

(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 (7½%).

(b) On production from lands on which the Government royalty is more than five per cent (5%) (known as "secondary land"), royalty of None.

Said royalties shall be computed and paid on the basis of the prevailing field market price in the field where such oil and/or gas is/are produced, at the time of production, for oil and gas of like grade and gravity; provided, that no royalties shall be paid on gas produced in the absence of a market therefor; in case there is a market for gas produced, the royalties thereon shall be computed and paid on the basis of the field market price thereof in its natural state at the well, inclusive of any additional value by reason of the gasoline content of such gas extractable at a profit; said royalties shall be paid each month on account of production during the preceding calendar month at the Bank of which is hereby constituted the agent of the Permittee and/or assigns to receive all payments hereunder, such payment to be accompanied with a statement of production and the price thereof on the basis of which such royalties are computed; and Contractor shall not be required to take cognizance of any assignment or transfer of royalty or interest therein, unless and until Contractor shall have been furnished with satisfactory evidence of such assignment or transfer.

9. That failure or default on the part of Contractor to comply with each and every provision and requirement of this contract relative to the maintenance of said permit and the development of said permit lands for the securing of lease or leases, shall constitute grounds for the forfeiture and cancellation of this contract by the Permittee, on notice in writing to Contractor specifying the facts as to such failure or default, unless Contractor shall, within thirty days from receipt of such notice, repair or correct the failure or default complained of; provided, that Contractor shall not be subject to any penalty, obligation or liability to Permittee for any such default, save and except the forfeiture and cancellation of this contract, as aforesaid; otherwise the parties hereto shall be entitled to any available remedy in law or equity for breach of this contract; and Permittee hereby agrees that the down payment by Contractor on the execution of this contract is full and adequate consideration for all the rights and privileges granted Contractor under this contract.

10. That permittee shall have the right to examine and inspect all operations conducted on said permit lands hereunder, and all records of production from said lands, at all reasonable times.

11. That this contract shall be assignable by either of the parties hereto, as to his or its interests hereunder, in whole or in part, and shall inure to and be binding upon the heirs, successors, and assigns of the parties.

IN WITNESS WHEREOF, the parties hereto have executed these presents as of the day and year in this instrument first above written.

WITNESSES:

Adam Rutherford -----
Permittee

C. A. Bennett -----

Miller Robert Taylor -----
Contractor

C. A. Bennett -----

STATE OF COLORADO }

} SS.

COUNTY OF DENVER }

Before me, a Notary Public in and for said County and State, personally appeared Adam Rutherford, personally known to me to be the person who executed the foregoing instrument, and who acknowledged to me that he executed and delivered the same as his free and voluntary act and deed, for the uses, purposes, and considerations therein stated.

WITNESS my hand and Notarial Seal this 30th day of June, A. D. 1928.

Albert M. Ehlers -----
Notary Public

My commission expires

My commission expires May 1, 1930.

(SEAL)

STATE OF COLORADO }

} SS.

COUNTY OF DENVER }

Before me, a Notary Public in and for said County and State, personally appeared M. R. Taylor, personally known to me to be the person who executed the foregoing instrument, and who acknowledged to me that he executed and delivered the same as his free and voluntary act and deed, for the uses and purposes, and considerations therein stated.

WITNESS my hand and Notarial seal this 30th day of June, A. D. 1928.

My commission expires My Commission Expires May 1, 1930.

Albert M. Ehlers -----
Notary Public

(SEAL)

Albert M. Ehlers