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Reception No. 312329 MILDRED ALSDORF, RECORDER

File # 80-47
-COLONY OIL SHALE
BOOK 566 PAGE 313

WATER LEASE

THIS LEASE, dated as of October 22, 1980, is between the EXXON CORPORATION and THE OIL SHALE CORPORATION, as participant owners in the Colony Shale Oil Project ("Owners") and the STATE OF COLORADO, DEPARTMENT OF NATURAL RESOURCES, MINED LAND RECLAMATION BOARD (the "State").

IN CONSIDERATION of the issuance of Mined Land Reclamation Board Permit No. 80-47 (the "Permit") and the fact that this Lease is being given in lieu of a cash bond to provide water for reclamation purposes, Owners and the State agree as follow:

1. Leased Water. The Owners hereby lease to the State, subject to the restrictions provided in Section 4 below, the right to divert, store and use the following described water rights located in Garfield County, Colorado:

(a) 15 cfs of the Dow Pumping Plant and Pipeline conditionally decreed for a total of 178 cfs, with a January 24, 1955 appropriation date and a November 10, 1966 adjudication date, for industrial, mining, retorting, refining, power, domestic and all other uses necessary and related to the production of shale oil and its by-products, the source of which is the Colorado River.

(b) Davis Gulch Reservoir conditionally decreed for 204 acre feet, with a September 15, 1959 appropriation date and a November 10, 1966 adjudication date, for irrigation, mining, retorting, refining, power, domestic and all other uses necessary or related to the production of shale oil and its by-products, the source of which is Davis Gulch, a tributary of the Middle Fork of Parachute Creek, as subsequently enlarged to a total capacity of 1200 acre feet conditional by decree entered in the District Court in and for Water Division No. 5, State of Colorado, in Case No. 79CW378 on August 12, 1980.

The above described water rights are hereinafter referred to as the "Leased Water."

2. Term. (a) The term of this Lease shall be for a period of 5 years from the date (i) the Owners are in default insofar as they have failed to carry to completion their

reclamation obligations, and (ii) the State has commenced utilizing the Leased Water to reclaim all or a part of the acres of land disturbed by reason of mining operations carried out pursuant to the Permit; provided, however, the State's reclamation activities must be commenced within a reasonable period of time; and, provided further, in the event there is no water available in any given year to permit the diversion of the Leased Water or any portion thereof, such a year shall not be considered for purposes of determining the term of this Lease.

(b) Notwithstanding the provisions of Section 2(a) above, this Lease shall automatically expire at such time as the reclamation obligations under the Permit have been completed.

(c) Notice of the occurrence of the events set forth in Section 2(a)(i) and (ii) above must be provided by the State to Owners within 30 days of the occurrence of such events.

3. Rent. There shall be no rent for the use of the Leased Water.

4. Restrictions. (a) The use of Leased Water shall be restricted to the reclamation purposes in the Permit.

(b) Total diversions of the Leased Water during the term of this Lease shall not exceed 943 acre feet per year for irrigation purposes and a total of 1,887 acre feet for leaching.

(c) Owners retain the right to divert, store and use any water produced by the Leased Water which is in excess of the annual diversion limitations provided in Section 4(b) above.

(d) Owners retain and reserve the sole right to obtain judicial approval of any enlargement, plan for augmentation or change of water right regarding the Leased Water, and the Mined Land Reclamation Board agrees not to

oppose any enlargement, plan for augmentation or change regarding the Leased Water provided such actions do not adversely affect the Mined Land Reclamation Board's right to use the Leased Water. Nothing in this subparagraph 4(d) shall be construed to prevent any other agency of the State of Colorado from opposing any enlargement, plan for augmentation or change of water right regarding the Lease Water.

5. Supply. This Lease is subject to the understanding and the parties acknowledge that there is no guarantee as to the legal and physical supply of water that will be produced by the Leased Water inasmuch as the legal and physical availability of water is dependent on the Colorado priority system and natural causes, both beyond the control of the Owners. During the term of this Lease, in the event and during such times as there is an insufficient supply of water to permit diversion of the Leased Water or any portion thereof, the Owners shall have no obligation to provide the State with water in excess of the actual legal and physical supply available to the Leased Water as limited by Section 4(b) above.

6. Maintenance. During the term of this Lease the State shall be solely responsible for the operation and maintenance of any diversion and distribution systems required to utilize the Leased Water, and the State shall be solely responsible for all operation and maintenance costs associated with such diversion and distribution systems, including without limitation all pumping costs incurred in transporting the Leased Water.

7. Assignability. Each party may assign its rights under this Lease provided that the assignee of such rights assumes all obligations of the assigning party under this Lease. Written notice of any assignment shall be provided to the other party pursuant to the provisions of Section 8 below 30 days prior to such assignment.

8. Notice. All notices required under this Lease shall be given by registered or certified mail, postage pre-paid, or by hand delivery directed as follows:

If intended for the Owners, to:

Exxon Corporation
P.O. Box 2426
Houston, Texas 77001
Attn: Regulatory/Manager → Affairs

The Oil Shale Corporation
1600 Broadway, Suite 1400
Denver, Colorado 80202
Attn: Dept. of Land and Water

If intended for the State, to:

Mined Land Reclamation Board
Colorado Department of Natural Resources
1313 Sherman Street, Room 423
Denver, Colorado 80203

Any notice delivered by mail in accordance with this section shall be deemed to have been duly given 72 hours after the same is deposited in any post office or postal box regularly maintained by the United States Postal Service. Any party by notice given above may change the address to which future notice may be sent.

9. Rule Against Perpetuities. Notwithstanding any other provision of this Lease, if any interest in real property granted by this Lease does not vest upon the date hereof, such interest must vest, if at all, within 20 years, 364 days after the death of the last surviving legitimate descendant of Joseph P. Kennedy, father of John F. Kennedy, the former President of the United States, who is alive on the date of this Lease.

10. Miscellaneous. (a) This Lease shall be binding upon and inure to the benefit of the Owners and the State and their respective personal representatives, successors and assigns.

(b) The section headings are inserted only for convenient reference and do not define, limit or prescribe the scope of this Lease.

(c) The Lease shall be construed under the laws
of Colorado.

EXECUTED as of the date first above written.

EXXON CORPORATION

By F. D. Dennstedt

THE OIL SHALE CORPORATION

By John D. Lyon

STATE OF COLORADO
DEPARTMENT OF NATURAL RESOURCES
MINED LAND RECLAMATION BOARD

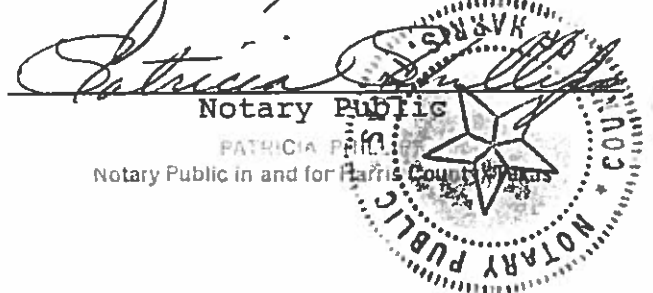
By David C. Shiff

STATE OF TEXAS)
COUNTY OF HARRIS) s.s.

The foregoing instrument was acknowledged before me this 26th
day of November, 1980, by F. D. Dennstedt
as Vice-President of Exxon Corporation, a New
Jersey corporation, as a participant owner of the Colony Shale
Oil Project.

Witness my hand and official seal.

My commission expires: January 31, 1981



STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) s.s.

The foregoing instrument was acknowledged before me this 21st
day of December, 1980, by JOHN D. LYON
as Executive Vice President of The Oil Shale Corporation,
a Delaware corporation, as a participant owner of the Colony Shale
Oil Project.

Witness my hand and official seal.

My commission expires: Feb. 6, 1984

Lee Collins
Notary Public

