

to them hereunder, within one hundred eighty (180) days after the completion or abandonment of said first well, commence upon said land the drilling of a second well, and shall prosecute the drilling of the same with reasonable diligence until oil is found in such paying quantities by the Lessees, or until said well has been drilled to a depth at which further drilling would, in the judgment of the Lessees, be unprofitable, and the Lessees shall likewise continue to drill a well under like terms and conditions and subject to like obligations as long as the Lessees claim any rights hereunder, and until oil in such paying quantities is struck.

8. If oil is found in such paying quantities in any well so drilled by the Lessees upon such land, ~~the Lessees upon such land~~, the Lessees (subject to the provisions hereof) shall continue to drill additional wells upon said land as rapidly as one (1) string of tools, working with reasonable diligence, shall mean drilling twenty-four (24) hours a day, can complete the same, until there shall have been completed on said land as many wells as shall equal the total acreage hereby leased divided by forty (40), thereupon the Lessees shall hold all of said land free of further drilling obligations, subject to this lease and for the full term hereof; provided that the Lessees may defer the commencement of the drilling of the second or any subsequent well for a period not to exceed one hundred twenty (120) days from the date of completion of the well last preceding it. The Lessees shall be entitled to drill as many additional wells as they desire.

9. After the completion of the first or any subsequent well herein provided for, whether oil be found therein in such paying quantities or not, the Lessees may, at their election, at any time cease further drilling, and if said full number of wells shall not have been drilled, the Lessees shall thereupon surrender, and this lease shall thereupon terminate as to, all of said land except such portion of said lease as Lessees and/or their assigns shall elect to retain by the payment of the rentals hereinabove provided and except forty (40) acres surrounding each producing or drilling well, which the Lessees may hold free of further drilling obligations as long as oil or gas is produced therefrom, with rights of way for pipe and pole lines upon all of the land hereby leased and for passage over and upon and across the same and ingress and egress to and from such retained parcels.

10. The Lessees agree to operate such completed well with reasonable diligence and in accordance with good oil field practice, so long as such well shall produce oil in quantities deemed paying quantities by the Lessees, while this lease is in force as to the portion of said land on which such well is situated. There shall be no obligation on the part of Lessees to drill, pump or operate said premises so long as the price of oil of the quality produced on said property shall be less than seventy-five cents (75¢) per barrel at the well.

11. The obligations of the Lessees hereunder shall be suspended while, but only so long as, the Lessee is prevented from complying therewith, in part or in whole, by strikes, lockouts, acts of God, unavoidable accidents, delays in transportation, interference by State or Federal action, or other matters beyond the control of the Lessees, whether similar to the matters herein specifically enumerated or not.

12. The Lessees shall pay to the Lessor as royalty and rent for said land, in addition to the other considerations hereof, the one-eighth (1/8) part of all oil, asphaltum and other hydrocarbons extracted and saved therefrom.

13. For all oil and gas produced and saved and sold from said land by the Lessees, the Lessees shall pay as rent and royalty one-eighth (1/8) of the proceeds received by the Lessees from the sale thereof; provided nothing herein contained shall be deemed to obligate the Lessees to produce, save, sell or otherwise dispose of gas from said land. For the purpose of having gasoline extracted from gas produced from said land, the Lessees may transport, or cause to be transported, to a gasoline extraction plant located either on said land or on other lands, all or any portion of such gas where it may be commingled with gas from other properties. Lessees shall meter such gas so transported and such meter readings, together with analyses of the gasoline content of such gas made at approximately regular intervals, at least once in every month, shall furnish the basis for computation of the amounts of gasoline and residue gas to be credited to this lease. Gas actually and reasonably used or consumed, or lost in the operations of any such plant shall be free of charge, and Lessees shall not be held accountable to the Lessor for such proportion thereof as the total amount of gas transported from this lease bears to the the total amount of gas treated at such plant.

14. Any gasoline derived from gas produced from said land may be returned to oil produced therefrom and in that event shall be treated as a part thereof.

15. The Lessees shall not be required to account to the Lessor for or pay rent or royalty on oil, gas or water produced by the Lessees from said land and used by them in their operations hereunder, but they may use such oil, gas and water free of charge.

16. Water produced by the Lessees may, if and while the same is not used by them in their operations hereunder, be used by the Lessor for surface operations on said land.

17. The Lessor's oil royalty, if taken in kind, shall be delivered as produced and saved into tanks maintained on said land for that purpose by the Lessees, and shall be stored in such tanks free of charge to the Lessor for a period of thirty (30) days. If the Lessor elect to sell said royalty to the Lessees, the Lessees agree at any time and from time to time during the term of this lease, to contract to purchase all of such royalty at the price or prices and upon the terms applying at the time to purchases of crude oil of like gravity and quality from producers in the same vicinity.

18. The rent and royalty aforesaid shall be ascertained, computed and paid monthly, and for the purpose of ascertaining the amount and account thereof, the Lessees shall keep true and correct books of account showing the production of said substances from said land, and the Lessees shall furnish to the Lessor monthly written statements of the Production from said land for the preceding calendar month, and settlement thereof shall be made between the parties hereto as herein provided.

19. The Lessees shall pay all taxes that may be levied against the improvements, plant, machinery and personal property owned by them and located upon any part of said land, including oils and minerals that may be stored thereon.