

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 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 OF 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