

right to drill for and produce oil, gas and other hydrocarbon substances from all zones
and/or measures other than those existing in the "Shallow Zone," as herein defined.

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:

H. Oil and Gas Lease from MRS RUTH A. DeGRAW, now MRS. RUTH A.
CHAMBERLAIN, bearing date of January 17, 1950, and covering the following described
patented lands:

T. 28 N., R. 113 W., 6th P. M. Wyoming

Tract 41 (also described as E 1/2 NE 1/4 of
Section 20 and W 1/2 NW 1/4 of Section 21)

containing 160.00 acres, more or less,

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

Ruth A. DeGraw, now Ruth A.
Chamberlain

12 1/2%

described lands, and shall

any claim of ownership with respect to 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.

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 exten-
sion or renewal thereof, and during the term of any lease, or leases, or agreements sub-
sequently 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