

cannot be cured in sixty days with exercise of all due diligence and proper methods, such specific cancellation cause shall abate unless "Lessee's" estate has been prejudiced in the meantime on account of such default, but otherwise at the termination of the applicable period, "Lessee" may elect to declare all rights, interest and estate of "Operator" hereunder, cancelled as of the termination date of said period and in any such case, "Operator" covenants that it will, if then so requested by "Lessee", promptly execute and deliver to "Lessee", a surrender instrument of the kind mentioned in the paragraph next hereinabove. None of the foregoing provisions of this paragraph, conditionally for the benefit of "Operator", shall serve to extend the time for payment of royalties or the time for "Operator's" compliance with any provisions of this agreement or any other instrument, law or regulation, non-compliance with which as contracted, might result in forfeiture of or prejudice to "Lessee's" estate, it being agreed that default by "Operator", as to any matter mentioned in this sentence, shall vest in "Lessee", the right of immediately cancelling all rights and estate of "Operator" hereunder and that "Lessee's" election to be proceed shall not constitute waiver of its full right to pursue such other remedies as may be then proper on account of such default.

10. No delay on the part of "Lessee" in working cancellation or otherwise proceeding on account of any default by "Operator" as hereinabove mentioned, shall be construed or claimed as an admission against "Lessee's" interest or as waiver of its right to thereafter proceed either by way of cancellation or in pursuit of any other proper related remedy, on account of such or any subsequent default by "Operator".

11. 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 leases were issued, or any of the provisions of the North LaBarge Unit Agreement or any regulations of the Department of the Interior, the Supervisor of the United States Geological Survey or other controlling legal authorities, 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 thereof, or against public policy, and shall remain and be in full force and effect as to all provisions not so eliminated or modified.

IN WITNESS WHEREOF, the said parties hereto have hereunto and to counterparts hereof, by their respective corporate seals and signatures of officers hereunto duly authorized, set their hands and seals this day and year first above written.

Witness:

CALMONICA PETROLEUM CORPORATION

First Party

A. J. Freed

By Ed Smale, President

Attest: D. J. Klyce

D. J. Klyce, Secretary

(CORPORATE SEAL)

Witness:

NORTH LABARGE OIL COMPANY

Second Party

Ivan S. Jones

Susan J. Quealy, President

Attest: Jos. A. Minton, Secretary

(CORPORATE SEAL)

THE STATE OF CALIFORNIA

}ss.

County of Los Angeles }

On this 25 day of April, 1939, before me personally appeared Ed Smale and D. J. Klyce, of the Calmonica Petroleum Corporation, to me personally known, who, being by me duly sworn did say that they are the President and Secretary, respectively, of the Calmonica Petroleum Corporation, and that the above and foregoing Operating Agreement was signed and sealed on behalf of said corporation, by authority of its Board of Directors, and said Ed Smale and D. J. Klyce acknowledged said instrument to be their free and voluntary act and the voluntary act and deed of said corporation, for the uses and purposes specified therein.

GIVEN under my hand and notarial seal this day and year in this certificate first above written.

My Commission Expires
July 17, 1941.

Arthur J. Freed, Notary Public

(NOTARIAL SEAL)

THE STATE OF WYOMING

}ss.

County of Lincoln)

On this 3 day of May, 1939, before me personally appeared Susan J. Quealy and Joseph A. Minton, of the North LaBarge Oil Company, to me personally known, who, being by me duly sworn did say that they are the President and Secretary, respectively, of the North LaBarge Oil Company, and that the above and foregoing Operating Agreement was signed and sealed in behalf of said corporation, by authority of its Board of Directors, and said Susan J. Quealy and Joseph A. Minton acknowledged said instrument to be their free and voluntary act and the voluntary act and deed of said corporation, for the uses and purposes specified therein.

GIVEN under my hand and notarial seal this day and year in this certificate first above written.

My commission expires
March 11, 1943.

Ivan S. Jones, Notary Public

(NOTARIAL SEAL)