#### Producers 88 Rocky Mountain 1989 (Paid-Up Rev. 1996)

# PAID-UP OIL AND GAS LEASE

THIS AGREEMENT, made and entered into this \_\_\_\_\_ day of February, 2023, but effective the \_\_\_ day of February, 2023, by and between **Town of Johnstown** whose address is PO Box 609, 101 W. Charlotte St., Johnstown, Co. 80534 hereinafter called lessor (whether one or more), and PDC Energy, Inc. whose address is 1775 Sherman Street Suite 3000 Denver, Colorado 80203, hereinafter called lesse:

#### WITNESSETH:

1. That lessor, for and in consideration of \*\*\*TEN AND MORE\*\*\* dollars (\$10.00+) in hand paid, receipt of which is hereby acknowledged, and of the agreements of lessee hereinafter set forth, hereby grants, demises, leases and lets exclusively unto lessee the lands described below for the purpose of investigating, prospecting, exploring (by geophysical and other methods), drilling, operating for and producing oil or gas, or both (as defined below), together with the right to construct and maintain pipelines, telephone and electric lines, tanks, ponds, roadways, plants, equipment, and structures thereon to produce, save and take care of said oil and gas (which right shall include specifically a right-of-way and easement for ingress to and egress from said lands by lessee, or its assignees, agents or permittees, necessary to or associated with the construction and maintenance of such pipelines, telephone and electric lines, tanks, ponds, roadways, plants, equipment, and structures on said lands to produce, save and take care of the oil and gas), and the exclusive right to inject air, gas, water, brine and other fluids from any source into the subsurface strata, and any and all other rights and privileges necessary, incident to, or convenient for the economical operation of said land, alone or conjointly with neighboring land, for the production, saving and taking care of oil and gas and the "leased premises"):

## Township \_4 North - Range \_67 West, 6th PM\_

Sections 3, 4, 5 & 8: Those lands described on Exhibit A, attached hereto and made a part hereof.

### ... Containing approximately 27.6293 gross acres More or Less and subject to all existing easements and rights of way of record,

In addition, the leased premises shall include and lessor hereby grants, leases and lets exclusively unto lessee, to the same extent as if specifically described, lands which are owned or claimed by lessor by one of the following reasons: (1) all lands and rights acquired or retained by lessor by avulsion, accretion, reliction or otherwise as the result of a change in the boundaries or centerline of any river or stream traversing or adjoining the lands described above; (2) all riparian lands and rights which are or may be incident, appurtenant, related or attributed to lessor In any lake, stream or river traversing or adjoining the lands described above by virtue of lessor's ownership of the land described above; (3) all lands included in any road, easement or right-of-way traversing or adjoining the lands described above which are or may be incident, appurtenant, related or stributed to lessor by virtue of lessor's ownership of the land described above; (4) all strips or tracts of land adjacent or contiguous to the lands described above owned or acquired by lessor through adverse possession or other similar statutes of the state In which the lands are located.

The term oil as used in this lease shall be interpreted to include any liquid hydrocarbon substances which occur naturally in the earth, including drip gasoline or other natural condensate recovered from gas without resort to manufacturing process. The term gas as used in this lease shall be interpreted to include any substance, either combustible or non-combustible, which is produced in a natural state from the earth and which maintains a gaseous or rarified state at ordinary temperature and pressure conditions, including but not limited to helium, nitrogen, carbon dioxide, hydrogen sulphide, coal bed methane gas, casinghead gas and sulphur.

Subject to the other provisions herein contained, this lease shall remain in force for a term of Three (3) years (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced from the leased premises, or lands pooled or unitized therewith, or as long as Operations, as defined below, are being conducted at the end of the primary term and are continuously prosecuted thereafter in accordance with Section 5 below. For purposes of this lease, a well completed for the production of coalbed methane gas shall be deemed to be producing gas under this lease at all times when dewatering of the coal seams from which the coalbed methane gas will be produced is occurring. The term "Operations" shall mean any activity conducted on or off the leased premises that is reasonably calculated to obtain or restore production on the leased premises or lands pooled or unitized therewith, including without limitation, (i) drilling and completing or any act preparatory to drilling and completing (such as testing, fracking, obtaining permits, surveying a drill site, staking a drill site, building roads, clearing a drill site, or hauling equipment or supplies); (ii) reworking, plugging back, deepening, treating, and marketing of substances produced from the leased premises; (iv) contracting for marketing services and sale of oil or gas; and (v) construction of water disposal facilities and the physical movement of water produced from the leased premises. Operations shall be considered to be "continuously prosecuted" if not more than one hundred twenty (120) days elapses between (a) the cessation of Operations or the permanent cessation of all production from any cause, including a revision of unit boundaries pursuant to the provisions of this lease or the action of any governmental authority, and (b) either the commencement of Operations or the restoration of production. Operations shall be deemed to be evident of an ewell at such time as the construction of the vellosite location or the readometed f

Notwithstanding anything to the contrary herein, this lease is a "no surface occupancy" lease. It is agreed and understood that the lessee shall not conduct any Operations on the surface of the leased premises unless otherwise agreed upon separately in writing with lessor. The lessee is granted the right to drill and operate directional or horizontal wells through, across and under the leased premises.

2. The lessee shall deliver to the credit of the lessor as royalty, free of cost, into the tanks or in the pipeline on the leased premises to which lessee may connect its wells the equal <u>18.75</u> part of all oil produced and saved from the leased premises, or lessee may from time to time at its option purchase any royalty oil in its possession, paying the market price thereof prevailing for oil of like grade and gravity in the field where produced on the date of purchase.

The lessee shall pay lessor, as royalty, on gas, including casinghead gas or other gaseous substances, produced from the leased premises and sold or used off the premises or used in the manufacture of gasoline or other products, the market value at the well of <u>18,75%</u> of the gas sold or used, provided that on gas sold the royalty shall be <u>18,75%</u> of the amount realized from such sale. The amount realized from the sale of gas shall be the price established by the gas sales contract entered into in good faith by lessee and a gas purchaser for such term and under such conditions as are customary in the industry. Price shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may not deduct from such price the actual charge incurred by lessee after accounting premises) or gathers or transports gas off the leased premises, then Lessee shall pay Lessor a <u>18,75%</u> royalty on the net proceeds received by lessee after accounting for such third party charges. In calculating royalties on production hereunder, lessee may deduct lessor's proportionate part of any ad valorum, production and excise taxes, as well as other part-production costs, as described herein.

3. This is a paid-up lease and all cash consideration first recited above and annual rentals have been paid to lessor in advance to keep this lease in full force and effect throughout the primary term. In consideration of the payment of such cash consideration and advance annual rentals, lessor agrees that lessee shall not be obligated, except as otherwise provided herein, to commence or continue any Operations during the primary term. Lessee may at any time or times during or after the primary term surrender this lease as to all or any portion of the land described above, and as to any strata or stratum, by delivering to lessor or by filing of record a release or releases, and be relieved of all obligations thereafter accruing to the acreage surrendered.

4. Any payments required to be made to lessors pursuant to this lease, other than the payment of royalties, may be paid by lessee to the lessor or to lessor's credit

Paid-Up OGL Form (NSO) Approved 10-13-2021 in the <u>\*\*Direct to Lessor\*\*</u> Bank, at <u>(or its successor or successors, or any bank with which it may be merged or consolidated, or which succeeds to its business assets or any part thereof, by purchase or otherwise) which shall continue as the depository regardless of changes in the ownership of said land or the oil and gas. All such payments may be made by cash, check or draft, mailed or delivered on or before the due date for that payment. Any payments so made shall be binding on the heirs, devisees, executors, administrators, and personal representatives of lessor and on lessor's successors in interest or on lessor's assigns.</u>

5. If, at the expiration of the primary term of this lease, oil or gas is not being produced from the leased premises, or lands pooled or unitized therewith, but Operations are being conducted, this lease shall continue in force so long as such Operations are continuously prosecuted; and if production of oil or gas results from any such Operations, this lease shall continue in force so long as oil or gas is produced from the leased premises, or lands pooled or unitized therewith. If, after the expiration of the primary term of this lease, production on the leased premises, or lands pooled or unitized therewith should cease for any cause, including a revision of unit boundaries pursuant to the provisions of this lease or the action of any governmental authority, this lease shall not terminate if within one hundred twenty (120) days after each such cessation of production either (i) Operations are commenced or continued or (ii) production is restored, and this lease shall thereafter remain in force so long as Operations are continuously prosecuted, and if production results therefrom, then as long thereafter as oil or gas is produced from the leased premises, or lands pooled or unitized therewith.

6. If at any time after the expiration of the primary term of this lease, there is a well capable of producing oil or gas from the leased premises, or lands pooled or unitized therewith, but the well is shut-in, whether before or after production therefrom, and this lease is not being maintained otherwise as provided herein, this lease shall not terminate (unless released by lessee) and it shall nevertheless be considered that oil and gas is being produced from the leased premises during all times while the well is so shut-in. Lessee shall use reasonable diligence to market the oil and gas capable of being produced from such shut-in well, but shall be under no obligation to market the oil and gas under terms, conditions or circumstances which, in lessee's judgment exercised in good faith, are unsatisfactory. When the lease is continued in force in this manner, lessee shall pay or tender to the lessor or lessor's successors or assigns, an amount equal to \$1.00 per year per net mineral acre covered by the lease. Such payments shall be made on or before the shut-in royalty payment date, as defined below, next occurring after the expiration of one hundred twenty (120) days from the date the well was shut-in, unless prior to such date oil or gas from the well remains shut-in, lessee shall make payment of shut-in royalty in the same amount and manner. The term "shut-in royalty payment date" shall mean the anniversary date of this lease. Any shut-in royalty payment may be made by cash, draft or check, mailed or tendered on or before the shut-in royalty payment date" shall mean the anniversary or tender, any such sum shall render lessee liable for the amount due but it shall not operate to terminate the lease.

7. If lessor owns a lesser interest in the above described land than the entire and undivided fee simple estate therein, then the royalties, including shut-in royalty, herein provided shall be paid to lessor only in the proportion which lessor's interest bears to the whole and undivided fee. Any interest in production from the lands described herein to which the interest of lessor may be subject shall be deducted from the royalty herein reserved.

8. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operations thereon, except water from wells and reservoirs of lessor. 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.

9. Lessee shall pay to lessor reasonable amounts for damages caused by its operations to growing crops and pasture on said land. When requested by lessor, lessee shall bury its pipelines which traverse cultivated lands below plow depth. No well shall be drilled nearer than two hundred (200) feet to a house or barn now on said premises, without written consent of lessor. Lessee shall have the right at any time (but not the obligation), to remove all improvements, machinery, and fixtures placed or erected by lessee on said premises, including the right to pull and remove casings.

10. Lessee 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 land described above 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 oil and gas, or separately for the production of either, 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, pooled or unitized areas previously formed to include formations not producing oil or gas may be reformed to exclude such non-producing formations. To form or reform any pooled or unitized area lessee will execute a declaration of such pooling, unitization or reformation describing the pooled or unitized area. Any pooled or unitized area or in any Adjacent Surface Location, there is production, Operations, or a well shut-in for any reason then it shall be deemed for all purposes that such production, Operations, or shut-in well occurred within the leased premises. Adjacent Surface Location means any area adjacent to a pooled or unitized area that is used as a surface location for drilling operations that penetrate the leased premises or lands pooled or unitized area is unitized area in or divisite and pooled or unitized area royalties only on the portion of such production allocated to this lease; such allocation shall be that proportion of the unit production from the pooled or unitized area covered by this lease and included in the pooled or unitized area bears to the total number of surface acres covered by this lease and included in the pooled or unitized area bears to the total number of surface acres covering such unit production.

11. Lessee shall have the right to unitize, pool, or combine all or any part of the land described above 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 dilling and development requirements of this lease, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement. In the event that the land described above or any part thereof shall hereafter be operated under any such cooperative or unit plan of development or operations of such plan or agreement. In the event that the land described above or any part thereof shall hereafter be operated under any such cooperative or unit plan of development ro operations of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalities to be paid hereunder to lessor, be regarded as having been produced from the particular tract of land; and the royality payments to be made hereunder to lessor, shall be based upon production only as so allocated.

12. If the estate of either party hereto is assigned or sublet, and the privilege of assigning or subletting in whole or in part is expressly allowed, the express and implied covenants hereof shall extend to the sublessees, successors and assigns of the parties; and in the event of an assignment or subletting by lessee, lessee shall be relieved and discharged as to the leasehold rights so assigned or sublet from any liability to lessor thereafter accruing upon any of the covenants or conditions of this lease, either express or implied. No change in ownership of the land, royalties, or other payments, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee or require separate measuring or installation of separate tanks by lessee. Notwithstanding any actual or constructive knowledge of or notice to lessee, no change in ownership of said land or of the right to receive royalties or other payments hereunder, or of any interest therein, whether by reason of death, conveyance or any other matter, shall be binding on lessee (except at lessee's option in any particular case) until one hundred twenty (120) days after lessee has been furnished written notice thereof, and the supporting information hereinafter referred to, by the party claiming as a result of such change in ownership of the covensitie or oil by original and certified copies of all documents and other instruments or proceedings necessary in lessee's opinion to establish the ownership of the claiming party.

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

14. In the event lessor considers that lessee has not complied with all its obligations hereunder, either express or implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this lease. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action

Paid-Up OGL Form (NSO) Approved 10-13-2021 shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

15. The term "force majeure" as used in this lease shall mean and include: acts of God, floods, storms, explosion, fires, labor troubles, strikes, insurrection, riots, acts of the public enemy, scarcity of or inability to obtain or use labor, material or equipment, federal or state law, or order, rule or regulation of governmental authority. If, by reason of force majeure, lessee is prevented from satisfying or meeting any condition of this lease, or from complying with any express or implied covenant thereof, or from conducting Operations on or producing oil or gas or other mineral from or attributable to the leased premises, then while so prevented and for six months thereafter, such condition or covenant shall be suspended, and lessee shall be relieved of the obligation to comply with such condition or covenant and shall not be liable in damages for failure to comply therewith; and this lease shall be extended and continued in force while and so long as lessee is prevented by force majeure from conducting Operations on or producing oil or gas or other mineral form is north thereafter; and the time while lessee is so prevented, plus six months, shall not be counted against lessee, anything in this lease to the contrary notwithstanding.

16. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder by, through and under Lessor, but not otherwise, and agrees that lessee, at its option, shall have the right at any time to pay for lessor, any mortgage, taxes or other liens existing, levied or assessed on or against the leased premises in the event of default of payment by lessor and be subrogated to the rights of the holder thereof, and lessor hereby agrees that any such payments made by lessee for the lessor may be deducted from any amounts of money which may become due the lessor under the terms of this lease.

17. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors in interest, in whole or in part, of said lessor or lessee.

18. With respect to and for the purpose of this lease, lessor, and each of them if there be more than one, hereby release and waive the right of homestead.

19. Lessor hereby grants to Lessee the option but not the obligation to extend the primary term of this lease, as to all or part of the leased premises, for an additional term of two years from the expiration of the primary term of this lease, and as long thereafter as oil and/or gas is produced from the lands covered by this lease. Lessee may exercise this option to extend this lease by paying to the Lessor, on or before the expiration date of the primary term of this lease at the address set forth above, an amount equal to the initial consideration paid for the execution of this lease proportionately reduced to the extent that Lessor extends the lease as to less than all of the leased premises.

WHEREOF witness our hands as of the day and year first above written.

Town Of Johnstown, Lessor:

Matthew LeCerf, Town Manager\*

Hannah Hill, Town Clerk

#### ACKNOWLEDGEMENT-CORPORATE - CORPORATION/LLC/PARTNERSHIP

STATE OF <u>Colorado</u> COUNTY OF <u>Weld</u> } ss.

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this day of <u>2022</u>, personally appeared <u>Matthew LeCerf</u>, to me personally known, who being by me duly sworn, did say that he is the Town Manager of **The Town of Johnstown** and that said instrument was signed on behalf of said 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 for the State of \_\_\_\_\_

## ACKNOWLEDGEMENT-CORPORATE - CORPORATION/LLC/PARTNERSHIP

 STATE OF
 Colorado
 }

 COUNTY OF
 Weld
 }

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this day of \_\_\_\_\_\_, 2022, personally appeared Hannah Hill, to me personally known, who being by me duly sworn, did say that she is the Town Clerk of **The Town of Johnstown** and that said instrument was signed on behalf of said 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 for the State of