

OIL AND GAS LEASE

THIS AGREEMENT made this 25th day of May 1953, between
John C. Budd and Lulu A. Budd, husband and wife, and Joe L. Budd and Ruth F. Budd,
husband and wife

Lessor (whether one or more), and Clarence I. Justheim
 Lessee, WITNESSETH:

1. Lessor in consideration of Sixteen hundred - - - - - Dollars
 (\$ 1,600.00), in hand paid, of the royalties herein provided, and of the agreement of Lessee herein contained, hereby
 grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and
 producing oil and gas, laying pipe lines, building tanks, power stations, telephone lines and other structures thereon to produce,
 save, take care of, treat, transport and own said products, and housing its employees, the following described land in

Sublette

County, Wyoming, to-wit:

Township 31 N. R. 113 W., 6th P.M.

Sec. 23: N $\frac{1}{2}$, S $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ Sec. 26: E $\frac{1}{2}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$
 NE $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 22: SE $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 27: SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 35: NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$

of Section _____ Township _____ Range _____

For rental payment purposes said leased lands shall be deemed to contain 1,600 acres, more or less.

2. Subject to the other provisions herein contained, this lease shall be for a term of 3 years from this date (called "primary term") and as long
 thereafter as oil or gas is produced from said land hereunder or drilling or reworking operations are conducted thereon.

3. The royalties to be paid by Lessee are: (a) on oil, one-eighth of that produced and saved from said land, the same to be delivered at the
 wells or to the credit of Lessor into the pipe line to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its
 possession, paying market price therefor prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead gas or other
 gaseous substance, produced from said land and sold or used off the premises or in the manufacture of gasoline or other product therefrom, the market
 value at the well of one-eighth of the gas so sold or used, provided that on gas sold at the well, the royalty shall be one-eighth of the amount realized
 from such sale; where gas from a well producing gas only is not sold or used, Lessee may pay as royalty \$100.00 per well per year and if such payment
 is made it will be considered that gas is being produced within the meaning of Paragraph 2 hereof. Lessee shall have free use of oil and gas from said
 land, except water from Lessor's wells, for all operations hereunder, and the royalty on oil and gas shall be computed after deducting any so used.
 Lessor shall have the privilege at his risk and expense of using gas from any gas well on said land for stoves and inside lights in the principal dwelling
 thereon out of any surplus gas not needed for operation hereunder.

4. If operations for drilling are not commenced on said land or on acreage pooled therewith as hereinafter provided on or before one year from this
 date the lease shall then terminate as to both parties, unless on or before such anniversary date Lessee shall pay or tender to Lessor or to the credit of

Lessor in State Bank of Big Piney Bank at Big Piney, Wyoming
 (which bank and its successors or Lessor's agent and shall continue as the depository for all rentals hereunder regardless of changes in ownership of
 said land or the rentals either by conveyance or by the death or incapacity of Lessor) the sum of Sixteen hundred Dollars

(\$ 1.00 per acre) (herein called rental), which shall cover the privilege of deferring commencement or operations for drilling for a period of
 twelve (12) months. In like manner and upon like payments or tenders annually the commencement or operations for drilling may be further deferred
 for successive periods of twelve (12) months each during the primary term. The payment or tender of rental herein referred to may be made in currency,
 draft or check at the option of the lessee; and depositing of such currency, draft or check in any post office, with sufficient postage and properly addressed to
 the lessor, or said bank, on or before the rental paying date, shall be deemed payment as herein provided. If such bank (or any successor bank) should
 fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept rental, lessee shall not be held in default for failure to make
 such payment or tender of rental 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. The down cash payment is consideration for this lease according to its terms and shall not be allocated as
 mere rental for a period. Lessee may at any time execute and deliver to Lessor or to the depository above named or place of record a release or releases
 covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all
 obligations as to the acreage surrendered, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereby is
 reduced by said release or releases.

5. Should any well drilled on the above described land or on acreage pooled therewith during the primary term before production is obtained be a
 dry hole, or should production be obtained during the primary term and thereafter cease, then and in either event, if operations for drilling an additional well
 are not commenced or operations for reworking an old well are not pursued on said land on or before the first rental paying date next succeeding the cessa-
 tion of production or drilling or reworking on said well or wells, then this lease shall terminate unless Lessee, on or before said date, shall resume the
 payment of rentals. Upon resumption of the payment of rentals, Section 4 governing the payment of rentals shall continue in force just as though there
 had been no interruption in the rental payments. If during the last year of the primary term and prior to the discovery of oil or gas on said land or
 on acreage pooled therewith, Lessee should drill a dry hole thereon, or if after discovery of oil or gas before and during the last year of the primary term
 the production thereof should cease during the last year of said term from any cause, no rental payment or operations are necessary in order to keep
 the lease in force during the remainder of the primary term. If, at the expiration of the primary term, lessee is conducting operations for drilling a new
 well or reworking an old well, or if, after the expiration of the primary term, production on this lease shall cease, this lease nevertheless shall continue as
 long as said operations continue or additional operations are had, which additional operations shall be deemed to be had where not more than sixty (60)
 days elapse between abandonment of operations on one well and commencement of operations on another well, and if production is discovered, this lease
 shall continue as long thereafter as oil or gas is produced and as long as additional operations are had.

6. In the event Lessee encounters water in artesian quantities in any core, hole or well drilled on the leased premises and before abandonment of said
 well and removal of casing necessary for the operation of said core hole or well, as a water well, the lessee shall notify Lessor, in writing, to elect within
 thirty (30) days after receipt of notice whether Lessor will take over said hole or well and retain such casing or suffer the same to be removed. The
 cost of the casing shall be the salvage value thereof and shall be set out in said notice. Unless the said Lessor shall within said period of 30 days elect
 to purchase the said casing for the consideration above stated within fifteen (15) days thereafter, pay the cost thereof, the Lessee may remove the same
 and abandon said core hole or well. In the event Lessor elects to purchase the casing in any well to be used as a water well as herein set out the Lessor
 shall secure for Lessee its release concerning liability for subsequent abandonment, plugging or other governmental authority requirements from such
 authority.

7. Lessee shall have the right at any time without Lessor's consent to surrender all or any portion of the leased premises and be relieved of all
 obligations as to the acreage surrendered. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and
 fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below
 ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's consent.

8. The rights of either party hereunder may be assigned, in whole or in part, and the provisions hereof shall extend to the heirs, successors and
 assigns of the parties hereto, but no change or division in ownership of the land, rentals, or royalties, however accomplished shall operate to enlarge the
 obligations or diminish the rights of Lessee. No change in the ownership of the land, or any interest therein, shall be binding on Lessee until Lessee shall
 be furnished with a certified copy of all recorded instruments, all court proceedings and all other necessary evidence of any transfer, inheritance, or
 sale of said rights. In event of the assignment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be apportionable
 among the several leasehold owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other
 leasehold owners hereunder. In case Lessee assigns this lease, in whole or in part, Lessee shall be relieved of all obligations with respect to the assigned
 portion or portions arising subsequent to the date of assignment.

9. All express and implied covenants of this lease, both before and after production is obtained upon the leased premises, shall be subject to all Federal
 and State laws, executive orders, rules and regulations and notwithstanding anything herein to the contrary, this lease shall not expire, terminate or
 be forfeited in whole or in part, nor shall Lessee be liable for damages for failure to comply with any of said covenants so long as or if compliance there-
 with is hindered, delayed or prevented by such law, order, rule or regulation. If drilling operations or compliance with the provisions of this lease, both
 expressed and implied, is hindered, delayed or prevented by reason of any such law, order, rule or regulation at the expiration of the primary term hereof,
 the primary term shall be and the same is hereby extended for the full term of such hindrance, delay or prevention and for a period of one (1) year after
 such law, order, rule or regulation causing or resulting in the delay, hindrance or prevention as to the lands herein leased become wholly ineffective.
 Prior to the discovery of oil, gas or other mineral upon the leased premises the extension herein granted shall be ineffective unless Lessee shall, at or
 before the expiration of the primary term and during the period of such hindrance, delay or prevention, continue to pay or tender the annual delay rentals
 hereinabove mentioned as to all lands then subject to this lease on each anniversary rental paying date as the same become due and payable or until
 drilling operations are commenced or production of oil, gas or other mineral is obtained in accordance with the other provisions of this lease and the pay-
 ment or tender of such rentals as such times shall have the same force and effect as rental payments paid or tendered during the primary term hereinabove
 mentioned. If rental payments have been suspended under the terms of this lease by reason of the commencement of operations for drilling or on account
 of the production of oil, gas or other minerals prior to the time Lessee is hindered, delayed or prevented by any such law, order, rule or regulation,
 Lessee may resume the payment or tender of the annual delay rental on the rental date next ensuing after Lessee has been hindered, delayed or prevented
 from complying with provisions of this lease as aforesaid, and the resumption of the payment of delay rentals shall have the same force and effect as though
 rentals had been continuously paid on each rental paying date, and by continuing such rental payments Lessee may extend this lease beyond the primary
 term for the full period hereinabove mentioned.

If, during the term of this lease, oil, gas or other mineral is discovered upon the leased premises, but Lessee is prevented from producing the same
 by reason of any of the aforementioned laws, orders, rules or regulations, this lease shall nevertheless be considered as producing and shall continue
 in full force and effect until Lessee is permitted to produce the oil, gas or other mineral and as long thereafter as such production continues in paying
 quantities or drilling or reworking operations are continued as elsewhere herein provided.