

his operations hereunder, be used by the Lessor for surface operations on said land.

18. The Lessor's oil royalty, if taken in kind, shall be delivered as produced and saved into tanks maintained on said land for that purpose by the Lessee, and shall be stored in such tanks free of charge to the Lessor for a period of thirty (30) days. If the Lessor elects to sell said royalty to the Lessee, the Lessee agrees at any time and from time to time during the term of this lease, to contract to purchase all of such royalty at the price or prices and upon the terms applying at the time to purchases of crude oil of like gravity and quality from producers in the same vicinity.

19. The rent and royalty aforesaid shall be ascertained, computed and paid monthly, and for the purpose of ascertaining the amount and account thereof, the Lessee shall keep true and correct books of account showing the production of said substances from said land, and the Lessee shall furnish to the Lessor monthly written statements of the production from said land for the preceding calendar month, and settlement thereof shall be made between the parties hereto as herein provided.

20. The Lessee shall pay all taxes that may be levied against the improvements, plant, machinery and personal property owned by him and located upon any part of said land, including oils and minerals that may be stored thereon.

21. The Lessee shall also pay seven-eighths (7/8ths) of any and all taxes assessed upon the mineral rights in said land, or in such portion of said land as the Lessee may be holding under this lease.

22. The Lessor agrees to pay one-eighth (1/8th) of any and all taxes assessed upon the mineral rights in said land, whether the same are assessed to the Lessee or the Lessor, or otherwise.

23. The Lessee agrees not to drill any well upon said land within one hundred fifty (150) feet of the now existing buildings thereon without the written consent of the Lessor.

24. The Lessee agrees to pay all damages directly occasioned by his operations to crops upon said land. In the event of inability of the parties to agree as to the amount of any such damage such amount shall be determined by arbitration, one arbitrator to be selected by the Lessor, one by the Lessee, and, if the two so selected shall be unable to agree, they shall select a third arbitrator. The decision of a majority of said three arbitrators shall be binding on the parties.

25. The Lessor may at all reasonable times examine said land, the work done and in progress thereon, and the production therefrom, and may inspect the books kept by the Lessee in relation to said land, to ascertain the production and the amount shipped therefrom. The Lessee agrees, on request, to furnish the Lessor or the agent of the Lessor, with copies of logs of all wells drilled by the Lessee on said land.

26. All the labor to be performed and material to be furnished in the operations hereunder shall be at the cost and expense of the Lessee, and the Lessor shall not be chargeable with, nor liable for, any part thereof, and the Lessee shall keep said land duly and fully protected against all liens of every character arising from or connected with, his operations, and in the event of any such liens being placed thereon to the knowledge of the Lessee, he shall at once notify the Lessor thereof.

27. Upon the written request of the Lessor, the Lessee agrees to lay all pipe lines which he constructs through cultivated fields below plow depth, and upon similar request agrees to fence all sumps dug on said land.

28. The Lessee shall have the right to remove from time to time from said land all machinery, rigs, piping, casing, pumping stations and other property and improvements belonging to or furnished by the Lessee, provided that such removal shall be completed within a reasonable time after the termination of this lease.

29. The Lessee agrees upon the surrender or termination hereof to remove all personal property and structures installed by him on said land and to fill all sump holes and excavations made by him.

30. All notices hereunder shall be served by the Lessor upon the Lessee at the address of the Lessee herein set forth, or at such other address or addresses within the State of Wyoming as the Lessee, his heirs, executors, administrators or assigns may from time to time designate by written notice given to the Lessor.

31. If the Lessee shall fail, for a period of ninety (90) days after written notice given to him at 1010 Pershing Square Building, Los Angeles, California, by the Lessor, to comply with any provision of this lease, the Lessor may terminate this lease; provided, that no default in the performance of any of the conditions or provisions hereof as to any well or wells or any parcel of forty (40) acres surrounding the same, as hereinbefore provided, shall affect the right of the Lessee or his assigns to continue his or their possession or operation of any other well or wells situated on any other such parcel of forty (40) acres, or to use rights-of-way necessary for his or their operations.

32. If at any time during the term of this lease more than one person, firm or corporation shall be or become interested in the estate of the Lessor hereunder, all such interested parties shall be represented by a single agent, and the Lessor hereby appoints James W. Chrisman, whose address is Opal, Wyoming, as such agent with full power in the name and on behalf of the Lessor, and his successors in interest, and of each and every one of them, to examine said land, to grant all consents required from the Lessor, to give all notices required to be given by the Lessor to the Lessee, and to receive all notices required to be given to the Lessor by or under this lease; to inspect all books and records of the Lessee which the Lessor may be entitled to inspect, as provided in this lease, to receive and receipt for all royalties deliverable in kind, and all statements of production of oil on said land; to settle all accounts and other matters pertaining to the delivery or disposition of such royalty, with like power and authority to elect whether such royalty shall be received in kind, or shall be sold to the Lessee as hereinabove provided. Should the agent elect to sell said royalty to the Lessee, said agent shall have full power and authority, in the name and on behalf of the Lessor, and his successors in interest, and of each and every one of them, to contract to sell all of such royalty, as hereinbefore provided.