surrender the whole or any part of the lands described in 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 liabilities and other obligations of the lessee hereunder shall cease as to the lands embraced in such release. All land leased shall remain subject to easements for rights of way necessary or convenient for lessee's operations on land retained by it.

(11) It is agreed that this lease shall not be terminated, forfeited or cancelled for failure by lessee to perform any of its implied covenants, conditions, or stipulations until it shall have been first finally and judicially determined that such failure or default exists, and thereupon lessee shall be given a reasonable time thereafter to correct any default so determined, or at lessee's election it may surrender the lease with option of reserving under the terms of this lease each producing well and ten (10) acres surrounding it as selected by lessee, together with the right of ingress and egress thereto. Lessee shall not be liable in damages for breach of any implied covenant or obligation.

(12) If lessee at any time shall include the lands covered by this lease in a unit or cooperative operating agreement, lessee shall have the right to include lessor's royalty interest in said agreement and thereupon said agreement shall exclusively control the drilling, operating and producing of said lands, anything to the contrary in this lease notwithstanding. If the lands or leases included in said agreement are to be drilled and operated as a unit and oil or gas shallbe produced in paying quantities, then such part of said production allocated to this lease under said agreement shall be divided seven-eighths (7/8) to the lessee and one-eighth (1/8) to the lessor, in lieu of the royalty payments provided by paragraph one hereof. Should production be found on any of the tracts covered by said agreement, this lease shall remain in force as long as oil, or gas is or can be produced from such tracts, or any of them. If this lease shall be unitized with other leases or tracts and if production shall be found on any of them, lessee's rental obligations hereunder shall cease. Any agreement made by lessee under this paragraph shall be in writing and lessee shall furnish lessor with a copy of the signed agreement.

(13) All exploratory and mining grants, or permits of every nature, including core-drilling, use of torsion-balance, magnetometer, seismograph, or other geophysical instruments for determining sub-surface conditions are herewith granted to lessee, exclusively.

(14) This lease and all its terms, conditions and stipulations, shall extend to and be binding upon all heirs, devisees, representatives, successors or assigns of said lessor or lessee.

WITNESS the following signatures and seal, the day and year first above written.

Signed, sealed and delivered
in the presence of:

Lester Pape (SEAL)

Albert Larson

Mary Hillier Pape (SEAL)
LESSOR

Albert Larson

J. Gordon Morgan, LESSEE.

STATE OF WYOMING)
)SS.
County of Sublette)

On this 10th day of November, 1937, before me, Albert Larson, a Notary Public in the state and county aforesaid, personally appeared Lester Pape and Mary Hillier Pape, Lessors, and J. Gordon Morgan, Lessee, to me known to be the persons described in and who executed the foregoing instrument, and whose names are subscribed thereto, and acknowledged to me that they executed, signed, sealed and delivered said instrument as their free and voluntary act and deed for the uses and purposes therein set forth, including the release and waiver of the right of homestead, the said wife having been by me fully apprised of her right and the effect of signing and acknowledging the said instrument.

My Commission expires March 24th, 1940.

Albert Larson, Notary Public.
Residing at Big Piney, Wyoming.

(NOTARIAL SEAL)

$1.00 U.S. DOCUMENTARY STAMP cancelled O.O.Co. 4-16-38.

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No. 20063 OIL AND GAS LEASE (Wyoming 1146)

Mason E. Phillips, et ux

To

J. Gordon Morgan

Fees, $3.25

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

Terminated Bk. 8 Ms. 242

This instrument was filed for record in my office at 2:30 o'clock P. M., on the 16th day of May A. D. 1938, and duly recorded in Book 1 of Oil and Gas Leases, on page 169.

C. C. FELTNER, County Clerk.

THIS AGREEMENT made and entered into this 18th day of October, 1937, by and between Mason E. Phillips and Carrie G. Phillips, his wife of Sublette County, State of Wyoming, hereinafter called the lessor (whether one or more), whose Post Office address is Daniels Wyoming., and J. Gordon Morgan, hereinafter called lessee, whose Post Office address is Rawlins, Wyoming, WITNESSETH:

MEP
CGP
JGM
MRM

That said lessor for and in consideration of the sum of Ten Dollars($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,