

THIS AGREEMENT, made and entered into this 6th day of April, 1939, by and between RUBY KNUTSON, JUANITA JONES and SADIE G. SMITH, all of the County of Los Angeles, California, the parties of the first part, and NORTH LaBARGE OIL COMPANY, A Wyoming Corporation, parties of the second part: and

WHEREAS, by two certain written instruments bearing date of May 15, 1936, and September 18, 1929, respectively, one HARRY K. SMITH became entitled to a payment of the sum of Fifty Thousand Dollars (\$50,000.00) out of three per cent (3%) of the net amount of oil and/or gas produced and saved from the following described lands, to-wit:

The North Half (N $\frac{1}{2}$), and the North Half (N $\frac{1}{2}$) of the South Half (S $\frac{1}{2}$) of Section 8, Township Twenty-seven (27) North, Range One Hundred Thirteen (113) West of the Sixth Principal Meridian, situate in Sublette County, Wyoming,

excepting therefrom the lands reserved to I. E. WILLEY, by the terms of said instrument dated September 18, 1929, the area subject to said royalty being 420 acres; and

WHEREAS, said Harry K. Smith has, since the execution of said instruments, died, and the said first parties have succeeded to the rights and interests of said Harry K. Smith, now deceased, in the following proportions, to-wit:

Ruby Knutson.	one-quarter	{ $\frac{1}{4}$ }
Juanita Jones.	one-quarter	{ $\frac{1}{4}$ }
Sadie C. Smith.	one-half	{ $\frac{1}{2}$ }

and,

WHEREAS, the second parties propose to drill the said above described lands for the production of oil and gas therefrom, in connection with other lands under a Unit Operating Agreement as prescribed and required by the Government of the United States and known as the North LaBarge Unit Area; and,

WHEREAS, the said first and second parties hereto deem said payments to be so excessive as to preclude the proper and economic development and production of oil and gas from said lands, and that said payments shall be reduced to a reasonable amount which will aid in such development and the production of oil and gas from said lands:

Now, Therefore, this Indenture

WITNESSETH

That the said parties of the first part, in consideration of the sum of One Dollar (\$1.00) to each of them in hand paid by the said second party, receipt whereof is hereby confessed and acknowledged do covenant and agree to and with said second parties to receive and accept from said second parties, in full satisfaction of first parties right to payment out of oil and gas production of said lands, the sum of Twenty Five Thousand Dollars (\$25,000.00), in the following proportions:

To the said Ruby Knutson.	\$ 6,250.00
To the said Juanita Jones.	\$ 6,250.00
To the said Sadie C. Smith.	\$12,500.00

It is further understood and agreed between the parties that the lands the subject of this agreement have been committed to unit operations in what has been designated by the United States Geologic Survey as the North LaBarge Unit Area, which agreement provides, inter alia, for unit or group development of lands the subject of that unit area; and the first parties specifically agree that said sum of Twenty Five Thousand Dollars (\$25,000.00) shall be paid out of one and one-half per cent (1 $\frac{1}{2}$ %) of the net production of oil and gas allocated, by said unit agreement, to the lands hereinabove described, the subject of this agreement.

Said payments shall be made each month on account of production during the preceding calendar month.

PROVIDED, always, and it is expressly agreed by and between the parties hereto, that in the event that second party or its assigns shall surrender operating and drilling agreement on and as to said lands, then and in that event this agreement shall become and be void.

It is further expressly agreed by and between the parties hereto that this agreement shall be binding as to each and all of the first parties signatory hereto even though other first parties may or shall not sign this agreement.

The parties of the first part and each of them hereby agree to sign and and all instruments and to procure any and all necessary decrees of court to enable each of said first parties to carry out their covenants and undertakings contained herein.

NOW, THEREFORE, in consideration of the execution of this agreement by the parties of the first part, the party of the second part, its successors and assigns, agree to pay and deliver to each of said first parties, their respective proportion from the value of production of oil and/or gas produced, saved and sold from said lands at the time specified for payments of royalty to the United States Government.

This agreement shall be binding upon the heirs, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the said parties of the first part have hereunto and to counterparts hereof, set their hands, and said party of the second part has caused these presents, and counterparts hereof, to be executed in its name by its President and attested with its seal by its Secretary, this day and year first herein above written.

Witness:

Sadie G. Smith

Jesse R. Shafer

Ruby Knutson

Bessie B. Minton

Juanita Jones

R. M. Crosby

Parties of the First Part