

ship 29 North, Range 111 West, containing 318 acres more or less.

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

To deliver to the credit of the lessor (less transportation costs, government charges, allowances, and taxes) in the pipe line to which the lessee may connect its wells, as rent or royalty, the equal one-eighth (1/8) part of all oil and gas produced and saved from the leased premises.

All payments of money, under this lease, may be made or tendered by check direct to the lessor or by registered letter addressed to the lessor at Big Piney or its successors or assigns, unless or until the lessor shall designate in writing to the lessee some other address or bank or trust company as depository, on the first day of each month.

The lessee shall have the right at any time to release from the operation of this lease any part or portion of the lands hereinbefore described, by giving to the lessor notice thereof in writing, and from the date of such notice, the lessor and lessee shall each be released from all of the terms and provisions of this lease, so far as the same affects such premises so released, but as to the portion of said land not so released this lease shall remain in full force and effect.

No well shall be drilled nearer than one hundred feet to any building now on said land without the written consent of the lessor. If no well is commenced upon the lands described herein by lessee, assigns, or any company or associates, with whom it is now or may be hereafter interested, on or before the 30th day of June, 1927, this lease shall terminate as to both parties unless the lessee, on or before the 30th day of June, 1927, shall pay or tender the lessor the sum of Three Hundred Dollars (\$300.00), which shall operate as a rental for twelve months from and after the date last above stated. In like manner and upon the payment or tender of One Thousand Dollars (\$1,000.00), the well may be further deferred for like periods successively during the entire term of this lease.

In the event a dry hole or a well not producing oil, gas, or other mineral product in commercial quantities is drilled, or a well ceases to produce in commercial quantities, the lessee shall have eighteen months from the date of the completion of said dry hole or said well or from the date any well ceased to produce oil, gas, or other mineral product in commercial quantities, in which to continue operations on the above land, during which time no royalties shall be due or payable, and this lease shall be in full force and effect for said time as fully as if said royalties had been paid, or a well producing oil, gas, or other mineral product brought in or in operation.

If the test well is a paying well, lessee agrees within ninety days from the completion of said well, to commence a new and separate well on the lands herein described.

And if oil and gas are encountered in commercial paying quantities and the well is a paying well, then lessee shall continue to develop such lands on oil structure with due diligence, subject to delays such as unavoidable breakage in machinery or severe weather or winter or acts of Providence where it would make it unprofitable to continue for a certain period of time, then the lessee shall not be obligated to continue drilling until more favorable conditions prevail, but in no event whatsoever shall the lessee discontinue drilling this first test well for a continuous period of more than six months at one time without the written consent of the lessor.

No change in ownership of said land or the rentals or royalties due hereunder shall affect or bind the lessee until such purchaser shall have furnished lessee proper certificate of ownership showing as a part thereof the title claimed by the purchaser.

Lessee shall pay damages to growing crops on said lands. When requested by the lessor, lessee shall bury its pipe lines below plow depth. Lessee shall have the right at any time to remove all pipe, machinery and fixtures placed on said premises within one year from the annulment of this lease.

Lessor further agrees that the lessee may pay any overdue encumbrance on said premises or any part thereof, the foreclosure of which might interfere with the rights granted by this indenture, and apply so much of the royalties then due, or thereafter to become due under this lease, to the repayment of the moneys so advanced, with interest thereon at the rate of seven percent (7%) per annum. If the said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided for shall be paid to lessor only in the proportion which his interest bears to the whole and undivided fee.

The lessee agrees to have all supplies, tools, rig, and equipment on the lands herein described, or within a radius of five miles, on or before the 30th day of June, 1927.

Lessee agrees that this test well shall be drilled to a depth of 2,000 feet unless oil or gas are encountered in commercial paying quantities at a lesser depth, which shall be full satisfaction of all obligations of lessee.

Said owners represent and warrant that they are the owners of the above lands, and that they have not entered into any agreement with any other person or persons, firm, or corporation affecting the lands above described, that no other person or persons, firm, or corporation has acquired any rights to said lands; and the party of the first part agrees to protect the party of the second part against claims or rights asserted by other persons in or to said lands heretofore described.

If the estate of either party hereto is assigned (and the right or privilege of assigning in whole, or in part, is expressly allowed) the covenants hereof shall extend to and become binding upon their heirs, executors, administrators, successors or assigns but no change in ownership of the land or assignment of royalties shall be binding on the lessee until after the lessee has been furnished with such written transfer or assignment or a true copy thereof; and it is hereby agreed that in the event this lease shall be assigned by the lessee as to a part or parts of the above described lands, and the assignee or assignees of such part or parts shall make default in the payment of the