

PRODUCERS 88-PAID UP

OIL AND GAS LEASE

AGREEMENT, Made and entered into the day of September, 2010, by and between CGO, LP, a Nevada limited partnership, REO-DEO Resources, LP, a Nevada limited partnership, Olson Bros, LP, a Nevada limited partnership and Margil Farms, LLC, a Colorado limited liability company whose post office address is 1208 Wagon Wheel Court, Berthoud, CO 80513, hereinafter called Lessor (whether one or more) and De Clar Oil and Gas, Inc., whose address is 13599 Road W, Weldona, Colorado 80653, hereinafter called Lessee

WITNESSETH, that the Lessor, for and in consideration of Ten and More-- DOLLARS (\$10.00 & More) cash in hand paid, the receipt and sufficiency of which is hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the said Lessee, the lands hereinafter described, with the exclusive right for the purpose of drilling for, exploring by geophysical and other methods, and operating for and producing therefrom oil, gas of whatsoever nature or kind (including gas associated with coal bearing formations), and associated hydrocarbons, with such rights of way and easements reasonable and necessary for access to the lands for the purposes hereof and for laying pipelines, and erection of structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of Weld, State of Colorado, described as follows:

Township 4 North, Range 68 West, 6th P.M.
Section 34: NW/4 and S/2

Township 3 North, Range 68 West, 6th P.M.

Section 3: NE/4, less and except that portion lying South of a line described in Quit Claim Deed from Olson Bros, LLC to Clayton C. Claus and Lois J. Claus, dated April 27, 1996, recorded at Book 1544, Reception No. 2488026, and except a six foot strip conveyed by warranty deed recorded October 16, 1902 at Book 200, page 291.

SEE ADDENDUM ATTACHED HERETO AND BY REFERENCE MADE A PART HEREOF To the degree this lease is inconsistent with the accompanying addendum the addendum shall control and the addendum is incorporated herein and may a part hereof.

and containing 640.00 acres, more or less, together with any and all strips or parcels of land adjoining or contiguous in anyway to the above described lands, along with any and all mineral rights on, in and under any county roads lying across and/or adjacent to said lands, and now or hereafter owned or claimed by Lessor (the "leased premises"). This lease shall specifically include coalbed gas and occluded gas from coal seams.

1. It is agreed that this lease shall remain in force for a term of One (1) year and as long thereafter as oil or gas of whatsoever nature or kind is produced or is capable of being produced from said leased premises or on acreage pooled therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled therewith but Lessee is then engaged in drilling or reworking operations thereon, then, this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises or on acreage pooled therewith. Operations shall be considered to be continuously prosecuted if not more than ninety (90) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on acreage pooled therewith, the production thereof should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or re-working operations within ninety (90) days from date of cessation of production or from date of completion of dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this lease, this lease shall continue in force so long as oil or gas is produced from the leased premises or on acreage pooled therewith. In the event a well or wells are drilled and completed on the lands, or on the lands pooled therewith, for the purpose of developing coalbed gas, this lease shall be considered to be producing leased substances at any time that: (1) operations are being conducted to remove water or other substances from the coalbed (dewatering), or to dispose of such water or other substances, or (2) any well is shut-in or production is otherwise discontinued from said wells to allow for surface or underground mining affecting the drillsite or wellbore.

2. This is a PAID-UP LEASE. In consideration of the down cash payment, 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 said land and as to any strata or stratum by delivering to Lessor or by filing for record a release or releases, and be relieved of all obligation thereafter accruing as to the acreage surrendered.

3. In consideration of the premises the said Lessee covenants and agrees:

1st. To deliver to the credit of Lessor, free of cost, in the pipe line to which Lessee may connect wells on said land, the equal fifteen-percent (15%) part of all oil produced and saved from the leased premises.

2nd. To pay Lessor on gas and casinghead gas produced from said land (1) when sold by Lessee, fifteen percent of the net proceeds derived from such sale, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of fifteen-percent (15%) of such gas and casinghead gas, Lessor's interest. In either case, to bear fifteen-percent of the cost of compressing, dehydrating and otherwise treating such gas or casinghead gas to render it marketable or usable and fifteen-percent of the cost of gathering and transporting such gas and casinghead gas from the mouth of the well to the point of sale or use.

3rd. To pay Lessor for gas produced from any oil well and used off the premises or in the manufacture of gasoline or any other product a royalty of fifteen-percent (15%) of the proceeds, at the mouth of the well, payable monthly at the prevailing market rate.

4. Where gas from a well capable of producing gas only is not sold or used, Lessee may pay or tender as royalty to the royalty owners One Dollar (\$1.00) per year per net royalty acre retained hereunder, such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of ninety (90) days from the date such well is shut in and thereafter on or before the anniversary date of this lease during the period such well is shut in. If such payment or tender is made, it will be considered that gas is being produced within the meaning of this lease.

5. If Lessor owns a lesser interest in the above described lands than the entire and undivided fee simple estate therein, then the royalties (including any shut-in gas royalty) herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

6. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operation thereon, except water from the Lessor's wells and/or ponds.

7. When requested by Lessor, Lessee shall bury Lessee's pipe lines below plow depth.

8. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of Lessor.

9. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

10. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

11. Subject to the addendum hereto, the rights of Lessor and Lessee hereunder may be assigned in whole or part. No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other informa on necessary to establish a complete chain of record title from Lessor, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of said land 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. 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 on, as to all or any part of the lands described herein and as to any one or more of the formations there under, to pool or unitize the leasehold estate and/or the mineral estate covered by this lease with other lands or leases in the immediate vicinity for the production of oil and gas, or separately for the production of either, when in Lessee's judgement 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 shall be accomplished by Lessee executing and filing of record a declaration of such pooling or unitization or reformation, which declaration shall describe the unit so formed. However, failure by Lessee to record such declaration shall not affect the validity of this lease in any way provided the units established and operated by Lessee are in accordance with the then orders, rules and regulations of the Colorado Oil and Gas Conservation Commission, or such other governmental agency as may have jurisdiction over the lands. 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 a market anywhere on a unit which includes all or a 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, including shut-in gas royalties, Lessor shall receive on production from the unit so pooled royalties only on the portion of such production allocated to this lease, such allocation shall be that proportion of the unit production that the total 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 above describe d lands 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 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

Allo
to L.

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.

13. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation. Furthermore, Lessee's obligations hereunder shall be suspended if performance is prevented by any act of God, strike, labor dispute, or the inability, after good faith and reasonable efforts, to secure equipment or materials.

14. Lessor agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

15. Should any one or more of the parties hereinabove named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor," as used in this lease, shall mean any one or more or all of the parties who execute this lease as Lessor. All the provisions of this lease shall inure to the benefit of and be binding on the heirs, successors and assigns of Lessor and Lessee, and this lease shall cover and bind all interest of the Lessor which may be acquired subsequent to the date of this lease which Lessor may hereafter acquire by way of reversion or otherwise.

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

CGO, LP, a Nevada Limited Partnership

By: CGO Management, LLC, a Colorado limited liability company, as General Partner

[Signature]
by Gary G. Olson, Operating Manager

REO-DEO Resources, LP, a Nevada Limited Partnership

By: REO-DEO, LLC, a Colorado limited liability company, as General Partner

[Signature]
by Roger E. Olson, Operating Manager

Olson Bros, LP, a Nevada Limited Partnership

By: Olson Bros Management, LLC, a Colorado limited liability company, as General Partner

[Signature]
by Gary G. Olson, Operating Manager

[Signature]
by Roger E. Olson, Operating Manager

Margli Farms, LLC, a Colorado limited liability company

[Signature]
by Gary G. Olson, Operating Manager

[Signature]
by Roger E. Olson, Operating Manager

De Clay Oil and Gas, Inc.

[Signature]
By Lewis C. Camp, President

STATE OF Colorado
COUNTY OF Weld } ss

ACKNOWLEDGMENT-PARTNERSHIP

The foregoing instrument was acknowledged before me on this 15th day of September, 2010, by Gary G. Olson as Operating Manager of CGO Management, LLC, a Colorado limited liability company, as General Partner of CGO, LP, a Nevada limited partnership.

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

My Commission Expires



[Signature]
Notary Public

[Signature]

Address: 7521 W. 19 St.
Greeley, CO 80634



3718823 09/16/2010 10:26A Weld County, CO
3 of 22 R 116.00 D 0.00 Steve Moreno Clerk & Recorder

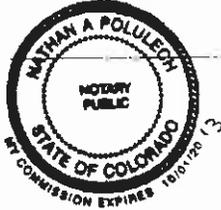
STATE OF Colorado
COUNTY OF weld } ss

ACKNOWLEDGMENT-PARTNERSHIP

The foregoing instrument was acknowledged before me on this 15th day of September, 2010, by Roger E. Olson as Operating Manager of REO-DEO, LLC, a Colorado limited liability company, as General Partner of REO-DEO Resources, LP, a Nevada limited partnership.

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

My Commission Expires



[Signature]
Notary Public
Address: 7521 W 19 St.
Greeley, CO 80634

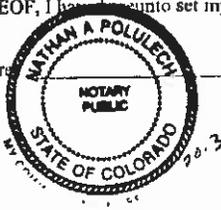
STATE OF Colorado
COUNTY OF weld } ss

ACKNOWLEDGMENT-PARTNERSHIP

The foregoing instrument was acknowledged before me on this 15th day of September, 2010, by Gary G. Olson as Operating Manager of Olson Bros Management, LLC, a Colorado limited liability company, as General Partner of Olson Bros, LP, a Nevada limited partnership.

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

My Commission Expires



[Signature]
Notary Public
Address: 7521 W. 19 St.
Greeley, CO 80634

STATE OF Colorado
COUNTY OF weld } ss

ACKNOWLEDGMENT-PARTNERSHIP

The foregoing instrument was acknowledged before me on this 15th day of September, 2010, by Roger E. Olson as Operating Manager of Olson Bros Management, LLC, a Colorado limited liability company, as General Partner of Olson Bros, LP, a Nevada limited partnership.

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

My Commission Expires



[Signature]
Notary Public
Address: 7521 W 19 St.
Greeley, CO 80634

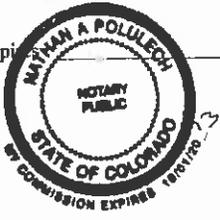
[Handwritten initials]

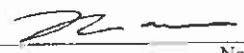
STATE OF Colorado
COUNTY OF Weld } ss.

ACKNOWLEDGMENT-LLC

The foregoing instrument was acknowledged before me on this 15th day of September, 2010, by Gary G. Olson as Operating Manager of Margil Farms, LLC, a Colorado limited liability company.

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

My Commission Expires 

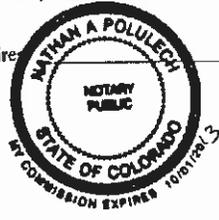

Notary Public
Address: 7521 W 19 St.
Greeley, CO 80634

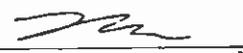
STATE OF Colorado
COUNTY OF Weld } ss.

ACKNOWLEDGMENT-LLC

The foregoing instrument was acknowledged before me on this 15th day of September, 2010, by Roger E. Olson as Operating Manager of Margil Farms, LLC, a Colorado limited liability company.

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

My Commission Expires 

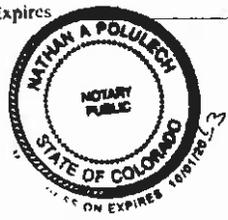

Notary Public
Address: 7521 W 19 St.
Greeley, CO 80634

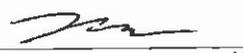
STATE OF Colorado
COUNTY OF Weld } ss.

ACKNOWLEDGMENT-CORPORATION

The foregoing instrument was acknowledged before me on this 15th day of September, 2010, by Lewis C. Camp as President of De Clar Oil and Gas, Inc., a Colorado Corporation.

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

My Commission Expires 


Notary Public
Address: 7521 W 19 St.
Greeley, CO 80634



ADDENDUM TO OIL AND GAS LEASE (this "Addendum") dated the ___ day of September, 2010, between CGO, LP, REO-DEO Resources, LP, Olson Bros, LP, and Margil Farms, LLC ("Lessor") and De Clar Oil and Gas, Inc. ("Lessee") leasing Oil and Gas interests located in Township 4 North, Range 68 West, 6th P.M., in Section 34 in the NW/4 and S/2 and in **Section 3, Township 3 North, Range 68 West, 6th P.M.** in the NE/4 (the "lease premises")

SITE DESCRIPTION AND DEVELOPMENT

Attached are ten numbered maps as identified in the map glossary that follows (the "Maps"). All locations where activity may occur on the lease premises, including the drill pad, tank battery and separator (except at the NW Site) shall be limited to the areas shown on the Maps; drilling quadrants are referenced as the **NW Site**, the **SW Site**, the **SE Site** and the **NE Site** (together, the "Sites"). Access roads, flow and gas lines, Site drainage, and all other similar Lessee improvements are to be located in designated areas shown on the Maps (sometimes referred to in this Addendum as "Appurtenant Property"). Twenty-three (23) anticipated wells are identified on the Maps, and locations where drilling sites will be located are shown on the Maps at each of the Sites. Allowable Production Facilities Areas depicted on the Maps designate the area of the surface of the lease premises where Lessee must install all its equipment, including, but not limited to, tanks, separators, well heads, heaters, without being liable to move or being liable to additional damages equal to the value of any future lots that may be placed on said lands.

Allowable Surface Use Areas shall be used by Lessee for screening, landscaping, and Site maintenance; well facilities shall not be located in Allowable Surface Use Areas except on a temporary basis while drilling or "workover" activities are ongoing. During initial well drilling, Lessee may access the NW Site as shown in the Performance Obligation whereby encroachment outside the surface use area is allowed up to one hundred (100) feet, if necessary, for Lessee operations. There is a dark line shown on Map 1 connecting tank batteries at the SE Site and SW Site intending to show a purported route for a gas line which has yet to be negotiated--the dark line is only for reference and no right is granted to use the access route by this Addendum. The parties intend, notwithstanding the Maps, that the NW Site's permanent access road shall be kept as near the edge of the existing field as possible, with the flow line to be as shown on Map 5.

Lessee's surface activity shall not occur except as allowed by this Addendum. Access or use of the surface of property owned by Lessor, except as allowed by this Addendum, shall constitute trespassing by Lessee. No additional pipes or flow lines, easements or access are permitted outside of designated locations.

In addition to the foregoing, the following surface use obligations and limitations shall apply to each of the Sites and related tank battery locations or all Appurtenant Property and production related facilities:

Lessor Initials EM

Lessee Initials LC

NW Site

Six (6) well site and separate Tank Battery.

- Cedar trees shall be planted around the perimeter of the designated 200 x 400 Surface Use Area to designate the boundaries; after March 1, 2012 Site operations at the NW Site, including any re-working of any well(s), shall be limited to the designated 200 x 400, at least one (1) tree shall be planted every two hundred (200) feet.
- Access from County Road 7 shall be at right angle into tank battery.
- Berm south side of tank battery with noise reduction earthen berms from soil used from site.
- Plant and establish drought tolerant grass on berm.
- Plant and establish shrubs on outside of berms -- water until established.
- Fence Tanks and related equipment with eight-foot (8') high chain link with aluminum slats.
- Fence well head with eight-foot (8") chain link and aluminum slats.

Temporary exception to surface use: A thirty-foot (30') access road is allowed from County Road 7 at approximate right angles to the NW Site drill site until September 1, 2011, provided no foreign materials are applied to the ground (if weather or conditions require road base, gravel or other foreign materials, then access must be as shown on attachments). Said temporary easement shall be marked by a "T-Post" and flagging and all operations must remain within the designated area. After September 1, 2011, all access will be on metes and bounds access road/flow line route. The lands used by the temporary access must be restored to original condition concurrently after the completion of the NW Site wells, or no later than October 15, 2011.

SW Site

Five (5) well site and Tank Battery.

- Berm with soil from site to shield the site with noise reduction earthen berms on the south and southeasterly sides. The intent is to shield the site from Margil Farms First Filing.
- During drilling, fracking and at times of excessive noise, large hay/straw bales will be stacked and placed between the operations and adjoining homes in Margil Farms Subdivisions.
- Plant and establish shrubs on outside of berms -- water until established.
- Plant and establish drought tolerant grass on berm.
- Fence Tanks and related equipment with eight-foot (8') high chain link with aluminum slats
- Fence well head with eight-foot (8') chain link and aluminum slats.

SE Site

Seven (7) well site and Tank Battery.

- Berm with soil from site to shield the site with noise reduction earthen berms on the north and northwesterly sides. The intent is to shield the site from Margil Farms First Filing.
- During drilling, fracking and at times of excessive noise, large hay/straw bales will be stacked and placed between the operations and adjoining homes in Margil Farms Subdivisions.
- Plant and establish shrubs on outside of berms -- water until established.
- Plant and establish drought tolerant grass on berm.
- Fence Tanks and related equipment with eight-foot (8') high chain link with aluminum slats.
- Fence well head with eight-foot (8') chain link and aluminum slats.

NE Site

Five (5) well site and Tank Battery.

- Access to this site shall be existing farm road, across ditch and continue straight to Site.
- Flow lines from this site shall be parallel to and adjacent to west side of said access road to County Road 38.

Lessor Initials

E AD

Lessee Initials

LE

- Berm with soil from site to shield the site with noise reduction earthen berms on the southerly sides. The intent is to shield the site from Margil Farms Second Filing.
- During drilling, fracking and at times of excessive noise, large hay/straw bales will be stacked and placed between the operations and adjoining homes in Margil Farms Subdivisions.
- Plant and establish drought tolerant grass on berm.
- Plant and establish shrubs on outside of berms - - water until established.
- Fence Tanks and related equipment with eight-foot (8') high chain link with aluminum slats.
- Fence well head with eight-foot (8') chain link and aluminum slats.
- The drilling site will have to also accommodate an additional future drainage structure coming from under the ditch to the detention pond.

Lessee, at Lessee's sole cost and expense, shall relocate its flow line should the surface owner, for good cause, be required to move the existing farm road access.

GRANT OF EASEMENT

Lessor is currently also the owner of the surface of the property, as the surface owner, Lessor grants to Lessee, upon payment by Lessee of amounts set forth, a Site and Appurtenant Property easement for so long as each Site's wells are producing. One hundred and eighty (180) days after any Site ceases to produce, the easement granted for that Site and the associated Appurtenant Property shall terminate and Lessor shall be entitled to all rights associated with the Site and Appurtenant Property. Before entering any Site or undertaking drilling on any Site, Lessee agrees to pay Lessor/Payee amounts set forth in the following table for use of the Site and associated Appurtenant Property. The payment shall only compensate Lessor for Lessee's use of each Site. Lessor shall have further damage claims for any damages that might be suffered including resulting from a breach or default of the terms and conditions hereof.

<u>Site</u>	<u>Payment</u>	<u>Payee</u>
NW Site	\$10,000	<u>Margil Farms, LLC</u>
SW Site	\$30,000	<u>Margil Farms, LLC</u>
SE Site	\$15,000	<u>Margil Farms, LLC</u>
NE Site	\$15,000	Olson Bros, LP

Upon the termination of any easement granted, Lessee shall remove all of Lessee's equipment and restore the Site to its original condition, subject to Lessor having a right to require that any Landscaping improvements remain. If Lessee breaches or defaults the terms and conditions of this Addendum or any other agreement between the Lessee and the surface owner or Lessee and Lessor, the surface owner or Lessor may restore the location, including removal of any equipment of Lessee, or the surface owner may require the Lessee to reasonably compensate the surface owner for the loss of the highest and best use value to the property.

TIMING OF DRILLING - Performance Obligation

Lessee shall diligently undertake permitting of all wells within ~~thirty (30)~~ ^{ninety 90} days of the date of this Addendum and shall diligently pursue such activity according to the following schedule:

NW Site - Drilling of the first NW Site well shall commence ("spudding") on or before September 15, 2011. Lessee shall complete at least five (5) NW Site wells within six (6) months of spudding of the first NW well Site or by March 15, 2012, by which date the NW Site shall have all NW Site wells completed.

Lessor Initials  

Lessee Initials CE

SW Site - Drilling of the first SW Site well shall commence ("spudding") no later than six (6) months after spudding of the 1st well on the NW Site. Lessee shall complete at least five (5) SW Site wells within six (6) months of spudding of the first SW Site well or by September 15, 2012, by which date the SW Site shall have all SW Site wells completed.

SE Site - Drilling of the first SE Site well shall commence ("spudding") no later than six (6) months after spudding of the 1st well on the SW Site. Lessee shall complete at least five (5) SE Site wells within six (6) months of spudding of the first SE Site well or by March 15, 2013, by which date the SE Site shall have all SE Site wells completed.

NE Site - Drilling of the first NE Site well shall commence ("spudding") no later than six (6) months after spudding of the 1st well on the SE Site. Lessee shall complete at least five (5) NE Site wells within six (6) months of spudding of the first NE Site well or by September 15, 2013, by which date the NE Site shall have all NE Site wells completed.

Lessee shall drill the first well in the NW Site to the J-Sand or Lyons formations. Completion of a well shall require cased well bores. Lessee may extend any deadline by an additional six months (6) if (i) the process to obtain all necessary permits, license and consents is delayed or takes longer than usual for reasons beyond Lessee's control, provided Lessee has diligently attempted to meet required deadlines; (ii) Lessee provides Lessor notice of exercise of the extension at least thirty (30) days before any time period expires; and (iii) Lessee tenders to Lessor, together with Lessee's notice of extension, a payment of thirty thousand dollars (\$30,000.00) for each such extension.

Allowable Surface Use as shown on Maps designate the area of the surface of the lease premises Lessee may use after completion of wells at each Site without trespassing.

Default of Performance Obligation

Should Lessee not satisfy Lessee obligations as set forth in the foregoing Time Of Drilling provisions, Lessee's rights hereunder shall terminate as to incomplete or non producing wells, and Lessee shall have no further rights hereunder except as to completed wells and the balance of the Sites or wells, at Sites where all required wells have not been completed the specific well sites shall be deemed released from the terms of this Lease and Lessee shall have no further rights as to such Sites or well sites and Lessor may enter into new leases with other lessees for such Sites or well sites.

Maintenance of Sites – Post Drilling

All Sites shall be professionally maintained. Exposed surface areas shall be maintained in native and adaptive drought tolerant vegetation for the duration of the life of the Lease. The Sites shall at all times be kept free of debris, pools of water or other liquids, contaminated soil, weeds, brush, trash or other waste material.

Lessee shall provide adequate drainage of Sites and Appurtenant Property and adjacent areas. Landscaping and fencing shall be installed and maintained as required by this Addendum, including in this section and separate sections dealing with landscaping and site description and development. All fences (berms where it is possible to use the soil from the drill site for the berms on one side.) and shrubs shall be sufficient to screen from view the structures sought to be screened. Screening shrubs shall be planted once all equipment has been set in place and wells completed. Screening shrubs shall be a minimum of three (3) feet in height at planting, have the potential to grow to a mature height of a maximum of twelve (12) feet and, if necessary, shall be watered until well established. All berms shall be

Lessor Initials

[Handwritten Signature]

Lessee Initials le

4058

planted to drought tolerant grasses. All drought tolerant vegetation shall be kept in an attractive state and in good condition at all times by the Lessee.

Tank Batteries / Well heads

All tank batteries shall consist of low profile 300 barrel tanks the same color as is presently in place on the E ½ of Sec. 28-4-68. All well heads, storage tanks, separation facilities or other mechanical equipment shall be screened with an eight-foot (8') high chain link fence with colored aluminum slats to match tanks and equipment colors.

Sites, Gas Lines and Equipment

Lessee is granted rights to use Appurtenant Property areas, including flow line/gas easements and roads, non-exclusively and such rights shall be subject to rights of Lessor and Lessor's assignees to use such areas including for future drainage, utilities and access and to grant third parties rights to use such Appurtenant Property areas so long (except as set forth) as such uses do not unreasonably interfere with Lessee's uses.

Closed-Loop Drilling

Closed-loop drilling fluid systems shall be used instead of reserve pits, except in the case of temporary fresh water pits. All other fluids shall be accumulated in storage tanks and periodically transported off of property. "Pump Jacks" or extraction equipment using internal combustion power sources are not permitted on any site and no equipment creating unreasonable noise levels shall be maintained by Lessee, except during initial drilling operations.

Liability/Indemnify

Lessee assumes all liability and indemnifies and agrees to hold Lessor, owners of the minerals or surface owners harmless for any obligations (including reasonable attorney's fees), or liability associated with the operation and maintenance of Lessee's facilities and operations and from actions or activities on the property or breach of any agreements between Lessee and Lessor. Lessee shall be solely responsible for compliance and the cost of compliance with all legal obligations associated with Lessee's operations, including, but not limited to, all Mead regulations regarding the Oil and Gas operations.

Ditch Crossing

Access to the NE Site shall be by the existing non-exclusive use road (as depicted on Map 1). Lessee is responsible for providing a non-exclusive use adequate bridge (or reinforcing the existing bridge) for Lessee's requirements. Lessee agrees accepts responsibility and liability for maintenance of and any damage to the existing bridge and to immediately repair the bridge if damages occur. Lessee shall consult with Highland Lake Lateral Ditch Company and comply with its requirements for a "Ditch Crossing" for the laying of Lessee's flow line across said ditch. Lessee agrees to indemnify and hold Lessor and Surface Owners harmless against any liability associated with Lessee's need to cross the ditch.

Cooperation with Land Owner/Developer

Lessee agrees to negotiate in the future in good faith with the owners of the surface to provide additional screening and changes in Landscaping as may be needed or desired as a result of topography or aesthetic needs to accommodate future development.

Lessor Initials 

Lessee Initials le

Landscaping

Screening shrubs and fences shall be installed around the Sites. Fences, berms (where it is possible to use the soil from the drill site for the berms) and shrubs shall screen from view all well heads, storage tanks, separation facilities or other mechanical equipment. Screening shrubs shall be planted once all equipment has been set in place and wells completed. Screening shrubs shall be a minimum of three (3) feet in height at planting, have the potential to grow to a mature height of a maximum of twelve (12) feet and, if necessary, must be watered until they are well established. The berms shall be planted to drought tolerant grasses. All vegetation shall be drought tolerant and shall be maintained in an attractive state and in good condition at all times by Lessee.

Comply with Regulations

Lessee and any operator shall at all times comply with all rules and regulations imposed by any governmental or quasi-governmental agency having jurisdiction over the drilling and production operations on the lease premises, including the Town of Mead, and other local, state and federal agencies.

Well Logs

Lessee to provide Lessor with two complete sets of well logs on one representative well for each drilled site (two sets of a total of four complete logs). Log set for NW ¼ shall be for well penetrating J-sand or Lyons formations.

Default

In the event of a Default of this Lease, the non-defaulting party shall be entitled to its damages, including costs and reasonable attorney fees incurred including in compelling compliance.

Right to Cure

In the event of default or breach by Lessee of any of the terms, conditions, duties or obligations contained in the Lease or this Addendum, Lessor shall notify Lessee in writing, sent by certified mail, of such default or breach. Within 90 days of receipt of such notice, Lessee shall cure such default or breach. In the event Lessee fails to cure the default or breach within such time, Lessor shall be entitled to any and all remedies provided for in the Lease, the Addendum or by law. In no event shall Lessor pursue any available remedies until the expiration of the 90 day cure period. Notwithstanding anything contained herein to the contrary, this right to cure shall not apply to the drilling obligations contained in the paragraph titled "Timing of Drilling - Performance Obligations."

Glossary of Map Attachments (prepared by Park Engineering Consultants)

Following is a list of attached Maps together with a general description of each Map.

Map number:

- 1) Overall Plan – depicts locations of Allowable Surface Use Area and Allowable Production Facilities Area, Appurtenant Property serving the SW and SE Site as dashed lines for Roads,

Lessor Initials 

Lessee Initials 

6078

- the approximate location of the Appurtenant Property road and bridge serving the NE Site. (Identified as Sheet 2 of 11 Job 515-1 Dated 9/3/10).
- 2) Allowable Surface Use Location NW ¼, Sec. 34 – depicts, by metes and bounds, NW Site, including drill pad, showing approximate well location, Allowable Production Facilities Area and Allowable Surface Use Area
 - 3) Well Locations NW ¼, Sec. 34 - depicts, by metes and bounds, NW Site, drill pad, including 6 anticipated wells, Margil 1-34 through Margil 6-34.
 - 4) Allowable Surface Use and Facility Area Location NW ¼, Sec. 34 - depicts by metes and bounds location of Tanks and Separators and Allowable Surface Use & Facilities Area, removed from the NW (drill) Site, this is the only site where tanks and separators are not adjacent to the Site's drill pad.
 - 5) Road and Gas Alignment NW ¼, Sec. 34 – depicts, by metes and bounds, location of road and gas line between map 2 and map 4 areas including showing deviation from road Appurtenant Property area for gas line.
 - 6) Allowable Surface Use Location SW ¼, Sec. 34 – depicts, by metes and bounds, SW Site, including drill pad, showing approximate well location and Allowable Surface Use Area.
 - 7) Well. Tank, Battery Locations SW 1/4 , Sec 34 - depicts, by metes and bounds, SW Site, including drill pad (Margil 7-34 through Margil 11-34), showing approximate well location, Allowable Production Facilities Area including location of Tank Battery and Separators.
 - 8) Allowable Surface Use Location SE ¼, Sec. 34 – depicts, by metes and bounds, SE Site, including drill pad, showing approximate well location and Allowable Surface Use Area.
 - 9) Well, Tank, Battery Locations SE 1/4, Sec 34 - depicts, by metes and bounds, SE Site, including drill pad (Margil 13-34 through Margil 18-34), showing approximate well location, Allowable Production Facilities Area including location of Tank Battery and Separators.
 - 10) Well, Tank, Battery Locations NE 1/4, Sec 3 - depicts, by metes and bounds, NE Site, including drill pad (Margil 19-3 through Margil 23-3), showing approximate well location, Allowable Surface Use and Facilities Area including location of Tank Battery and Separators.

Lessor and/or Lessor's counsel drafted the terms and conditions of this Addendum and have modified the Lease from its original form.

Lessor acknowledges and agrees that the Lease and this Addendum contain all the terms and conditions negotiated, discussed and agreed to by Lessor and Lessee, and that there are no other obligations, conditions, covenants, warranties or other agreements, whether written or verbal, which have not been incorporated into this Lease and Addendum. Furthermore, Lessor acknowledges that Lessee may not operate the well(s) to be drilled on the lease premises as contemplated by this Lease, and that Lessee is free to assign this Lease and Lessee shall be released from all obligations and liability under the Lease and Addendum, provided the Assignee assumes such obligations and liabilities. Any assumption of the Lease shall, to release the prior Lessee/Assignee, contain in the assignment, the Lease obligations and liabilities. All such obligations and liabilities shall be wholly assumed by the Assignee. Assignee's acceptance and assumption shall be evidenced by Assignee's signature on the assignment form. Within 15 days of any

Lessor Initials

[Handwritten Signature]

Lessee Initials

[Handwritten Signature]

778



3718823 09/16/2010 10:26A Weld County, CO
12 of 22 R 116.00 D 0.00 Steve Moreno Clerk & Recorder

assignment, the Assignor shall provide to Lessor a copy of such assignment together with the name, address and telephone number of the Assignee.

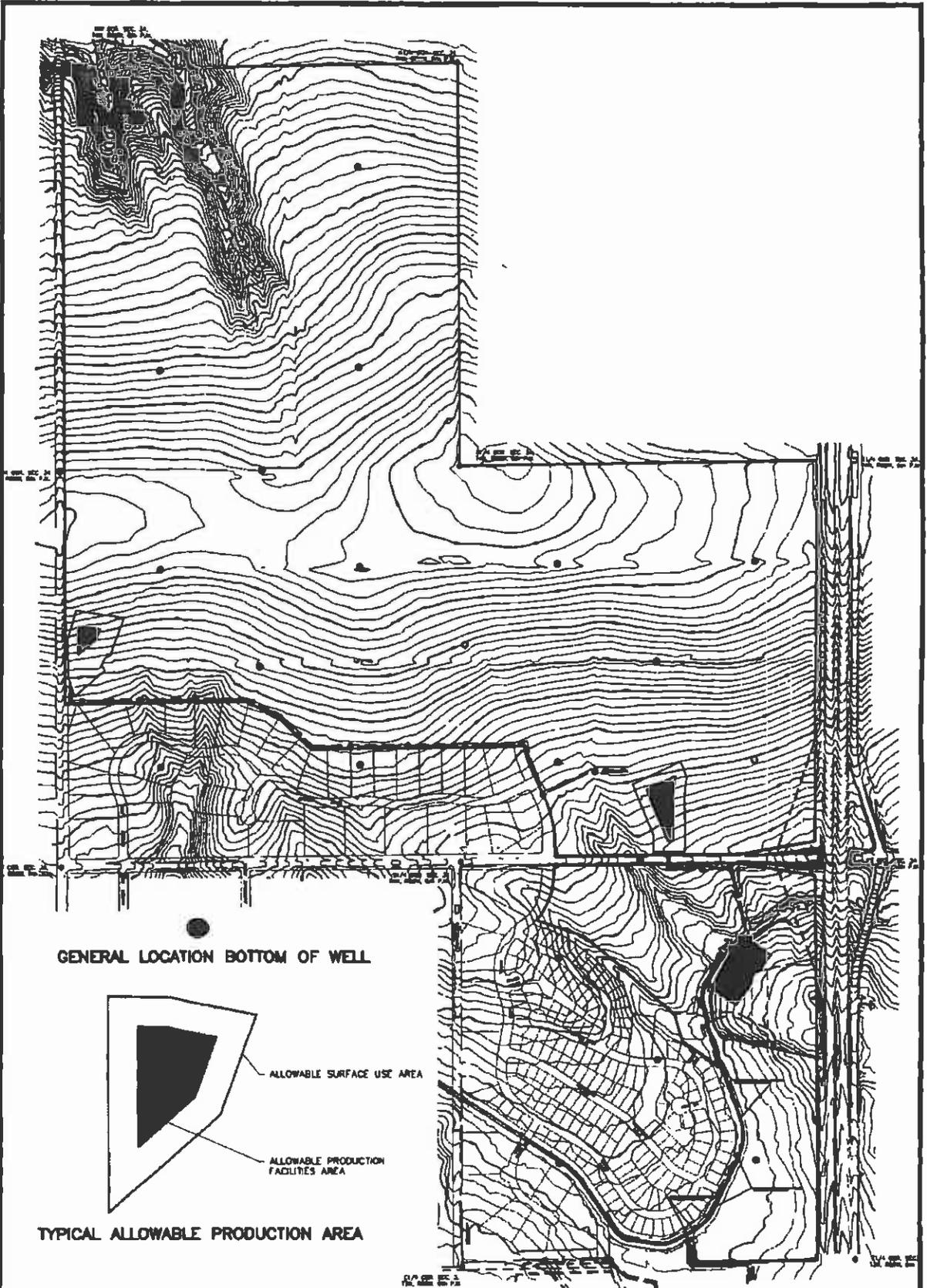
Upon proper assignment and assumption of the obligations and liabilities of this Lease, whether in whole or in part, Lessor agrees to release Lessee, its agents, employees, contractors and representatives, from liability, claim or demand arising out of any breach or default of the terms and conditions of the assigned component of the Lease and Addendum caused by operations conducted by any Assignee.

Lessor Initials E 990

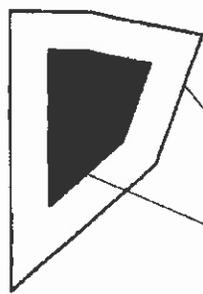
Lessee Initials LC

828

3718823 09/16/2010 10:26A Weld County, CO
 13 of 22 R 116.00 D 0.00 Steve Moreno Clerk & Recorder



GENERAL LOCATION BOTTOM OF WELL



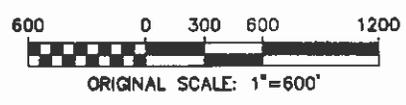
ALLOWABLE SURFACE USE AREA
 ALLOWABLE PRODUCTION FACILITIES AREA

TYPICAL ALLOWABLE PRODUCTION AREA

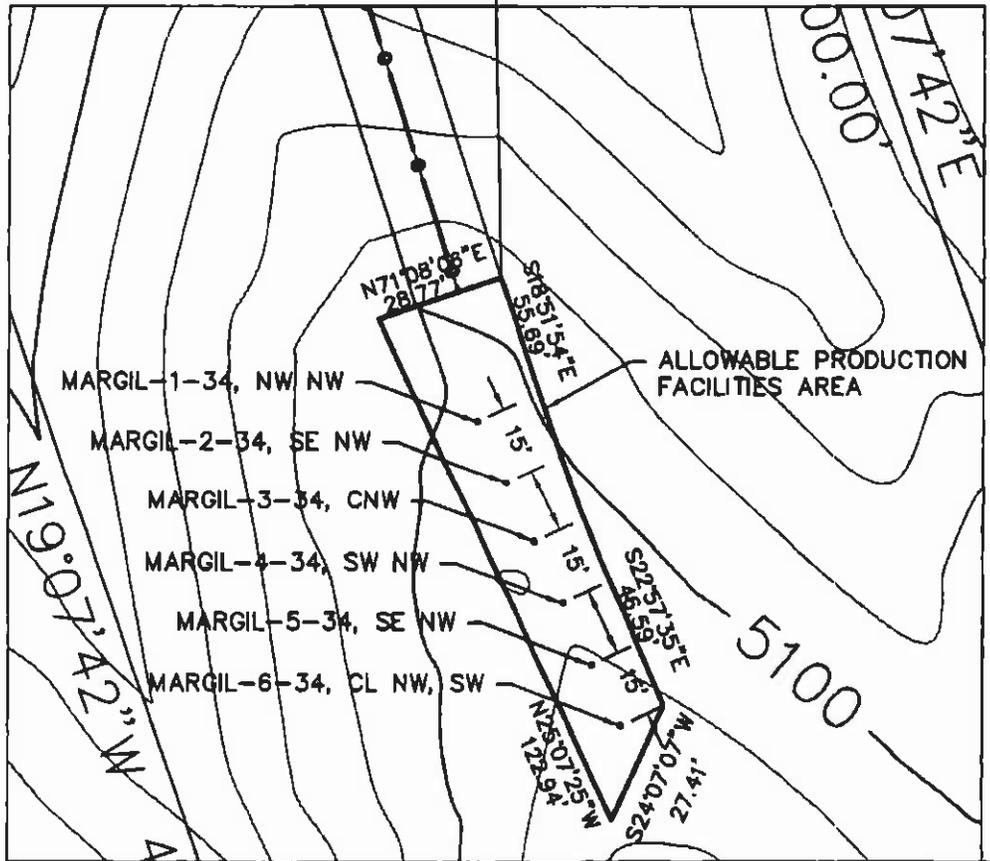
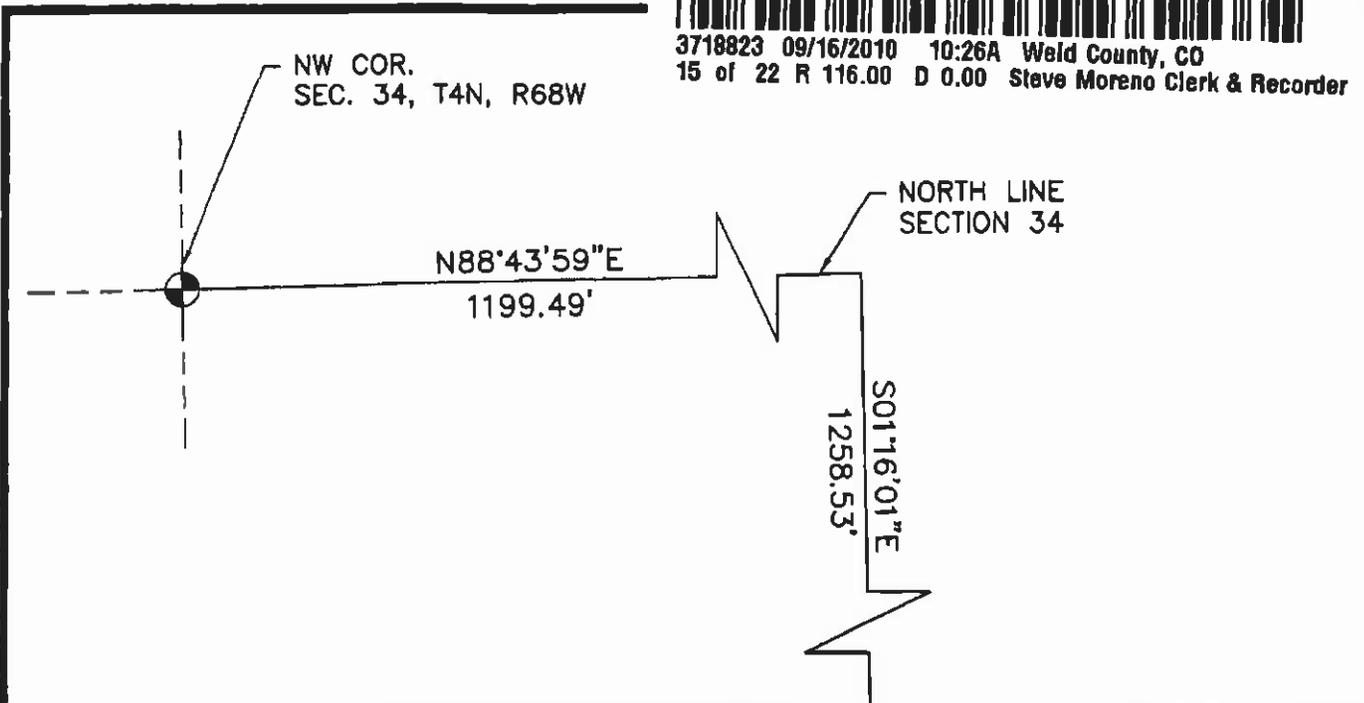
Reduced from original 11 X 17

Handwritten signature
 K.C.

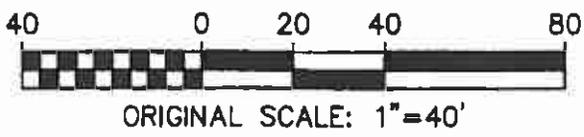
MAP 1



PARK ENGINEERING CONSULTANTS <small>CONSULTANTS FOR THE DESIGN AND CONSTRUCTION OF WATER TREATMENT PLANTS</small>			
MARJOR FURBER OVERALL PLAN			
SHEET NO. 018-1	DATE 08/18/10	SHEET NO. 019/0300	SHEET OF 1 OF 7



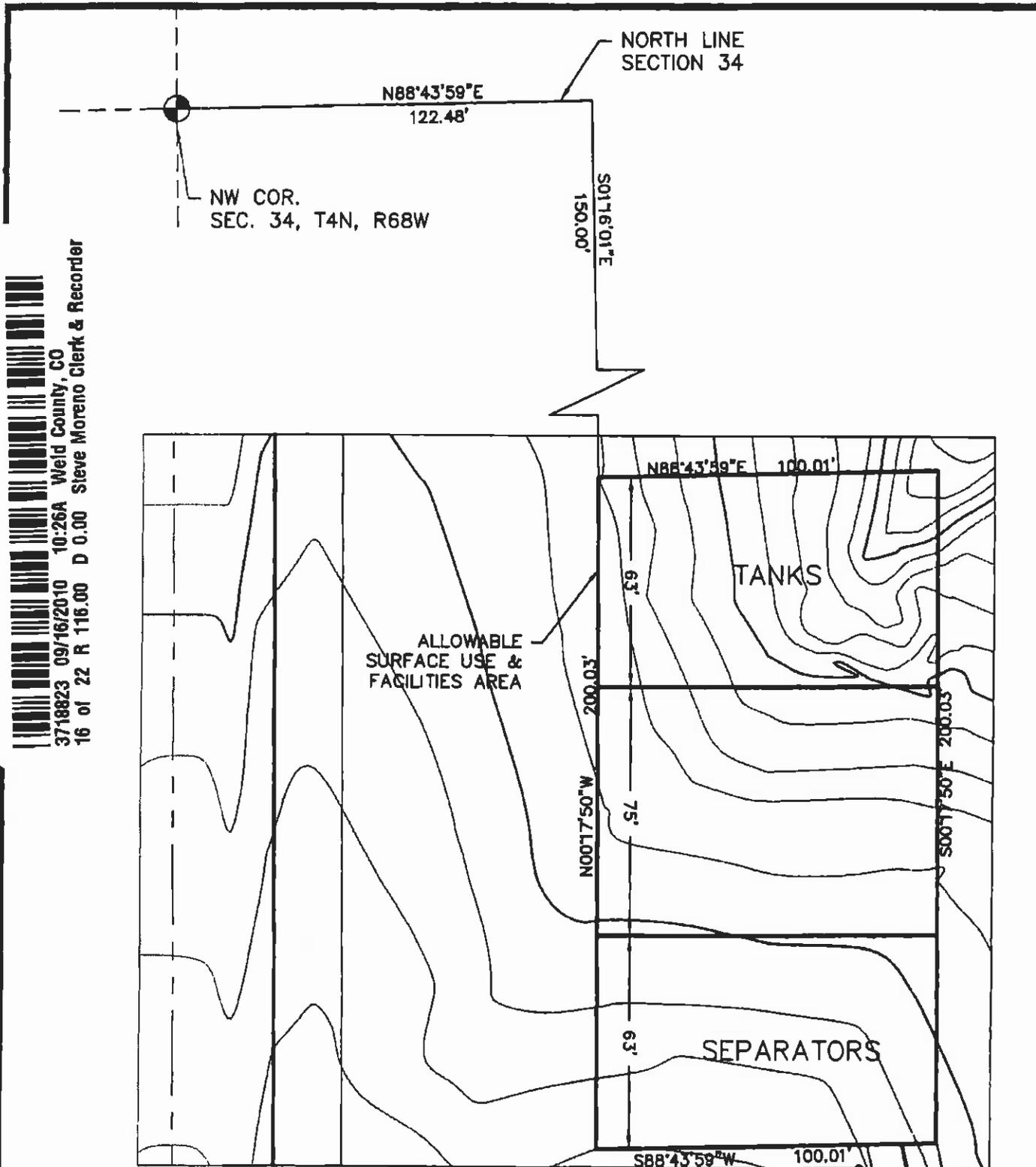
*See
 u.
 MAP 3*



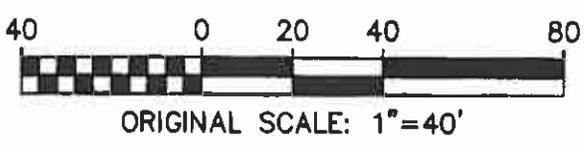
 PARK ENGINEERING CONSULTANTS 420 21ST AVENUE, SUITE 101 LONGMONT CO. 80501 (303)631-8000			
MARGIL FARMS			
WELL LOCATIONS NW 1/4, SEC. 34			
JOB NO	DATE	DWG NO	SHEET NO
818-1	08/30/10	8181.marg	4 OF 7



3718823 09/16/2010 10:26A Weld County, CO
 16 of 22 R 116.00 D 0.00 Steve Moreno Clerk & Recorder



E. L. 840
 MAP 4

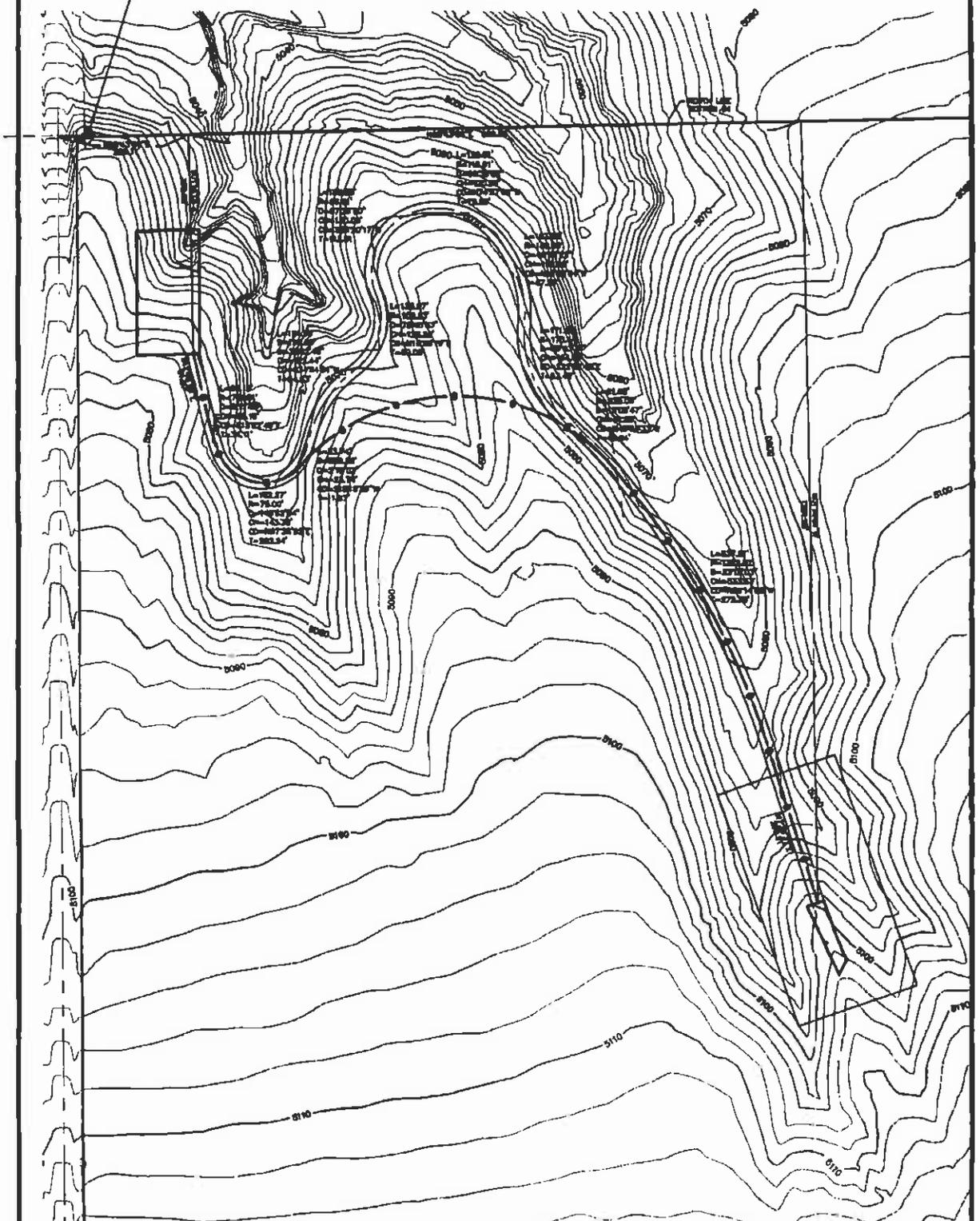


 PARK ENGINEERING CONSULTANTS 430 21ST AVENUE, SUITE 101 LAFAYETTE, CO, 80001 (303)681-6626			
MARGIL FARMS			
ALLOWABLE SURFACE USE & FACILITY AREA LOCATION NW 1/4, SEC. 34			
JOB NO	DATE	DWG NO	SHEET NO
815-1	08/30/10	8151bom	3 OF 7



3718823 09/16/2010 10:26A Weld County, CO
 17 of 22 R 116.00 D 0.00 Steve Moreno Clerk & Recorder

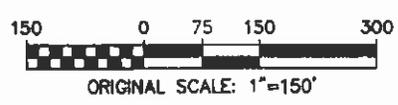
NW COR.
 SEC. 34, T4N, R68W



*P. U.
 240*

Reduced from original 11 X 17

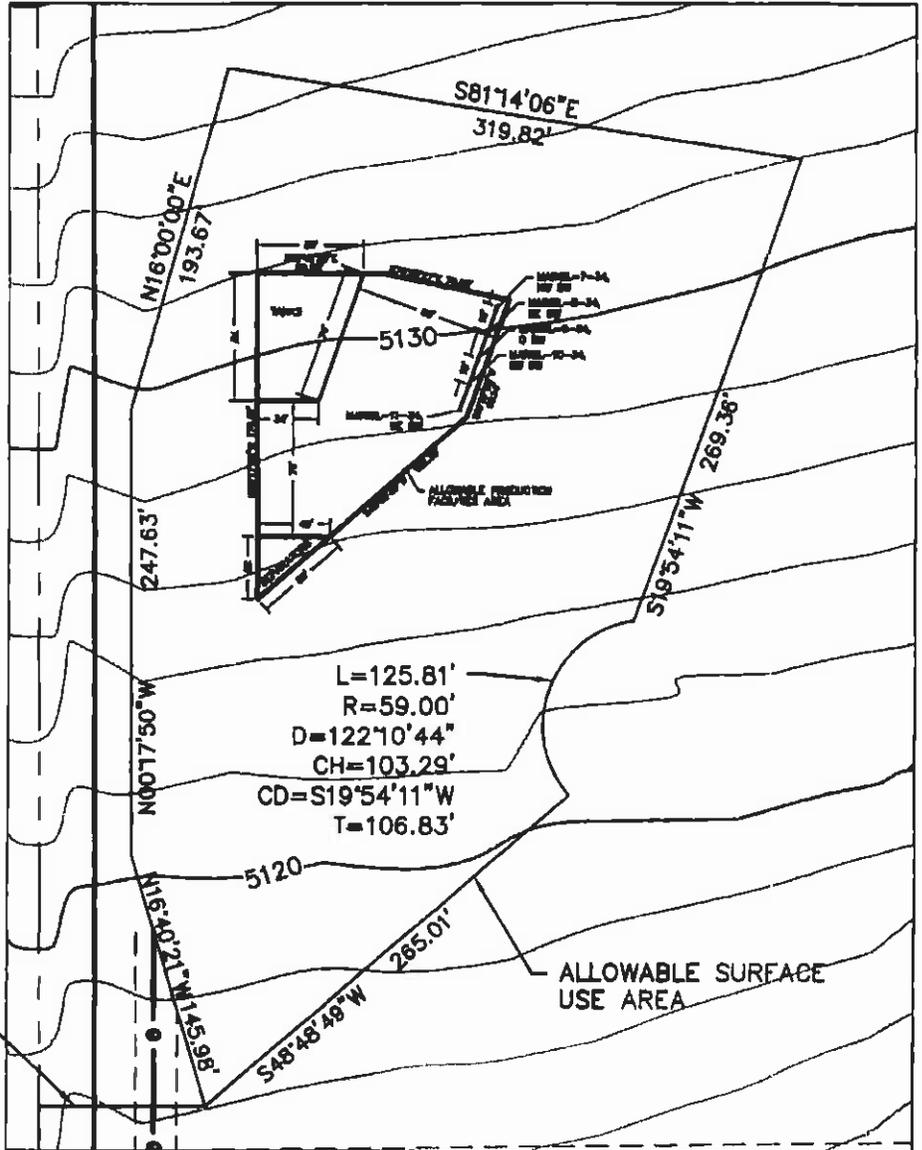
MAP 5



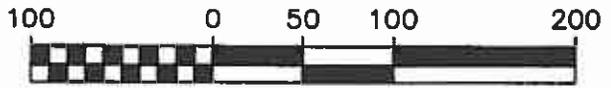
PARK ENGINEERING CONSULTANTS			
<small>402 5125 2222nd, Suite 101 LIMONHURST, CO. 80511 (303) 591-4000</small>			
MARCO, PUNED			
ROAD & GRS ALIGNMENT NW 1/4, SEC. 34			
<small>25 to</small>	<small>DATE</small>	<small>FILE NO.</small>	<small>SHEET NO.</small>
818-1	02/16/10	818-1	2 OF 7



3718823 09/16/2010 10:26A Weld County, CO
 18 of 22 R 116.00 D 0.00 Steve Moreno Clerk & Recorder



N89°42'10\"/>



ORIGINAL SCALE: 1"=100'

N00°17'50\"/>

WEST LINE
SECTION 34

SW COR.
SEC. 34, T4N, R68W

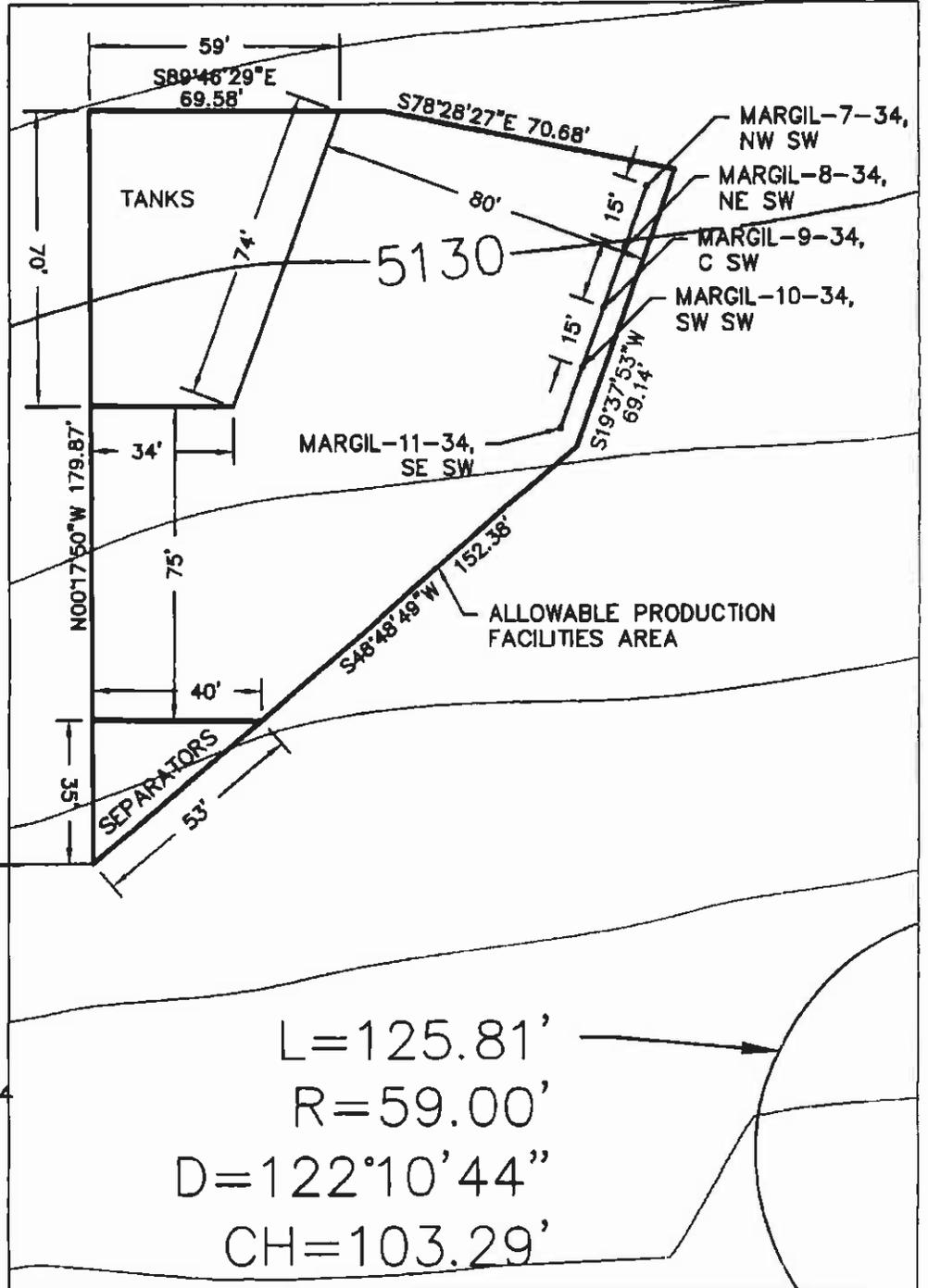
E. L. H. W.
MAP 6

PARK ENGINEERING CONSULTANTS
 420 21ST AVENUE, SUITE 101
 LONGMONT CO. 80501 (303)681-6626

MARSH FARMS
 ALLOWABLE SURFACE USE LOCATION
 SW 1/4, SEC. 34

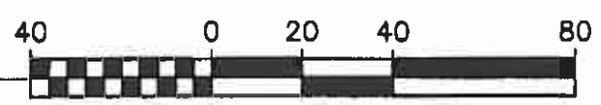
JOB NO 515-1	DATE 08/30/10	DWG NO 5151b00	SHEET NO 5 OF 7
-----------------	------------------	-------------------	--------------------

3718823 09/16/2010 10:26A Weld County, CO
 19 of 22 R 116.00 D 0.00 Steve Moreno Clerk & Recorder



SW COR. SEC. 34, T4N, R68W

MAP 7

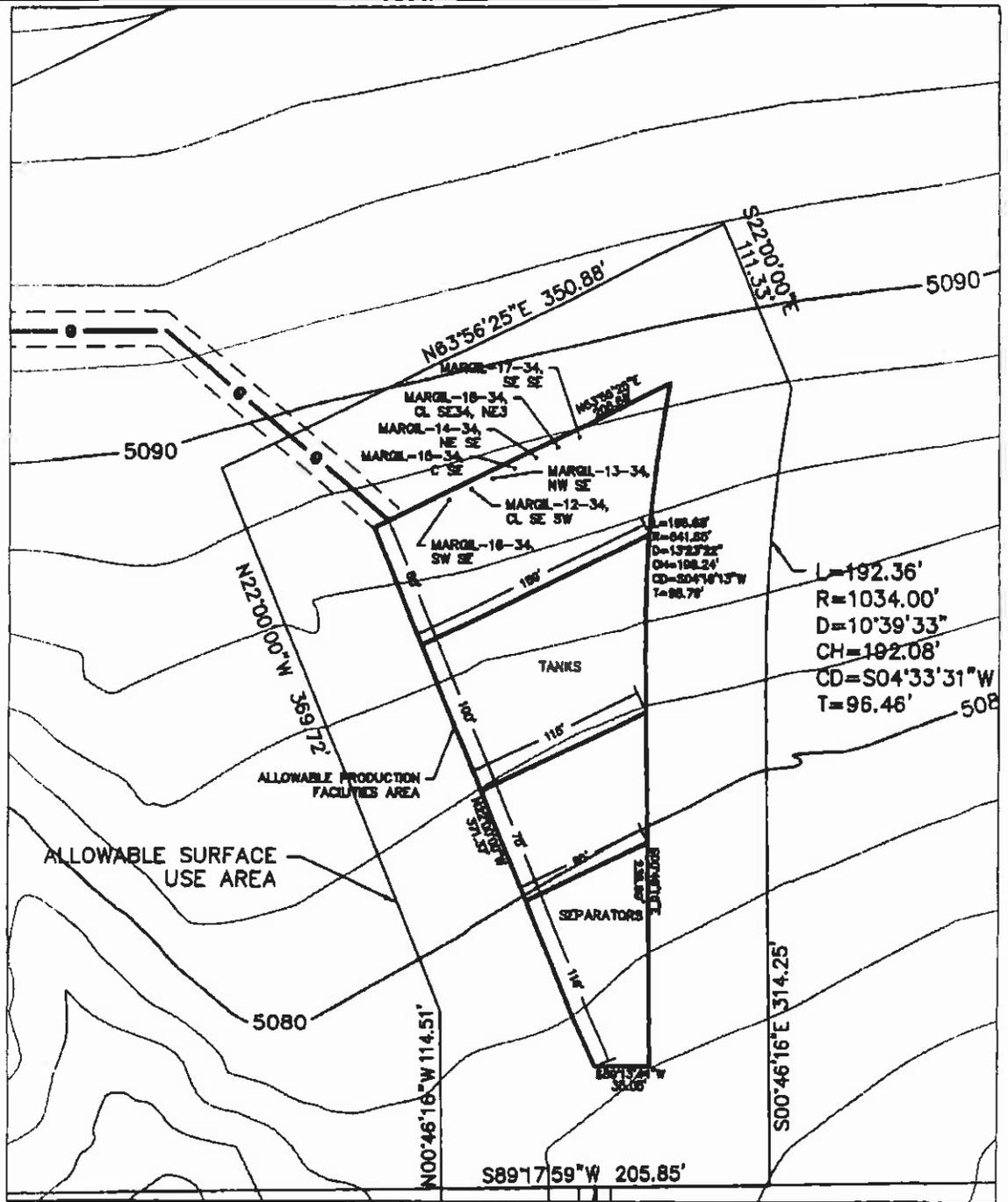


ORIGINAL SCALE: 1" = 40'

 PARK ENGINEERING CONSULTANTS 430 2157 AVENUE, SUITE 101 LONGMONT CO, 80501 (303)851-8828			
MARGIL FARMS			
WELL, TANK & BATTERY LOCATIONS SW 1/4, SEC. 34			
JOB NO	DATE	CAD NO	DRYER NO
515-1	06/30/10	5151base	B OF 7



3718823 09/16/2010 10:26A Weld County, CO
 20 of 22 R 116.00 D 0.00 Steve Moreno Clerk & Recorder



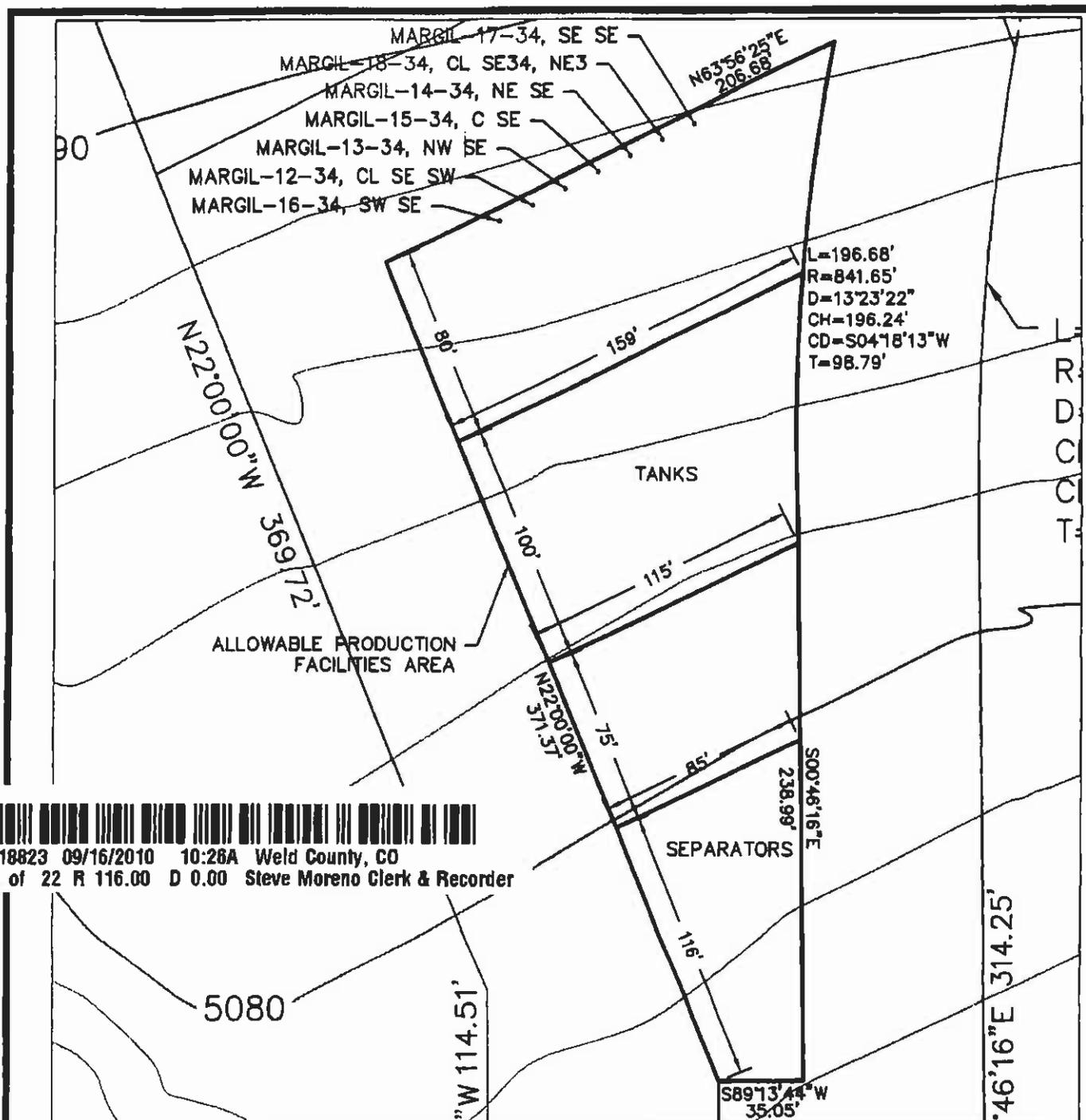
Handwritten: 440
E
LC

S 1/4 COR.
 SEC. 34, T3N, R68W, 6TH P.M.

MAP 8

SOUTH LINE
 SECTION 34

 PARK ENGINEERING CONSULTANTS 420 21ST AVENUE, SUITE 101 LOHOMONT CO. 80501 (303)681-0028			
ALLOWABLE SURFACE USE LOCATION SE 1/4, SEC. 34			
JOB NO 5151	DATE 08/30/10	DWG NO 5151base	SHEET NO 6 OF 7



3718823 09/16/2010 10:28A Weld County, CO
 21 of 22 R 116.00 D 0.00 Steve Moreno Clerk & Recorder



ORIGINAL SCALE: 1"=60'

S 1/4 COR.
 SEC. 34, T3N, R68W, 6TH P.M.

MAP 9

SOUTH LINE
 SECTION 34

PARK ENGINEERING CONSULTANTS
 420 21ST AVENUE, SUITE 101
 LONGMONT CO. 80501 (303)551-6838

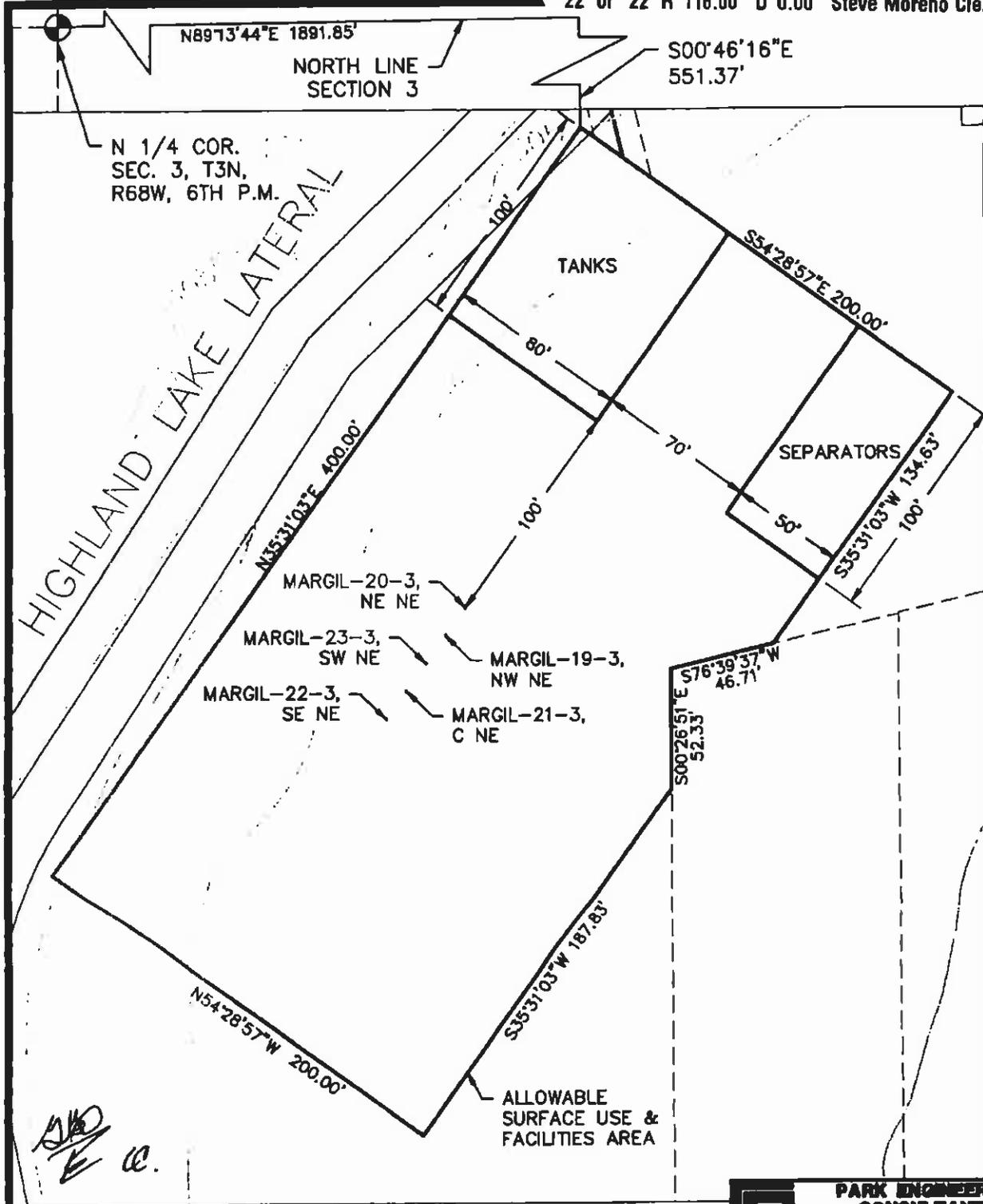
MARGIL FARMS

WELL, TANK & BATTERY LOCATIONS
 SE 1/4, SEC. 34

JOB NO.	DATE	DWG NO.	SHEET NO.
5151	06/30/10	5151base	8 OF 7



3718823 09/16/2010 10:26A Weld County, CO
 22 of 22 R 116.00 D 0.00 Steve Moreno Clerk & Recorder



Z:\CWC\500series\5151\dwg\5151base.rvt.dwg, 9/13/2010 8:24:56 AM, 1:1

SMD
E.C.

MAP 10



ORIGINAL SCALE: 1"=60'

 PARK ENGINEERING CONSULTANTS 480 2131 AVENUE, SUITE 101 LOWMONT CO. 80501 (303)851-8828			
MARGIL FARMS			
WELL, TANK & BATTERY LOCATIONS NE 1/4, SEC. 3			
JOB NO 5151	DATE 09/23/10	END NO 5151base1	SHEET NO 11 OF 11

121

RELEASE OF PAID-UP OIL AND GAS LEASE

State: Colorado
County: Weld
Lessee: Petroleum Development Corporation
1775 Sherman Street Suite 3000
Denver, CO 80203

Leffler Investments LLC, a Colorado Limited Liability Company whose address is 16977 WCR 74, Eaton, CO 80615, as Lessor (whether one or more), executed and delivered to Petroleum Development Corporation, whose address is 1775 Sherman St., Suite 3000, Denver, CO 80203, as Lessee, an Oil and Gas Lease (the "Lease"), dated November 30, 2010, recorded as Document # 3743382 in the records of the county and state named above, covering the following lands (the "Lands") in that county:

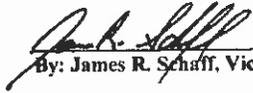
Township 6 North, Range 66 West, of the 6th P.M.
Section 1: that Part of the NW1/4, and that part of the SW which includes the first, Second and Third filings of Governor's Ranch Subdivision further described in descriptions attached hereto as Exhibit "A" and made a part hereof.

and containing 141.33 gross acres, more or less.

Lessee, named above, the current owner of the Lease, cancels, relinquishes, releases, and surrenders to the present owner of the mineral estate in the Lands, all of Lessee's rights, title, and interests in the Lease and the Lands.

WITNESS our hands and seals this 21st day of March, 2011.

Petroleum Development Corporation

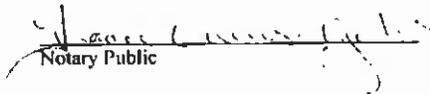

By: James R. Schaff, Vice President Land

STATE OF Colorado
COUNTY OF Denver) ss.

The foregoing instrument was acknowledged before me this 21st day of March, 2011, by James R. Schaff, Vice President Land for Petroleum Development Corporation.

Witness my hand and official seal.

My Commission Expires: 5-1-11


Notary Public



When Recorded please return to:
Patty Richardson
Petroleum Development Corporation
1775 Sherman Street, Suite 3000
Denver, CO 80203

3741497 12/29/2010 09:57A Weld County, CO
1 of 9 R 51.00 D 0.00 Steve Moreno Clerk & Recorder

AMENDMENT TO OIL AND GAS LEASE

Dated this 22nd day of December, 2010

WHEREAS, the parties hereto entered into that certain Oil and Gas Lease dated September ____, 2010, acknowledged September 15, 2010, recorded at Reception No. 3718823, Weld County, Colorado, covering the following described lands:

Township 4 North, Range 68 West, 6th PM
Section 34: NW/4 and S/2

Township 3 North, Range 68 West, 6th PM
Section 3: NE/4, less and except that portion lying South of a line described in Quit Claim Deed from Olson Bros, LLC to Clayton C. Claus and Lois J. Claus, recorded at Book 1544, Reception No. 2488026, and except a six foot strip conveyed by Warranty Deed recorded at Book 200, Page 291,

hereinafter referred to as the "Lease."

WHEREAS, the parties desire to amend the Lease by modifying, among other, the drilling obligations contained therein.

NOW THEREFORE, for and in consideration of the mutual benefits to be derived hereby, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto amend and modify the Lease as follows:

1. The following provision contained in the Addendum to the Lease shall be deleted in its entirety, to wit:

TIMING OF DRILLING - Performance Obligation

Lessee shall diligently undertake permitting of all wells within ninety (90) days of the date of this Addendum and shall diligently pursue such activity according to the following schedule:

NW Site - Drilling of the first NW Site well shall commence ("spudding") on or before September 1, 2011. Lessee shall complete at least five (5) NW Site wells within six (6) months of spudding of the first NW well Site or by March 1, 2012, by which date the NW Site shall have all NW Site wells completed.

SW Site - Drilling of the first SW Site well shall commence ("spudding") no later than six (6) months after spudding of the 1st well on the NW Site. Lessee shall complete at least five (5) SW Site wells within six (6) months of spudding of the first SW Site well or by September 1, 2012, by which date the SW Site shall have all SW Site wells completed.

SE Site - Drilling of the first SE Site well shall commence ("spudding") no later than six (6) months after spudding of the 1st well on the SW Site. Lessee shall complete at least five (5) SE Site wells within six (6) months of spudding of the first SE Site well or by March 1, 2013, by which date the SE Site shall have all SE Site wells completed.

NE Site - Drilling of the first NE Site well shall commence ("spudding") no later than six (6) months after spudding of the 1st well on the SE Site. Lessee shall complete at least five (5) NE Site wells within six (6) months of spudding of the first NE Site well or by September 1, 2013, by which date the NE Site shall have all NE Site wells completed.

Lessee shall drill the first well in the NW Site to the J-Sand or Lyons formations. Completion of a well shall require cased well bores. Lessee may extend any deadline by an additional forty-five days (45) if (i) the process to obtain all necessary permits, license and consents is delayed or takes longer than usual for reasons beyond Lessee's control, provided Lessee has diligently attempted to meet required deadlines; (ii) Lessee provides Lessor notice of exercise of the extension at least thirty (30) days before any time period expires; and (iii) Lessee tenders to Lessor, together with Lessee's notice of extension, a payment of thirty thousand dollars (\$30,000.00) for each such extension.

Allowable Surface Use as shown on Maps designate the area of the surface of the lease premises Lessee may use after completion of wells at each Site without trespassing.

And, the following provision shall replace the above deleted provision, to wit:

TIMING OF DRILLING - Performance Obligation

Prior to the expiration date of the Lease September 14, 2011, Lessee shall commence operations for the drilling of a Test Well to a depth sufficient to test the Niobrara and Codell formations, or such deeper formations as Lessee may elect. Subject to the surface use and damage provisions contained in the Lease, the Test Well shall be located in the NW Site. Failure to commence such operations as provided herein shall cause the Lease to expire without further obligation upon the Lessor or Lessee.

Within nine months of rig release of the aforesaid Test Well, Lessee shall diligently and in a workmanlike manner commence operations for additional wells on the leased premises as follows:

- A. Lessee shall drill no less than four more wells, continuously and without interruption, in the NW Site.
- B. Within nine months of rig release from the last of the NW Site wells to be drilled, Lessee shall commence drilling operations for no less than five wells, continuously and without interruption, on the SW Site.
- C. Within nine months of rig release from the last of the SW Site wells to be drilled, Lessee shall commence drilling operations for no less than five wells, continuously and without interruption, on the SE Site.
- D. Within nine months of rig release from the last of the SE Site wells to be drilled, Lessee shall commence drilling operations for no less than five wells, continuously and without interruption, on the NE Site.

Lessee shall not be permitted to commence drilling operations on any subsequent Site unless and until all wells in the previous Site have been drilled and cased.

Completion of a well shall require cased well bores. Lessee may extend any deadline by an additional forty-five days (45) if (i) the process to obtain all necessary permits, license and consents is delayed or takes longer than usual for reasons beyond Lessee's control, provided Lessee has diligently attempted to meet required deadlines; (ii) Lessee provides Lessor notice of exercise of the extension at least thirty (30) days before any time period expires; and (iii) Lessee tenders to Lessor, together with Lessee's notice of extension, a payment of thirty thousand dollars (\$30,000.00) for each such extension.

Allowable Surface Use as shown on Maps designate the area of the surface of the lease premises Lessee may use after completion of wells at each Site without trespassing.

2. The following provision contained in the Addendum to the Lease shall be deleted in its entirety, to wit:

Default of Performance Obligation

Should Lessee not satisfy Lessee obligations, Lessee's rights hereunder shall terminate as to incomplete or non producing wells, and Lessee shall have no further rights hereunder except as to completed wells and the balance of the Sites or wells, at Sites where all required wells have not been completed the specific well sites shall be deemed released from the terms of this Lease and Lessee shall have no further rights as to such Sites or well sites and Lessor may enter into new leases with other lessees for such Sites or well sites.

- And, the following provision shall replace the above deleted provision, to wit:

Should Lessee not satisfy Lessee obligations, Lessee's rights hereunder shall terminate as to incomplete or non-producing wells or units. Lessee shall have no further rights hereunder except as to completed wells which are or will be producing within 9 months of completion. The balance of the specific Sites or wells, at Sites where all required wells have not been completed, shall be deemed released from the terms of this Lease and Lessee shall have no further rights as to such Sites or well sites and Lessor may enter into new leases with other lessees for such Sites or well sites.

In the event Lessee does not drill all the wells required within each of the Sites as heretofore stated, as to wells which are required by the Colorado Oil and Gas Conservation Commission to be spaced on units larger than the lands permitted to be retained by Lessee, Lessor and Lessee shall execute an appropriate segregation agreement so as not to disturb the Commission mandated spacing unit. Lessee agrees to execute said agreement with the intent to release all of Lessee's right to any other drill spacing(s) or formations not developed by said Lessee should the lease terminate under its terms.

3. The following provision contained in the Addendum to the Lease shall be deleted in its entirety, to wit:

Lessee to provide Lessor with two complete sets of well logs on one representative well for each drilled site (two sets of a total of four complete logs). Log set for NW ¼ shall be for well penetrating J-sand or Lyons formations.

- And, the following provision shall replace the above deleted provision, to wit:

Lessee to provide Lessor with two complete sets of well logs on one representative well for each drilled Site (two sets of a total of four complete logs). Two Log sets for the first

well penetrating J-sand or Lyons formations shall also be provided should such well(s) be drilled.

- 4 The following provision contained in the Addendum to the Lease shall be deleted in its entirety, to wit:

Allowable Surface Use Areas shall be used by Lessee for screening, landscaping, and Site maintenance; well facilities shall not be located in Allowable Surface Use Areas except on a temporary basis while drilling or "workover" activities are ongoing. During initial well drilling, Lessee may access the NW Site as shown in the Performance Obligation whereby encroachment outside the surface use area is allowed up to one hundred (100) feet, if necessary, for Lessee operations. There is a dark line shown on Map 1 connecting tank batteries at the SE Site and SW Site intending to show a purported route for a gas line which has yet to be negotiated--the dark line is only for reference and no right is granted to use the access route by this Addendum. The parties intend, notwithstanding the Maps, that the NW Site's permanent access road shall be kept as near the edge of the existing field as possible, with the flow line to be as shown on Map 5.

And, the following provision shall replace the above deleted provision, to wit:

Allowable Surface Use Areas shall be used by Lessee for screening, landscaping, and Site maintenance. Well facilities shall not be located in Allowable Surface Use Areas except on a temporary basis while drilling or "workover" activities are ongoing. During initial well drilling, Lessee may access the NW Site as described and limited in the "Temporary exception to surface use" paragraph whereby encroachment outside the surface use area is allowed. Also, Allowable Surface Use Areas may be extended up to one hundred (100) feet, if necessary, for Lessee operations during drilling and fracking provided said 100 feet of surface is used by landowner exclusively for farming rather than development. Damage compensation will be assessed and negotiated at time of usage of said 100 feet. There is a dark line shown on Map 1 connecting tank batteries at the SE Site and SW Site intending to show a purported route for a gas line which has yet to be negotiated--the dark line is only for reference and no right is granted to use the access route by this Addendum. The parties intend, notwithstanding the Maps, that the NW Site's permanent access road shall be kept as near the edge of the existing field as possible, with the flow line to be as shown on Map 5.

5. The following provision contained in the Addendum to the Lease shall be deleted in its entirety, to wit:

Temporary exception to surface use: A thirty-foot (30') access road is allowed from County Road 7 at approximate right angles to the NW Site drill site until September 1, 2011, provided no foreign materials are applied to the ground (if weather or conditions require road base, gravel or other foreign materials, then access must be as shown on attachments). Said temporary easement shall be marked by a "T-Post" and flagging and all operations must remain within the designated area. After September 1, 2011, all access will be on metes and bounds access road/flow line route. The lands used by the temporary access must be restored to original condition concurrently after the completion of the NW Site wells, or no later than October 15, 2011.

And, the following provision shall replace the above deleted provision, to wit:

Temporary exception to surface use: A thirty-foot (30') access road is allowed from County Road 7 at approximate right angles to the NW Site drill site until August 1, 2012,

provided no foreign materials are applied to the ground (if weather or conditions require road base, gravel or other foreign materials, then access must be as shown on attachments). Said temporary easement shall be marked by "T-Post(s)" and flagging and all operations must remain within the designated area. After August 1, 2012, all access will be on metes and bounds access road/flow line route. The lands used by the temporary access must be restored to original condition concurrently after the completion of the NW Site wells, or no later than September 1, 2012.

All other terms and conditions of the Lease shall remain the same, provided however, if necessary to give affect to this amendment all such other terms and conditions shall be read together with this amendment and shall be modified accordingly.

This Amendment may be executed in counterpart, and shall be binding upon and inure to the benefits of the parties hereto, their successors and assigns.

This Amendment is executed this 22nd day of December, 2010, but is effective as of September 15, 2010.

CGO, LP, a Nevada Limited Partnership

By: CGO Management, LLC, a Colorado limited liability company, as General Partner


by Gary G. Olson, Operating Manager

REO-DEO Resources, LP, a Nevada Limited Partnership

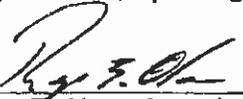
By: REO-DEO, LLC, a Colorado limited liability company, as General Partner


by Roger E. Olson, Operating Manager

Olson Bros, LP, a Nevada Limited Partnership

By: Olson Bros Management, LLC, a Colorado limited liability company, as General Partner


by Gary G. Olson, Operating Manager


by Roger E. Olson, Operating Manager

Margil Farms, LLC, a Colorado limited liability company

3741497 12/29/2010 09:57A Weld County, CO
6 of 9 R 51.00 D 0.00 Steve Moreno Clerk & Recorder

Gary G. Olson
by Gary G. Olson, Operating Manager

Roger E. Olson
by Roger E. Olson, Operating Manager

De Clar Oil and Gas, Inc.

Lewis C. Camp
by Lewis C. Camp, President

STATE OF COLORADO

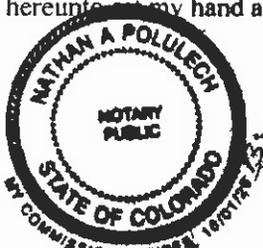
COUNTY OF

ACKNOWLEDGMENT--PARTNERSHIP

The foregoing instrument was acknowledged before me on this 22nd day of December, 2010, by Gary G. Olson as Operating Manager of CGO Management, LLC, a Colorado limited liability company, as General Partner of CGO, LP, a Nevada limited partnership.

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

My Commission Expires



Nathan A. Polulech
Notary Public

Address: 7501 W 15th St, Greenwood Village, CO 80134

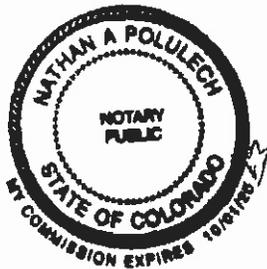
STATE OF COLORADO

COUNTY OF

ACKNOWLEDGMENT--PARTNERSHIP

The foregoing instrument was acknowledged before me on this 22nd day of December, 2010, by Roger E. Olson as Operating Manager of REO-DEO, LLC, a Colorado limited liability company, as General Partner of REO-DEO Resources, LP, a Nevada limited partnership.

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



My Commission Expires

Notary Public

Address: 7521 W. 19th St. Greeley, CO 80634

STATE OF COLORADO

COUNTY OF

ACKNOWLEDGMENT--PARTNERSHIP

The foregoing instrument was acknowledged before me on this 22nd day of December, 2010, by Gary G Olson as Operating Manager of Olson Bros Management, LLC, a Colorado limited liability company, as General Partner of Olson Bros. LP, a Nevada limited partnership.

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



My Commission Expires

Notary Public

Address: 7521 W. 19th St. Greeley, CO 80634

STATE OF COLORADO

COUNTY OF

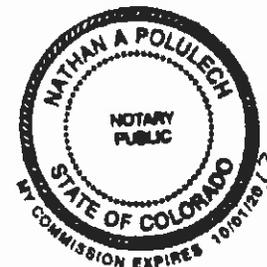


3741497 12/29/2010 09:57A Weld County, CO
7 of 9 R 51.00 D 0.00 Steve Moreno Clerk & Recorder

ACKNOWLEDGMENT--PARTNERSHIP

The foregoing instrument was acknowledged before me on this ___ day of December, 2010, by Roger E. Olson as Operating Manager of Olson Bros Management, LLC, a Colorado limited liability company, as General Partner of Olson Bros. LP, a Nevada limited partnership.

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



My Commission Expires

Notary Public

Address: 7521 W. 192nd St. Greeley, CO 80634

STATE OF COLORADO

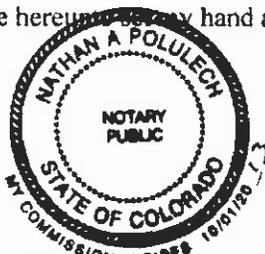
COUNTY OF

ACKNOWLEDGMENT-LLC

The foregoing instrument was acknowledged before me on this 22nd day of December, 2010, by Gary G. Olson as Operating Manager of Margil Farms, LLC, a Colorado limited liability company.

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

My Commission Expires



[Signature]
Notary Public

Address: 7521 W. 192nd St. Greeley, CO 80634

STATE OF COLORADO

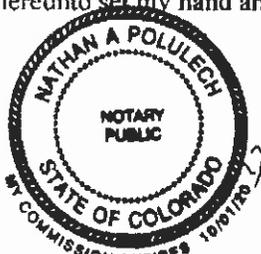
COUNTY OF

ACKNOWLEDGMENT-LLC

The foregoing instrument was acknowledged before me on this 22nd day of December, 2010, by Roger E. Olson as Operating Manager of Margil Farms, LLC, a Colorado limited liability company.

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

My Commission Expires



[Signature]
Notary Public

Address: 7521 W. 192nd St. Greeley, CO 80634

STATE OF COLORADO

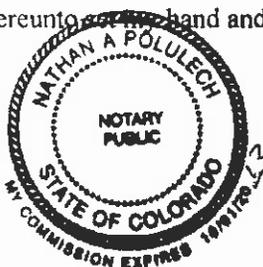
COUNTY OF

ACKNOWLEDGMENT-CORPORATION

The foregoing instrument was acknowledged before me on this 22nd day of December, 2010, by Lewis C. Camp as President of De Clar Oil and Gas, Inc., a Colorado Corporation.

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

My Commission Expires



Notary Public

Address: 7521 W 15th St Greeley, CO 80634
