

OPERATING AGREEMENT

THIS OPERATING AGREEMENT made and entered into as of the 5th day of November, 1970 by and between BELCO PETROLEUM CORPORATION, 630 Third Avenue, New York, New York 10017, hereinafter called "Belco" and CHANDLER & ASSOCIATES, INC., 1401 Denver Club Building, Denver, Colorado 80202, hereinafter called "Chandler";

W I T N E S S E T H:

WHEREAS, Belco owns and holds an interest in each of certain oil and gas leases covering lands in Sublette County, Wyoming, more fully described in Exhibit "A" attached hereto, and hereby made a part hereof; and

WHEREAS, the parties hereto are now desirous of entering into an agreement, covering the above described leases upon the terms and conditions hereinafter set forth;

NOW, THEREFORE, for and in consideration of the premises, it is hereby mutually agreed as follows, with respect to each lease listed in Exhibit "A":

1. Rights Granted: Belco hereby assigns, grants and conveys to Chandler an undivided twenty-five (25%) percent of Belco's interest in the exclusive right and privilege of operating, testing and developing the lands described in Exhibit "A" for oil, gas, casinghead gas and other hydrocarbon substances under the terms of said oil and gas leases or any extensions or renewals thereof, insofar as said leases cover formations occurring between the surface and the stratigraphic equivalent of fifty (50') feet below the depth reached by the test well at the location shown on Exhibit "A". In connection therewith, Chandler shall be entitled to exercise, together with Belco, all rights and privileges granted to lessee under the terms of said oil and gas leases as to the stratigraphic formations herein assigned, and in the event of production of oil, gas, casinghead gas or other hydrocarbon substances from said formations, twenty-five (25%) percent of the same shall be owned by Chandler, subject to the proportionate payment of royalty due lessor under the terms of said leases and overriding royalty burdens existing of record as of October 1, 1967.

It is expressly agreed that Belco, for itself and its successors and assigns, hereby accepts, retains and reserves all of the oil, gas and hydrocarbon substances and leasehold estate lying below those stratigraphic formations which are hereby assigned in part to Chandler. Sometimes hereinbelow, the title and depths in which Chandler is hereby assigned an interest are called "shallow zone" and the title and depths below the "shallow zone" are called the "deep zone".

2. Rights and Obligations: Belco and Chandler shall have concurrent and mutual easements to said lands for the purpose of exploring, drilling, producing, storing and marketing minerals from the respective zones of said parties, and the parties shall share in any and all rights granted by said oil and gas leases as incident to said exploration, drilling, producing, storing and marketing, and by way of example only, this shall include the right to lay pipe lines, water lines, power lines, dig pits, erect and do, and perform any and all things reasonably necessary to the interest of the respective parties in their respective zone. Any operations on said lands shall be the separate operation of the party conducting the same and shall not be considered as a joint undertaking, joint operation or partnership. In their said separate respective operations, each party shall comply with the terms of said lease and all applicable laws, rules and regulations, and neither party shall be liable for the operations or acts of the other, and each party will protect and save the other harmless from all demands and causes of action arising directly or indirectly out of such separate operations.

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RECORDED	<i>December 2</i>	1970	9:30 AM
IN BOOK	<i>27</i>	Miscellaneous	PAGE <i>259</i>
FEE \$	<i>6.00</i>	Robert W Evans	COUNTY CLERK
SUBLETTE COUNTY, PINEDALE, WYOMING			

by Kay Jensen