

such removal is not forbidden by the Department of the Interior or would not jeopardize or damage any producing oil or gas formations or wells.

10. Failure or default on the part of the operator to comply with each and every provision and requirement of this agreement as modified by said unit agreement shall constitute grounds for the forfeiture and cancellation of this agreement by the Permittee, provided that Permittee in writing shall notify Operator specifying the particular facts as to such failure or default and provided further that Operator shall be allowed sixty (60) days from the receipt of such notice or within a reasonable period from the receipt of such notice, repair or correct the failure or default complained of. If such default or failure is not performed or corrected such cancellation and forfeiture shall become absolute and final at the expiration of such time. Provided, further, that Operator shall not be subject to any penalty, obligation or liability to Permittee for any such default, save and except the forfeiture and cancellation of this contract as aforesaid, provided always, however the Operator shall be liable and responsible for any accrued and unpaid royalties required by this agreement to be paid and that said Permittee or said overriding royalty owners reserve the right to proceed at law or equity to recover any such accrued royalties unpaid. Permittee hereby agrees that the consideration recited in this contract is full and adequate for the rights and privileges granted Operator under this contract.

11. Operator shall have the right at any time hereafter, on the payment of One (\$1.00) Dollar to Permittee when not in default hereunder, to surrender all or any part of the lands hereinabove described and thereupon all obligations or liabilities of Operator hereunder shall cease as to the lands so surrendered, except as to the payment of accrued and unpaid royalties. Such surrender shall be made to the Permittee, provided that in the event Permittee shall fail to qualify within sixty (60) days to take such reassignment, the Operator shall have the right to surrender direct to the United States and Operator shall not be liable during that period. That in the event of forfeiture or cancellation as provided in Section 9 last above, or surrender as provided in this paragraph, Operator agrees to make, execute and deliver to the Permittee any and all documents of title necessary to revest in said Permittee all right and title assigned or conveyed by this agreement.

12. 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 the Department of the Interior, the Supervisor of the United States Geologic Survey, or other controlling legal authorities lawfully promulgated thereunder or the Unit Agreement, but on the contrary this Agreement shall be in all particulars 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.

13. The Operator agrees that it will not permit the title to the lands embraced in said permit or leases to be imperilled or jeopardized through any acts of omission or commission on its part, and further agrees that it will permit no liens, charges, or encumbrances to be placed against or upon said real property, permit or leases, and further agrees to hold the Permittee herein free and clear from any claim, demand or obligation arising in any manner out of the operations of the Operator as is herein contemplated, and to further comply with all State and Federal law appropriate or necessary in the premises.

14. This agreement shall be assignable by the parties hereto as to their respective interests hereunder in whole or in part and shall be deemed binding upon the heirs, executors, administrators, successors and/or assigns of the respective parties, but this paragraph is subject to paragraph 5. This agreement unless sooner terminated by cancellation or surrender shall be and remain in force and effect during the life of said permit and during the term of the lease and all renewals thereof.

IN WITNESS WHEREOF the parties hereto have, the day and year first above written by their duly authorized officers, set their hands as such officers and fixed the respective corporate seals thereto.

MIDVALE OIL CORPORATION

BY O. P. Soule
Party of the first part

Attest: Emerson C. Willey, Secy.

(CORPORATE SEAL)

NORTH LABARGE OIL COMPANY

BY Susan J. Quealy, President
Party of the Second Part

Attest: Jos. A. Minton
Assistant Secretary

(CORPORATE SEAL)

STATE OF UTAH)
COUNTY OF SALT LAKE) SS

On this 10th day of March, A.D., 1939, before me, a Notary Public, personally appeared O P Soule and Emerson C. Willey, each personally known to me, who being by me duly sworn did say: That they are the President and Secretary, respectively of the Midvale Oil 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 the said O.P. Soule and Emerson C. Willey acknowledged said instrument to be their free and voluntary act and deed and the voluntary act and deed of said corporation for the purposes specified therein.

Given under my hand and notarial seal this 10th day of March, 1939.

My Commission expires:
Jan 21 - 1940

(NOTARIAL SEAL)

F. L. Spalding, Notary Public,
residing in Salt Lake County, Utah