

TERM OF LEASE.

TO HAVE AND TO HOLD said land, and all rights and privileges granted hereunder, unto the lessee, her heirs and assigns, for a term of five years from the date hereof, and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of them is or can be produced therefrom.

ROYALTY AND RENT.

The lessee agrees to pay the lessor in cash at the prevailing field market price at the time of production, the value in its natural state of the equal one-eighth part of all oil and the equal one-sixteenth part of all gas, (having due regard for the value of the gasoline or other mineral content of such gas) produced, saved and marketed from the above described premises. Settlement therefor shall be made on the 20th day of each month for minerals produced during the preceding calendar month.

No change of ownership in the land or in the rentals or royalties shall be binding upon the lessee until after it has been furnished with a written transfer or assignment, or a certified copy thereof, Should suit be brought involving the ownership of said rentals or royalties accruing hereunder, or of the said land, then upon lessee's notice or knowledge thereof all payments accruing hereunder shall be suspended until the final determination of such suit.

The lessor may have gas free of charge from any gas well on the leased premises for all stoves and inside lights in the principal dwelling house on the 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 at all times; said right to be subject to prior right of lessee to gas from said wells for operating purposes as herein set out.

DRILLING

The lessee agrees to commence a well on said land on or before the 1st day of July, 1938.

If said well, or any subsequent well prior to completion of a paying well, be abandoned for mechanical reasons, or any other reason, this lease shall remain in full force and effect if a new well is started within sixty (60) days from the date of said abandonment.

Lessee agrees with reasonable diligence to offset all paying, producing wells drilled outside of and within 250 feet of the boundary lines of the tract covered hereby, or will forfeit the 40 acre tract or sub-division hereof opposite such adjacent foreign well. There shall be no obligation on the part of the lessee to offset wells on separate tracts in which the land covered by this lease may be divided by sale, demise, or otherwise. 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.

ASSIGNMENT AND TERMINATION.

This lease shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto except as otherwise herein specified. The lessee shall have the right to assign this lease, or any interest therein, or any portion of the acreage covered thereby.

Lessee may at any time surrender this lease by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the proper county and thereupon all payments and liability of the lessee hereunder shall cease and the lease shall become void; and likewise the lessee may surrender any part of said land and terminate lessee's obligations as to the land surrendered, without terminating the lease as to the remaining land.

Should the lessee so far fail in the compliance with the conditions of the lease as to justify a forfeiture thereof, no forfeiture shall be declared unless the lessor shall first notify lessee in writing specifying the exact nature of the default, and unless the lessee shall fail to remedy said default within thirty days from date of receipt of said notice.

MISCELLANEOUS.

Lessor hereby warrants and agrees to defend the title to the land herein described, and agrees that the lessee, at lessee's 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 lessee exercises such option, lessee shall be subrogated to the rights of any holder or holders thereof and may be reimbursed by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing thereunder. 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 lessor's interest bears to the whole and undivided fee.

The lessee, if requested, shall bury all pipelines below plow depth, and no well shall be drilled nearer than 200 feet to the house or barn now on said land without lessor's written consent. The lessee agrees to pay the taxes upon all structures, tools and appliances placed on said lands by the lessee for the purpose of conducting operations under and by virtue of said lease. The lessor agrees to pay all taxes and assessments levied against the lands hereinabove described. The parties will pay all taxes lawfully levied upon the oil or gas production on this lease or other taxes measured thereby in proportion to their respective shares thereto as hereinabove defined.

Lessor hereby releases and waives all rights of homestead, courtesy or dower. Lessor expressly declares that the down payment received by lessor for this lease at the time of the execution thereof, is a good, valid and substantial consideration, and sufficient in all respects to support each and every covenant contained therein.

IN WITNESS WHEREOF the parties hereto have signed in duplicate the day and year first above written.