

part of all oil produced and saved from the leased premises as royalty, or at the lessee's option, may pay to the lessor for such

SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 23; NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 25; N $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 26; all being situate in Township 27 North, Range 115 West of the 6th Principal Meridian, State of Wyoming, containing 160 acres, more or less. This land patented by Homestead Entry No. 1234, January 4, 1912.

2. This lease shall remain in force for a term of Five (5) years and as long thereafter as oil, gas, casinghead gas, casinghead gasoline, or any of them, is produced from said land and the term of this lease is for the period of Five (5) Years from date hereof subject to the following conditions:

(a) That the lessee, his successors or assigns, shall within the period of time ending 180 days from date hereof, transport to some portion of the lands located within the structural limits of the "Wyoming Structure" a suitable drilling rig and equipment with tools necessary for the drilling of an oil well and shall within the time specified in this paragraph erect upon a site to be chosen by the lessee, his successors or assigns, on some portion of the lands located on the "Wyoming Structure" the drilling rig and equipment and stand in a well thereon.

3. The lessee shall deliver to the credit of the lessor, free of cost, into the pipe line to which lessee may connect its wells the equal one-eighth royalty the market price for oil of like grade and gravity prevailing in the field where produced on the day such oil is run into the pipe line or into storage tanks. Said payments to be made on or before the 20th day of each month for oil purchased during the preceding month.

4. The lessee shall pay to the lessor, as royalty, one-eighth of the net proceeds from the sale of the gas, as such, for gas from wells where gas only is found, and where not sold shall pay \$50.00 per annum as royalty from each such well, and while such royalty is so paid such well shall be held to be a producing well under the paragraph numbered two hereof. The lessor to have gas free of charge from any gas well on the leased premises for stoves and inside lights in the principal dwelling house on said land by making his own connections with the well, the use of said gas to be at the lessor's sole risk and expense. The lessee shall pay the lessor for gas produced from any oil well and used by the lessee for the manufacture of gasoline or any other product, as royalty, one-eighth of the market value of said gas. If said gas is sold by the lessee then as royalty one-eighth of the net proceeds of the sale thereof.

5. As a further consideration to the lessor by the lessee the lessee does agree and does pay unto the lessor, and the lessor does agree and does accept, the receipt of which is acknowledged by the execution and delivery of this oil and gas lease, the sum of Forty Dollars (\$40.00) in lawful money of the United States of America as rental in full for the herein described lands for the period of time ending 180 days from the date hereof. Further, the lessee agrees to pay and the lessor agrees to accept by payment to credit of the lessee in the First National Bank of Kemmerer, Wyoming (which bank shall continue as the depository regardless of changes in the ownership of said lands) in the event that a well is drilled in on some portion of the lands within the structural limits of the "Wyoming Structure" and within the meaning of the terms of this lease a further sum of monies, lawful currency of the United States of America, as rentals for the lands heretofore described, upon an annual basis, the sum of Fifty Cents (50¢) per acre for the total amount of acreage heretofore described; all such payments or tenders may be made by check or draft of the lessee or any assigns thereof, the said checks or drafts for lawful currency of the United States of America, mailed or delivered on or before the rental paying date. In the event that petroleum in Commercial quantities is discovered by the lessee, his successors or assigns (Commercial quantities is herein defined as an oil well of 100 barrels per day average over a 30 day test) in the test well to be drilled by the lessee, his successors or assigns, on the "Wyoming Structure", then, in that event the rental per year for the lands as heretofore described shall be increased and the lessee agrees to pay and the lessor agrees to accept the sum of such increase in the amount of One Dollar (\$1.00, per acre for the life of this lease in accordance with the terms thereof. It is understood and agreed that the consideration first recited above, the down payment, covers not only the privilege granted to the date when said first rental is payable as aforesaid, but also the lessee's option of extending that period as aforesaid, and any and all other rights conferred proving good faith is shown by the lessee or his assigns and the acts of God do not interfere. It is further understood and agreed that failure on the part of the lessee to drill said land, or any part thereof, for oil or gas shall in no manner render said lessee liable for any damage to the said lessor, his heirs or assigns. In the event of the discovery of petroleum in Commercial quantities in the test well to be drilled (Commercial quantities hereinabove defined) then, within a period of 90 days from the date that such discovery is deemed a Commercial discovery the lessee agrees to commence the drilling of, by drilling in, a well upon some portion of the lands hereinabove described, and said drilling is to continue in a diligent workmanlike manner until a depth of four Thousand (4,000) feet is reached or granite, or igneous rock, or Commercial production is encountered at a lesser depth. Wherein the work "diligent" is used the same is to imply (Subject to Acts of God or circumstances beyond the control of the Contractor.

6. If at any time prior to the discovery of oil or gas on the land herein leased and during the term of this lease, the lessee shall drill a dry hole, or holes, on this land, this lease shall not terminate if operations for the drilling of a well shall be resumed or if the lessee begins or resumes the payment of rentals by the next ensuing rental paying date, in the manner and amount hereinabove provided; in which event preceding paragraphs hereof governing the payment of rentals and the manner and effect thereof shall continue in force.

7. If said lessor owns a less interest in the above described land and the oil and gas than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided for shall be paid the said lessor only in the proportion which his interest bears to the whole and undivided fee.

8. The lessee shall have the right to use free of cost gas, oil and water produced on said land for his operations thereon, except water from the wells of the lessor. When required by the lessor, the lessee shall bury pipe lines below plow depth and shall pay for damage caused by its operations to growing crops on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the lessor. The lessee shall have the right at any time during or after the expiration of this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing, however, the lessor