

241

241

AGREEMENT

WHEREAS the undersigned J. E. CHEEK, hereinafter called ASSIGNOR, has assigned to the undersigned BELCO PETROLEUM CORPORATION, hereinafter called ASSIGNEE, full operating rights down to three thousand (3,000) feet below the surface or to a stratigraphic zone fifteen hundred (1,500) feet above the top of the Frontier formation, whichever depth is more, covering all of Section 5, T28N, R113W, all of Section 34 and the East Half of Section 33, T29N, R113W, as well as a Lease covering all rights, both Shallow and Deep, on the West Half of Section 36, T30N, R113W, all in Sublette County, State of Wyoming, to which assignments reference is here made for all purposes, and

WHEREAS, under these assignments the ASSIGNOR has reserved unto himself certain Overriding Royalties, and

WHEREAS, the parties hereto acknowledge and agree that the assignments in themselves do not cover the full scope of their agreement,

THEREFORE, it is agreed by and between the aforesaid ASSIGNOR and ASSIGNEE that all of the assignments covering the aforementioned interests shall be subject to the following conditions:

I - WARRANTY

The ASSIGNOR hereby warrants his title to all of the interests assigned and which are the subject of this agreement, as enumerated above.

The ASSIGNOR further warrants that the necessary approval of all of these assignments by the Secretary of the Interior, or the Board of Land Commissioners, as the case may be, can be obtained, and should such approval be withheld he will prepare assignments, without further consideration, in a form which can be approved by the Secretary of the Interior or the Board of Land Commissioners.

The ASSIGNOR further warrants that there are no previously created Overriding Royalties on any of the interests being assigned and which are the subject of this agreement. In the event there should be any previously created Overriding Royalties, said Overriding Royalties shall be absorbed by the ASSIGNOR by reduction of the Overriding Royalties reserved in the assignments referred to above.

II - DEVELOPMENT

The ASSIGNEE obligates itself to go upon some part of the above-described lands before December 31, 1954, or twelve (12) months after the approval of all of the assignments referred to above by the Secretary of the Interior or the Board of Land Commissioners, as the case may be, whichever shall be the later, and begin operations for the drilling of a well in search of oil or gas and to diligently prosecute the same down to a depth of twenty-nine hundred (2,900) feet or production in commercial quantities of oil or gas at a lesser depth; thereafter to begin operations for the drilling of a second well within six (6) months from the completion of the first well either as a producer or dry hole, which second well shall be drilled in the manner and to the depth provided for the first well to be drilled, and thereafter to begin operation for the drilling of a third well within six (6) months after the completion of the second well either as a producer or a dry hole in the manner and to the depth provided for the first well to be drilled.

And, due to the order of any regulatory body or authority, federal or state, or both, or inability (with the exercise of reasonable diligence) to obtain needed permission or authority from any such regulatory body or if due to strikes, lockouts, riots, insurrections, war, scarcity of material, unavailability of contractor, weather, or any other cause beyond the control