

not previously acquired as hereinabove provided; Provided that each additional exercise of option or election to acquire said oil and gas lease as to any additional lands covered thereby shall be exercised in the manner and form and by the payment of the sum per acre as above provided for in the first exercise or election.

SECOND: In addition to the options as granted above, and for the same consideration Second Party shall at all times during the option period provided above, have the right to enter into, and commit all or any part of said lands with other lands to the terms and provisions of a Co-operative or Unit Plan or other agreement or agreements, which is acceptable to Second Party, providing for the operation and development of said lands as a single pool or area for oil and gas purposes and for the conservation of such minerals underlying said lands in accordance with the provisions of the Act of Congress approved February 25, 1920 (41 Stat. 437), as amended, or to enter into any other agreement or agreements of a similar nature, including the right in Second Party from time to time to modify, change or terminate any such plan or agreement. Said plan may designate Second Party or its nominee as the oil and gas operator of all lands embraced therein, including any part or all of the lands covered and embraced in said oil and gas lease hereinabove referred to. Second Party may exercise the rights granted under this paragraph by giving First Party notice in writing of its election to commit said lands or any part thereof to any said Co-operative or Unit Plan or other agreement or agreements and said notice or notices, as the case may be, shall describe the land or lands to be subjected thereto. The operator so designated shall be entitled to the exclusive right of possession of said lands embraced in said unit plan together with the full right and lawful authority to enter thereon for the purpose of drilling, mining, developing and operating said lands for oil and gas purposes and producing, treating, handling and marketing all and any such minerals produced therefrom, and as between the parties hereto Second Party shall be the owner of all of said minerals produced therefrom or allocated thereto in accordance with any said plan or agreement, subject only to the payment of all royalties thereon to the United States and overriding royalties to First Party as hereinafter provided, for the full term of said lease, including the full term of any and all extensions, renewals or substitute leases issued in lieu thereof. Upon request of Second Party, First Party agrees to join in any said unit plan or agreement, or similar agreement, if First Party's joinder therein is necessary or required, which is acceptable to Second Party and the Secretary of the Interior.

THIRD: As to any of said lands not committed to a cooperative or unit plan or other agreement or not included in a notice of exercise of option, as provided above, the respective options as hereinabove granted shall continue in full force and effect for the full term of the option period as provided above and such continuing options may be exercised as to all or any part of said lands at the election of Second Party.

FOURTH: At all times during the life of this agreement Second Party agrees that it will pay all rentals as they accrue to the United States under the terms of the aforesaid oil and gas lease and all premiums on bonds required by the Department of the Interior as to any and all of said lands subject to the provisions hereof; Provided that Second Party may at any time not less than thirty days prior to any rental due date cancel and terminate this agreement as to said lands or any part thereof whether or not the same are included or covered by any exercise of option or options by so notifying First Party in writing of its intention so to do and paying First Party the sum of One Dollar (\$1.00) as consideration therefor and assigning to First Party all of Second Party's right and interest hereunder including all the right, title, interest and estate of Second Party in and to said oil and gas lease as to any such lands as to which cancellation and termination of this agreement is desired and thereupon this agreement shall cease and terminate and be no longer binding upon either party hereto in any respect whatsoever as to said lands described in said notice and said assignment. The right to terminate and cancel as provided hereby shall be subject to the provisions of any cooperative or unit plan or other agreement, if any, affecting any of said lands.

FIFTH: Upon Second Party's exercise of any option or options granted hereby to acquire said oil and gas lease as to said land or any part or parts thereof in the manner and form as hereinabove set forth, then and thereupon this agreement as to all lands included in the notice or notices of exercise of option and each and every one of them shall at all times thereafter and for all purposes be treated, construed and operate as an assignment and transfer, containing full covenants of warranty as to the title of First Party in and to said oil and gas lease and the right of First Party to so assign and transfer the same, and that said oil and gas lease and the oil and gas and other minerals which may be produced therefrom are free and clear of all claims, liens and incumbrances, which covenants First Party agrees to defend against all persons whomsoever at its sole cost and expense, by First Party to Second Party of all the right, title, interest and estate of First Party in and to said oil and gas lease insofar as the same covers said lands, including the oil, gas and other minerals produced thereunder, subject to the terms and conditions of said lease; and likewise this agreement, as to all lands included in any exercise of option or options by Second Party to commit said lands or any part thereof to the provisions of a Cooperative or Unit Plan or other agreement relating to the operation and development of said lands for oil and gas purposes as aforesaid, shall, upon the approval of said plan or agreement by the Secretary of the Interior and at all times thereafter as to said lands, be treated, construed and operate as an assignment and transfer from First Party to Second Party, with full covenants of warranty as aforesaid, of all the right, title, interest, privileges and benefits specifically set forth under Paragraph "SECOND" hereof.

SIXTH: First Party represents to and covenants with Second Party that it has not heretofore sold, assigned, transferred, encumbered or conveyed said oil and gas lease or said application or any right, title or interest therein or in any lease which may be issued pursuant thereto and that any sale, assignment, transfer, conveyance or encumbrance hereafter made by First Party will expressly refer to and be subject to the terms and provisions hereof and that First Party has full power, right and authority to execute this agreement and which during the life hereof is exclusive as to all the provisions herein contained.

SEVENTH: As to the lands to which the aforesaid Paragraph "FIFTH" applies the following and succeeding paragraphs hereof shall also be in full force and effect but not otherwise.

EIGHTH: First Party agrees, from time to time, to execute any instruments and additional assurances as Second Party may request and as may be proper and necessary in order to vest in Second Party the full and complete title to said oil and gas lease or any part or parts thereof or any of the rights, title, privileges and benefits provided for hereinabove as Second Party may desire from time to time under the provisions hereof.