

No. 33536

## OIL &amp; GAS LEASE

M. F. Whelan Livestock Company THE STATE OF WYOMING)

To

County of Sublette)

Stanolind Oil and Gas Company

Fees, \$3.75

This instrument was filed for record in my office at 11:00 o'clock A. M. on the 4th day of January, A. D., 1946 and duly recorded in Book 2 of Oil and Gas Leases on Page 51.

Helen Atwood, County Clerk

THIS AGREEMENT made this 3rd day of December, 1945, between M. F. Whelan Livestock Company, a Wyoming corporation Rock Springs, Wyoming Lessor (whether one or more), and Stanolind Oil and Gas Company, Tulsa, Oklahoma Lessee, WITNESSETH:

1. Lessor in consideration of Ten and no/100 Dollars (\$10.00), in hand paid, of the royalties herein provided, and of the agreement of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil and gas, laying pipe lines, building tanks, power stations, telephone lines and other structures thereon to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in Sublette County, Wyoming, to-wit:

Lot Seven (7) and Southwest Quarter of Southeast Quarter (SW $\frac{1}{4}$ SE $\frac{1}{4}$ ) of Section Twenty Nine (29); Lot One (1), Northwest Quarter of Southwest Quarter (NW $\frac{1}{4}$ SW $\frac{1}{4}$ ), East Half of Southwest Quarter (E $\frac{1}{2}$ SW $\frac{1}{4}$ ), West Half of Southeast Quarter (W $\frac{1}{2}$ SE $\frac{1}{4}$ ), Southwest Quarter of Northeast Quarter (SW $\frac{1}{4}$ NE $\frac{1}{4}$ ), and South Half of Northwest Quarter (S $\frac{1}{2}$ NW $\frac{1}{4}$ )

of Section Thirty Two (32), Township 27 North, Range 112 West

It being intended hereby to include herein all lands and interests therein contiguous to or appurtenant to said described lands owned or claimed by lessor. For rental payment purposes said leased lands shall be deemed to contain 438.52 acres, more or less.

2. Subject to the other provisions herein contained, this lease shall be for a term of Five (5) years W. L. Cox from this date (called "primary term") and as long thereafter as oil or gas is produced from said land hereunder or drilling or reworking operations are conducted thereon.

3. The royalties to be paid by Lessee are (a) on oil, one-eighth of that produced and saved from said land, the same to be delivered at the wells or to the credit of Lessor into the pipe line to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead gas or other gaseous substance, produced from said land and sold or used off the premises or in the manufacture of gasoline or other product therefrom, the market value at the well of one-eighth of the gas so sold or used, provided that on gas sold at the wells the royalty shall be one-eighth of the amount realized from such sale; where gas from a well producing gas only is not sold or used, Lessee may pay as royalty \$100.00 per well per year and if such payment is made it will be considered that gas is being produced within the meaning of Paragraph 2 hereof. Lessee shall have free use of oil, gas, coal, wood and water from said land, except water from Lessor's wells, for all operations hereunder, and the royalty on oil and gas shall be computed after deducting any so used. Lessor shall have the privilege at his risk and expense of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon out of any surplus gas not needed for operation hereunder.

4. If operations for drilling are not commenced on said land or on acreage pooled therewith as hereinafter provided, on or before one year from this date the lease shall then terminate as to both parties, unless on or before such anniversary date Lessee shall pay or tender to Lessor or to the credit of Lessor in North Side State Bank at Rock Springs, Wyoming (which bank and its successors are Lessor's agent and shall continue as the depository for all rentals payable hereunder regardless of changes in ownership of said land or the rentals either by conveyance or by the death or incapacity of Lessor) the sum of Two hundred Nineteen & 26/100 Dollars (\$219.26) herein called rental, which shall cover the privilege of deferring commencement of operations for drilling for a period of twelve (12) months. In like manner and upon like payments or tenders annually the commencement of operations for drilling may be further deferred for successive periods of twelve (12) months each during the primary term. The payment or tender of rental herein referred to may be made in currency, draft or check at the option of the lessee; and the depositing of such currency, draft or check in any post office, with sufficient postage and properly addressed to the lessor, or said bank, on or before the rental paying date, shall be deemed payment as herein provided. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept rental Lessee shall not be held in default for failure to make such payment or tender or rental until thirty (30) days after Lessor shall deliver to Lessee a proper recordable instrument, naming another bank as agent to receive such payments or tenders. The down cash payment is consideration for this lease according to its terms and shall not be allocated as mere rental for a period. Lessee may at any time execute and deliver to Lessor or to the depository above named or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

5. Should any well drilled on the above described land or on acreage pooled therewith during the primary term before production is obtained be a dry hole, or should production be obtained during the primary term and thereafter cease, then and in either event, if operations for drilling an additional well are not commenced or operations for reworking an old well are not pursued on said land on or before the first rental paying date next succeeding the cessation of production or drilling or reworking on said well or wells, then this lease shall terminate unless Lessee, on or before said date, shall resume the payment of rentals. Upon resumption of the payment of rentals, Section 4 governing the payment of rentals, shall continue in force just as though there had been no interruption in the rental payments. If during the last year of the primary term and prior to the discovery of oil or gas on said land or on acreage pooled therewith, Lessee should drill a dry hole thereon, or if after discovery of oil or gas before or during the last year of the primary term the production thereof should cease during the last year of said term from any cause, no rental payment or operations are necessary