

AGREEMENT

THIS AGREEMENT made and entered into as of the 16th day of September, 1949, by and between CLARENCE I. JUSTHEIM, MARGARET L. JUSTHEIM, J. H. MORGAN and MERIN MORGAN of Salt Lake City, Utah (hereinafter referred to as "FIRST PARTIES"), and GLEED MILLER of Salt Lake City, Utah (hereinafter referred to as "SECOND PARTY");

W I T N E S S E T H:

WHEREAS, on September 7, 1949, said Merin Morgan and said Margaret Justheim filed in the District Land Office of Evanston, Wyoming, an application Evanston Serial 026038 for a new preferential United States oil and gas lease covering, among other lands, the following described land:

Township 29 North, Range 113 West, 6th P. M.

Section 22: All

(containing 640 acres, more or less),

said application being based on the ownership by said applicants of United States Oil and Gas Lease Evanston 021299 which expired September 30, 1949;

NOW THEREFORE, in consideration of the sum of Eighty-Five Hundred Dollars (\$8,500) cash in hand paid by Second Party to First Parties, the receipt of which is hereby acknowledged by First Parties and of the respective covenants hereinafter set out, IT IS AGREED AS FOLLOWS:

I.

First Parties agree that if within 60 days after the completion of a gas transmission pipeline from the Big Piney Gas Field to the Pocatello, Idaho area or Logan, Utah area, Second Party shall commence the drilling of a well for oil and/or gas on the property hereinabove described, and shall thereafter diligently prosecute drilling until a well shall have been drilled to a depth of 1400 feet or to commercial production of oil and/or gas in the event commercial production is encountered at a lesser depth, then, and in such event, First Parties will grant to Second Party an operating agreement covering the lands hereinabove described, said operating agreement to provide for the acquisition by Second Party of operating rights and a participating working interest of fifty-eight (58) per cent and for the retention by First Parties of the remaining working interest of forty-two (42) per cent. The working interest to be retained by First Parties shall be participating except as to the costs of the drilling to be performed by Second Party as in this paragraph specified as a condition to the securing of said operating agreement. Said operating agreement shall contain customary provisions for the protection of the respective parties and for accounting in accordance with the provisions of Mid-Continent Joint Accounting Procedure, Form 2B.

II.

First Parties agree that at any time upon written request