

WITNESSETH: That the lessor, for and in consideration of One and no/100ths Dollars (\$1.00), cash in hand paid, receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of the lessee to be paid, kept and performed, has granted, demised, leased and let, and by these presents does grant, demise lease and let exclusively unto said lessee, with the exclusive right of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil, gas, casinghead gasoline, casinghead gas, and laying pipelines, telephone and telegraph lines and building tanks, power stations, gasoline plants, ponds, roadways and structures thereon to produce, save and take care of said products, and the exclusive right of injecting water, brine and other fluids into subsurface strata, and housing and boarding employees and any and all other rights and privileges necessary, incident to, or convenient for the economical operation alone, or conjointly with neighboring land, for the production saving, and taking care of oil, gas, casinghead gas, casinghead gasoline and the injection of water, brine and other fluids into subsurface strata, all that certain tract of land situated in the County of Sublette, State of Wyoming, described as follows, to-wit:

SW $\frac{1}{4}$ SW $\frac{1}{4}$ of section 3, and N $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$ of section 9, and NW $\frac{1}{4}$ NW $\frac{1}{4}$ of section 10, Township 28N, Range 105W and containing 200.00 acres more or less.

Lessee shall pay for damages caused by its operations to improvements on said lands and the payment of the cost of replacement of said improvements shall constitute full reimbursement for damages thereto.

It is agreed that this lease shall remain in force for a term of ten years from this date, and as long thereafter as oil, gas, casinghead gas, casinghead gasoline, or any of them is produced from said leased premises, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises but lessee is then engaged in drilling for oil or gas, then this lease shall continue in force so long as drilling operations are being continuously prosecuted on the leased premises.

In consideration of the premises the said lessee covenants and agrees:

1st. To deliver to the credit of lessor, free of cost, in the pipe line to which lessee may connect his wells, the equal one-eighth part of all oil produced and saved from the leased premises, or at the lessee's option, may pay to the lessor for such one-eighth royalty, the market price for oil of like grade and gravity prevailing on the day such oil is run into the pipe line or into storage tanks.

2nd. To pay the lessor one-eighth, at the market price at the well for the gas so used, for the gas from each well where gas only is found, while the same is being used off the premises, and lessor to have gas free of cost from any such well for all stoves and all inside lights in the principal dwelling house on said land during the same time by making his own connections with the wells at his own risk and expense.

3rd. To pay lessor for gas produced from any oil well and used off the premises or for the manufacture of casinghead gasoline, one-eighth at the market price at the well for the gas so used, for the time during which such gas shall be used, said payments to be made monthly.

If no well be commenced on said land on or before one year from the date hereof, this lease shall terminate as to both parties, unless the lessee on or before that date shall pay or tender to the lessor or to the lessor's credit in the Rock Springs National Bank at Rock Springs, Wyoming, or its successors, which shall continue as the depository regardless of changes in the ownership of said land, the sum of Fifty and no/100ths Dollars which shall operate as a rental and cover the privilege of deferring the commencement of a well for twelve months from said date. In like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods of the same number of months successively. All payments or tenders may be made by check or draft of lessee or any assignee thereof, mailed or delivered on or before the rental paying date. It is understood and agreed that the consideration first recited herein, the down payment, covers not only the privilege granted to the date when said first rental is payable as aforesaid, but also the lessee's option of extending that period as aforesaid, and any and all other rights conferred.

Should the first well drilled on the above described land be a dry hole, then, and in that event, if a second well is not commenced on said land within twelve months from the expiration of the last rental period for which rental has been paid, this lease shall terminate as to both parties, unless the lessee on or before the expiration of said twelve months shall resume the payment of rentals in the same amount and in the same manner as hereinbefore provided. And it is agreed that upon the resumption of the payment of the rentals, as above provided, that the last preceding paragraph hereof, governing the payment of rentals and the effect thereof, shall continue in force just as though there had been no interruption in the rental payments.

Lessee may at any time release this lease as to part or all of the lands above described, after which all payments and liabilities thereafter to accrue, as to the lands released, shall cease and determine. In the event of a partial release, the annual delay rental above mentioned shall be reduced proportionately.

No part of the surface of the leased premises shall, without the written consent of the lessee, be let granted or licensed by the lessor to any other party for the erection, construction, location or maintenance of structures, tanks, pits reservoirs, equipment or machinery to be used for the purpose of exploring, developing or operating adjacent lands for oil or gas.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid the lessor only in proportion which his interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost gas, oil and water on said land for its operation thereon, except water from wells of lessor.