

No. 6743

DRILLING AND OPERATING CONTRACT

Kathryn W. Humphrey

STATE OF WYOMING

To

} SS. Filed for record this 10th day of
COUNTY OF SUBLETTE } August, A. D. 1928 at 9:00 o'clock A.M.,
and duly recorded in Book 2 of Miscellaneous on page 271.

Miller Robert Taylor

J. P. Fuller
County Clerk.

Fees, \$3.15

T'IS AGREEMENT, made this 11th day of July, A. D. 1928, by and between Kathryn W. Humphrey of Denver, Colorado, hereinafter referred to as "Permittee", and the Miller Robert Taylor of Kansas City, Missouri hereinafter, referred to as "Contractor," WITNESSETH:

WHEREAS, Permittee is the owner of an oil and gas prospecting permit under the Act of February 25, 1920 (41 Stat. 437) granted to him December 21, 1925, and designated as Evanston, Wyo Serial No. 010358 for the following described lands:

All Secs. 15 and 22; $\frac{1}{4}$ Sec. 21; $\frac{1}{4}$ Sec. 23; $\frac{1}{4}$ Sec. 25; $\frac{1}{4}$ Sec. 24,
Tp. 27 N., R. 114 W., 6th P.M.

THEREFORE for and in consideration of the sum of Ten Dollars (\$10.00) and other valuable considerations paid to Permittee by Contractor, receipt of which is hereby acknowledged, and the mutual covenants of the parties hereinafter contained, the parties hereto hereby agree:

1. That Permittee hereby represents and warrants that he is the owner, without encumbrance, of the entire interest of said permit, except None.

That said permit is in good standing and not in default for failure to comply with the conditions thereof, except that an extension of time will be applied for, provided, that Contractor shall not be subject to any obligation under this contract, unless and until any such default existing at the date of this contract, shall have been cured by extension or otherwise.

2. That subject to the conditions and reservations hereinafter provided, Permittee hereby gives and grants to Contractor the right to enter on and take possession of said permit lands for the development and operation thereof, for the production of oil and/or gas, in conformity with and subject to all the conditions and requirements of said permit, of any lease or leases granted pursuant to said permit, the applicable laws and regulations, and this contract, throughout the term of said permit, lease or leases, or any renewal or extension thereof, unless sooner terminated as hereinafter provided.

3. That Contractor agrees to comply with each and every condition and requirement of said permit, lease or leases, and applicable laws and regulations, or with such conditions and requirements as may be extended or modified by order of the Department of the Interior throughout the period of this contract.

4. That, to facilitate the operations of Contractor hereunder, Permittee shall execute and file such applications for extension and applications for leases and take such other action before the Department of the Interior as Contractor shall request, doing all things necessary and proper in the premises, in accordance with the facts, for the maintenance and protection of the rights and interests of the parties hereto under said permit, lease or leases; and further for mutual convenience, Permittee hereby constitutes and appoints Contractor, his successors and assigns hereunder, the true and lawful Attorney-in-fact of Permittee, with full power and authority to take any such action before the Department of the Interior as Permittee might be required to take on request of Contractor as aforesaid, in the name and on behalf of Permittee, for the use and benefit of the parties hereto, Permittee hereby ratifying all lawful acts of Contractor under this authority.

5. That when and if, pursuant to and as a result of, operations under this contract, Permittee shall be entitled to lease or leases on said permit lands or portions thereof, and lease or leases shall be applied for pursuant to the last preceding paragraph, Contractor shall designate the portion of said lands, known as "primary land," on which lease shall be applied for at a Government royalty of five per cent (5%) as provided by law; and Permittee shall, on request, and subject to the approval of the Department of the Interior, assign any lease or leases granted on or as a result of said permit, as to all or any part of the land embraced thereby, to Contractor or such other qualified party as Contractor may designate, such assignment to be subject to the royalties and other terms and conditions of this contract.

6. That Contractor shall pay all costs and expenses of development and operation hereunder, inclusive of all rentals, and the cost of all bonds hereafter required by law or regulations from the Permittee, lessee or Contractor in performance of this agreement, and all taxes, except that any taxes levied against production from said lands, or measured thereby, shall be paid by Contractor and Permittee in proportion to their respective interests therein. Contractor shall be the owner of all material, equipment, and structures placed on said permit lands for operation and development under this contract, and to the payment of royalties as hereinafter provided, shall have the right of sale or other disposition of all oil and/or gas produced hereunder, for Contractor's sole use and benefit.

7. That Contractor shall pay or deliver all royalties due the Government, and any royalties payable to any other party or parties as hereinabove recited, and shall also pay Permittee royalties on all oil and/or gas produced, saved, and marketed from said permit lands and not used for production purposes, under and pursuant to said permit, lease or leases, and subject to this contract, as follows:

(a) On production from lands on which the Government royalty shall not exceed five per cent (5%) (known as "primary lands"), a royalty of Seven & one-half per cent (7 1/2%)

(b) On production from lands on which the Government royalty more than five per cent (5%) (known as "secondary land"), royalty of Two & One Half per cent (2 1/2%).