

continue in full force and effect only as to the well or wells so used and ten (10) acres immediately surrounding each of said wells.

3. The lessee shall deliver to the credit of the lessor as royalty, free of cost, in the pipe line to which lessee may connect its wells the equal one-eighth (1/8th) part of all oil produced and saved from the leased premises, or at lessee's option, may pay to the lessor for such one-eighth (1/8th) royalty the market price for oil of like grade and gravity prevailing on the day such oil is run into pipe line or into storage tanks.

4. The lessee shall pay the lessor:-

(a) If sold by lessee, one-eighth (1/8th) of the proceeds received by the lessee from the sale of gas, including casinghead gas produced from any well; or

(b) If utilized by lessee, one-eighth (1/8th) of the value at the mouth of the well, computed at the prevailing market price, of the gas, including casinghead gas produced from any well and used by lessee off the leased premises for any purpose, or used on the leased premises by the lessee for purposes other than the development and operation thereof.

Such payments shall be received and accepted by lessor as full compensation for such gas, casinghead gas, gasoline or any by-products extracted or manufactured therefrom, as well as residue gas remaining after the extraction or manufacture of gasoline from such gas. The lessor to have gas free of cost from any gas well on the leased premises where dry gas only is found for all stoves and inside lights in the principal dwelling house on said premises by making his own connection to said well; such connection, the necessary fittings and pipe shall be furnished and maintained by lessor free from leaks and all without cost, expense or risk to lessee. The use of said gas by lessor at all times shall be at his sole risk.

5. In the event that no earned royalty on oil, gas or casinghead gas is accruing to the lessor under the terms hereof, the lessee shall pay the lessor at the rate of Fifty Dollars (\$50.00) per year, payable annually, on each well where gas only is found, and while said gas is not used or sold and during the time said sum is so paid said well shall be held to be a producing well under paragraph two (2) hereof.

6. If operations for the drilling of a well for oil or gas are not commenced on the leased premises on or before the 28th day of Sept. 1946, this lease shall terminate as to both parties, unless the lessee shall on or before that date pay or tender to the lessor, or deposit for the lessor's credit in the State Bank of Big Piney Bank, at Big Piney, Wyoming, or its successor or successors, or any bank with which it may be merged or consolidated or which succeeds to its business or assets, or any part thereof, by purchase or otherwise, or the National Bank of Tulsa, Tulsa, Oklahoma, in the event said depository bank, its successor or successors, is taken over by the State or Federal banking authorities or for any reason ceases to do business; which banks are the lessor's agent and shall continue as a depository of any and all sums payable under this lease, regardless of changes in the ownership of said land or in the oil or gas or in the rentals to accrue hereunder, the sum of Two Hundred Three & 23/100 DOLLARS (\$203.23), which shall operate as a rental and cover the privilege of deferring the commencement of drilling operations for the period of one (1) year from said date. In like manner and upon like payments or tenders the commencement of drilling operations may be further deferred for like periods successively. All payments or tenders hereunder may be made by check, draft or audited voucher of the lessee, his (its) heirs, executors, administrators, successors or assigns, mailed, delivered or deposited as aforesaid on or before the rental paying date, it being understood and agreed that the consideration first recited herein, the down payment, covers not only the privileges 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.

7. Notwithstanding the death of the lessor, or his successors in interest, the payment or tender of rentals in the manner provided above shall be binding on the heirs, devisees, executors and administrators of such person.

8. If at any time prior to the discovery of oil or gas on said land, and during the primary term of this lease, lessee should drill a dry hole, or dry holes, thereon, the lessee shall on or before the next ensuing rental paying date commence further drilling operations or pay or resume the payment or tender of the rentals aforesaid, providing that if any such dry hole be completed within less than sixty (60) days before the next ensuing rental paying date, lessee shall nevertheless have at least sixty (60) days from such completion within which to commence such further drilling operations or resume the payment or tender of such rentals, and the effect shall be the same as if such further operations had been commenced, or such rentals paid or tendered, on or before such rental paying date; PROVIDED FURTHER, that in the event any well drilled upon the leased premises is not productive of oil or gas in commercial quantities and is not abandoned and plugged as a dry hole, such well shall for the purposes of this paragraph be considered a dry hole. Lessee's right to so resume drilling operations and/or the payment or tender of such rentals shall continue to exist during the primary term of this lease.

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

10. The lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operations thereon, except water from the wells of the lessor. When required by lessor, the lessee shall bury pipe lines below plow depth and shall pay for damage caused by its operations to growing crops on said land. No well shall be drilled nearer than two hundred feet (200) to the house or barn now on said premises without written consent of the lessor. Lessee shall have the right at any time during or ninety (90) days after expiration of this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing.

11. If the oil, gas or other mineral rights under the leased premises are now owned or shall hereafter be owned in severalty or in separate tracts, the premises nevertheless shall be developed and operated as one lease and all royalties accruing hereunder shall be treated as an entirety and shall be divided among and paid to such separate owners in the proportion that said oil, gas or other mineral rights owned by each bears to the entire oil, gas or other mineral rights leased hereby. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the premises covered hereby may be hereafter divided as to the surface, oil, gas or other mineral rights by sale, devise or otherwise, or to furn-