

No. 18237

LEASE*Terminated Bk. 8 of Miscellaneous pg. 149.*

Henry L. Budd, et ux

THE STATE OF WYOMING)

This instrument was filed

To

County of Sublette )

)SS. for record in my office  
at 9:30 o'clock A. M.,  
on the 15th day of June,  
1937 and duly recorded  
in Book 1 of Oil and Gas  
Leases, on Page 70.

C. Ed Lewis

Fees \$3.95

C. C. Feltner, County  
ClerkBy Lillian C. Rider,  
Deputy

THIS LEASE, made and entered into this Feb. 1st, 1937, by and between HENRY L. BUDD and VELMA BUDD, his wife, of Big Piney, Sublette County, Wyoming hereinafter called "Lessor" (whether one or more), and C. ED LEWIS, of the City and County of San Francisco, California, hereinafter called "Lessee",

W I T N E S S E T H :

That Lessor, for and in consideration of the sum of One Dollar (\$1.00) in hand well and truly paid by Lessee, the receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept and performed has granted, demised, leased and let, and by these presents does grant, demise, lease and let unto Lessee, his successors, or assigns exclusively, for the sole purpose of drilling, operating for, producing, extracting, treating, removing and marketing oil, gas, natural gasoline and other hydrocarbon substances therefrom, all that certain real property in the County of Sublette, State of Wyoming, described as follows, to-wit:

Southeast Quarter of the Northwest Quarter (SE $\frac{1}{4}$ NW $\frac{1}{4}$ ) of Section  
Thirty-one (31), Township Thirty-one (31) North, Range 112, 6th  
Principal Meridian, containing 40 acres, more or less,

together with the right to establish and maintain on said premises such tanks, boilers, houses, engines, ~~and other apparatus and equipment, power lines, pipe lines, roads~~ and other apparatus and equipment, power lines, pipe lines, roads and other appurtenances which may be necessary or convenient (except refinery or gasoline compression plant), in the production, treatment, storage and/or transportation of any and all of said products from and on said property.

It is agreed that this lease shall remain in force for the term of eight (8) years from this date, and so long thereafter as oil and gas or either of them is produced therefrom by Lessee, his successors or assigns, in sufficient quantities deemed paying by Lessee.

In consideration of the premises, Lessee covenants and agrees:

(1) To pay to Lessor as royalty the equal one-eighth (1/8) part of the value of all oil produced and saved from the demised premises at the published purchase price paid to producers generally at the well in the district in which the premises are located for oil of like gravity on the day the oil is run into the pipe line or tank. Lessor shall have the option to exercise not oftener than once in any one calendar year, upon sixty (60) days previous written notice, to take his oil in kind, in which event Lessee shall furnish thirty (30) days' free storage therefor.

(2) To pay to Lessor as royalty one-eighth (1/8) of the net proceeds derived from the sale of gas from said property while same is being sold or used off the premises.

(3) If casinghead gasoline is manufactured on the demised premises or elsewhere by Lessee from gas produced from said property, to pay Lessor one-eighth (1/8) of the proceeds from the sale of said gasoline less the entire cost of gathering, manufacturing, handling, and selling the same.

(4) To commence drilling operations on a test well at a location to be selected by Lessee at a point within five (5) miles of the exterior boundaries of the demised premises on or before May 5th, 1937, and to prosecute said drilling with due diligence until said well has reached a depth of 6,000 feet unless oil or gas in commercial quantities is encountered at a lesser depth.

(5) To commence drilling operations on a second test well at a location to be selected by Lessee at a point within five (5) miles of the exterior boundaries of the demised premises, within three (3) months after the completion or abandonment of said first test well, providing oil or gas is not found in commercial quantities in said first test well, and to prosecute the drilling with due diligence until said well has reached a depth of 6,000 feet unless oil or gas in commercial quantities is encountered at a lesser depth.

(6) To commence drilling operations on succeeding test wells at a location to be selected by Lessee at a point within five (5) miles of the exterior boundaries of the demised premises, within three (3) months after the completion or abandonment of each preceding well, providing oil or gas is not found in commercial quantities in said preceding well, and to prosecute the drilling of each of said wells with due diligence until said well or wells have reached a depth of 6,000 feet unless oil or gas in commercial quantities is encountered at a lesser depth. And in lieu of the commencement of any succeeding well as hereinabove provided the Lessee may pay the Lessor at the State Bank of Big Piney One Dollar (\$1.00) per acre which shall operate as rental for deferring drilling operations as hereinabove provided for a period of twelve months. In like manner and upon like payments or tenders the commencement of drilling operations as pertaining to succeeding wells, may be further deferred for like periods successively for a term of not to exceed three (3) years from date hereof.

(7) To commence drilling operations on a well on said demised premises within six (6) months after the completion of a commercial well within five (5) miles of the exterior boundaries thereof, and in any event within three (3) years from the date hereof,

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