

No. 24187

OIL AND GAS MINING LEASE AND DRILLING AGREEMENT.

W. W. Luce, et ux

THE STATE OF WYOMING)

)ss.

To

County of Sublette)

E. G. Mack

Fees, \$2.00

This instrument was filed for record in my office at 3:00 o'clock P.M. on the 26th day of December A.D. 1939, and duly recorded in Book 6 of Miscellaneous on Page 483.

Faren C. Faler, County Clerk.

THIS AGREEMENT, Entered into this 21st day of December, 1939, between W. W. Luce and Amanda Luce, his wife, hereinafter called the lessor, and E. G. Mack, hereinafter called the lessee, do by these presence agree:

1. That lessor, for and in consideration of the sum of Ten and no/100 (10.00) Dollars, in hand paid and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day, granted and leased and hereby grants and leases unto the lessee for the purpose of mining and operation for and producing oil and gas, casinghead gas, and casinghead gasoline, laying pipe lines, building tanks, storing oil, building power stations, telephone lines, and other structures thereon to produce, save, take care of and manufacture all of such substances, and for housing and boarding employees, the following described land situate in Sublette County, Wyoming, to-wit:

SW $\frac{1}{4}$ SW $\frac{1}{4}$ Section 28; Lots 2, 5, 6, W $\frac{1}{4}$ SE $\frac{1}{4}$, Section 29; Lots 1, 2, 3, 4, 6, NW $\frac{1}{4}$ NE $\frac{1}{4}$ Section 32; Lots 1, 2, 3, 5, NW $\frac{1}{4}$ Section 33, Township 31, North Range 109, West of the 6th Principal Meridian. It being understood that New Fork River runs over a part of the above described land and this lease is intended to include all the above land over which said river runs which belongs to lessor.

2. This lease shall remain in force for a term of ten (10) years from this date and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of them is or can be produced; provided, however, that the lessee shall have the right to extension under the same terms for an additional ten (10) years, or as long thereafter as oil or gas are produced, upon compliance with the terms of agreement and covenants of this lease.

3. The lessee shall deliver to the credit of the lessor as royalty, free of cost, in the pipe line to which lessee may connect its well, with equal one-eighth part of all oil produced and saved from leased premises, or at lessee's option, may pay to the lessor for such one-eighth royalty the market price for oil of like grade and gravity prevailing on the day such oil is run into the pipe line, or into the storage tanks.

4. The lessee shall pay lessor, as royalty, one-eighth of the proceeds from the sale of the gas, as such, for gas from wells where gas only is found, and where not sold shall pay Fifty Dollars (\$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 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 to 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 such gas. If said gas is sold by the lessee, then as royalty one-eighth of the proceeds of the sale thereof.

5. If drilling operations are not commenced on said land on or before one year from this date, this lease shall then terminate as to both parties, unless lessee shall pay or tender to lessor or the credit of lessor in The State Bank of Big Piney, Big Piney, Wyo. (which bank hereby is agreed to be the lessor's agent), the sum of \$Four Hundred Forty Nine and no/100 Dollars (hereinafter called rental), which shall extend for one year the time within which drilling operations may be commenced. Thereafter, semi-annually, in like manner, and upon like payments or tenders, the commencement of drilling operations may be further deferred for periods of one year during the primary term of this lease. The payments or tenders of rental may be made by the check or draft of lessee mailed or delivered to said bank on or before such date of payment. Drilling operations hereunder shall be deemed to be commenced when the first material is placed on the ground. Notwithstanding any deviation, change or division in the ownership of said land, the payments or tenders of rental in the manner herein provided shall be binding on the successors, assigns or legal representatives of lessor. If such bank (or any successor bank) should fail, liquidate, or be succeeded by another bank, lessee shall not be held in default for failure to make such payments or tenders until thirty days after lessor shall deliver to lessee an instrument in writing duly executed and acknowledged, naming another bank as agent to receive such payments or tenders. The down cash payment is consideration for this lease according to its terms and shall not be allocated as mere rental for a period.

6. If prior to the discovery of oil or gas on said land lessee should drill a dry hole or holes thereon, this lease shall not be terminated thereby if lessee, before the next ensuing rental paying date, commences further drilling operations or commences or resumes the payment or tender of rentals. If after the discovery of oil or gas the production thereof should cease from any cause, this lease shall not be terminated thereby if lessee commences additional drilling operations within sixty days thereafter or (if it be within the primary term) commences or resumes the payment or tender of rentals before the next ensuing rental paying date. If at the expiration of the primary term oil or gas is not being produced on said land but lessee is then engaged in drilling operations thereon, the lease shall remain in force so long as drilling operations are prosecuted, and, if they result in the production of oil or gas, so long thereafter as oil or gas is or can be produced from any well on said land.

7. Lessee shall have the free use of oil, gas, coal and water from said land, except water from lessor's wells, for all operations hereunder, and the royalty on oil and gas shall be in the net quantity after deducting any so used from operations. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by lessee on said land, including the right to draw and remove all casing. When required by lessor, lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred feet of any residence or barn now on said land without lessor's consent. Lessor shall have the privilege, at the risk and expense of lessor, of making connection and using gas from any gas well on said land for stoves and inside lights in the principal dwelling on said land out of any surplus gas not needed for operations hereunder.

E.G.M.
WWL
A.L.