

or has drilled a well capable of producing oil or gas in commercial quantities upon said lease and Second Party shall not be obligated to assign to First Parties the lease rights covering the forty (40) acres surrounding any other well or wells that Second Party may have drilled or be drilling upon any of the acreage described in Exhibit A, and which well or wells is then or when completed is capable of producing oil or gas in commercial quantities.

In the event that any lease or any part or interest in a lease described in Exhibit A, other than the two government leases designated by serial numbers Evanston 022769 and Evanston 017710, terminates or is forfeited, such termination or forfeiture shall not constitute a default within the meaning of the terms of this agreement and with respect to any lease so terminated or forfeited, Second Party shall be under no obligation or liability to First Parties if within sixty (60) days after the date of such termination or forfeiture, Second Party (a) secures a renewal of the terminated lease or a renewal of the interest or part of such lease that was terminated and grants First Parties the same interest under the lease as renewed which they had under the terminated lease, or (b) First Parties secure, directly or indirectly, for their own account a new lease covering all or part of the lands or interest lost, or (c) in the event that neither the First or Second Party secures a new lease covering such acreage within said sixty (60) day period, Second Party pays First Parties jointly the sum of Ten Dollars (\$10.00) per acre for each acre in any lease or part of any lease so terminated, or if an interest in a lease terminates the sum to be paid shall be paid only in the proportion which the terminated interest bears to the whole fee. Provided, however, that if either party later acquires within a period of one (1) year after termination of such lease, a new lease covering all or part of the land under the lease so terminated, First