Lessors whose signatures are affixed hereto. Notwithstanding anything contained herein to the contrary, it is expressly understood and agreed that any payment or payments made by Lessee to the owner of any interest subject to this lease shall be sufficient payment hereunder as to such interest notwithstanding the joinder herein of the spouse of any such party as a party Lessor for the purpose of waiving homestead, dower or inchoate rights of inheritance, if any. Should any provision of this lease or portion thereof be deemed unenforceable by a court of law, this lease shall remain in full force and effect as to all other provisions and parts thereof, and to the extent necessary this lease shall be modified to permit the enforcement of this lease in its entirety.

17. This lease may be executed in multiple counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

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


Larry Cey Curtis


Jan Dale Curtis


3366585 03/01/2006 11:12A Weld County, CO
2 of 3 R 16.00 D 0.00 Steve Moreno Clerk & Recorder



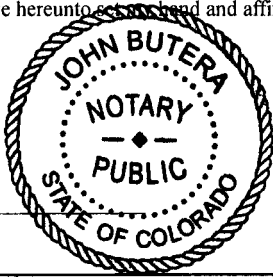
3366585 03/01/2006 11:12A Weld County, CO
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STATE OF Colorado)
COUNTY OF WELD) ss

ACKNOWLEDGMENT--INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 1st day of March, 2006, personally appeared LARRY COY CURTIS and JAN DALE CURTIS, to me known to be the identical person who described in and who executed the within and foregoing instrument of writing and acknowledged to me that they duly executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.



John Butera
Notary Public.
Address: _____

(SEAL)
My Commission Expires _____

My commission expires 01/20/2009