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SUBLETTE COUNTY, PINEDALE, WYOMING

# OIL AND GAS LEASE

THIS INDENTURE OF LEASE entered into in triplicate this 2nd day of July, A. D. 1948, by and between the STATE OF WYOMING, acting by and through its Board of Land Commissioners, party of the first part, hereinafter called the lessor, and

ZOA MARGARET FRANCIS

party of the second part, hereinafter called the lessee.

**SEC. 1 PURPOSES.** That the lessor, in consideration of the rents and royalties to be paid and the covenants and agreements hereinafter contained and to be performed by the lessee, does hereby grant and lease to the lessee the exclusive right and privilege to drill for, mine, extract, remove and dispose of all of the oil and gas and other kindred hydrocarbon deposits (the term "gas" as used in this section shall be interpreted to include natural gas, casinghead gas, casinghead gasoline, drip gasoline and natural-gas gasoline extracted from natural gas) in or under the following described land, to-wit:

ACRES	DESCRIPTION	LEASE	SEC.	TP.	RG.
320	E <sub>1</sub>	0	16	27	107

Sublette County

consisting of 320.00 acres more or less, together with the right to construct and maintain thereon all works, buildings, plants, waterways, roads, communication lines, pipe lines, reservoirs, tanks, pumping stations, or other structures necessary to the full enjoyment thereof, subject, however, to the conditions hereinafter set forth.

**SEC. 2. TERM OF LEASE.** This lease, unless terminated at an earlier date as hereinafter provided, shall remain in force and effect for a term of ten (10) years from and after the date hereof (expiring at midnight on the 1st day of July, A. D. 1958).

**SEC. 3.** In consideration of the foregoing the LESSEE COVENANTS AND AGREES:

(a) **BOND.** To furnish a bond with an approved corporate surety company authorized to transact business in the State of Wyoming, or such other surety as may be acceptable to the lessor in the penal sum of

TEN AND 00/100

Dollars,

(\$ 10.00), conditioned upon the payment of all moneys, rentals and royalties accruing to the lessor under the terms hereof, and upon the full compliance of all other terms and conditions of this lease and the Rules and Regulations relating thereto, and also conditioned on the payment of all damages to the surface and improvements thereon where the lease covers lands, the surface of which has been sold or otherwise leased. Such bond or bonds furnished prior to the development of the lands contained in this lease may be increased in such reasonable amounts as the lessor may decide, upon commencement of actual drilling, and after the discovery of oil or gas.

(b) **PAYMENTS.** To make all payments accruing hereunder to the Commissioner of Public Lands, Capitol Building, Cheyenne, Wyoming.

(c) **RENTALS.** Prior to the discovery of oil or gas in paying quantities to pay the lessor in advance, beginning with the effective date hereof, an annual rental of 25c per acre or fraction thereof.

After the discovery of oil or gas in paying quantities to pay the lessor in advance, beginning with the first day of the lease year succeeding the lease year in which actual discovery was made, an annual rental of FIVE HUNDRED Dollars (\$ 500.00)

unless changed by agreement. Such rental so paid for any one year shall be credited on the royalty for that year.

(d) **ROYALTIES.** To pay the following royalties on all oil, gas, natural gasoline, and other kindred hydrocarbons produced from the lands herein leased, in kind or in value as the lessor may elect.

**ON OIL:** On all oil produced and saved TWELVE AND ONE-HALF per cent. (12 1/2%)

**ON GAS:** On all gas produced and marketed from the property TWELVE AND ONE-HALF per cent. (12 1/2%)

**ON NATURAL GASOLINE:** TWELVE AND ONE-HALF per cent. (12 1/2%)

of the amount or value of the natural gasoline extracted, or recovered.

**ON OTHER KINDRED HYDROCARBONS:** On all other hydrocarbons of value produced or extracted, including propane and butane, at such royalty as shall be mutually determined to be fair and reasonable.

For royalty purposes on gas and natural gasoline the value shall be as approved by the lessor, and in the determination of the value of natural gasoline the fair cost of extraction shall be considered as a deductible item; provided, however, that the allowance for the cost of extraction may exceed two-thirds of the amount or value only on approval of the lessor and in no event shall the price for gas, or natural gasoline, be less than that received by the United States of America for its royalties from the same field.