

this section, the Contractor shall not be charged for oil or gas used either in development of production operations upon any part of said lands, or unavoidably lost. All payments of royalties shall be made on or before the 20th of each and every calendar month based upon the production during the preceding calendar month.

Section 4. That the owner shall not declare the rights of the Contractor under this agreement forfeited for any cause whatever unless the Owner shall notify the Contractor in writing of the existence and exact nature of the cause of forfeiture and unless the Contractor thereafter fails to remedy said cause of forfeiture within thirty days from the service of such notice. The mailing of said notice to the Contractor by registered mail addressed to the Contractor at Big Piney, Wyoming, shall be deemed service of the notice under this paragraph.

Section 5. That the Contractor may at any time hereafter surrender and abandon all or any part of the above described lands and thereby be relieved of any and all future obligations of any kind or nature with respect thereto, and in case of such surrender by the Contractor or any cause of forfeiture or other termination of this agreement the Contractor may at any time hereafter remove all buildings, derricks, machinery, casing, pipe, pipelines, personal equipment and other property placed by him on said lands, giving said Owner, however, the right to purchase any casing that may then be in the ground.

Section 6. The Contractor shall have and is hereby given the exclusive right and option to purchase, at the current market price in the field at the time of production for oil and/or gas of similar character, all oil, gas, casing head gas, and kindred substances belonging to or to belong to the Owner under this agreement.

In consideration whereof, the Contractor covenants and agrees with the Owner as follows:

#### ARTICLE II.

Section 1. That subject to the reservations and right to surrender herein set out, the Contractor shall within the time provided and in compliance with said oil and gas leasing bill and the rules and regulations of the Department of the Interior do and perform upon said premises such development work as may be required by said permit or any extensions thereof.

Section 2. That if oil or gas shall be discovered upon said premises in paying quantities, the Contractor, subject to the right of surrender herein contained, shall continue in possession thereof and consistently with the then prevailing conditions of the market for crude petroleum or other products of said lands of which condition the contractor shall be the judge, shall drill such additional wells as may be necessary for the development of the same.

Section 3. That the Contractor shall keep books containing all production data on said premises and the distribution of oil and gas therefrom or proceeds thereof and said books shall be open during all reasonable hours to the inspection of the Owner.

It is understood and agreed that this contract shall terminate as to both parties and all interest of the Contractor in said land shall terminate unless drilling operations is commenced by the Contractor on the said lands within one year from this date and unless the drilling of a well on the said land is thereafter continued diligently with at least two men employed thereon at least six days per week until a depth of 2,000 feet has been reached or until oil or gas is sooner encountered. However, the date of commencement of drilling on said land may be extended for a period of ten months by the payment of \$1200.00 by the Contractor to the Owner.

#### ARTICLE III.

Section 1. This agreement and each and every one of its terms, conditions and provisions shall be binding upon and inure to the benefit of the heirs, personal representatives, successors and assigns of the parties hereto.

Section 2. It is understood that the said lands covered by said permit are all included in this agreement.

Section 4. Nothing herein contained shall be construed as being in any manner in derogation of any of the terms, conditions or provisions of the Act of Congress under and by virtue of which said permit was issued, or any regulations of Congress under and by virtue of which said permit was issued, or any regulations of Congress under and by the Department of the Interior lawfully promulgated thereunder; but, on the contrary, this agreement shall in all particulars be deemed amenable to reformation to eliminate or modify any portions thereof found to be in contravention of the provisions of said Act or such regulations or against public policy, and shall remain and be in full force and effect as to all provisions not so eliminated or modified.

Section 5. No assignment of any royalty of the Owner or her assigns shall be effective except that the same shall be in writing and unless and until the original instrument or a complete certified copy thereof shall be filed with the Contractor.

IN WITNESS WHEREOF, the parties hereto have hereunto affixed their hands and seals the day and date first above written.

Witness:

Melba Eldredge, Owner

J. Tracey Wootton

C. Ed Lewis, Contractor

David A. West

STATE OF UTAH

COUNTY OF SALT LAKE

) ss.

On the 13th day of September, 1937, before me personally appeared Melba Eldredge, formerly Melba Chipman, and C. Ed Lewis, to be known to be the persons described in, and