

15-8

1. Second Party may select one or more areas of land and each of such areas shall not include more than fifteen thousand (15,000) acres of lands described in Exhibit A. As to any area so selected by the Second Party, the Second Party, at the time of such selection, shall obligate itself to drill a well on each such area selected by Second Party at a location within each such area to be selected by Second Party, to a depth of thirty-five hundred (3500) feet or to such lesser depth as may be productive of oil or gas in commercial quantities. The first of such wells shall be commenced on or before June 30, 1953 and a well shall be drilled on each of such areas as may have been selected in succession allowing not more than sixty (60) days following the completion of a well on one such area for the commencement of the drilling of a well on another area if more than one area be selected under the provisions of this subsection.

It is understood that the Second Party shall not be obligated to drill more than one well on any such area selected by Second Party and is not obligated to select an area of any sort. As to lands described in Exhibit A, and not included in any area or areas selected by Second Party, Second Party agrees to forthwith release, surrender or assign, free and clear of all liens and encumbrances by, through or under Second Party, except for the encumbrances set forth in this agreement, the leases or options pertaining to such lands under the procedure provided for in Section 19 hereof.