

Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the Lessee, at its option, may pay and discharge any taxes, mortgages, or other liens existing, levied or assessed on or against the above described lands, and in the event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder.

Lessee may at any time quitclaim this lease in its entirety or as to part of the acreage covered thereby, with the privilege of retaining twenty (20) acres surrounding each producing or drilling well, and thereupon Lessee shall be released from all further obligations and duties as to the area so quitclaimed, and all rental and drilling requirements shall be reduced pro rata; provided, however, that Lessee shall not be relieved from payment of any sums which shall be lawfully due Lessor at the time of such surrender. On the expiration or sooner termination of this lease, Lessee shall quietly and peaceably surrender possession of the premises to Lessor, and deliver to Lessor a good and sufficient quitclaim deed so as to effectually clear the title to said premises from any interest of Lessee therein under this lease. Lessee shall restore the surface of the ground to substantially its original condition.

Before removing the casing from any abandoned well, Lessee shall notify Lessor of his intention to do, and if Lessor within five (5) days thereafter shall inform Lessee in writing of Lessor's desire to convert such well into a water well, Lessee will leave therein such amount of casing as Lessor may require for said purposes, provided such procedure is lawful and will not violate any rule or order of any official, Commission or authority then having jurisdiction in such matters; and provided further, that Lessor shall pay to Lessee fifty per cent (50%) of the then market value of such casing which Lessee has allowed to remain in the well in excess of that portion of the casing which Lessee would be required to leave pursuant to said rule or order.

Upon the failure of Lessee to pay any rentals or royalties herein provided for, and the continuance of such failure for ten days after written notice thereof by Lessor, this lease shall terminate; and upon failure of Lessee to comply with any other covenants in this lease, and the continuance of such failure for ninety (90) days after written notice thereof from Lessor specifying the covenant or covenants which Lessee has failed to perform, this lease shall terminate and all rights and obligations hereunder shall cease.

In case Lessor owns a less interest in the above described land than the entire and undivided fee simple estate herein, then the royalties and rentals herein provided for shall be paid Lessor only in the proportion which his interest bears to the whole and undivided fee.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is hereby expressly granted, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the Lessee until after the Lessee has been furnished with a written notice of transfer or assignment of a true copy thereof; and it is hereby agreed that in the event this lease shall be assigned as to a part or as to parts of the above described lands and the assignee or assignees of such part or parts shall default in the performance of any covenant of this lease as applied to such portion so assigned such default shall not operate to defeat or affect this lease in so far as it covers a part or parts of said lands retained by the said Lessee or any assignee thereof upon which there is not default.

This lease shall be binding upon the heirs, executors, administrators and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have duly executed this agreement the day and year first above written.

WITNESS:

Geo. A. Moffat

Henry L. Budd

Velma Budd

L E S S O R S

WITNESS:

Artell F. Smith

C. Ed Lewis

L E S S E E

STATE OF WYOMING)
) SS.
County of Sublette)

I, Geo. A. Moffat, a Notary Public within and for said County, in the State aforesaid, do hereby certify that said HENRY L. BUDD and VELMA BUDD, personally known to me to be the persons whose names are subscribed to the annexed instrument, appeared before me this day in person and acknowledged that they signed, sealed and delivered said instrument of writing as their free and voluntary act for the uses and purposes therein set forth.

My commission expires on the 22 day of April, 1939.

Given under my hand and seal this 14 day of June, 1937.

(NOTARIAL SEAL)

Geo. A. Moffat, Notary Public

STATE OF CALIFORNIA)
) SS.
County of Los Angeles)

On this 9 day of June, 1937, before me, the undersigned, a Notary Public in and for