

the rights granted to the Lessee herein. The Lessee agrees to conduct its operations so as to interfere as little with the use of the land for agricultural, horticultural or grazing purposes as is consistent with the economical operation of the property for oil, and agrees to pay for any damage to growing crops which may be done through its negligence. If any of the fences existing on said lands are cut by the Lessee for its purposes, the Lessee shall establish a good and substantial gate at such point. Whenever requested by the Lessor in writing, the Lessee shall fence all sump holes and other openings to safeguard cattle which may be grazing on said land.

17. The Lessor may have the use for his domestic purposes of any water or gas developed on said property, so long as such water or gas is not required by the Lessee or sold. Delivery of same shall be taken at a point to be indicated by the Lessee and it shall be transported to the point of use at the cost and sole risk of the Lessor.

18. The Lessee shall have at any time the right to remove any houses, tanks, pipelines, structures, casing or other equipment, appurtenances or appliances of any kind brought by it upon said land, whether affixed to the soil or not; provided, however, that in case of the abandonment of any well in which Lessee has landed casing if the Lessor shall desire to retain the same as a water well, he may notify the Lessee to that effect, and thereupon the Lessee shall leave in the well such of said casing as the Lessor shall require, and the Lessor shall pay to the Lessee fifty per cent (50%) of the cost to Lessee of such casing delivered on the ground.

19. In the event of any breach of any of the terms or conditions of this lease by the Lessee, and the failure to remedy the same within ninety days after written notice from the Lessor so to do, then, at the option of the Lessor, this lease shall forthwith cease and determine, and all rights of the Lessee in and to said land be at an end.

20. Notwithstanding any forfeiture of this lease, the Lessee shall have the right to retain any and all wells being drilled, or producing or capable of producing oil or gas in paying quantities, at the time of such forfeiture, together with the aforesaid easements and appurtenances of said wells and sufficient land surrounding each well for the operation thereof. The wells so retained shall be subject to all the terms and conditions of this lease.

21. In case any action is brought at law or in equity by third parties claiming title to the land, in hostility to the Lessor, then, during the pendency of said action, until final decision thereof, the Lessee may discontinue operations on said lands, or if it operates wells, may deposit the royalties accruing under this lease in any national bank in the City of Los Angeles to the joint account of the Lessor and Lessee.

22. Any notice from the Lessor to the Lessee must be given by sending the same by registered mail addressed to the Lessee at Big Piney, Wyoming and any notice from the Lessee to the Lessor may be given by sending the same by registered mail, addressed to J. C. Anderson at Big Piney, Wyoming who is hereby designated as agent of Lessor. Either party, or the assigns of either party, may at any time, by written notice to the other party, change the address to which notices shall be sent and the Lessor may change the designated agent, and after such written notice to either party by the other, by registered mail, all subsequent notices shall be sent to the address therein indicated and to the substituted agent of Lessor.

23. All material furnished or work done on said land by the Lessee shall be at the Lessee's sole cost and expense, except as herein otherwise provided, and Lessee agrees to protect said land and the Lessor from all claims of contractors, laborers and material men, and Lessor may post and keep posted on said land such notices as he may desire in order to protect said lands against liens.

24. Lessee at its option may pay and discharge any liens which may now or hereafter attach to the land herein demised, and pay and discharge any mortgages, trust deeds, or encumbrances of any kind or nature existing on or against the land herein demised, in which event Lessee shall be subrogated to the rights of the holder or holders thereof, and may, in addition thereto, at its option, reimburse itself by applying to the amount owing to it any royalties, rentals or other sums accruing to the Lessor under the terms and conditions of this lease.

25. Upon the expiration of this lease, or its sooner termination in whole or in part, the Lessee shall surrender possession of the terminated portion of the premises to the Lessor, and shall deliver to the Lessor a good and sufficient quitclaim deed or release. Within six (6) months after such expiration or termination, Lessee shall (subject to the rights and privileges granted the Lessee and to other provisions of this lease) remove from such premises so terminated all of its rigs, machinery and other property, and shall, so far as possible, fill all sump holes and other excavations made by Lessee.

26. 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 or 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 no default.

27. It is mutually agreed and understood that the terms and conditions, covenants and warranties herein expressed constitute the complete agreement of the parties hereto, and that there are no terms, conditions, covenants and/or warranties, either expressed and/or implied, other than those in this said indenture of lease contained.

28. Diversified ownership of divers parcels of land notwithstanding, it is understood and agreed that the herein leased premises shall be developed and operated as one lease, and all royalties accruing hereunder shall be treated as an entirety and shall be paid as provided in Paragraph 13 hereof for division among such separate owners in the proportion that the acreage owned by each separate owner bears to the entire leased acreage, or as their rights and interests appear in Lessor's instructions to said depository.