

which said tract includes the 40 acres more particularly described as:

The Southwest Quarter of the Northeast Quarter of Section 9, Township 29 North, Range 113 West, 6 P. M., Wyoming; and

WHEREAS, a well known as the Corder Well has heretofore been drilled to the depth of approximately 2700 feet upon said tract; and

WHEREAS, party of the first part owns, free and clear, certain drilling equipment now located upon said premises at said Corder Well; and

WHEREAS, party of the first part owns, under option to purchase, certain other drilling equipment likewise located at said well, under which said option party of the first part is entitled to pay the purchase price of said equipment, viz., \$3,000.00, out of his royalties from production, in the event that a commercial well is completed upon the said premises, which said option gives party of the first part the right to use and lease said equipment for use in the further drilling of said well, all of which said equipment is more particularly described in Schedule "A" annexed hereto and made a part hereof; and

WHEREAS, under the terms of the lease hereinabove referred to, party of the second part is obligated to begin the drilling or re-drilling of said Corder well, and desires to secure the use of said drilling equipment for this purpose, together with the right to purchase said equipment, in the manner hereinafter provided;

NOW, THEREFORE, the parties hereto covenant and agree as follows, to-wit:

1. Party of the first part, in consideration of the sum of One Dollar (\$1.00) to him in hand paid by party of the second part, receipt whereof is hereby acknowledged, does hereby lease to party of the second part, his successors and assigns, all of the said drilling equipment so long as drilling is prosecuted by party of the second part under the terms and conditions of said lease.

2. Party of the first part further covenants and agrees that in the event a commercial well as defined in said lease is brought in upon the said demised premises, that out of the first royalties received by party of the first part from the production of said well, party of the first part will pay the balance due upon said equipment to the owners thereof and deliver or cause to be delivered to party of the second part, his heirs or assigns, a bill of sale transferring title to all of said equipment to party of the second part free and clear of all encumbrances.

3. Party of the second part covenants and agrees to maintain said equipment in good condition and repair and use said equipment with reasonable care, as long as drilling operations are conducted upon said lease and until title is acquired by party of the second part.

4. In the event a commercial well is completed upon the said demised tract, party of the second part agrees to pay party of the first part as a further consideration for said equipment and for the execution of said lease the sum of \$25,000.00. It is mutually covenanted and agreed that the said sum of \$25,000.00 shall be payable to party of the first part only out of 25% of the production from such well, after the payment of the 1/8th land owners' royalty called for by said lease, when and as said production is sold by party of the second part.

5. It is further understood and agreed that the production referred to in the preceding paragraph is understood to mean the production of any well or wells that may be completed in the Southwest Quarter of the Northeast Quarter of Section 9, Township 29 North, Range 113 West, 6 P. M., and shall not apply to the production of any well or wells upon any other portion of the demised tract.

6. Party of the first part understands and hereby expressly consents that said lease or any portion thereof, and this contract, may be assigned by party of the second part to Yellowstone Oil Company, a California corporation.

7. Party of the first part has heretofore acquired options to lease an additional two sections of land surrounding the said demised tract known as the J. B. Jensen and F. A. Fear tracts, and party of the first part agrees to forthwith assign the said options to lease to party of the second part, his heirs and assigns, in the event an oil or gas well is brought into production upon the demised tract, under the terms and conditions of said lease executed between the parties hereto.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals this the day and year first above written.

Witness:

Lillian C. Rider

C. P. Budd
Party of the First Part

Lillian C. Rider

C. Ed. Lewis
Party of the Second Part

STATE OF WYOMING)
ss.
COUNTY OF SUELTTE)

On this 17th day of April, 1937, before me, a Notary Public, in and for said County, residing therein, duly commissioned and sworn, personally appeared C. P. BUDD, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

WITNESS my hand and official seal the day and year in this certificate first above written.

(NOTARIAL SEAL)
My commission expires March 24th, 1940.

Albert Larson, Notary Public in and
for said County and
State