

4. If operations for drilling are not commenced on said land on or before the 12 day of JANUARY, 1955, the lease shall then terminate as to both parties unless on or before such date lessee shall pay or tender to lessor or to the credit of lessor in the STATE BANK OF BIG PINEY, at BIG PINEY, WYOMING (which bank and its successors shall continue as the depository for all rentals payable hereunder regardless of changes in ownership of said land or of the rentals) the sum of Six Hundred · Twelve and 72/100 — Dollars (\$ 612.72) (herein called rentals), which shall cover the privilege of deferring commencement of operations for drilling for a period of twelve (12) months. In like manner and upon like payments or tenders annually the commencement of operations for drilling may be further deferred for successive periods of twelve (12) months each during the primary term. The payment or tender of rentals may be made by the check or draft of Lessee mailed or delivered to Lessor or to said bank or its successor on or before such date. Any charge made by such bank for exchange or otherwise in connection with its services as depository shall be borne by Lessor. If such bank (or any successor bank) shall fail, liquidate, or for any reason fail or refuse to accept rentals, Lessor shall deliver to Lessee a proper recordable instrument naming another bank to receive such rentals, and, in that event, Lessee shall not be held in default for failure to make such payment or tender of rentals unless and until it shall have failed for fifteen (15) days after receipt of such recordable instrument to pay or tender such rentals to Lessor or to the substitute bank. 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 place of record a release or releases covering all or any portion or portions of the above described premises and terminate from and after the date of surrender all obligations as to the acreage surrendered, including any obligation to offset producing wells, and thereafter any rentals payable hereunder shall be reduced in the proportion that the surface acreage covered hereby is reduced by said release or releases. Should this lease be signed by more than one Lessor, Lessee may pay the rentals herein provided to the Lessors jointly until such time as the Lessors shall deliver to Lessee a recordable agreement in writing specifying to whom and in what proportions said rentals shall be paid; or, at Lessee's option, said rentals may be paid to the Lessors severally in the proportions in which their respective interest appear of record as of the date of the lease, or as of any subsequent date as disclosed by evidence of changes in ownership furnished Lessee in accordance with the provisions of Paragraph 12 hereof. The failure of Lessee properly to pay rentals to any particular lessor owning less than the full mineral interest shall not invalidate or affect this lease insofar as it covers the interest of other Lessors to whom rentals are properly paid.

5. If prior to discovery of oil, gas or other mineral on said land Lessee should drill a dry hole or holes thereon, or if after discovery of oil, gas or other mineral all wells thereon should become incapable of producing for any cause, this lease shall not terminate if Lessee commences operations for additional drilling or for reworking within sixty (60) days thereafter or (if it be within the primary term) commences or resumes the payment or tender of rentals on or before the rental paying date next ensuing after the expiration of sixty (60) days from date of completion of dry hole or cessation of production. If at the expiration of the primary term there is no well upon said land capable of producing oil, gas or other mineral but Lessee has commenced operations for drilling or reworking thereon, the lease shall remain in force so long as operations are prosecuted with no cessation of more than thirty (30) consecutive days, and if they result in the production of oil, gas, or other mineral