

Southwest Quarter of Section Fifteen, Township Twenty-seven North, Range One Hundred Thirteen West, Sixth Principal Meridian, Wyoming, containing One Hundred Sixty Acres,

and,

WHEREAS, the parties hereto believe the lands hereinabove described contain valuable deposits of oil and gas; and,

WHEREAS, The owner desires to contract for the exploitation, development, and operation of said lands, and the production of oil and gas therein, in full compliance with the said Act of Congress, and the regulations thereunder; and,

WHEREAS, Said contractor is desirous of obtaining the exclusive right to enter upon the lands above described, and to prospect therein, and to develop, produce, market and handle any and all oil and/or gas found therein;

NOW, THEREFORE, In consideration of the premises, the full and faithful performance by the contractor of his covenants hereinafter set forth, and the payment to the owner by the contractor of the sum of One Dollar, the receipt whereof is hereby confessed and acknowledged, the owner covenants and agrees to and with the contractor as follows:

ARTICLE I.

Section 1. That so long, and only so long, as the contractor shall fully comply with all the terms, conditions, provisions and covenants of this agreement, it, the said contractor, shall have and is hereby given exclusive possession and occupation of said described premises, as herein provided, under said permit and all leases or extensions or renewals or amendments of said permit or permits or leases that may be hereafter granted by the United States to said owner, its successors or assigns, for the purpose of prospecting or drilling for and developing, producing and marketing all oil and/or gas therefrom; and the said 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, its duly authorized agent or agents, to enter upon the said premises at any and all reasonable times for the purpose of inspecting the same and the operations of the contractor thereon.

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 within which to begin drilling operations or to complete the same, the owner shall, if and when requested to do so by the contractor, apply to the Secretary of the Interior for a minimum 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, and, after execution by the owner, to be 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 its 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 terms of said permit, and of any lease or leases which may be issued to the owner, covering the lands hereinabove described, as well as 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 the contractor for his services and expenditures hereunder shall be entitled to retain Eighty-seven and One Half Per Cent. (87½%) of the amount of all oil and/or gas produced and saved from said land. 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.

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 such 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 nature or kind in respect thereto, except to conditions wells thereon begun or drilled, in such manner as may be required by the Bureau of Mines; 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 be granted within which to comply with any drilling requirements which would be incumbent upon it in order to protect its rights from forfeiture because of the surrender and abandonment by the contractor. 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 it on said lands; provided, that the owner may retain any or all casing in wells, by paying to the contractor the agreed second hand price of such casing.

Section 7. That during the life of this agreement the contractor agrees to purchase at the well or wells where produced all the royalty oil belonging to the owner, and to pay therefore the current market price paid in the fields of 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 for its royalty oil produced and saved from the same or similar lands.

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