

That said assignment is subject to overriding royalties of four per cent (4%) payable from production, two per cent (2%) to Lionel H. Gray, and two per cent (2%) to J. E. Edmunds or their respective assignees.

That the said contractors propose and now agree within thirty (30) days from the date hereof, to install on the S.1/2 of the S.1/2 of Section Nineteen (19), T. 28 N., R. 113 W., 6th P. M., of said Permit, an adequate rig, tools, drilling equipment and casing and to commence, and to drill diligently until completion, a well for oil or gas to a depth of 1000 feet, unless oil in commercial and paying quantity satisfactory to the Permittee is discovered at a lesser depth, to pay to the said Permittee overriding royalties as hereinafter specified, in addition to the overriding royalties accruing, or to accrue to Edmunds and Gray, as above mentioned, or their assigns, and to reserve to the said Permittee, free of all cost in connection with the first well, a ten per cent (10%) working interest in this lease, drilling agreement and well, for and in consideration of this lease, drilling contract and right to enter upon and develop, subject to the conditions of said Permit, and the Federal laws, rules and regulations governing the same, seven hundred and twenty (720) acres of said Permit.

That for and in consideration that the said contractors shall and do install an adequate drilling rig, tools, drilling equipment and casing upon the said Permit within thirty (30) days from the date hereof, and do, with due and reasonable diligence, commence and proceed with the drilling of the well in the S.1/2 of the S.1/2 of Section nineteen (19) T. 28 N., R. 113 W., to the depth of 1000 feet, unless oil in commercial and paying quantities satisfactory to the Permittee is discovered at a lesser depth, and does set aside and reserve to the said Permittee, or his assigns, free of all cost in connection with the first well, a ten per cent (10%) working interest in this said lease, drilling agreement and well, the said Permittee does hereby assign, sell, transfer and convey to the said contractors the right, subject to and in accordance with Government Permit regulations, to enter upon and develop seven hundred and twenty (720) acres of the acreage embraced in said Permit, which 720 acres is more specifically described as follows:

S.1/2 of the SW.1/4, SW.1/4 of the SE.1/4 Section 19; NW.1/4 of Section 30;
T. 28 N., R. 113 W., 6th P. M.; S.1/2 of the SE.1/4, Sec. 24; N.1/2 of the
N.1/2 Sec. 25; NE.1/4, and NE.1/4 of the NW.1/4, Sec. 26, T. 28 N., R. 114 W.,
6th P. M., Sublette County, Wyoming.

160 acres of which shall be preferential acreage, upon which a royalty of 5% is to be paid to the Government, 4% overriding royalties are to be paid to L. H. Gray and J. E. Edmunds, or their assigns, as above mentioned, and 3-1/2% overriding royalty is to be paid to the Permittee, or his assigns; and 560 acres of which shall be secondary acreage upon which a minimum royalty of 12-1/2% is to be paid to the Government, 4% overriding royalties are to be paid to L. H. Gray and J. E. Edmunds, or their assigns, as above mentioned, and 1% overriding royalty is to be paid to the said Permittee.

That it is further understood and agreed that the right and interest herein granted shall likewise apply to any extension of said Permit, or to any lease hereinafter granted by the U. S. Government as a result of the development carried on under this said Oil and Gas Prospecting Permit #07698; provided, however, that the preferential 160 acres of this 720 acres may be selected by the said Permittee, and shall accrue to the contractors under any resulting lease from the U. S. Government; that upon the 560 acres, secondary acreage, the said contractors shall enter their bid, if so requested by the Government, and failure so to do shall cause the contractors' right to such acreage to revert to the said Permittee; that the failure of the contractors to commence the actual drilling of a well, as herein specified, or to continue to carry on its drilling with diligence, or to drill and develop their part of the ground under this Permit, or under subsequent lease, in the manner and to the extent required and demanded by Government Permit and Lease regulations, shall likewise cause the rights herein granted to revert to the said Permittee.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written.

(Signed) R. C. Horn, (SEAL)
Permittee.

(Signed) R. P. Tracy, (SEAL)

(Signed) R. H. Mail, (SEAL)
Contractors.

Assignment Approved: Dec. 7, 1923
(Signed) E. C. Finney,
First Assistant Secretary

Serial No. 07698
Received
U.S. Land Office
Evanston, Wyo.
Date Sept. 18, 1923 9:00 a.m.

ASSIGNMENT OF OIL AND GAS PERMIT
Dry Piney District.

Evanston Land Office District - State of Wyoming.

THIS AGREEMENT, made this 4th day of September, A. D. 1923, by and between Lionel H. Gray, Felt Building, Salt Lake City, Utah, and R. C. Horn, Scott Building, Salt Lake City, Utah,

WITNESSETH:

That the said Gray has made at the Evanston Land Office, Evanston, Wyoming, application No. 07698 for an Oil and Gas Prospecting Permit and for which Permit has been