

Rules and Regulations governing the production of oil and gas which may now or hereafter be approved by the lessor.

SEC. 4. THE LESSOR EXPRESSLY RESERVES:

(a) DISPOSITION OF SURFACE. The right to lease, sell or otherwise dispose of the surface of the land embraced within this lease under existing laws or laws hereafter enacted, or in accordance with the Rules of the Board of Land Commissioners, insofar as the surface is not necessary for the use of the lessee in the extraction and removal of the oil and gas therein.

(b) RIGHTS OF WAY AND EASEMENTS. From the operation of this lease all lands heretofore granted for Rights of Way and Easements and reserves the right to grant such other Rights of Way and Easements as provided by the Statutes of the State of Wyoming, as long as such Rights of Way and Easements do not conflict with the operations for oil and gas on the land herein leased.

(c) The right upon application of the lessee for the inclusion of the herein leased lands in a unit or co-operative plan of development, to establish, alter, change, or revoke the drilling, producing, and royalty requirements to conform therewith.

(d) The right to alter or modify the quantity and rate of production to the end that waste may be eliminated or that production may conform to the lessee's fair share of allowable production under any system of State or national curtailment and proration authorized by law.

SEC. 5. APPRAISAL OR IMPROVEMENTS. Upon the expiration of this lease, or earlier termination thereof, pursuant to surrender or forfeiture, or if such land shall be leased to another other than the owner of the improvements thereon, the lessee agrees that the improvements shall be disposed of pursuant to Section 804, Chapter 91, Wyoming Revised Statutes of 1931, and amendments thereto.

SEC. 6. FORFEITURE CLAUSE. In the event that the lessee shall have procured this lease through fraud, misrepresentation or deceit, then and in that event this agreement, at the option of the lessor, shall cease and terminate and shall become ipso facto null and void, and all improvements upon said land or premises under the terms of this lease shall forfeit to and become the property of the State of Wyoming. In the event that the lessee shall fail to make payments of rentals and royalties as herein provided, or make default in the performance or observance of any of the terms, covenants and stipulations hereof, or of the general regulations promulgated by the Board of Land Commissioners and in force on the date hereof, the lessor shall serve notice of such failure or default, either by personal service or by registered mail upon the lessee, and if such failure or default continues for a period of thirty (30) days after the service of such notice, then and in that event the lessor may, at its option, declare a forfeiture and cancel this lease, whereupon all rights and privileges obtained by the lessee hereunder shall terminate and cease and the lessor may re-enter and take possession of said premises or any part thereof; but these provisions shall not be construed to prevent the exercise by the lessor of any legal or equitable remedy which the lessor might otherwise have. A waiver of any particular cause of forfeiture shall not prevent the cancellation and forfeiture of this lease for any other cause of forfeiture, or for the same cause occurring at any other time.

SEC. 7. SURRENDER. Upon the further consideration and payment of \$10.00 and payment of the filing and recording fees, the lessee may upon sixty (60) days notice in writing to the lessor, surrender the lease or any legal subdivision thereof, providing all obligations under the terms of this lease at the date of the relinquishment have been fully complied with by the lessee, and that if no development has taken place during the life of this lease such lease may be surrendered upon the payment of the required fees. The abandonment of any and all wells on the relinquished property shall be subject to mutual agreement.

SEC. 8. HEIRS AND SUCCESSORS IN INTEREST. It is further covenanted and agreed that each obligation hereunder shall extend to and be binding upon, and every benefit hereof shall inure to the heirs, executors, administrators, successors of, or assigns of the respective parties hereto.

SEC. 9. This lease is issued by virtue of and under the authority conferred by Chapter 91 Wyoming Revised Statutes, 1931, and is accepted by the lessee subject thereto.

IN WITNESS WHEREOF, the said lessor has caused these presents to be signed by the Governor, President of the Board of Land Commissioners countersigned by the Commission of Public Lands, Secretary of the Board of Land Commissioners, and the seal of the Board to be affixed, and the lessee has caused these presents to be signed and sealed in the manner following:

Rodney Barrus
Witness

Gerald J. Kellogg
Witness

(BOARD OF LAND COMMISSIONER SEAL)

M. C. Gray
Witness to signature of Vice President

M. C. Gray
Witness to signature of Asst. Secretary

(CORPORATE SEAL)

LESSOR: State of Wyoming, acting by and through its Board of Land Commissioners.

Signed on the 6th day of Feb. 1946.

By Lester C. Hunt, Governor--
President, Board of Land Commissioners

COUNTERSIGNED:

O. O. Natwick, Commissioner of
Public Lands--Secretary

LESSEE: PHILLIPS PETROLEUM COMPANY

By J. M. Sands, Vice President

Attest: R. E. Arnold, Asst. Secretary

Cash Bond of \$10.00 on deposit in the Office of the Commissioner of Public Lands.

Form approved by Board: October 7, 1943.

Lease and bond approved by Board: JAN 10 1946