

center of Section 3, thence N. to the place of beginning.

It is agreed that this lease shall remain in force and effect for a term of five years from this date, and as long thereafter as oil or gas, or either of the, is produced from said lands by the lessee in paying quantities, and the other conditions and requirements hereinafter mentioned and contained to be kept and performed by said lessee.

In consideration of the premises the said lessee covenants and agrees:

1. To deliver to the credit of lessor free of cost, in the pipe line to which it may connect its wells, the equal one-eighth (1/8th) part of all oil produced and saved from the leased premises.
2. To pay the lessor two hundred dollars (\$200.00) each year, in advance, for the gas from each well where gas only is found, while the same is being used off the premises, and lessor to have gas free of cost from any such well for all stoves and all inside lights in the dwelling house and other houses used by them on the premises during the same time by making their own connections with the well at their own risk and expense.
3. To pay lessor for gas produced from any well and used off the premises at the rate of fifty dollars (\$50.00) per year, for the time during which such gas shall be used. This shall not be construed as being in conflict with paragraph two of this agreement, but shall be construed to mean that when oil is produced together with the gas.

If no well be completed on said lands on or before the fourth day of December, 1925, and lessee covenants and agrees to complete a well on said lands within said time, then and in that event this lease shall terminate as to both parties, unless the lessee on or before that date shall pay or tender to the lessor or to the lessor's credit in the First National Bank of Kemmerer, at Kemmerer, Lincoln County, Wyoming, or its successors, which shall continue as the depository, regardless of changes in the ownership of said lands, the sum of three dollars (\$3.00) per acre for each and every of land herein mentioned, described and leased, which payment of said sum shall operate and cover the rental and the privilege of deferring the completion of a well on said premises for twelve months from said date. In like manner and upon like payments or tenders the completion of a well may be further deferred for like periods of the same number of months successively, but not beyond the term herein limited that is to say, five years. And it is understood and agreed that the consideration first recited herein, the down payment, covers not only the privileges granted to the date when said first rental is payable as aforesaid, but also the lessee's option of extending that period as aforesaid, and any and all other rights conferred.

And in further consideration hereof, said lessee on the date hereof issued and delivered to lessor certain shares of its capital stock at the agreed value of \$.25 per share, in lieu of a cash payment at this time for the agreed bonus for said lease, the issuance and delivery of said stock by said lessee and the acceptance of the same by lessor is upon the express agreement and understanding that said lessor shall have the option at the expiration of ninety (90) days from the date hereof to return one-half of the same to said lessee, with draft attached, in which event the said lessee covenants and agrees to redeem the said one-half of said stock in cash at and for the sum of \$.25 per share. And said lessor shall have thirty days after the expiration of said ninety days within which to exercise her said option.

And it is further understood and agreed that if said lessee refuses, fails or neglects to redeem said stock and to pay and honor said draft within fifteen (15) days after the same is presented for payment and demand for payment made, then and in that event this lease shall terminate and be wholly null and void and of no force or effect whatever, and in the event that this lease shall have been made a matter of record then and in that event the said lessee shall cause the same to be cancelled and discharged on the record, or deliver said cancellation to the lessor.

If while this lease is in force and prior to the discovery of oil and gas, on said leased lands, there shall be drilled on adjacent lands and within 200 feet of any line of said leased lands, a well producing as much as twenty-five barrels of oil per day for thirty consecutive days, the lessee will with reasonable diligence begin and prosecute the drilling of a well on said leased lands in a faithful effort to find and produce oil in paying quantities, as near as practicable to said producing well.

Should the first well drilled on the above-described lands be a dry hole, then and in that event, if a second well is not completed on said land within twelve months from the expiration of the last rental period for which rental has been paid, this lease shall terminate as to both parties, unless the lessee on or before the expiration of said twelve months shall resume the payment of rentals in the same amount and in the same manner as hereinbefore provided. And it is agreed that upon the resumption of the payment of rentals, as above provided, that the last preceding paragraph hereof governing the payment of rentals and the effect thereof, shall continue in force just as though there had been no interruption of the rental periods.

If said lessor owns a less interest in the above described lands than the entire and undivided free simple estate therein, then the royalties and rentals herein provided for shall be paid the said lessors only in the proportion which her interest bears to the whole and undivided fee.

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 of lessor.

When requested by lessor, lessee shall bury all pipe lines below plow depth.

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

Lessee shall pay for damages caused by its operations to growing crops on said land.

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.