

ments of said permit or permits or leases that may hereafter be granted by the United States to said owner, his heirs, executors, administrators, or assigns, for the purpose of prospecting or drilling for and developing, producing and marketing all oil and/or gas therefrom; and the contractor 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 owner, his 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.

Section 2. That under and pursuant to the provisions of the Act of Congress, granting to the Secretary of the Interior authority to extend the time which to begin drilling operations or to complete the same, the owner shall, if and when requested so to do by the contractor, apply to the Secretary of the Interior for a maximum period of time from and after the date of the granting of such extension within which to comply with the requirements of said permit, as so extended; such application for extension to be prepared by the contractor submitted to the Secretary of the Interior. Provided, however, that the provisions of this paragraph and/or the compliance therewith by the owner shall not in any event be construed as a consent on the part of the owner to any violation on the part of the contractor of his obligations hereunder assumed.

Section 3. That the contractor shall have full and complete charge and control of all the operations upon said lands and shall continue in control during the life of this agreement and during the term of said permit, and of any lease or leases which may be issued to the owner, as well as of any extension or extensions, renewal or renewals of said permit, lease or leases, in whole or in part, subject to the provisions of Section 1 of Article I, hereof.

Section 4. That on that part of the lands embraced in said permit which shall be leased to the owner at the minimum royalty of five per cent, (5%), the contractor shall, for his services and expenditures hereunder be entitled to retain eighty-seven and one-half (87½) per cent of the total amount of all oil and/or gas produced and saved therefrom. Of the remaining twelve and one-half per cent (12½%) of said total amount, five per cent (5%) shall by the contractor be turned over or its value paid to the United States as its royalty, and the balance of seven and one-half per cent (7½%) shall belong to the owner. On that part of the lands described herein as to which the royalty fixed and charged by the Government shall be twelve and one-half per cent, (12½%) or in excess of that amount, two and one-half per cent (2½%) of the amount of all oil and/or gas produced and saved therefrom shall belong to the owner, and after turning over to the United States its royalty of the value thereof, the contractor for his services and expenditures hereunder shall be entitled to retain the balance of the total amount of all oil and/or gas produced and saved therefrom. In computing total production for the purpose of this section, the contractor shall not be charged for oil or gas used either in development or production operations upon any part of said lands, or unavoidably lost.

Section 4a. That the contractor will, as hereinbefore stated, forthwith pay to the owner the sum of five thousand dollars (\$5000.00) and a further sum of four thousand dollars (\$4000.00) on or before the 15th day of May, 1927, AND,

In addition to the cash payments and royalties hereinbefore mentioned, he will pay to the owner out of oil and/or gas produced and saved from said premises, but not otherwise twenty-five per cent (25%) of all the oil produced and saved from said premises, and twenty-five per cent (25%) of the proceeds from any gas produced and sold therefrom, until the sums so paid amount in the aggregate to \$24,000.00, at which time said payments shall cease.

Section 5. That the owner shall not declare the rights of the contractor under this agreement forfeited for any cause whatever unless the owner shall notify the contractor in writing of the existence and exact nature of the cause of forfeiture, and unless the contractor shall fail to remedy or remove said cause within sixty days from the service of such notice.

Section 6. That the contractor may, at any time hereafter, surrender and abandon all or any part of the above described lands and thereby be relieved of all future obligations of whatsoever kind or nature in respect thereto; provided, however, that such right to surrender shall be exercised in such manner as to allow the owner at least sixty days prior to the expiration of any extension which may be hereafter granted within which to comply with any drilling requirements which would be encumbent upon him in order to protect his rights from forfeiture because of the surrender and abandonment of the contract; Provided, that the contractor shall in any event, condition any and all wells by him drilled or commenced to be drilled, in such manner as shall be satisfactory to the Department of the Interior before any surrender of this contract shall be made or effected. And in case of such surrender by the contractor or in case of forfeiture or other termination of this agreement, the contractor may at any time remove all equipment and other removable property placed by him on said lands.

Section 7. That during the life of this agreement the contractor agrees to purchase, and the owner agrees to sell, at the well or wells where produced, all the oil belonging to the owner produced and saved from the lands subject to this agreement, and to pay therefore the current market price paid in the fields in the State of Wyoming at the time of production for the same grade and gravity of oil, which price shall in no event be less than the price paid to the United States Government, for its royalty oil produced and saved from the same lands; such payments to be made on the 20th day of each month for all royalties accruing to the owner on account of production of the next preceding month.

IN CONSIDERATION WHEREOF, the contractor covenants and agrees with the owner, as follows:

ARTICLE II.

Section 1. That, subject to the reservations and right to surrender hereinbefore set out, the contractor shall, on or before the 15th day of May, 1927, place and erect