

50694

RECORDED July 19, A.D., 1954 at 1100 P.M.
 IN BOOK 9047 *Leases* PAGE *see 196197*
 FEES \$3.00 *H. W. Summers* COUNTY CLERK
 SUBLLETTE COUNTY, PINEDALE, WYOMING

right to drill for and produce oil, gas and other hydrocarbon substances from all zones, lands and measures other than

OPERATING AGREEMENT

THIS AGREEMENT, made and entered into this 26th day of September, 1952, by and between WESTERN OIL REFINING COMPANY, a Wyoming corporation, hereinafter called "Western," the party of the first part, and PFAFF-QUEALY CORPORATION, a Wyoming corporation, herein-after called "Pfaff-Quealy," the party of the second part, in consideration of the mutual promises and agreements between them, WITNESSETH as follows:

1. LAND DESCRIPTIONS:

The lands the subject of this agreement, are as follows:

F. Oil and Gas Lease from WILLIAM J. McGINNIS, ANDERSON L. McGINNIS, FRANK R. McGINNIS, MARY H. McGINNIS AND MIRANDA YOSE, bearing date of July 30, 1947, covering the following described patented lands:

T. 28 N., R. 113 W., 6th P. M. Wyoming
 Tracts 38 and 40 (also described as NE 1/4 SW 1/4
 SW 1/4 SE 1/4 of Section 17)

containing 80 acres, more or less,

all of the said lands being subject to the following royalties heretofore, or hereby, reserved:

William J. McGinnis, et al	12.50%
Edith Wexelberger	1/2%

described lands, and shall have and hold Western, its assigns, or its successors in title, liable or bound with respect to or growing out of any operations on the same. Pfaff-Quealy shall pay all royalties reserved by the United States upon oil products produced by Pfaff-Quealy, heretofore, valid royalty payments shall be made directly to the United States, and shall pay all royalties reserved to other persons and entities, heretofore to be paid by Pfaff-Quealy, to the persons and entities hereinabove mentioned.

2. DEFINITIONS

"Shallow Zones", as used in this agreement, shall mean oil, gas, natural gasoline and associated fluid hydrocarbons in any and all formations underlying the real property the subject of this agreement above the depth of a stratigraphic zone 1500 feet above the top of the Frontier formation.

3. GRANTING WORDS

Pfaff-Quealy shall have and is hereby granted the sole and exclusive right to drill for and produce oil, gas, natural gas and associated fluid hydrocarbons from the "Shallow Zones" during the term of the lease and/or agreement hereinabove described, or any extension or renewal thereof, and during the term of any lease, or leases, or agreements subsequently issued to Western under a preference right to acquire new leases based on the ownership of the aforesaid lease and/or agreement covering the above described lands or any part thereof. Pfaff-Quealy shall have no right, title or interest in or to any oil, gas, natural gasoline or associated fluid hydrocarbons substances that may be found in structures or measures other than those existing in the "Shallow Zone," as herein defined.

4. RESERVATION

It is understood and agreed that Western, and/or its Assigns, is the owner and holder of the oil and gas rights underlying said "Shallow Zones," including the sole and exclusive