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PRODUCERS 88 12-44 (752)
Utah

OIL AND GAS LEASE

KINTZEL BLUE PRINT CO.
CASPER, WYOMING

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THIS AGREEMENT made this 25TH day of APRIL 19 55, between FAY C. BARGER AND ANNE E. BARGER, HIS WIFE OF BOULDER, WYOMING

Lessor (whether one or more), and EL PASO NATURAL GAS COMPANY, A CORPORATION Lessee, WITNESSETH:

1. Lessor in consideration of TEN AND MORE X X X X X X X X X X X X X X X X X X X X X X X X X Dollars ($10.00 X X X X X), in hand paid, of the royalties herein provided, and of the agreement of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil and gas, laying pipe lines, building tanks, power stations, telephone lines and other structures thereon to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in SUBLETTE County, ~~XXXXXXXXX~~ WYOMING, TO-WIT:

TOWNSHIP 32 NORTH, RANGE 108 WEST, 6TH P. M.

SECTION 16: SW¼, W½NW¼;
SECTION 17: LOT 4, S½NE¼, SE¼;
SECTION 20: E½E½;
SECTION 21: NW¼, N½SW¼, SE¼SW¼;
SECTION 28: E½W½, W½SW¼, NW¼NW¼;
SECTION 29: LOTS 4, 5, 6, 7, 8, E½E½, W½SE¼, SW¼NE¼;
SECTION 32: N½, SE¼;
SECTION 33: NW¼.

~~XXXXXXXX~~, ~~township~~ ~~XXXXXX~~, ~~XXXX~~

It being intended hereby to include herein all lands and interests therein contiguous to or appurtenant to said described lands owned or claimed by lessor. For rental payment purposes said leased lands shall be deemed to contain 2,363.21 acres, more or less.

2. Subject to the other provisions herein contained, this lease shall be for a term of 10 years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land hereunder or drilling or reworking operations are conducted thereon.

3. The royalties to be paid by Lessee are: (a) on oil, one-eighth of that produced and saved from said land, the same to be delivered at the wells or to the credit of Lessor into the pipe line to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead gas or other gaseous substance, produced from said land and sold or used off the premises or in the manufacture of gasoline or other product therefrom, the market value at the well of one-eighth of the gas so sold or used, provided that on gas sold at the wells the royalty shall be one-eighth of the amount realized from such sale; where gas from a well producing gas only is not sold or used, Lessee may pay as royalty $100.00 per well per year and if such payment is made it will be considered that gas is being produced within the meaning of Paragraph 2 hereof. Lessee shall have free use of oil, gas, coal, wood and water from said land, except water from Lessor's wells, for all operations hereunder, and the royalty on oil and gas shall be computed after deducting any so used. Lessor shall have the privilege at his risk and expense of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon out of any surplus gas not needed for operation hereunder.

4. If operations for drilling are not commenced on said land or on acreage pooled therewith as hereinafter provided, on or before one year from this date the lease shall then terminate as to both parties, unless on or before such anniversary date Lessee shall pay or tender to Lessor or to the credit of Lessor in ROCK SPRINGS NATIONAL Bank at ROCK SPRINGS, WYOMING ~~XXXX~~, (which bank and its successors are Lessor's agent and shall continue as the depository for all rentals payable hereunder regardless of changes in ownership of said land or the rentals either by conveyance or by the death or incapacity of Lessor) the sum of $ 2,363.21 Dollars ($2,363.21 X X X) (herein called rental), which shall cover the privilege of deferring commencement of operations for drilling for a period of twelve (12) months. In like manner and upon like payments or tenders annually the commencement of operations for drilling may be further deferred for successive periods of twelve (12) months each during the primary term. The payment or tender of rental herein referred to may be made in currency, draft or check at the option of the lessee; and the depositing of such currency, draft or check in any post office, with sufficient postage and properly addressed to the lessor, or said bank, on or before the rental paying date, shall be deemed payment as herein provided. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept rental Lessee shall not be held in default for failure to make such payment or tender or rental until thirty (30) days after Lessor shall deliver to Lessee a proper recordable instrument, naming another bank as agent to receive such payments or tenders. The down cash payment is consideration for this lease according to its terms and shall not be allocated as mere rental for a period. Lessee may at any time execute and deliver to Lessor or to the depository above named or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

5. Should any well drilled on the above described land or on acreage pooled therewith during the primary term before production is obtained be a dry hole, or should production be obtained during the primary term and thereafter cease, then and in either event, if operations for drilling an additional well are not commenced or operations for reworking an old well are not pursued on said land on or before the first rental paying date next succeeding the cessation of production or drilling or reworking on said well or wells, then this lease shall terminate unless Lessee, on or before said date, shall resume the payment of rentals. Upon resumption of the payment of rentals, Section 4 governing the payment of rentals, shall continue in force just as though there had been no interruption in the rental payments. If during the last year of the primary term and prior to the discovery of oil or gas on said land or on acreage pooled therewith, Lessee should drill a dry hole thereon, or if after discovery of oil or gas before or during the last year of the primary term the production thereof should cease during the last year of said term from any cause, no rental payment or operations are necessary in order to keep the lease in force during the remainder of the primary term. If, at the expiration of the primary term, lessee is conducting operations for drilling a new well or reworking an old well, or if, after the expiration of the primary term, production on this lease shall cease, this lease nevertheless shall continue as long as said operations continue or additional operations are had, which additional operations shall be deemed to be had where not more than sixty (60) days elapse between abandonment of operations on one well and commencement of operations on another well, and if production is discovered, this lease shall continue as long thereafter as oil or gas is produced and as long as additional operations are had.

6. Lessee is hereby given the right and power to pool or combine the land covered by this lease or any portion thereof with any other land, lease or leases when in Lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said premises. If production is found on the pooled acreage, it shall be treated as if production is had from this lease whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein bears to the total acreage so pooled in the particular unit involved.

7. Lessee shall have the right at any time without Lessor's consent to surrender all or any portion of the leased premises and be relieved of all obligation as to the acreage surrendered. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's consent.

8. The rights of either party hereunder may be assigned, in whole or in part, and the provisions hereof shall extend to the heirs, successors and assigns of the parties hereto, but no change or division in ownership of the land, rentals or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No change in the ownership of the land, or any interest therein, shall be binding on Lessee until Lessee shall be furnished with a certified copy of all recorded instruments, all court proceedings and all other necessary evidence of any transfer, inheritance, or sale of said rights. In event of the assignment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be apportionable among the several leasehold owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. In case Lessee assigns this Lease, in whole or in part, Lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

9. All express and implied covenants of this lease, both before and after production is obtained upon the leased premises, shall be subject to all Federal and State Laws, executive orders, rules and regulations, and notwithstanding anything herein to the contrary, this lease shall not expire, terminate or be forfeited in whole or in part, nor shall Lessee be liable for damages for failure to comply with any of said covenants so long as or if compliance therewith is hindered, delayed or prevented by such law, order, rule or regulation. If drilling operations or compliance with the provisions of this lease, both expressed and implied, is hindered, delayed or prevented by reason of any such law, order, rule or regulation at the expiration of the primary term hereof, the primary term shall be and the same is hereby extended for the full term of such hindrance, delay or prevention and for a period of one (1) year after such law, order, rule or regulation causing or resulting in the delay, hindrance or prevention has as to the lands herein leased become wholly ineffective. Prior to the discovery of oil, gas or other mineral upon the leased premises the extension herein granted shall be ineffective unless Lessee shall, at or before the expiration of the primary term and during the period of such hindrance, delay or prevention, continue to pay or tender the annual delay rentals hereinabove mentioned as to all lands then subject to this lease on each anniversary rental paying date as the same become due and payable or until drilling operations are commenced or production of oil, gas or other mineral is obtained in accordance with the other provisions of this lease and the payment or tender of such rentals at such times shall have the same force and effect as rental payments paid or tendered during the primary term hereinabove mentioned. If rental payments have been suspended under the terms of this lease by reason of the commencement of operations for drilling or on account of the production of oil, gas or other minerals prior to the time Lessee is hindered, delayed or prevented by any such law, order, rule or regulation, Lessee may resume the payment or tender of the annual delay rental on the rental date next ensuing after Lessee has been hindered, delayed or prevented from complying with provisions of this lease as aforesaid, and the resumption of the payment of delay rentals shall have the same force and effect as though rentals had been continuously paid on each rental paying date, and by continuing such rental payments Lessee may extend this lease beyond the primary term for the full period hereinabove mentioned.

If, during the term of this lease, oil or gas or other mineral is discovered upon the leased premises, but Lessee is prevented from producing the same by reason of any of the aforementioned laws, orders, rules or regulations, this lease shall nevertheless be considered as producing and shall continue in full force and effect until Lessee is permitted to produce the oil, gas or other mineral and as long thereafter as such production continues in paying quantities or drilling or reworking operations are continued as elsewhere herein provided.

PLEASE RETURN TO
EL PASO NATURAL GAS COMPANY
LEASE DEPARTMENT

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