day and year in this certificate above written.

My Commission expires Feb. 19-1938.

P. C. Hagenstein, Notary Public.

(NOTARIAL SEAL)

$0.50 U.S. DOCUMENTARY STAMP cancelled 3-11-38 O.O.CO.

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No. 19820

Earl L. Payne, et ux

To

J. Gordon Morgan

Fees, $3.25

OIL AND GAS LEASE

THE STATE OF WYOMING)
)SS.
County of Sublette)

Terminated Bk. 8 ms. 242

(1135 Wyoming)

This instrument was filed for record in my office at 1:00 o'clock P. M., on the 22d day of March A. D. 1938, and duly recorded in Book 1 of Oil and Gas Leases, on page 148.

C. C. FELTNER, County Clerk

By Patricia Murdock, Deputy

THIS AGREEMENT made and entered into this 30th day of October, 1937, by and between Earl L. Payne and Wilma Payne, his wife of___County, State of Oregon, hereinafter called the lessor (whether one or more), whose Post Office address is Curtain, Oregon, and J. Gordon Morgan, hereinafter called lessee, whose Post Office address is Rawlins, Wyoming, WITNESSETH:

That said lessor for and in consideration of the sum of ten ($10.00) Dollars in hand paid by the lessee, the receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of the lessee to be made, kept and performed, has granted, demised, leased and let, and by these presents does grant, demise, lease and let unto the lessee, its successors and assigns, for the purpose of mining and operating for and producing oil, gas and other hydrocarbons and of laying pipe lines, constructing tanks, erecting buildings and other structures, and all other rights and privileges necessary, incident, or convenient for the economical operation of said lands, alone or co-jointly with neighboring lands, the following described premises situate in Township 35-North, Range 111-West, County of Sublette, State of Wyoming, to-wit:

> the South-half of Northeast Quarter ($S\frac{1}{2}NE\frac{1}{4}$) and Southeast Quarter ($SE\frac{1}{4}$) Twenty-seven (27); the North-half of Northeast Quarter ($N\frac{1}{2}NE\frac{1}{4}$) of Section Thirty-four (34), all in Township Thirty-five (35) North, Range One Hundred Eleven (111) West of the 6th, P.M.,

containing 320 acres, more or less, hereby releasing and waiving all rights under and by virtue of the Homestead Exemption Laws of this State. The lessor further grants unto the lessee, its successors and assigns, the exclusive right to occupy so much of the surface of the above described lands as shall be necessary to successfully carry on the operations and fulfill the purposes of this lease.

The lessor agrees that this lease shall remain in force for a term of ten (10) years from this date and as long thereafter as oil or gas is or can be produced from said lands by the lessee as hereinafter provided, and that the consideration above stated is a good and sufficient consideration for each and every agreement contained herein and for the rights and privileges granted to the lessee herein, its successors or assigns.

In consideration of the premises, it is agreed that:

(1) The lessee shall pay to the lessor the proceeds from one-eighth (1/8) of all the oil and gas produced and sold from the leased premises at the prevailing market price therefor at the wells.

(2) If operations for the drilling of a well for oil or gas are not commenced on said lands on or before one year from the date hereof this lease shall terminate as to both parties, unless the lessee shall on or before one year from the date hereof pay or tender to the lessor or for the lessor's credit in the First National Bank, at Cottage Grove, Oregon, or its successors, which bank, or its successors, shall be 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 lands or in the oil and gas, or in the rentals to accrue thereunder, the sum of twenty-five cents (25¢) per acre which shall operate as rental and cover the privilege of deferring the commencement of drilling operations for the further period of one (1) 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 of lessee, or any assignee thereof, mailed to the post office address of the lessor as hereinabove set forth or delivered on or before the rental paying period. Provided, however, the lessee shall be granted a thirty (30) day grace period within which to make such payments and this lease shall not be forfeited if such payments are made within said thirty (30) day grace period after the time for payment as provided in this paragraph. If at any time more than six persons shall be entitled to participate in the rentals or royalties hereunder, lessee at his election may pay all rentals and royalties thereafter accruing to the credit of this lease in the depository bank last designated by lessor as herein provided, or lessee may withhold payment unless and until all parties shall designate, in a recordable instrument to be filed with the lessee, a common agent or trustee to receive all payments hereunder, and to execute and deliver rental receipts, division orders and/or transfer orders on behalf of said parties and their respective successors in title.

(3) If during the fixed term of this lease prior to obtaining production lessee shall drill a dry hole, or if production shall cease, this lease shall not terminate provided lessee, on or before the next ensuing rental date, shall commence operations for the drilling of another well, or begin or resume payment of rentals, as above provided. If after the expiration of the fixed term of this lease production shall cease