

My Commission expires
Oct 14-1941.

Nellie Frizzell, Notary Public.

Residing at Kemmerer, Wyo.

(NOTARIAL SEAL)

No. 22459

OIL AND GAS LEASE

Al Osterhout, et ux

THE STATE OF WYOMING)

)SS.

To

County of Sublette)

This instrument was filed for record in my office at 10:00 o'clock A. M. on the 19th day of June A.D. 1939 and duly recorded in Book 1 of Oil and Gas Leases, on page 278.

H. E. Ewart

FAREN C. FALER, County Clerk

Fees, \$3.50

THIS LEASE made and entered into this 1st day of June, 1939, by and between AL OSTERHOUT and SADIE OSTERHOUT, his wife, of Big Piney, Wyoming, party of the first part, hereinafter called Lessor (whether one or more) and H. E. EWART, party of the second part, hereinafter called Lessee.

WITNESSETH: That Lessor, for and in consideration of Ten Dollars (\$10.00), in hand paid, receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of Lessee to be paid, kept, and performed, does hereby demise, lease and let unto Lessee exclusively the lands hereinafter described, for the purpose of exploring (by use of core drill or otherwise), mining and operating for oil and gas, and other hydrocarbon substances, and taking, storing, removing and disposing of same, and manufacturing gasoline and other products therefrom with the right for such purposes to the free use of oil, gas, and any water Lessee may develop thereon; and does hereby grant the right to build tanks, power houses, stations, houses for employees and such other structures (except oil refinery) as may be necessary or convenient in its operations, together with rights-of-way for roads, pipe lines, power lines, telephone and ~~telegraph~~ telegraph lines, with the right of removing either during, or after the term hereof any and all improvements placed or erected on the premises by Lessee, including the right to pull all casing; the lands hereby leased are situated in the County of Sublette, State of Wyoming, described as follows:

Southwest Quarter of Section 4; Southwest Quarter of the Southeast Quarter and the East Half of the Southeast Quarter of Section 5; Northeast Quarter of Northeast Quarter of Section 8; and the North Half of the Northwest Quarter of Section 9; all in Township 30 North, Range 112 West, of the Sixth P. M., Wyoming, containing 400 acres more or less.

HEREBY RELEASING AND WAIVING all rights under and by virtue of the Homestead Exemption laws of this State.

TO HAVE AND TO HOLD the same for a term of five (5) years from and after the date hereof, and so long thereafter as oil or gas is or other hydrocarbon substances are produced in quantities deemed paying by Lessee, or so long thereafter as Lessee shall, in good faith and with the degree of diligence hereinafter specified, conduct drilling operations on the leased premises.

H.E.E.

In consideration of the premises it is hereby mutually agreed as follows:

1. Lessee shall pay Lessor as royalty the equal one-eighth (1/8th) part of the value of all oil produced and saved from the leased premises (after making the customary deductions for temperature, water, b.s., and the actual cost of treating said royalty oil for pipe line acceptance), at the posted market price in the district in which the premises are located for oil of like gravity the day the oil is run into pipe line or storage tanks, and in this event settlement shall be made by Lessee on or before the 20th day of each month for accrued royalty for the preceding calendar month; or at Lessor's option, exercised not oftener than once in any one calendar year upon sixty (60) days' previous written notice, Lessee shall deliver to Lessor, free of cost, Lessor's one-eighth (1/8th) part of said oil at mouth of well to pipe line designated by Lessor.

H.E.E.

2. Lessee shall pay Lessor as royalty one-eighth (1/8th) of the net proceeds derived from the sale of gas and settlement shall be made by Lessee on or before the 20th day of each calendar month for gas sold during the preceding month, but nothing herein contained shall require Lessee to save or market gas, unless there shall be a surplus above Lessee's requirements and a market at the well therefor. Should there be a surplus above Lessee's requirements, Lessor may have the free use of gas, but at his own risk, from any well for all stoves and inside lights in Lessor's principal dwelling house on said land by making his own connections at a point designated by Lessee.

3. Lessee shall pay Lessor for casinghead gasoline or other products manufactured or caused to be manufactured by Lessee from gas produced, as royalty one-eighth (1/8th) of the proceeds derived from the sale thereof, after deducting cost to Lessee of the manufacture thereof and of marketing same, and settlement shall be made by Lessee on or before the 20th day of each calendar month for such products sold during the preceding month, but nothing in this agreement contained shall require Lessee to save, manufacture, market or otherwise dispose of such products.

4. If operations for the drilling of a well for oil or gas be not commenced on the leased premises on or before one year from date hereof, this lease shall terminate as to both parties, unless Lessee shall, on or before one year from date hereof, pay to Lessor or for Lessor's credit, in the State Bank of Big Piney at Big Piney, Wyoming, or its successors, which bank and its successors shall continue as depository for all sums payable under this lease, the sum of Two Dollars (\$2.00) per acre, which shall operate as rental and as consideration for 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, but not to exceed five (5) years from date hereof.

H. E. E.

5. This lease shall terminate as to all rights and obligations herein contained