

No. 6098

DRILLING AND OPERATING AGREEMENT

H. H. Goddard

STATE OF WYOMING

SS. Filed for record in my office this
COUNTY OF SUBLETTE) 18th day of November, A. D. 1927 at 2:30
To o'clock P.M. and duly recorded in Book 2 of Miscellaneous on
page 167.

Thor Oil Company

J. P. Fuller
County Clerk.

Fees, \$4.55

THIS AGREEMENT, made and entered into this 31st day of October, 1927, by and between H. H. GODDARD, of Ogden City, Weber County, Utah, Permittee, hereinafter called "Owner", party of the first part, and the THOR OIL COMPANY, a Corporation of Utah, hereinafter called "Contractor" party of the second part, WITNESSETH:-

WHEREAS, pursuant to an application therefore, there was issued to the Owner under Section 13 of the Act of Congress, approved February 25th, 1920, (41 Stat. 437) a permit, Evanston Land Office, Serial No. 07749, granting to him 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:-

All of Sections Eleven (11), Twelve (12), Thirteen (13), and Fourteen (14), all in Township 27 North, Range 113 West, and containing 2560 acres more or less according to the U. S. Government Survey.

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/or gas therefrom, in full compliance with said Act of Congress and the regulations of the Department of the Interior promulgated thereunder; and

WHEREAS, the Contractor is prepared to prospect for oil and/or gas on said premises, and to explore, develop, produce and handle any oil and/or 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 permit, and to develop, produce, market and handle any oil and/or gas that may be found therein;

NOW THEREFORE, for and in consideration of the sum of Ten and no/100 dollars (\$10.00) and of other good and valuable considerations receipt of which is hereby confessed and acknowledged, and of the agreements and covenants hereinafter set forth, the Owner covenants and agrees with the Contractor as follows:

ARTICLE 1.

Section 1. That the Contractor shall have and is hereby given the exclusive right of possession and occupancy of all lands above described, and all leases or extensions or renewals of said permit or leases that may hereafter be granted by the United States to said Owner, his successors or assigns, for the purpose 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 purpose 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 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.

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, that said lands will be leased from the United States Government at a royalty of, either 5% as "A" lands, or at a royalty of 2½% minimum or as "B" lands, as provided by Section 19 of the Act of February 25th, 1920, and the rules and regulations of the Department of the Interior. Said Contractor shall pay all royalties that shall become due the United States Government on oil and/or gas produced and saved from said lands whether leased as "A" lands or "B" 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 such "A" lands and a royalty of two-and-one-half per cent (2½%) of all oil and/or gas produced and saved from such "B" lands, and that all of the remaining amount of oil and/or gas produced and saved therefrom shall belong to said Contractor for his services, expenses and assumption of liabilities 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.