

the Lessee or until said well has been drilled to a depth at which further drilling would in the judgment of the Lessee be unprofitable and the Lessee shall likewise continue to drill a well under like terms and conditions and subject to like obligations as long as the Lessee claims any rights hereunder and until oil in such paying quantities is struck.

6. Lessee agrees to commence drilling operations on a well on said demised premises within six (6) months after the completion of a commercial well on said adjacent tract within five miles of the exterior boundaries thereof, and shall prosecute the drilling of the same with reasonable diligence until oil is found in such paying quantities by the Lessee or until said well has been drilled to a depth at which further drilling would in the judgment of the Lessee be unprofitable. If oil should not be obtained in such paying quantities in the first well drilled, the Lessee shall, as a condition of the continuation of any of the rights given to him hereunder, in like manner, commence and prosecute upon said land the drilling of another well within 180 days after the completion or abandonment of said first well.

7. If oil is found in such paying quantities in any well so drilled by the Lessee upon said demised land, the Lessee (subject to the provisions hereof) shall continue to drill additional wells upon said land as rapidly as one (1) string of tools, working with reasonable diligence, can complete the same, until there shall have been completed on said land as many wells as shall equal the total acreage hereby leased divided by forty (40) whereupon the Lessee shall hold all of said land free of further drilling obligations, subject to this lease and for the full term hereof; provided that the Lessee may defer the commencement of the drilling of the second or any subsequent well for a period not to exceed one hundred twenty (120) days from the date of completion of the well last preceding it. The Lessee shall be entitled to drill as many additional wells as he desires.

8. After the completion of the first or any subsequent well herein provided for, whether oil be found therein in such paying quantities or not, the Lessee may, at his election, at any time cease further drilling, and if said full number of wells shall not have been drilled, the Lessee shall thereupon surrender, and this lease shall thereupon terminate as to, all of said land except such portion of said lease as Lessee and/or his assigns shall elect to retain by the payment of the rentals herein provided and except forty (40) acres surrounding each producing or drilling well, which the Lessee may hold free of further drilling obligations as long as oil or gas is produced therefrom with rights-of-way for pipe and pole lines upon all of the land hereby leased and for passage over upon and across the same and ingress and egress to and from such retained parcels.

9. In the event that wells are drilled and oil produced in paying quantities upon adjoining property and within two hundred (200) feet of the exterior limits of any land at the time embraced in this lease, the Lessee agrees to offset such wells by the commencement of actual drilling within one hundred twenty (120) days after the production of oil in paying quantities from such wells. Such offset well or wells, if any, shall be considered the equivalent in all respects of any other well required to be drilled hereunder.

10. The Lessee agrees to operate each completed well with reasonable diligence and in accordance with good oil field practice, so long as such well shall produce oil in quantities deemed paying quantities by the Lessee, while this lease is in force as to the portion of said land on which such well is situated. There shall be no obligation on the part of Lessee to drill, pump or operate said premises so long as the price of oil of the quality produced on said property shall be less than seventy-five cents (75¢) per barrel at the well.

11. The obligations of the Lessee hereunder shall be suspended while, but only so long as, the Lessee is prevented from complying therewith, in part or in whole, by strikes, lockouts, acts of God, unavoidable accidents, delays in transportation, interference by State or Federal action, or other matters beyond the control of the Lessee, whether similar to the matters herein specifically enumerated or not.

12. It is expressly understood and agreed that the consideration paid herefor shall include all rental for the first year of the term hereof. Commencing with the second year of the term hereof whether the Lessee, his successors or assigns have not theretofore commenced drilling on said adjacent land or on the land herein demised or shall have completed a commercial well thereon or terminated this lease as herein provided, the Lessee may pay or tender to the Lessor in advance as rentals the sum of \$1.00 per acre until drilling is commenced on said demised land or this lease terminates as herein provided. The payment of the foregoing rental by the Lessee shall secure to the Lessee, his successors and assigns, the privilege of deferring the commencement of all drilling operations for a period of 12 months. In like manner and upon like payments or tenders at the beginning of succeeding years, the beginning of drilling operations may be further deferred for like periods successively for a term of four years. All payments or tenders may be made by check or draft of the Lessee or any assignee thereof mailed or delivered to the Lessor or Lessor's agent on or before the rental paying date. It is the intent hereof that rentals shall not be paid except for the purpose of deferring drilling.

13. Upon the termination of this lease, an appropriate instrument of surrender shall be executed and delivered to the Lessor or the agent of the Lessor hereinafter designated, and the Lessee shall quit said land and shall thereafter be relieved of all further obligations hereunder.

14. The Lessee shall pay to the Lessor as royalty and rent for said land, in addition to the other considerations hereof, the one-eighth (1/8th) part of all oil, asphaltum and other hydrocarbons extracted and saved therefrom.

15. For all gas produced and saved and sold from said land by the Lessee, the Lessee shall pay as rent and royalty one-eighth (1/8th) of the proceeds received by the Lessee from the sale thereof; provided nothing herein contained shall be deemed to obligate the Lessee to produce, save, sell or otherwise dispose of gas from said land. For the purpose of having gasoline extracted from gas produced from said land, the Lessee may transport, or cause to be transported, to a gasoline extraction plant located either on said land or on other lands, all or any portion of such gas where it may be commingled with gas from other properties. Lessee shall meter such gas so transported and such meter