

GENERAL LAND OFFICE
EXCHANGE

Date APR 5 1940

Serial EVANSTON 07538

Hour 9 am

Lease of Oil and Gas Lands Under the Act of February 25, 1920, as Amended

THIS INDENTURE OF LEASE, entered into, in triplicate, as of the 1st day of January, 1940, by and between the UNITED STATES OF AMERICA, party of the first part, hereinafter called the lessor, by the Secretary of the Interior, and E. J. Long and H. A. Lewis, Kemmerer, Wyo., party of the second part, hereinafter called the lessee, under, pursuant, and subject to the terms and provisions of the act of Congress approved February 25, 1920 (41 Stat. 437), entitled "An Act to Promote the Mining of Coal, Phosphate, Oil, Oil Shale, Gas, and Sodium on the Public Domain," as amended, hereinafter referred to as the Act, which is made a part hereof, WITNESSETH:

SECTION 1. *Rights of lessee.*—That the lessor, in consideration of rents and royalties to be paid, and the conditions and covenants to be observed as herein set forth, does hereby grant and lease to the lessee the exclusive right and privilege to drill for, mine, extract, remove, and dispose of all the oil and gas deposits in or under the following-described tracts of land situated not within known geologic structure of any producing oil or gas field and more particularly described as follows:

All Section 5, Twp. 27 N., R. 113 W.,
NE $\frac{1}{4}$, NE $\frac{1}{4}$, Lot 6 Section 32; NW $\frac{1}{4}$ Sec. 33, Twp. 28 N., R. 113 W., 6th
P. M., Wyoming,

referred to in Section 1 of this lease, then,
prior to the expiration of this lease,

** subject to the unit agreement for the North La-Barge Unit Area heretofore approved by the Secretary of the Interior under the Act of February 25, 1920 (41 Stat. 437), as amended, the provisions of said agreement to govern where inconsistencies with the terms of this lease occur.

containing 1046.22 acres, more or less, together with the right to construct and maintain thereupon all works, buildings, plants, waterways, roads, telegraph or telephone lines, pipe lines, reservoirs, tanks, pumping stations, or other structures necessary to the full enjoyment thereof, for a period of five years, and so long thereafter as oil or gas is produced in paying quantities. **

Sec. 2. In consideration of the foregoing, the lessee hereby agrees:

(a) *Bond.*—To furnish prior to beginning of drilling operations and maintain at all times thereafter as required by the lessor a bond in the penal sum of \$5,000 with approved corporate surety, or with deposit of United States bonds as surety therefor, conditioned upon compliance with the terms of this lease; and, until such bond is furnished, to submit and maintain a bond in the sum of \$1,000 with acceptable surety, similarly conditioned.

(b) Within 30 days of demand, to subscribe to and to operate under such reasonable cooperative or unit plan for the development and operation of the area, field, or pool embracing the lands included herein as the Secretary of the Interior may determine to be practicable and necessary or advisable, which plan shall adequately protect the rights of all parties in interest, including the United States.

(c) *Wells.*—(1) To drill and produce all wells necessary to protect the leased land from drainage by wells on lands not the property of the lessor or lands of the United States leased at a lower royalty rate, or in lieu of any part of such drilling and production, with the consent of the Secretary of the Interior, to compensate the lessor in full each month for the estimated loss of royalty through drainage in the amount determined under instructions of said Secretary; (2) at the election of the lessee, to drill and produce other wells in conformity with any system of well spacing or production allotments affecting the field or area in which the leased lands are situated, provided such system is authorized and sanctioned by applicable law or by the Secretary of the Interior; and (3) promptly after due notice in writing, to drill and produce such other wells as the Secretary of the Interior may require to insure reasonable diligence in the development and operation of the property.

(1)

2.