

7. Lessee represents and warrants to Operator that Lessee is the only party owning or claiming any interest in the lease referred to in this agreement and in the rights to explore and develop the oil and gas resources of the lands referred to herein, and that Lessee has not sold, assigned, transferred, encumbered or conveyed any enforceable interest in said lease or any enforceable right, title or interest thereunder, and that Lessee has full power, right and authority to execute and enter into this operating agreement, and to convey the above described lease, and that all of the obligations and duties imposed by the terms of said lease upon the Lessee therein have been fully performed and complied with. In the event any right or claim of right in or to the lease, property or interests which are the subject of this agreement, is asserted by any party other than the parties to this agreement, the Lessee will forthwith quiet and satisfactorily dispose of said claims so asserted, by legal action or otherwise, and until such claims are so quieted and satisfactorily disposed of the Operator may, at its option, suspend the drilling operations required of it hereunder without forfeiture or other loss or prejudice of any of its rights hereunder.

8. The Operator may remove its drilling tools and appliances, structures, fixtures, equipment and all other property, including casings in the wells, from said lands before or within a reasonable time after the expiration or other termination of this Agreement.

9. Failure or default on the part of Operator to comply with each and every provision and requirement of this Agreement shall constitute grounds for the forfeiture and cancellation of this contract by Lessee, provided that Lessee, in writing, notifies Operator specifying the particular facts as to such failure or default, and provided further that Operator shall fail within sixty (60) days from the receipt of such notice, or within a reasonable period from the receipt of such notice to repair or correct, the failure or default complained of; provided further, that Operator shall not be subject to any penalty, obligation or liability to Lessee for any such default, save and except the forfeiture and cancellation of this contract, as aforesaid, and the payment of the two amounts of \$450.00 and \$5000.00 provided for in paragraph 4 of this agreement, and Lessee hereby agrees that the down payment by Operator on the execution of this contract and the said two payments is full and adequate consideration for all the rights and privileges granted operator under this contract.

10. Operator shall have the right at any time hereafter, on the payment of One (\$1.00) Dollar to Lessee, when not in default hereunder, to surrender all or any part of the lands hereinabove described and thereupon all obligations and liabilities of Operator hereunder shall cease as to the lands embraced in such release, provided, however, that in the event any such release is made less than 60 days prior to the last date for timely payment of any rentals payable to the United States Government upon the released ground, such rentals as will be so payable upon such ground, to the United States Government within 60 days after such release shall be paid by the Operator. Such surrender shall be made to Lessee, provided that in the event Lessee shall fail to qualify within sixty (60) days to take such re-assignment, the Operator shall have the right to surrender direct to the United States, and Operator shall not be liable during that period.

11. Nothing herein contained shall be construed as being in any manner in derogation of any of the terms, conditions or provisions of the Act of Congress under and by virtue of which said lease was issued, or any regulations of the Department of the Interior, the Supervisor of the United States Geological Survey or other controlling legal authorities, lawfully promulgated thereunder, but, on the contrary, this Agreement shall in all particulars be deemed amendable to reformation to eliminate or modify any portions thereof found to be in contravention thereof or against public policy, and shall remain and be in full force and effect as to all provisions not so eliminated or modified.

12. This agreement shall be assignable by the parties hereto as to their respective interests hereunder, in whole or in part, and shall be binding upon the parties. This agreement, unless sooner terminated by surrender, shall be and remain in force and effect during the term of the lease or leases and renewals thereof.