

Operating Agreement

This agreement is made and entered into under date of November 2, 19 56, by and between

**Belco Petroleum Corporation, a Delaware corporation, with offices
at 42 Broadway, New York, New York,**

(hereinafter called "Operator") and the undersigned party or parties other than Operator (hereinafter sometimes called "Non-Operators," whether one or more).

RECITALS:

A. One or more of the parties hereto are the owners of oil and gas interests or oil and gas leasehold estates covering lands described in "EXHIBIT A," attached hereto and made a part hereof, as such interests are particularly set forth in said "EXHIBIT A." The lands described in "EXHIBIT A" are hereinafter referred to as "SAID LANDS."

B. The parties hereto desire to provide for the exploration, development, and operation of said lands, and for the production of hydrocarbons therefrom, all as hereinafter provided, for the mutual benefit of the parties hereto.

TERMS:

Section 1. GENERAL PURPOSE: The land described in "EXHIBIT A" shall be developed and operated for the exploration, development, and production of hydrocarbons therefrom, by Operator for the joint benefit of the parties hereto, subject to the provisions hereof.

Section 2. INITIAL DRILLING: Operator shall commence operation for the drilling of a well on said lands on or before the following date: July 31, 1957, which well shall be a conventional oil and gas test well and shall be drilled by Operator with diligence and fully in accordance with good oil and gas field practices until said test well has been drilled, tested, and completed or abandoned in accordance with the other terms and provisions hereof. Said well shall be located as follows:

Said test well shall be located as follows: In the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 15,
Township 28 North, Range 113 West of the 6th P.M., Sublette County, Wyoming.

The cost of drilling, testing, and initially equipping said well as necessary to produce same up to and including the flow line connection shall be borne by 75% by Belco Petroleum Corporation, & 25% by David C. Bintliff. In the event the initial well results in a dry hole, the same shall be abandoned and plugged in accordance with any and all applicable rules and regulations of any governmental agency having jurisdiction thereof at the cost, risk and expense of Belco Petroleum Corporation (75%) and David C. Bintliff (25%)

Said well shall be drilled by Operator to the depth set forth below, unless granite or other impenetrable substances be encountered at a lesser depth, or unless the parties hereto mutually agree to complete or abandon said well at a lesser depth: Base of the "S" sand series (as defined by Max L. Krueger, or, in his absence or inability to act, by some other geologist mutually acceptable to the parties)

(For other specific terms and conditions, see supplementary provisions attached hereto)

Section 3. DIVISION OF COSTS AND LIABILITIES: All further costs and liabilities accruing or resulting from the operation of the premises pursuant to this agreement, shall be determined, shared and borne by the parties hereto in the following respective proportions:

Belco Petroleum Corporation - 45%
David C. Bintliff - 15%
Bruce Anderson - 20%
Richard L. Peterson - 20%

Section 4. OWNERSHIP OF MACHINERY, EQUIPMENT, AND PRODUCTION: All jointly purchased machinery, equipment and other property placed upon or affixed to said lands pursuant hereto shall be owned by the parties hereto in the respective proportions set out in the preceding section. All oil, gas, gasoline and other hydrocarbon substances in, under and that may be produced from said lands, subject to the payments of applicable royalties thereon, shall be owned by the parties hereto in the same respective proportions.

Section 5. OPERATION OF PREMISES: Subject to the provisions of this agreement, Operator shall have the exclusive charge and control of and shall carry on and conduct all drilling, development and other operations for the production of hydrocarbons on said lands, which operations shall be conducted in accordance with the terms and provisions of the apposite lease; provided however, that the following matters shall be determined by agreement of at least three parties hereto whose interests aggregate at least 80% of the total interests subject to this agreement:

- The location, depth, time and order of drilling of all wells not expressly provided for by this agreement, and any redrilling, deepening and plugging back operations,
- The plugging off in any well of a zone which has once produced hydrocarbon substances in said well,
- The rates of production of hydrocarbons from said lands,
- The suspension of performance of any of the lessee's obligations under said leases when assented to by the lessors thereunder,
- Any expenditure by Operator in the development and operation of the premises or for capital investment in excess of \$ 4,000.00, except in connection with a well the drilling of which has been previously authorized pursuant to this agreement, and except in the case of the existence of an actual emergency concerning which Operator is not able to consult with Non-Operators; in such latter event Operator shall notify Non-Operators of all details of said emergency and emergency expenditure as soon as possible.

Section 6. CHARGES; ACCOUNTING PROCEDURE: Operator shall pay and discharge all costs and liabilities incurred pursuant hereto, and shall charge each of the parties hereto with his or its respective proportionate share upon the basis provided in the Accounting Procedure attached hereto, marked "EXHIBIT B," and made a part hereof. Non-Operators will pay Operator such costs and liabilities as are hereunder chargeable to Non-Operators as provided in said "EXHIBIT B."

Section 7. ABANDONMENT OF WELLS: No well which is producing or has once produced shall be abandoned without the mutual consent of all parties hereto; provided, however, that if the parties are unable to agree as to the abandonment of any well, then the party or parties not desiring to abandon the well shall tender to each of the parties desiring to abandon, the proportionate share of each party desiring to abandon of the salvage value of the material and equipment in and on said well, such value to be determined in accordance with "EXHIBIT B." Upon receipt of said sum, each party desiring to abandon such well shall, without express or implied warranty of title, assign to the party or parties tendering said sum his or its interest in said well and the equipment therein, together with all of his or its rights in all working-interest production therefrom which may be produced from the formation or formations from which such well is then producing or has produced. If there is more than one non-abandoning party, such assignment shall run in favor of the non-abandoning parties in proportion to their respective interests.