

## OIL AND GAS LEASE

N. Tip Top Area  
Budd Le.

THIS AGREEMENT, entered into this 20th day of June, 1951, between JOHN C. BUDD and LULU A. BUDD, husband and wife; JOSEPH L. BUDD and RUTH F. BUDD, husband and wife, of Big Piney, Wyoming, hereinafter called "LESSOR" (whether one or more), and SHELL OIL COMPANY, a Delaware corporation, 1008 W. 6th St., Los Angeles 17, Calif., "LESSEE," does witness:

1. That LESSOR, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00), in hand paid, receipt of which as full and adequate consideration for all rights granted herein is hereby acknowledged, and of the covenants and agreements hereinafter contained to be paid, kept, and performed by LESSEE, has this day granted, demised, leased, and let, and hereby grants, demises, leases, and lets exclusively unto LESSEE for the purpose of investigating, exploring, and prospecting, by geophysical and other methods, and drilling, mining and operating for and producing oil, gas, casinghead gas, and casinghead gasoline, laying pipe lines, building tanks, stations, powers, power lines, telephone lines and other structures thereon to find, produce, save, store, treat, transport, and take care of all of such substances, and for housing and boarding employees in its operations on said land or adjacent

land, the following described tract of land in Sublette County, Wyoming, to-wit:

Township 30 North, Range 114 West, 6th P.M., Wyoming

Section 8: E $\frac{1}{2}$ SE $\frac{1}{4}$

Section 9: S $\frac{1}{2}$ SW $\frac{1}{4}$ , SE $\frac{1}{4}$

Section 16: NE $\frac{1}{4}$ NW $\frac{1}{4}$ , N $\frac{1}{2}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$

Section 15: S $\frac{1}{2}$ NW $\frac{1}{4}$

and also, in addition to the above described land, any and all other land owned or claimed by LESSOR in said section or sections in which the above described land is situated or in adjoining sections, and adjacent to the above described land.

2. Subject to the other provisions herein contained, this lease shall remain in force for a primary term of five (5) years from this date (said term being hereinafter referred to as "Primary Term"), and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of them is produced from the leased premises, or operations are being prosecuted as hereinafter provided.

3. LESSEE shall deliver to the credit of LESSOR as royalty, free of cost, in the pipe line to which LESSEE may connect its wells, the equal one-eighth part of all oil produced and saved by LESSEE from the leased premises, or, from time to time, at LESSEE'S option, may pay to LESSOR for such one-eighth royalty oil the market price for oil of like grade and gravity prevailing on the day such oil is run into the pipe line, or into storage tanks, LESSOR'S interest, in either case, to bear one-eighth of the cost of treating the oil to render it marketable pipe line oil.

4. LESSEE shall pay LESSOR, as royalty, for gas from each well where gas only is found and used by LESSEE off the premises, one-eighth of the market value of such gas at the well. If such gas is sold by the LESSEE, then LESSEE shall pay LESSOR, as royalty, one-eighth of the net proceeds derived from the sale of such gas at the well. LESSOR to have gas free of charge from any gas well on the leased premises for stoves and inside lights in the principal dwelling house on said land by making his own connections with the well, the use of said gas to be at LESSOR'S sole risk and expense.

5. LESSEE shall pay LESSOR, as royalty, for gas produced from any oil well and used by LESSEE for the manufacture of gasoline or any other product, one-eighth of the market value of said gas, as such, at the mouth of the well. If said gas is sold by LESSEE, then LESSEE shall pay LESSOR, as royalty, one-eighth of the net proceeds derived from the sale thereof.

6. If operations for the drilling of a well for oil or gas are not commenced on said land on or before the 20th day of June, 1952, LESSEE on or before said date shall pay or tender to LESSOR or to the credit of LESSOR in State Bank of Big Piney Bank,

at Big Piney, Wyoming, or its successors (which bank and its successors are LESSOR'S agent and shall continue as the depository for all rentals and royalty payable hereunder regardless of changes in ownership of said land or of the oil and gas, or of the rentals or royalty to accrue hereunder),

a rental in the sum of Sixteen Hundred Eighty and No/100 Dollars (\$1680.00), which shall cover the privilege of deferring commencement of operations for the drilling of a well for a period of one year from said date. Thereafter, upon the payment or tender in like manner annually of a rental in the same amount, the commencement of operations for the drilling of a well on the leased premises may be further deferred for successive periods of one year each during the Primary Term hereof. All payments or tenders of rental may be made by check or draft of LESSEE, or of any assignee thereof, mailed or delivered to LESSOR, or his assigns, or to said bank on or before such date of payment. If such banks (or any successor bank) shall fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept any payment, LESSEE shall not be held in default for failure to make such payment until thirty (30) days after LESSOR shall deliver to LESSEE a proper recordable instrument naming another bank as agent to receive such payments or tenders. Notwithstanding the death of LESSOR or any successor in interest, the payment or tender of rentals in the manner provided above shall be binding on the heirs, devisees, executors, and administrators of such person.

7. If, at any time during the Primary Term hereof, LESSEE shall drill a dry hole on said land when oil or gas is not being produced from the leased premises, or if at any time after the discovery of oil or gas on the leased premises production of oil and gas thereon shall cease during the Primary Term hereof, LESSEE, within twelve (12) months from the expiration of the last rental period for which rental was paid or during which oil or gas was produced or drilling operations were in progress, shall either commence operations for the drilling of another well, resume the production of oil or gas, or commence or resume the payment of rentals in the amount and in the manner above provided. And it is agreed that upon such commencement or resumption of the payment of rentals, paragraph 6 hereof, governing the payment of rentals and the effect thereof, shall continue in force just as though there had been no interruption in the rental payments. If at the expiration of the Primary Term oil, gas, casinghead gas or casinghead gasoline is not being produced on said land but LESSEE has commenced operations for repressuring, reworking, drilling, deepening, or plugging back a well thereon, this lease shall remain in force so long as such operations are prosecuted with due diligence, and if such operations result in the production of oil, gas, casinghead gas, or casinghead gasoline, so long thereafter as oil, gas, casinghead gas, or casinghead gasoline is produced from said land. If, after the expiration of the Primary Term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate if LESSEE with due diligence commences operations for repressuring, reworking, drilling, deepening, or plugging back a well thereon, and this lease shall remain in force so long as such operations are prosecuted with due diligence, and if production results therefrom, then as long thereafter as oil, gas, casinghead gas, or casinghead gasoline is produced from said premises. For the purposes of this paragraph, it is agreed that operations shall be deemed commenced or prosecuted with due diligence so long as there is no delay or cessation thereof for a greater period than sixty (60) consecutive days.

8. LESSEE shall have the right to repressure oil or gas bearing formations by injecting air, liquid or gaseous substances therein, and, in connection therewith, shall be privileged to drill and equip such input and recovery wells, erect and install such structures and equipment, and inject such substances, as LESSEE considers necessary for repressuring purposes. LESSEE shall also have the right to dispose of brine or other waste substances produced by it in its operations on the leased premises by injecting such brine or other waste substances through its well, or wells, drilled on said premises into any subsurface formations other than fresh water bearing formations.

9. In case LESSOR owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided for shall be paid LESSOR only in the proportion which his interest bears to the whole and undivided fee.

10. LESSEE shall have the right to use, free of cost, gas, oil and water found on said land for its operations thereon, except water from the wells of LESSOR. When required by LESSOR, LESSEE shall bury pipe lines below plow depth and shall pay for damage directly and immediately caused by its operations to growing crops theretofore planted on said land. No well shall be drilled nearer than two hundred (200) feet to the house or barn now on said premises without the written consent of LESSOR. LESSEE shall have the right at any time during or after the expiration of this lease to remove all machinery, fixtures, houses, buildings, and other structures or property placed on said premises, including the right to draw and remove all casing.

11. This lease and all of the terms, provisions and covenants hereof shall extend to and be binding on all of the heirs, devisees, executors, administrators, successors and assigns of said LESSOR and said LESSEE. The estate of either party hereto may be assigned in whole or in part but no change of ownership in the land or in the rentals or royalties shall be binding on LESSEE until after it has been furnished with the written transfer or assignment or a certified copy thereof. Regardless of changes of ownership of the said land, or of portions thereof, the leased premises shall be developed and operated as one lease, and there shall be no obligation on LESSEE or its assigns to offset wells on separate tracts into which the land covered by this lease is now or may be hereafter divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks.

12. It is hereby agreed that, in the event this lease shall be assigned as an entirety or as to a part or as to parts of the above described lands, LESSEE and any subsequent assignor shall be released from all liability hereunder arising or accruing subsequent to the date of such assignment as to the part or parts so assigned, and should the holder or owner of this lease as to any part or parts of the leased premises fail or make default in the payment of the proportionate part of the rental due from him or them, or should such holder or owner fail or make default in any of the covenants, conditions or obligations of this lease, express or implied, such failure or default shall not operate to defeat or affect this lease insofar as it covers a part or parts of said land upon which LESSEE or any assignee hereof shall make due payment of said rentals, or otherwise comply with the terms and provisions of this lease. If at any time there be as many as four parties entitled to rentals or royalties, LESSEE may withhold payments thereof unless and until all parties designate, in writing, in a recordable instrument to be filed with LESSEE, a common agent to receive all payments due hereunder and to execute division and transfer orders on behalf of said parties and their respective successors in title.

13. LESSEE may at any time surrender this lease as to all or any part of the above described lands by recording a proper instrument of surrender in the office of the County Recorder of said county. Upon surrender as to any part of such lands the rental specified above shall be proportionately reduced on an acreage basis and LESSEE shall have reasonable and convenient easements for then existing pipe lines, pole lines and roadways over the lands surrendered for the purpose of continuing operations on lands retained. It is agreed that this lease shall never terminate or be forfeited or cancelled for failure to perform in whole or in part any of its implied covenants, conditions or obligations until it shall have first been finally judicially determined that such failure exists, and any decree of termination, cancellation or forfeiture shall be in the alternative and shall provide for termination, cancellation or forfeiture unless LESSEE comply with the implied covenants, conditions, or obligations breached within a reasonable time to be determined by the court. In the event LESSOR considers that LESSEE has not complied with all its covenants, conditions or obligations hereunder, both express and implied, LESSOR shall notify LESSEE in writing, setting out specifically in what respects it is claimed that LESSEE has breached this contract, and LESSEE shall not be liable to LESSOR for any damages caused by a breach of any such covenant, condition or obligation, express or implied, accruing more than sixty days prior to the receipt by LESSEE of the aforesaid written notice of such breach. Neither the service of said notice nor the doing of any acts by LESSEE aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that LESSEE has failed to perform all its obligations hereunder.

14. LESSOR hereby warrants and agrees to defend the title to the land herein described and agrees that LESSEE, at its option, may pay and discharge any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands, and, in the event it exercises such option, LESSEE shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying against the amount required in the discharge of any such mortgage, tax, or other lien, any royalty or rentals accruing hereunder.

15. No part of the surface of the leased premises shall, without the consent of the LESSEE, be let, granted, or licensed by the LESSOR to any other party for the erection, construction, location or maintenance of structures, tanks, pits, reservoirs, equipment, machinery, or pipe lines for purpose of or in connection with the exploration, development or operation of or for oil and/or gas on adjacent land or the storage or production of oil and/or gas produced therefrom.

16. This lease shall not be terminated, in whole or in part, nor shall LESSEE be held liable in damages, for failure to comply with the express or implied covenants hereof, if compliance therewith is prevented by or is contrary to or in conflict with or if such failure is the result of, any Federal or State laws, executive orders, rules, or regulations. If, at the end of the Primary Term hereof, such term has not been extended by production or drilling as in this lease provided, and LESSEE, by reason of any of the above recited causes, is unable to drill a well on the leased premises for oil or gas, the Primary Term and the rental provision hereof shall be extended automatically from year to year until the first anniversary hereof occurring ninety (90) or more days following the removal of such delay cause. During any period that LESSEE is unable to produce and/or market any products from the leased premises by reason of any of the above recited causes, this lease shall remain in full force and effect.