

by the lessee in writing, made prior to the expiration of the aforesaid date, grant relief from the above drilling requirements in such manner and for such period of time as conditions may warrant, and which appear to be to the best interests of the State; provided, further, however, that should oil or gas be discovered or produced on lands adjoining or upon the same geologic structure on which the leased lands are situated, or should the lessor deem that the lessee is holding said lands for speculative purposes only, or is otherwise delaying or inhibiting the development of said lands or other lands on the same geologic structure, the lessor reserves the right to require the commencement of a well within a certain specified time, which shall be not less than ninety days after notification.

(l) WELLS TO BE DRILLED. To drill and operate effectively all wells necessary to reasonably offset wells upon and production from adjoining lands.

To drill such additional wells at such times or places as are necessary and essential to the proper development and commercial production of the oil and gas content of said land.

(j) LOG OF WELLS AND REPORTS. To keep a log, in the form approved by the lessor, of all the wells drilled by the lessee on the lands herein leased, showing the strata and character of the formation, water sands and mineral deposits penetrated by the drill, amount of casing, size and where set, and such other information as the lessor may require, which log of a copy thereof shall be furnished to the lessor.

To file progress reports, in the form prescribed by the lessor, at the end of each thirty (30) day period while each well is being drilled.

To file annually, or at such times as the lessor may require, maps showing the development of the structure and the location of all wells, pipe lines and other works used in connection with the operations of the lessee upon said land.

To make such reports pertaining to the production and operations by the lessee on said land, and report such other information as may be possessed by the lessee on the wells, production, or operations of others on lands on the same geologic structure that may be of importance in effecting proper development and operation of the lands herein leased, as may be called for by the lessor.

(k) PRODUCTION. To operate the wells upon the land herein leased in a competent and efficient manner in an endeavor to recover all the oil and gas economically possible from said land, and to prevent the undue drainage of the oil and gas thereunder by wells operated by the lessee or others on cornering or contiguous lands to those leased herein. All plans or methods for the purpose of stimulating or increasing production on lands herein leased other than those in common use shall first be presented to the lessor for approval before being put into actual operation.

(l) DILIGENCE --PREVENTION OF WASTE. To exercise reasonable diligence in drilling, producing, and operating of wells on the lands covered hereby, unless consent to suspend operations temporarily is granted by the lessor; to carry on all operations hereunder in a good and workmanlike manner in accordance with approved methods and practice, having due regard for the prevention of waste of oil and gas, or the entrance of water to the oil or gas bearing sands or strata to the destruction or injury of such deposits, the preservation and conservation of the property for future productive operations, and to the health and safety of workmen and employees; to plug securely in an approved manner any well before abandoning it, and not to abandon any well without permission of the lessor; not to drill any well within two hundred (200) feet of any of the outer boundaries of the land covered hereby, unless to protect against drainage by wells drilled on lands adjoining less than 200 feet from the property lines thereof; to conduct all operations subject to the inspection of the lessor; to carry out at the lessee's expense all reasonable orders and requirements of the lessor relative to the prevention of waste and preservation of the property, and the health and safety of workmen, and on failure of the lessee so to do the lessor shall have the right, together with other recourse herein provided, to enter on the property to repair damages or prevent waste at the lessee's expense; to abide by and conform to valid applicable regulations prescribed; to reimburse the owner of the surface, if other than the lessor, or lessee of grazing rights thereof for actual damages thereto and injury to improvements thereon; provided, that the lessee shall not be held responsible for acts of providence or actions beyond his control.

(m) TAXES AND WAGES--FREEDOM OF PURCHASE. To pay, when due, all taxes lawfully assessed and levied under the laws of the State of Wyoming upon improvements, oil and gas produced from the land hereunder, or other rights, property or assets of the lessee; to accord all workmen and employees complete freedom of purchase, and to pay all wages due workmen and employees at least once each month in the lawful money of the United States.

(n) STATUTORY REQUIREMENTS AND REGULATIONS. To comply with all valid State statutory requirements and valid regulations thereunder, including Wyoming Blue Sky Law. (Chapter 13 sections 13-101 to 13-116 inclusive, Wyoming Compiled Statutes 1931 and amendments thereto.)

(o) ASSIGNMENTS OF LEASE--PRODUCTION AGREEMENTS. Not to assign this lease or any interest therein, nor sublet any portion of the leased premises, except with the consent in writing of the lessor first had and obtained.

All over-riding royalties to be valid must have the approval of the Board and be recorded with the lease. The Board reserves the right of disapproval of such over-riding royalties when in its opinion they become excessive and hence are detrimental to the proper development of the leased lands.

No production agreements limiting, restricting, prorating, or otherwise affecting the natural production from said land shall be entered into by the lessee, nor shall the lessee limit, restrict or prorate the natural production from said land in any way or in any event, except with the consent in writing of the lessor first had and obtained.

(p) DELIVER PREMISES IN CASES OF FORFEITURE. To deliver up the leased premises, with all permanent improvements thereon, in good order and condition in case of forfeiture of this lease; but this shall not be construed to prevent the removal, alteration or renewal of equipment and improvements in the ordinary course of operations.

(q) REGULATIONS. To conduct all operations under this lease in accordance with the valid