

and surrender said land as hereinafter provided. No implied covenants shall be read into this lease requiring the Lessee to drill or to continue drilling on said land, or fixing the measure of diligence therefor. If the Lessee shall elect not to commence or prosecute drilling of a well on said land, as above provided, this lease shall terminate.

6. Upon such 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 obligation hereunder.

7. Should the Lessee elect to commence the drilling of a well on said land, as aforesaid, 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, within one hundred eighty (180) days after the completion or abandonment of said first well, commence upon said land the drilling of a second well, 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, 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.

8. If oil is found in such paying quantities in any well so drilled by the Lessee upon said 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.

9. 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 hereinabove 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 and upon and across the same and ingress and egress to and from such retained parcels.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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 readings, together with analyses of the gasoline content of such gas made at approximately regular intervals, at least once in every month, shall furnish the basis for computation of the amounts of gasoline and residue gas to be credited to this lease. Gas actually and reasonably used or consumed, or lost in the operations of any such plant shall be free of charge, and Lessee shall not be held accountable to the Lessor for such proportion thereof as the total amount of gas transported from this lease bears to the total amount of gas treated at such plant.

15. Any gasoline derived from gas produced from said land may be returned to the oil produced therefrom and in that event shall be treated as a part thereof.

16. The Lessee shall not be required to account to the Lessor for or pay rent or royalty on oil, gas or water produced by the Lessee from said land and used by him in his operations hereunder, but may use such oil, gas and water free of charge.

17. Water produced by the Lessee may, if and while the same is not used by him in