

quarter (SE $\frac{1}{4}$) of said Section one (1) have been transferred and assigned to and are now held and owned by the third parties hereto; and

WHEREAS, the parties hereto believe the lands described in said permits contain valuable deposits of oil and gas; and

WHEREAS, the parties hereto desire to contract for the exploitation, development and operation of said lands and the production of the oil and gas therein in full compliance with the said Act of Congress and the regulations heretofore adopted and hereafter to be adopted thereunder; and

WHEREAS, fourth party hereto is able, efficiently and economically, to prospect for oil and gas on said premises, and to exploit, develop and produce any and all oil and gas that may be found in commercial quantities therein, and to furnish the necessary working capital for the purpose aforesaid, and is desirous of obtaining the exclusive right to enter upon said lands and to prospect thereon and to develop and produce any and all oil or gas found therein.

NOW, THEREFORE, it is agreed as follows, to-wit:

1. That so long and only so long as fourth party hereto shall comply with all the terms, conditions, provisions and covenants of this agreement, said fourth party shall have, and is hereby given the exclusive right of possession and occupation of the lands hereinabove described under said permits, and all leases, extensions, renewals and amendments of said permits or leases that may hereafter be granted by the United States to the other parties to this agreement, or to any of them, or to their successors or assigns, heirs or personal representatives, for the purpose of prospecting and drilling for and developing and producing all oil and/or gas therefrom; and said fourth party shall have full and complete charge and control of all operations upon said lands and shall continue in control thereof during the life of this agreement; subject however, to the right of the first, second and third parties, and their or either of their duly authorized agent or agents to enter upon said premises at any and all reasonable times for the purpose of inspecting the same and the operations of the contractor thereon, and, if necessary, of maintaining a place of residence thereon for such purposes.

2. Fourth party hereto does hereby covenant and agree to pay to the Government of the United States all its share of all oil and/or gas that may be produced from the lands hereinbefore described in accordance with the provisions of said Act of February 25, 1920, and of all said oil and gas prospecting permits and of all regulations promulgated or to be promulgated under the provisions of said Act, and in addition thereto on that part of the lands above described and designated as belonging to first party and on which the royalty fixed and charged by the Government shall be five per cent (5%), eight per cent (8%) of the amount of all oil and/or gas produced and saved therefrom shall belong to first party; and on that part of the lands hereinbefore described and designated as belonging to first party on which the Government royalty shall be in excess of five per cent (5%), five per cent (5%) of the amount of all oil and/or gas produced and saved therefrom shall belong to said first party; on that part of the lands above described and designated as belonging to second party and on which the royalty fixed and charged by the Government shall be five per cent (5%), eight per cent (8%) of the amount of all oil and/or gas produced and saved therefrom shall belong to second party; and on that part of the lands hereinbefore described and designated as belonging to second party on which the Government royalty shall be in excess of five per cent (5%), five per cent (5%) of the amount of all oil and/or gas produced and saved therefrom shall belong to said second party; on that part of the lands above described and designated as belonging to third parties and on which the royalty fixed and charged by the Government shall be five per cent (5%), eight per cent (8%) of the amount of all oil and/or gas produced and saved therefrom shall belong to third parties; and on that part of the lands hereinbefore described and designated as belonging to third parties on which the Government royalty shall be in excess of five per cent (5%), five per cent (5%) of the amount of all oil and/or gas produced and saved therefrom shall belong to said third parties.

3. Fourth party hereby covenants and agrees that, having already begun the transportation to the lands herein described of drilling equipment, machinery, material and casing, he will diligently continue the transportation to said lands hereinbefore described of adequate drilling material, machinery, equipment and casing, and that he will have on the lands hereinbefore described on or before the 24th day of May, 1926, a substantial amount of drilling equipment, machinery, material and casing for use in drilling operations hereinafter mentioned, and that on or before the 24th day of June, 1926, he will have upon the ground hereinbefore described drilling equipment, machinery, material and casing sufficient and adequate to extend and case the hole now being on the East half (E $\frac{1}{2}$) of the Southwest quarter (SW $\frac{1}{4}$) of said Section one (1) now cased to a depth of approximately eight hundred (800) feet and known as the "Lackey Well" to a depth of two thousand (2000) feet, and that he, the said fourth party, will on or before the 24th day of June, 1926, begin drilling operations in said well and will prosecute the drilling of the same continuously and with due diligence and in good and workmanlike manner until the oil sand encountered in the well on said Dry Piney Field recently drilled by the Midwest Refining Company and the Utah Oil Refining Company at a depth of approximately nineteen hundred twenty (1920) feet shall have been reached; but not to exceed 2100 feet; and if oil is encountered in said well (herein spoken of as the "Lackey Well") in commercial quantities, or if the Lackey Well should be lost fourth party covenants and agrees immediately to commence the drilling of other wells on said lands and to prosecute the drilling of the same continuously and diligently in such numbers as may be necessary to adequately develop the oil and gas contained in said lands within the term of the lease which may be issued by the Government of the United States under the provisions of the said Act of February 5, 1920, it being understood and agreed that fourth party shall have the privilege, if he so desires to drill to a greater depth any or all of the wells now on the lands herein described; and it is hereby expressly covenanted and agreed that fourth party, upon encountering any sand or strata bearing oil and gas or indications of the same or either of them, shall notify Robert R. Rose, the President of first party and of second party by telegram at his office in Casper, Wyoming, or such other person or persons as may hereafter be designated by first and second parties, thereof, and shall also notify the Bureau of Mines at its Casper office thereof, and shall not proceed with further drilling until first and second parties shall have a representative or representatives at the site of said drilling operations, provided said representative or representatives shall arrive within five (5) days from the