

IN CONSIDERATION OF THE PREMISES, it is hereby expressly covenanted and agreed by the second parties that they shall begin drilling operations on the land herein described on or before June 1, 1924, with a full and complete drilling rig fully equipped with all necessary tools and appliances for prosecuting drilling without necessary delay or interruptions, capable of drilling a well to a depth of two thousand (2000) feet, with all necessary parts, materials, supplies, appliances and equipment, including not less than one thousand feet of ten-inch casing and three hundred fifty feet of twelve and one-half inch casing, and that said second parties shall perform said drilling continuously and diligently, inevitable accident, weather conditions, act of God or unavoidable delay due to transportation or market conditions excepted, until they shall have drilled a well to a depth of not less than two thousand feet unless commercial oil shall be encountered at a lesser depth, the said well to be cased down to the oil producing sand, the casing at the top of the well to be not less than twelve and one-half inches in diameter and to be reduced in accordance with the traditions and usages of proper drilling operations, and it is expressly agreed that all work, including drilling and casing, shall be done in a good and workmanlike manner and that drilling shall proceed continuously and diligently unless prevented by inevitable accident, weather conditions or unavoidable delay, casing at 1000 feet to be not less than eight and one-quarter inches in diameter.

IT IS FURTHER COVENANTED AND AGREED by and between the parties hereto that the Second parties shall pay as royalty to the first party a one-eighth part of all oil and gas produced and saved on or from said lands, the said one-eighth part of all oil or gas to be delivered to the first party at the well or wells in pipe-lines or in tanks to be furnished by the lessor, and in addition thereto shall pay any and all royalties which may accrue or become due to the government of the United States under the terms of any lease which may be issued by the United States to first party, pursuant to permit or permits now held by first party issued to it under the terms of the Act of February 25, 1920, commonly referred to as the Oil Leasing Bill, it being understood by the parties hereto that the above described lands now are embraced in government permit, and shall also pay any and all royalties which may in any other manner accrue or become due to the government of the United States.

IT IS FURTHER COVENANTED AND AGREED that if oil is found in commercial quantities in the first well drilled by second parties, then the said lessees shall drill additional wells on said demised lands in such numbers and as rapidly as may be consistent and proper for the purpose of proper development of the resources of said lands, and that all stipulations and covenants and agreements herein contained as to royalties on oil and gas produced in the first well drilled by the said lessees shall apply in the same manner and to the same extent to all other wells drilled by said lessees on said lands and to the payment of royalties on the same.

AND IT IS FURTHER EXPRESSLY UNDERSTOOD AND AGREED THAT time is of the essence of this agreement in all its provisions and that the failure of the second parties to do or perform any of the things herein by them covenanted to be by them done or performed at the time and in the manner herein specified shall, at the election of the first party, operate to annul and render void all the rights and privileges of the second parties as to the above described lands on which such work, thing or things should have been done or performed; and further that the Company (first party) consents to the use by second parties upon said lands hereby leased and demised of water, oil and gas taken therefrom for the purposes of drilling and purposes incident thereto.

It is further COVENANTED AND AGREED that the second parties shall drill offset wells drilled on adjoining land not belonging to or leased by the first party and within two hundred feet of the lands hereby leased, said offset wells to be commenced within thirty days from the completion of said wells on adjoining lands, and that all wells drilled by second parties shall be promptly pumped whenever pumping may be necessary for properly testing the production of said wells and for the production of oil therefrom.

IT IS HEREBY FURTHER COVENANTED AND AGREED that the first party reserves to itself, without compensation therefor to the second parties, the right to lay, maintain and use pipe-lines for oil and gas upon, from and across the lands hereby demised at such places as the first party may deem necessary and proper in the development of its lands in the vicinity of the lands herein described and in the marketing and transportation of oil and gas, and it is further covenanted and agreed that the first party shall have such rights of way upon and across the lands herein described without compensation therefor to the second parties, as may be convenient to the first party in the construction of pipe-lines, roads and trackage to be used in connection with the lands herein described and other lands in the vicinity thereof whether the property of first party or of other persons, due regard being had to the rights and convenience of the second parties.

IN WITNESS WHEREOF, the Cretaceous Oil Company has caused these presents to be executed in duplicate by its officers thereunto duly authorized and the corporate seal of the said company to be hereunto and to one duplicate hereof attached, and the second parties have hereunto and to one duplicate hereof set their hands and seals the day and year first above written. This agreement shall not take effect or be binding on the parties hereto until and unless the operating agreement now being negotiated between first party and Utah Oil Refining Company covering adjoining lands shall have been fully executed and delivered.

ATTEST:

(SIGNED) Grace MacGlashan,  
Secretary.

CRETACEOUS OIL COMPANY

BY Robert R. Rose (SEAL)  
President. (SEAL)

Witness:

(SIGNED) Albert Larson, as  
to Grace MacGlashan.

L. F. Flutcher. (SEAL)

Mack Thornton as to

Witness:

R. R. Maupan as to  
L. B. Maupan

L. Maupan. (SEAL)