

CAR-PRO-1393-E
FARMOUT AGREEMENT

57178

RECORDED October 4, 1956 at 2:30 P.M.
 IN BOOK 160 PAGE 51
 FEES \$ 3.50 COUNTY CLERK
 SUBLLETTE COUNTY, PINEDALE, WYOMING

THIS AGREEMENT, Made and entered into this 1st day of October, 1956, by and between THE CARTER OIL COMPANY, a West Virginia corporation, hereinafter called CARTER, as First Party, and the undersigned (whether one or more), as Second Party, WITNESSETH THAT:

WHEREAS, the parties hereto have arrived at an agreement whereby CARTER is to assign to Second Party all CARTER'S right, title and interest in and to all oil and gas mining leases (or any fractional interest therein) owned by CARTER covering the lands described in Exhibit "A" attached hereto and made a part hereof, insofar as such lease(s) cover(s) said lands, subject to the reservations, terms and conditions of this agreement:

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

I.

Without delay after execution of this agreement, CARTER shall deliver to Second Party such abstracts and other title papers as it has in its files evidencing its ownership of the oil and gas lease(s) on the property described in said Exhibit "A". CARTER makes no representation as to its title(s) to said lease(s). Second Party shall have ten (10) days after receipt of such abstracts and title papers to cause same to be examined by Second Party's attorney and to do such title curative work as Second Party may deem necessary, which work shall be done at Second Party's own expense. Second Party must, on or before the expiration of the said ten (10) day period, accept or reject CARTER's title(s). After the examination has been completed, all abstracts and title papers furnished for examination shall be returned to CARTER, Second Party to thereafter have the privilege of borrowing them.

II.

After approval of title(s), and on or before October 5, 1956, Second Party agrees to commence the actual drilling of a well for oil and gas upon the following location:

CR 400 feet from the north line and 1900 feet from the west line
Resurvey Tract 45
of Sections 23 and 24, Township 28 North, Range 113 West,
Sublette County, State of Wyoming

and to continue the drilling thereof with due diligence to a depth sufficient to thoroughly test all formations down to and including 100 feet into the Mesaverde formation or 3200 feet, whichever is the lesser depth,

unless a salt dome, igneous rock, or any practically impenetrable substance is encountered at a lesser depth.

III.

The cost of drilling said test well, and all other costs and expenses incurred in connection with developing and operating said premises shall be borne solely by Second Party, and such well shall be entirely free of cost to CARTER.

IV.

Upon demand after completion of the test well above mentioned in accordance with all of the terms and provisions of this agreement, CARTER agrees to make, execute and deliver to Second Party an assignment in writing without warranty of title, assigning to Second Party all of CARTER'S right, title and interest in and to the oil and gas lease(s) above referred to insofar as said lease(s) cover(s) the land described in Exhibit "A" hereof. ~~RECORDING OF CARTER'S ASSIGNMENT~~

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 Such assignment shall be made specifically subject to all of the terms and provisions of this agreement.

V.

In the event a showing of oil or gas is encountered at any depth in the test well hereinabove provided for, Second Party shall immediately notify CARTER thereof. CARTER may, at any time prior to the completion of the well, or its abandonment as a dry hole, request that any showing or showings of oil or gas disclosed during the drilling of the well or by electrical survey be tested. Such testing shall immediately be undertaken by Second Party unless CARTER consents that the testing be deferred until the well reaches its total depth. Second Party shall notify CARTER before the testing of any showing so that CARTER may have a representa-