

No. 19020

OIL AND GAS LEASE

Edward P. Steele, et ux

THE STATE OF WYOMING)

This instrument was filed for
)ss. record at 9:00 o'clock A. M., on
the 24th day of September, 1937
and duly recorded in Book 1 of
Oil and Gas Leases, on Page 108.

To

County of Sublette)

The California Company

C. C. FELTNER, County Clerk

Fees, \$3.25

By Lillian C. Rider, Deputy

THIS AGREEMENT, Entered into this the 17th day of July, A. D. 1937, between Edward P. Steele, also known as Ed. P. Steele, and Emma B. Steele, his wife of Boulder, Wyoming, hereinafter called lessor, and the CALIFORNIA COMPANY, a California corporation, hereinafter called lessee, does witness:

1. That lessor, for and in consideration of the sum of Ten and no/100ths Dollars (\$10.00) in hand paid, and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted and leased and hereby grants, leases and lets unto the lessee for the purpose of mining and operating for and producing oil and gas, casinghead gas and casinghead gasoline, laying pipe lines, building tanks, storing oil, building powers, stations, telephone lines and other structures thereon to produce, save, take care of and manufacture all of such substances, and for housing and boarding employees, the following described tract of land in Sublette County, Wyoming, to-wit:

NW $\frac{1}{4}$ SE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$ and Lot 4 of Section 30, Township 34 North, Range 109 West;
E $\frac{1}{2}$ NW $\frac{1}{4}$ and Lots 1 and 2 of Section 31, Township 34 North, Range 109 West;
SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 25, Township 34 North, Range 110 West; all 6th P. M.,
and containing 342.39 acres, more or less.

2. This lease shall remain in force for a term of ten (10) years and as long thereafter as oil, gas casinghead gas, casinghead gasoline or any of them is or can be produced.

3. The lessee shall deliver to the credit of the lessor as royalty, free of cost, in the pipe line to which lessee may connect its wells the equal one-eighth part of all oil produced and saved from the leased premises, or at lessee's option, may pay to the lessor for such one-eighth royalty the market price for oil of like grade and gravity prevailing on the day such oil is run into the pipe line, or into storage tanks.

4. The lessee shall pay lessor, as royalty, one-eighth of the proceeds from the sale of the gas, as such, for gas from wells where gas only is found, and where not sold shall pay Fifty (\$50.00) Dollars per annum as royalty from each such well, and while such royalty is so paid such well shall be held to be a producing well under paragraph numbered two hereof. The lessor to have gas free of charge from any gas well on the leased premises for stoves and inside lights in the principal dwelling house on said land by making his own connections with the well, the use of said gas to be at the lessor's sole risk and expense. The lessee shall pay to lessor for gas produced from any oil well and used by the lessee for the manufacture of gasoline, or any other product, as royalty, one-eighth of the market value of such gas. If said gas is sold by the lessee, then as royalty one-eighth of the proceeds of the sale thereof.

5. If operations for the drilling of a well for oil or gas are not commenced on said land on or before one year from this date, this lease shall terminate as to both parties, unless the lessee shall, on or before one year from this date, pay or tender to the lessor or for the lessor's credit in the THE FEDERAL LAND BANK OF OMAHA at Omaha, Nebraska, or its successors, which bank and its successors are the lessor's agent and shall continue as the depository of any and all sums payable under this lease, regardless of changes of ownership in said land or in the oil and gas, or in the rentals to accrue thereunder, the sum of Eighty-five and 60/100ths Dollars (\$85.60) which shall operate as rental and cover the privilege of deferring the commencement of drilling operations for a period of one year. In like manner and upon like payments or tenders, the commencement of drilling operations may be further deferred for like periods successively. All payments or tenders may be made by check or draft of lessee or any assignee thereof, mailed or delivered on or before the rental paying date. Notwithstanding the death of the lessor, or his successor in interest, the payment or tender of rentals in the manner provided above shall be binding on the heirs, devisees, executors and administrators of such person.

6. If at any time prior to the discovery of oil or gas on this land and during the term of this lease, the lessee shall drill a dry hole, or holes on this land, this lease shall not terminate, provided operations for the drilling of a well shall be commenced by the next ensuing rental paying date, or provided the lessee begins or resumes the payment of rentals in the manner and amount hereinabove provided; (and in this event the preceding paragraphs hereof governing the payment of rentals and the manner and effect thereof shall continue in force).

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

8. The lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations thereon, except water from the wells of the lessor. When required by lessor, the lessee shall bury pipe lines below plow depth and shall pay for damage caused by its operations to growing crops on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the lessor. Lessee shall have the right at any time during or after the expiration of this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing.

This instrument terminated Bk. 4 of 1937, Page 213