

for damages, personal injury, mechanics' liens and all debts incurred by second party for labor, material, etc., in so far as same relate to the operations under this agreement conducted by second party, its agents or assigns, and shall comply or cause compliance to be made with all applicable laws of the State of Wyoming, and all regulations as to the insurance of employees, which compliance shall continue during the life of this agreement.

21. That second party shall pay, or cause to be paid when due, all State and Government taxes, except such as are legally chargeable against first party's interest hereunder, lawfully assessed and levied upon improvements hereunder placed upon the lands the subject of this agreement and upon all oil and/or gas produced hereunder by second party.

22. That second party shall keep, or cause to be kept, proper records of the production and gauging of all oil and/or gas produced from the lands the subject of this agreement, and accurate logs of all wells drilled thereon, and shall on the 20th day of each calendar month render or cause to be rendered to first party full and complete written statements of said production.

23. That first party, or its duly authorized agent or agents, shall be entitled at any and all reasonable times for any reason sufficient to first party, to inspect all records including well logs prepared or kept, or cause to be prepared or kept, by second party, or its assigns, for its or their use or the use of others, or for the use of the United States or for any other purpose, or production and gauging on the lands the subject of this agreement.

24. That second party shall cause to be made and kept from day to day an accurate and complete record and log of each of the wells drilled, or caused to be drilled, by second party, under this agreement, which record shall show in detail all of the various formations passed through in the drilling of the well and the said record pertaining to each of said wells shall be delivered to first party upon completion of said well, but second party shall also deliver to first party at the expiration of each week during the progress of drilling, fractional portions of such records and logs so made and kept for said wells.

25. During the progress of drilling operations, second party shall also furnish and deliver to first party samples of drillings, each of which samples shall be taken at 10-foot intervals as said drilling proceeds, said samples to be delivered to first party promptly as taken.

26-a. First party's willingness to enter into this or any agreement relative to said lands is conditioned upon its right to purchase all oil and/or gas which may be produced from any of the lands the subject of this agreement; and in consideration of that fact and the right by this agreement conferred on it, second party does hereby give and grant to the party of the first part the exclusive right to purchase at the current posted market price in the LaBarge field at the time of production for oil of similar character, all oil belonging or to belong to the party of the second part hereunder or which may come under its control, and produced from any of the lands the subject of this agreement, except such oil as may be required for use in the course of development operations conducted by second party on said lands.

26-b. And for and upon the same considerations, second party does hereby also give and grant to the party of the first part the exclusive right to purchase at the current posted market price in the LaBarge field at the time of production for gas of similar character, all gas, including gas from which gasoline may be extracted, belonging or to belong to the party of the second part hereunder and produced from any of the lands the subject of this agreement, except such gas as may be required for use in the course of development operations conducted by second party on said lands.

26-c. It is agreed that the party of the first part shall not be expected or required as a condition to the retention of the rights hereby conferred, to take or purchase any of the oil produced and saved from any of said lands until a pipeline shall have been completed from said LaBarge field to the railroad, and that it shall not be required to take or purchase any of the gas produced and saved from any of said lands until a reasonable time has been allowed for the construction and completion of the pipeline from said structure and a suitable market for said gas has become available.

26-d. It is contemplated that after the completion of said pipe line the party of the first part will exercise its option hereby given in such manner as to take at the price aforesaid all of the oil produced from said lands by the party of the second part, but it is agreed that in the event party of the first part shall fail or decline to take any part thereof so produced, then as to that part thereof so refused, the party of the second part shall be at liberty to make such disposition thereof as it shall desire.

27-a. ATTEMPT TO CONSOLIDATE BIRD AND NEWLON PERMITS. It is recognized by the parties hereto that because of the comparatively small amount of acreage embraced in each of said permits, a consolidation of said Newlon and Bird permits would be in the interest of said permittees and all concerned, and accordingly it is agreed that the parties hereto shall cooperate in an effort to bring about such a consolidation of said two permits, one of the results of which would be the enlargement of the amount of desirable acreage subject to inclusion in an A lease. And it is also agreed that if such efforts shall succeed and there shall be issued to said permittees, their heirs or assigns, a consolidated permit covering the lands now embraced in said two permits, and if after commercial production has been encountered and when the proper time arrives for making application for leases covering lands embraced in said consolidated permit, it shall have been demonstrated that, taking into consideration the depth of wells, amount of production and grade and gravity of oil produced, the 80-acre tract of the present Bird permit area, the subject of this agreement, and contiguous acreage sufficient in amount to make up the 560 acres of land which first party will be entitled to select as "primary" acreage, is more valuable for inclusion in a so called A lease covering the "primary" acreage than other lands in such consolidated permit, then said 80-acre tract so to be held and operated by second party hereunder, shall be included in such A lease covering said "primary" acreage.