



March 20, 2024

Colorado School District No. 27J, a/k/a School District No. 27J of Adams County, a/k/a Adams and Weld Counties
School District 27J, a/k/a School District No. 27J
18511 East 160th Avenue
Brighton, CO 80601

RE: *Offer to Lease Mineral Interest – Adams County, CO*

Township 2 South, Range 67 West, Adams County, 6th PM

Section 1: Being part of the E/2 of the NE/4, identified as tax Map/Parcel Number 0172101101001

Gross Acres: 640.00
Net Mineral Acres: 20.00

Dear Chris Fiedler:

Phoenix Capital Group Holdings LLC (“Phoenix”) is interested in acquiring an oil and gas lease covering your above captioned mineral interests. Enclosed please find an oil and gas lease covering said interest for your consideration. The terms we are offering for your execution of the enclosed lease are as follows:

BONUS TO LESSOR:	\$6,000.00 per net mineral acre
ROYALTY:	21.00%
TERM:	3 Year Primary Term
OPTION:	2 Year Option to Extend at 100% original bonus

If you are in agreement with the above terms, please execute the memorandum and lease where indicated in the presence of a notary public, sign and date this letter where indicated, and return all documents to Phoenix Capital Group, 18575 Jamboree Road, Suite 830, Irvine, CA 92612. **IMPORTANT: Each document (this Offer Letter, The Oil & Gas Lease and The Memorandum of Oil & Gas Lease) must be properly executed, of recordable quality and returned in its entirety to be considered approved and received.** Upon Phoenix’s approval & receipt thereof and upon verification of title and interest as further outlined below, Phoenix will issue payment in the amount of **\$120,000.00** directly to you via ACH deposit or check mailed to the above address.

This offer is valid for two (2) weeks from the date of this letter. In addition, this offer is subject to title and verification of your above captioned interest. In the event it is determined your ownership interest differs from that of the above captioned it is understood and agreed the consideration amount referenced herein shall be proportionately reduced or increased. The Closing of this lease, as contemplated by this agreement, shall take place on a date selected by Phoenix which is on or before forty-five (45) business days from Phoenix’s receipt of this executed offer letter. Furthermore, the consideration as detailed herein shall constitute full consideration for your execution of the enclosed lease covering your entire mineral interest under the above captioned lands.

Should you have any questions or further points of discussion, please do not hesitate to contact me by using the contact information below.

Sincerely,

Thomas C. Kruk
VP of Mineral Acquisitions
Phone – 303-953-4442
Email – tkruk@phxcapitalgroup.com

PHOENIX CAPITAL GROUP

18575 JAMBOREE ROAD, SUITE 830, IRVINE, CA 92612 // 303.749.0074 // CONTACT@PHXCAPITALGROUP.COM

If Colorado School District No. 27J, a/k/a School District No. 27J of Adams County, a/k/a Adams and Weld Counties School District 27J, a/k/a School District No. 27J is agreeable to the terms and conditions herein, please signify by executing and sending this Offer to Lease to Phoenix Capital Group at 18575 Jamboree Road, Suite 830, Irvine, CA 92612.

Offer of lease accepted this _____ day of _____, 20____

Lessor: Colorado School District No. 27J, a/k/a School District No. 27J of Adams County, a/k/a Adams and Weld Counties School District 27J, a/k/a School District No. 27J

BY: Chris Fiedler
ITS: Superintendent 27J Schools

Lessee: Phoenix Capital Group



BY: Lindsey Wilson
ITS: Manager & COO

OIL AND GAS LEASE

(No Surface Occupancy)

AGREEMENT, Made and entered into March 20, 2024 by and between Colorado School District No. 27J, a/k/a School District No. 27J of Adams County, a/k/a Adams and Weld Counties School District 27J, a/k/a School District No. 27J whose mailing address is 18511 East 160th Avenue, Brighton, Colorado 80601, hereinafter called Lessor, (whether one or more), and Phoenix Capital Group Holdings, LLC whose address is 18575 Jamboree Road, Suite 830, Irvine CA 92612 hereinafter called Lessee:

1. **Grant of Leased Premises.** In consideration of a cash bonus in hand paid, the receipt of which is hereby acknowledged, and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

Township 2 South, Range 67 West, 6th P.M.

Section 1: Being part of the E/2 of the NE/4, identified as tax Map/Parcel Number 0172101101001

in the County of Adams, State of Colorado, containing **19.9 Gross Acres**, more or less, for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith ("Oil and Gas Substances"). The term "gas" as used herein includes helium, carbon dioxide, gaseous sulfur compounds, methane produced from coal formations and other commercial gases, as well as normal hydrocarbon gases.

In addition to the lands described above, 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 for the following reasons: (1) 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 attributed to Lessor by virtue of Lessor's ownership of the lands described above; and (2) 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.

If, at any time, it is determined that the leased premises is greater than **19.9 Gross Acres**, Lessee will adjust the bonus payment and pay all back royalties to Lessor, on a proportional basis to the net mineral acreage actually owned by Lessor.

2. **Paid Up Lease.** 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. **Royalty Payment.** For all Oil and Gas Substances that are physically produced from the leased premises, or lands pooled, unitized or communitized therewith, and sold, Lessor shall receive a royalty of **21%** of the weighted average sales price actually received by Lessee or, if applicable, its affiliate, as a result of all sales of the affected production to an unaffiliated party. Lessor's royalty shall not be subject to its proportionate share of Post Production Costs but will bear its proportionate share of all severance and ad valorem taxes. As used in this provision, Post Production Costs shall mean all costs actually incurred by Lessee or its affiliate and all losses of produced volumes used as fuel, line loss, flaring, venting or otherwise from and after the wellhead until the Oil and Gas Substances are in a marketable condition and have reached a recognized market for the same. Post Production Costs include without limitation, all costs of transportation, gathering, marketing, compression, dehydration, removal of liquid or gaseous substances or impurities from the affected production prior to the time Oil and Gas Substances produced from the leased premises or from land pooled therewith are in a marketable condition and have reached a recognized market for the same and any other treatment or processing required by

The primary term may be extended for an additional **two (2)** years by paying to Lessor **100%** of the original bonus payment as originally paid herein, if paid in advance before the expiration of the primary term. In the event Lessee makes the payment provided for above, then all terms of this Lease shall remain in full force and effect as if the original primary term was five (5) years.

At the expiration of the primary term, as the same may have been extended, this lease shall automatically terminate and expire as all lands that are subject to this lease which are located outside the boundaries of a spacing unit established by the Colorado Oil and Gas Conservation Commission, upon which there is a well producing in paying quantities or a well capable of producing in paying quantities which is shut-in for the reasons stated in this Lease. Lessee shall file a release of those portions of the leased premises in the Adams County records within 30 days of such termination or, if Lessee fails to do so, Lessor shall have the right to such release.

5. Operations. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on or affecting the leased premises or lands pooled or unitized therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of this lease or the action of any governmental authority, then in the event this lease is beyond the primary term it shall nevertheless remain in force if Lessee commences further Operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled or unitized therewith within 120 days after completion of operations on such dry hole or within 120 days after such cessation of all production in paying quantities. If after the primary term this lease is not otherwise being maintained in force, but Lessee is then engaged in Operations, as defined below, this entire lease shall remain in force for an additional 120 days from the completion of operations on such dry hole or the cessation of all production in paying quantities, and if any such Operations result in the production of Oil and Gas Substances, as long thereafter as there is production in paying quantities from the leased premises or lands pooled or unitized therewith. As used herein, the term Operations shall mean any activity continuously conducted on or affecting the leased premises or pooled therewith that is customary and reasonably calculated to obtain or restore production, including without limitation, (i) drilling or acts preparatory to drilling actually conducted on the leased premises or lands pooled therewith (such as building roads or constructing a drill site as long as actual drilling operations are commenced forthwith following the completion of the preparatory acts); (ii) completing, reworking, plugging back, deepening, treating, stimulating, refitting, installing any artificial lift or production-enhancement equipment or technique; and (iii) constructing facilities to enable the production, treatment, transportation and marketing of substances produced from the leased premises.

6. No Surface Occupancy. Notwithstanding anything herein contained, this Lease is a "No Surface Occupancy" Oil and Gas Lease. It is agreed and understood that Lessee, its successors or assigns shall not conduct any drilling or completion operations or locate any facilities on the surface of the leased lands. It is understood that the Lessee, its successors or assigns shall not be allowed any access to the surface of the leased lands without the prior written consent of Lessor. Lessee is granted the right to drill and operate directional or horizontal wells through and under said lands. Lessee shall be liable for any and all damages to the leased lands due to subsidence, collapse or settlement caused by Lessee's operations hereunder.

7. Shut-in Royalty. If after the primary term one or more wells on the leased premises or lands pooled or unitized therewith are capable of producing Oil and Gas Substances in paying quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 180 consecutive days such well or wells are shut in or production therefrom is not sold by Lessee, then Lessee shall pay an aggregate shut-in royalty of **ten dollars per acre** then covered by this lease. The payment shall be made to Lessor on or before the first anniversary date of the lease following the end of the 180-day period and thereafter on or before each anniversary while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations under this lease, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled or unitized therewith, no shut-in royalty shall be due until the first anniversary date of the lease following the end of the 90-day period after the end of the period next following the cessation of such operations or production, as the case may be. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this

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 number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit. In addition to the foregoing, Lessee shall have the right to unitize, pool, or combine all or any part of the described 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. It is hereby agreed that Lessor shall formally express its consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.

9. Payment Reductions. If Lessor owns less than the full mineral estate in all or any part of the leased premises, payment of royalties and shut-in royalties hereunder shall be reduced as follows: royalties and shut-in royalties for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises. To the extent any royalty or other payment attributable to the mineral estate covered by this lease is payable to someone other than Lessor, such royalty or other payment shall be deducted from the corresponding amount otherwise payable to Lessor hereunder.

10. Ownership Changes. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

11. Regulation and Delay. All express or implied covenants of this lease shall be subject to all Federal, State, and local Laws, Executive Orders, Rules, or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable for damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Act of God, adverse field, weather, or market conditions, inability to obtain

default by Lessee hereunder during such 30-day period (or longer if Lessee has commenced action to cure the claimed default). If the matter is arbitrated in accordance with the dispute resolution section below and there is a final determination that a default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time, not to exceed 60 days, after said determination to remedy the default and Lessee fails to do so.

13. **Dispute Resolution.** In the event of any dispute, disagreement or controversy arising out of, relating to or connected with this Lease, including the payment of any bonus, the Parties shall use reasonable, good faith efforts to settle such dispute or claim through negotiations with each other. If such negotiations fail to produce a mutually acceptable resolution to the matter in dispute, the Parties will submit the same to non-binding mediation before a sole mediator. The mediation will be conducted by the Judicial Arbiter Group, Inc., 1601 Blake St, Suite 400, Denver, CO 80202 ("JAG"). The matter in dispute will be submitted to mediation within fifteen (15) days of a written demand for mediation from one Party to the other. If the mediation is not successful, the matter in dispute shall be submitted for final and binding arbitration by the same mediator to be held no later than thirty (30) days after the conclusion of the mediation, as signified by a written notice from the mediator that mediation has terminated. Within five (5) days of the date of the mediator's notice, any party desiring arbitration shall concisely state the matter(s) in dispute, the position of the Party with respect to such matter(s) and the Party's proposed resolution of the same.

a. During any negotiations conducted pursuant to this Agreement, the Parties will keep and maintain a record of all issues upon which agreement has been reached. To narrow and focus the issues that may need to be resolved in an arbitration proceeding, each of the submittals by the Parties shall include all points that have been agreed to by the Parties during their negotiations.

b. Any arbitration proceeding shall be conducted in accordance with the Uniform Arbitration Act found at C.R.S. §13-22-201 *et seq.* (or a successor statute). The purpose of the arbitrator's role is to produce a final decision of any matter submitted for arbitration to which the Parties' herein agree to be bound. The place of arbitration shall be at the offices of JAG in Denver, Colorado.

c. The JAG mediator/arbitrator shall, ideally, be possessed of demonstrated experience in matters pertaining to the law of oil and gas development, and, at a minimum, Colorado law of real property governing the use and enjoyment of surface and subsurface estates. If the Parties cannot reach agreement on the choice of JAG mediator/arbitrator within ten (10) days of the original demand for arbitration (or such other time as may be agreed to by the Parties), they shall abide by the assignment of JAG mediator/arbitrator made by the JAG Administrator.

e. For any matter requiring judicial resolution in connection with the arbitration, including the enforcement of any award, enforcement of this agreement to arbitrate, or injunctive relief to preserve the status quo pending arbitration, the Parties agree to the exclusive jurisdiction of the State District Court of the County of Adams, Colorado.

f. The Parties shall share equally in the cost of retaining the services of JAG for any mediation or arbitration conducted hereunder and each shall be solely responsible for its own costs and expenses of preparing for and pursuing any mediation or arbitration.

g. Anything to the contrary herein notwithstanding, in the event of any arbitration or litigation arising out of this contract, the arbiter or court shall award to the prevailing party all reasonable costs and expenses, including attorney and legal fees. If there is no prevailing party, the Parties shall share equally in the cost of retaining the services of JAG for any mediation or arbitration conducted hereunder.

14. **Warranty of Title.** Lessor makes no warranty of title; Lessee to rely on its own title investigation. Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

15. **Indemnity.** Lessee will indemnify and hold Lessor, its officers, directors, employees, agents, successors and assigns (hereafter collectively referred to as "Indemnified Parties") harmless from any and all claims, demands,

LESSOR: Colorado School District No. 27J, a/k/a School District No. 27J of Adams County, a/k/a Adams and Weld Counties School District 27J, a/k/a School District No. 27J

Notary Public in and for the State of _____

MEMORANDUM OF OIL AND GAS LEASE

STATE OF COLORADO §
 §
COUNTY OF ADAMS §

Lessor: Colorado School District No. 27J, a/k/a School District No. 27J of Adams County, a/k/a
 Adams and Weld Counties School District 27J, a/k/a School District No. 27J
 18511 East 160th Avenue
 Brighton, CO 80601

Lessee: Phoenix Capital Group Holdings, LLC
 18575 Jamboree Road, Suite 830
 Irvine, CA 92612

Lease Date: March 20, 2024 (“Effective Date”)

Notice is hereby given that Lessor named above, executed and delivered to Lessee, named above, an Oil and Gas Lease (the “Lease”) in which Lessor granted, leased and let to Lessee all of Lessor’s oil, gas and other minerals produced in conjunction therewith, in the lands (the “Leased Premises”) located in the county and state named above more particularly described as:

Township 2 South, Range 67 West, 6th P.M.

Section 1: Being part of the E/2 of the NE/4, identified as tax Map/Parcel Number 0172101101001

Containing 19.9 acres, more or less.

The Oil and Gas Lease provides for a primary term of Three (3) years from the Effective Date, with the option to extend said Oil and Gas Lease for an additional term of Two (2) years and so long thereafter as oil and/or gas is being produced from the Leased Premises, or lands pooled therewith, or so long thereafter as operations are being conducted thereon, as therein provided.

Reference is hereby made to executed copies of said Oil and Gas Lease in possession of Lessor and Lessee, respectively, for all of the provisions thereof, and by this reference same are incorporated herein and made a part hereof in all respects as though fully set forth herein.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Memorandum of Oil and Gas Lease to be duly executed as of the date hereinabove stated.

LESSOR: Colorado School District No. 27J, a/k/a School District No. 27J of Adams County, a/k/a Adams and Weld Counties School District 27J, a/k/a School District No. 27J

BY: Chris Fiedler
ITS: Superintendent 27J Schools

ACKNOWLEDGMENT

STATE OF _____

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of _____, 20____, by **Chris Fiedler, as Superintendent 27J Schools of Colorado School District No. 27J, a/k/a School District No. 27J of Adams County, a/k/a Adams and Weld Counties School District 27J, a/k/a School District No. 27J**, to me known to be the identical person(s) described herein, and who executed the within and foregoing instrument of writing and acknowledgment to me that he / she duly executed the same as his / her free and voluntary act and deed for the uses and purposes therein set forth.

Witness my hand and official seal.

Notary Public in and for the State of _____