

No. 6065

DRILLING AND OPERATING AGREEMENT

Arza W. Paul

STATE OF WYOMING

COUNTY OF SUBLINTE } SS. Filed for record in my office
1927 at 10:00 o'clock A.M., and duly recorded in Book 2
of Miscellaneous on page 160.

To

J. P. Fuller
County Clerk.

Ogden LaBarge Oil Co.

Fees, \$4.15

THIS AGREEMENT, made and entered into this 3rd day of December, 1926, by and between ARZA W. PAUL, Permittee, hereinafter called "OWNER", Party of the first part and OGDEN LA BARGE OIL COMPANY, a Corporation of Utah, hereinafter called "CONTRACTOR" Party of the second part, WITNESSETH: That,

WHEREAS, pursuant to an application therefor, there was issued to the said ARZA W. PAUL, under Section 13, of the Act of Congress, approved February 25th, 1920, (41 Stat. 437) a permit Serial No. 07716, Evanston Land Office, Wyoming, granting to him said Permittee, the exclusive right under the provisions of said Act of Congress, to prospect for oil and gas upon the lands included in said permit, and embracing the following, all situate in Sublette County, State of Wyoming, to-wit:-

South Half (S $\frac{1}{2}$) of Section 7; South Half (S $\frac{1}{2}$), Northwest Quarter (NW $\frac{1}{4}$) of Section 8; South West Quarter (SW $\frac{1}{4}$) Section 17; all Sections 18, 19, West Half (W $\frac{1}{2}$) Section 20, Township 27 North, Range 112 West, 6th Principal Meridian, Containing 2436 acres.

WHEREAS, the parties hereto believe the lands described in said application and permit contain valuable deposits of oil and gas, and

WHEREAS, the Owner desires to contract for the exploration, development and operation of said lands, and the production of the Oil and gas therein, in full compliance with said Act of Congress and the regulations thereunder; and

WHEREAS, the Contractor is able to prospect for oil and/or gas on said premises, and to explore, develop, produce and handle any oil and gas that may be found in commercial quantities therein, and to furnish the necessary working capital for the purposes aforesaid, and is desirous of obtaining the exclusive right to enter upon the lands described in said application and permit, and to develop, produce, market and handle any oil or gas found therein;

NOW THEREOFRE, for and in consideration of the sum of Ten and no/100 dollars (\$10.00) and other good and valuable consideration, receipt of which is hereby confessed and acknowledged, and of the full and faithful performance by the Contractor of the Conditions, Agreements and covenants hereinafter set forth, the Owner covenants and agrees with the Contractor as follows:

ARTICLE I.

Section 1. That the Contractor shall have and is hereby given exclusive right of possession and occupancy of all lands above described, and all lenses or extensions or renewals of said permit or leases that may hereafter be granted by the United States to said Owner, for the purposes of prospecting or drilling for, developing, producing and marketing all oil, gas, casing-head gas, and kindred substances therefrom subject, however, to the right of the Owner to enter upon said premises at any and all reasonable times for the purposes of inspecting the same and the operations of the Contractor thereon, with the privilege of maintaining checkers and gaugers at and around the wells and storage tanks.

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 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 and after execution by the Owner, to be by the Contractor submitted to the Secretary of the Interior.

Section 3. That the Contractor shall have full and complete charge and control of all operations upon said lands and shall continue to 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 of extensions, renewal or renewals of said permit, lease or leases in whole or in part.

Section 4. It is understood between the parties hereto that if, upon the above described lands, oil or gas shall be discovered in paying quantities, said land will be leased from the United States Government, either at 5% or as "A" lands, or at 12-1/2% minimum, or as "B" lands. Said Contractor shall pay all royalties due to the United States Government on oil and/or gas produced and saved from said lands, and in addition thereto shall pay to said Owner, in Ogden, Utah, a royalty of five per cent (5%) of all oil and/or gas produced and saved from all "A" lands, and a royalty of two and one-half per cent (2-1/2%) of all oil and/or gas produced and saved therefrom shall belong to said Contractor and his services expended and expenses incurred hereunder, provided, that said Contractor shall comply with said Act of Congress of February 25, 1920 and the rules and regulations of the Department of the Interior promulgated thereunder in the production and handling of said oil and/or gas. In computing the total production for this section, the Contractor shall not be charged for oil or gas used either in development or production operations upon any part of the lands, or for any product unavoidably lost.