

eight (28), North of Range one hundred fourteen (114), West of the 6th P. M.; and the North half ($N\frac{1}{2}$) of the Southwest quarter ($SW\frac{1}{4}$) of Section six (6), the Northeast quarter ($NE\frac{1}{4}$) and the East half ($E\frac{1}{2}$) of the Northwest quarter ($NW\frac{1}{4}$) of Section seven (7), and the Southeast quarter ($SE\frac{1}{4}$) of Section thirty-two (32), all in Township twenty-eight (28), North of Range one hundred thirteen (113), West of the 6th P. M., and

WHEREAS, by agreements in writing heretofore entered into all the right, title and interest of the said first party and the privileges of first party under and by virtue of said Oil and Gas Prospecting Permit in and to the Northeast quarter

Northeast quarter ($NE\frac{1}{4}$) of the Northeast quarter ($NE\frac{1}{4}$) and the Northeast quarter ($NE\frac{1}{4}$) of the Southeast quarter ($SE\frac{1}{4}$) of said Section one (1), Township twenty-eight (28), North of Range one hundred fourteen (114), West of the 6th P. M., and the North half ($N\frac{1}{2}$) of the Southwest quarter ($SW\frac{1}{4}$) of said Section six (6), and the Southeast quarter ($SE\frac{1}{4}$) of the Northwest quarter ($NW\frac{1}{4}$) of said Section seven (7), Township twenty-eight (28), North of Range one hundred thirteen (113) West of the 6th P. M.,

have been transferred and assigned to and are now held and owned by the second party 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, third 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 third party hereto shall comply with all the terms, conditions, provisions and covenants of this agreement, said third 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 third 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 and second parties, and their or, either of their duly authorized agent or agents to enter upon said premises at any and reasonable times for the purpose of inspecting the same and the operations of the contractor thereon and maintaining a place of residence thereon for such purposes.

2. Third 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.

3. Third party hereby expressly promises, covenants and agrees that before the 1st day of April, 1927, she will move upon the land affected by this agreement, or some part thereof, a complete drilling rig and tools, equipment, machinery, material and casing, and that on or before the said 1st day of April, 1927, she will commence the drilling of a well upon said lands and will prosecute the drilling of the same diligently and continuously until a depth of not less than two thousand (2000) feet shall have been reached unless oil in commercial quantities shall have been discovered at a lesser depth; and if oil shall be encountered in said well in commercial quantities third party does hereby promise, covenant and agree immediately upon the completion of said well to commence the