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SUBLETTE COUNTY, PINEDALE, WYOMING

50776

FORM 62 - 51

OPTION AGREEMENT

KINTZEL BLUE PRINT CO.
CASPER, WYOMING

THIS AGREEMENT, made and entered into in this 23rd day of July, 1954, by and between Anna M. Gilmore

hereinafter called "First Party," whether one or more, whose address for all purposes of this agreement is P.O. Box 264, Cheyenne, Wyoming

and Arthur B. Belfer, hereinafter called "Second Party," and the address of which second party for all purposes of this agreement is 42 Broadway, New York 4, New York

WITNESSETH: That

WHEREAS, pursuant to the Act of Congress approved February 25, 1920 (41 Stat. 437), as amended, First Party has either made application for, or has been issued an oil and gas lease, designated as Wyoming Serial Number 028460 upon the following described lands belonging to the United States of America, situated in the County of Sublette State of Wyoming, to-wit:

T. 35 N., R. 114 W., 6th P.M.
Sec. 1: All;
Sec. 2: All;
Sec. 3: All;
T. 35 N., R. 113 W., 6th P.M.
Sec. 6: All;

Containing 2490.23 acres, more or less.

NOW, THEREFORE, in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration in hand paid by Second Party to First Party, receipt of which is hereby confessed and acknowledged, and in consideration of the promises, covenants and agreements as made herein and to be kept and performed, it is hereby agreed by and between the parties hereto as follows:

A. The term "Second Party", as used in this agreement, shall include the Second Party's successors and assigns. The term "application" as used herein shall include offer to lease.

The term "First Party", as used herein, shall refer to and include not only all of the persons, firms and corporations collectively designated as First Party, but shall also and with like effect include, designate and refer to any one or more of them.

The rights and options of Second Party under this agreement are assignable in whole, in part, or in undivided interests, and inure to the benefit of the successors and/or assigns of Second Party, and shall be binding upon all of the persons, firms and corporations designated as First Party herein, and each of them, and on their respective heirs, representatives, administrators, executors, successors and assigns.

B. For the purpose of serving any notice hereunder by Second Party on First Party, such notice shall be deemed to have been served upon First Party, whether or not the same shall actually be received by First Party, when addressed to First Party at First Party's address above stated and then, either enclosed in an envelope and deposited in the United States mails with postage thereon prepaid, or filed with any telegraph company with all charges thereon prepaid. Should any person named as First Party die, any notice hereunder may be likewise served upon any administrator, executor, personal representative or heir of such deceased person, and when so served shall bind each and all of the administrators, executors, personal representatives and heirs of such deceased person, and the right, title, interest and estate of each and all of them in said oil and gas lease. All persons, firms and corporations designated as First Party, and each of them, agrees that any such notice so served on any one of them, or on an administrator, executor, personal representative or heir of any deceased person who is herein referred to as First Party, whether or not the said notice shall be actually received, shall be binding upon each and all of them, their heirs, representatives, administrators, successors and assigns, and upon their respective interests and estates in the lands and leases above described.

It is agreed that the addresses of the parties hereto, as stated above, shall continue in effect until changed in writing by the respective parties.

FIRST: For the consideration recited, as aforesaid, First Party, insofar as same can be done, hereby authorizes Second Party, its successors and assigns, as the agent of First Party, to enter said lands and conduct geological exploration by the use of seismograph or geophysical or geological methods, and for the same consideration, First Party hereby grants to Second Party the exclusive option and privilege to be exercised in whole or in part at any time within the option period hereinafter stated, of purchasing and acquiring said oil and gas lease (including any extensions thereof, extension leases, renewals thereof, renewal leases, preferentially-new, substitute or other leases hereafter issued, pursuant to or by reason thereof) as to all or any part of the lands embraced therein. If the above described lease has already been issued on the date hereof, then said option period shall be for a period of two years from and after the date hereof; and if the above described lease has not yet been issued on the date hereof, then said option period shall be for the period of time ending two (2) years after the date of issuance of such lease.

Second Party agrees that it will during such option period, make, for the benefit of said lands, by the use of seismograph, geophysics, or by some geological method, a geological examination, the character, nature and extent of which shall be within the exclusive judgment of Second Party.

It is understood that after said oil and gas lease has been issued, the record title holder thereof is, under applicable law and regulations, entitled to the issuance of a preferential-new, renewal, or extension oil and gas lease covering said lands upon making timely application therefor and upon complying with applicable law and regulations; therefore, in the event the primary term of said oil and gas lease will expire prior to the termination of said option period, First Party, for the same consideration mentioned above, agrees and binds himself (herself, themselves and itself) as record title holder of said lease, to make, at Second Party's request, timely, proper and sufficient application for the issuance, under such law and regulations, of a preferential-new, renewal, or extension oil and gas lease on the lands above described, and in so doing to comply with the applicable laws and regulations of the Department of the Interior governing the issuance of said preferential-new, renewal or extension oil and gas lease; and this option agreement in all its terms, shall apply to and bind such preferential-new, extension or renewal oil and gas lease upon the issuance thereof to the same extent and for the same purposes as though said preferential-new, extension or renewal oil and gas lease were in existence at the time of the execution and delivery of this agreement, and the term "lease" as used herein shall for all purposes apply to and include any and all extensions, extension leases, renewals thereof, renewal leases, preferential-new, substitute or other leases issued pursuant to any preference right now or hereafter authorized.

Second Party may exercise said option by giving to First Party by one of the methods for serving notice on First Party as specified in Section "B" above, notice in writing of its exercise of said option and its intention and desire to purchase and acquire said oil and gas lease and have this option agreement treated as an assignment of said lease, (including any extension, renewal, new, substitute, or other lease issued pursuant to or by reason thereof) as to all or any part of the lands covered thereby. Said notice shall describe the lands as to which said option is exercised. Multiple copies of said notice together with multiple copies of this option agreement, shall be filed with the Secretary of the Interior of the United States for approval, and upon approval thereof, such agreement shall constitute an assignment of said lease as to the lands included in such notice. Upon each exercise of option as hereinabove provided for, First Party shall be paid the sum of \$10.00 which, together with the consideration paid First Party by Second Party upon the execution and delivery hereof, shall constitute the entire cash consideration for the options herein granted and for any right, title or interests in said land accruing to Second Party upon the exercise of said options or any of them and thereafter no payment or payments hereunder, with respect to said lands, shall accrue to or be payable to First Party from Second Party, except such overriding royalty payments, if any, as may be provided under the provisions of Section "TWELFTH" hereof.

SECOND: In addition to the options as granted above, and for the same consideration, Second Party shall have the right to enter into and commit all or any part of said lands (whether or not an option may have been exercised thereon under Section "FIRST") with other lands to the terms and provisions of a Co-Operative or Unit Plan or other agreement, which is acceptable to Second Party, providing for the operation and development of said lands so committed as a single pool or area for oil and gas purposes and for the conserva-