

No. 7889

## .DRILLING AGREEMENT.

DUNCAN MCALLISTER

STATE OF WYOMING } SS.

TO

COUNTY OF SUBLETTE } Filed for record in my office this  
7th day of October, A. D. 1929, at 10:00  
o'clock A. M., and duly recorded in Book 2 of Mscls. page  
400.

JOSEPH A. KINTON

C. C. Feltner, County Clerk

Fees, \$2.75

By Lillian Clementsen  
Deputy

THIS AGREEMENT, made and entered into this first day of October, A. D. 1929, by and between Duncan McAllister, of Evanston, Uinta County, Wyoming, party of the first part, and hereinafter called the permittee, and Joseph A. Kinton, of Kemmerer, Lincoln County, Wyoming, party of the second part, and hereinafter called the operator,

## WITNESSETH:

That for and in consideration of the sum of One Thousand (\$1,000.00) Dollars, paid by the operator to the permittee, the receipt whereof is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of the operator to be paid, kept and performed, and of other good and valuable considerations, it is hereby mutually covenanted and agreed as follows:

The permittee hereby declares that he is the lawful holder of an oil and gas prospecting permit, bearing Evanston, Wyoming Serial No. 09837, granted by the United States under and by virtue of the Act of Congress, approved February 25, 1920, (41 Stat., 437), on April 14, 1925, for the following described lands, to-wit:

~~NW1/4, NW1/4~~, Section 27, Township 27 North of Range 113 West of the 6th principal Meridian, containing 60 acres, more or less.

That said permit is not subject to any royalty or rental or other financial burden, or other condition or obligation of any kind or character, other than those imposed by the United States by law or regulation or by the terms of said permit.

That the permittee gives and grants unto the operator the exclusive right of the possession of said described lands, as provided in said permit, together with full right and lawful authority to enter into and upon said lands and explore and drill the same for the discovery, abstraction, saving, storing, transporting and marketing the oil, gas and kindred substances therefrom under the terms and conditions of the said prospecting permit, and the law and regulations thereto appertaining, and with the full rights of the permittee and lessee therein, for the full term of said prospecting permit and any extensions or renewals thereof, and for the further term of any and all oil and gas leases hereafter issued by the United States under the terms of said permit and the law and regulations thereto appertaining, and any and all extensions and renewals thereof.

The operator agrees to begin the actual drilling of a well on some part of said land, at the site selected by said operator, with adequate drilling equipment, within sixty (60) days from the date hereof, and to drill one or more wells not less than six inches in diameter, and to a depth of not less than three thousand feet, unless valuable deposits of oil and/or gas shall be discovered at a lesser depth, and to prosecute such drilling operations with the measure of diligence required of the Department of the Interior until oil or gas or kindred substances are found in paying quantity, or until the operator is satisfied that said lands are barren of oil, and/or gas content in paying quantities; and any extension of time for any purpose granted by the Department of the Interior under said prospecting permit, shall be deemed to be an extension of an equal amount of time of the obligation of the operators under this paragraph. That it is mutually agreed and understood by and between the parties hereto that the operator has the privilege of applying for and obtaining extensions of time under this contract.

If the operators shall fail to perform the obligation set forth in the next preceding paragraph hereof, the rights of the operator in said lands under this agreement may be absolutely forthwith terminated by and at the election of the permittee by written declaration to that effect served on the operator, which shall be deemed to instantly terminate this agreement.

If oil and/or gas or kindred substances be discovered on any part of the land embraced in said permit by the operators, or by others, then, at the request of the operator, the permittee agrees to apply to the Department of the Interior for an oil and gas lease or leases covering all the acreage hereby granted; and the permittee agrees to assign the said government lease or leases, covering the acreage hereby granted, to the operator, subject to the approval of the Secretary of the Interior, reserving to the permittee the rents and royalties hereinafter provided.

The operator agrees to keep and perform the conditions and terms of the said prospecting permit and government leases so far as the same apply to the acreage hereby granted to the operator, so as to protect the interest of the permittee therein, subject, however, to the right of surrender herein.

The operator agrees to pay all government royalties and rentals provided in said permit or in said leases for oil and/or gas and gasoline from gas produced from the lands hereby granted but none other, except, that the operator shall pay the permittee, in cash, at the field market at the time of production, seven and one-half per centum (7½%) of all crude oil, gas and gasoline produced from any of the lands hereby granted to the operator where the royalty under the terms of the government lease relating to said lands shall not exceed five per centum (5%).