

# ASSIGNMENT

OF  
OIL AND GAS LEASE

KNOW ALL MEN BY THESE PRESENTS, That the undersigned

Max L. Krueger

the sum of Ten and 00/100ths and more Dollars,  
and other good and valuable considerations in hand paid by Belfer Natural Gas Company  
hereinafter for convenience designated "Assignee," the receipt of which is hereby confessed and acknowledged, and the other agreements and promises herein  
after contained, does hereby grant, bargain, sell, convey, transfer and set over and assign to said Assignee, the following described oil and gas lease, to-wit:

See Rider Attached

**TO HAVE AND TO HOLD** the interest herein transferred and assigned unto Assignee, Assignee's heirs, executors, administrators, successors and assigns forever.

**I. WARRANTIES** Assignor represents and warrants to Assignee that, except as hereinbelow in this paragraph specifically set out, Assignor is the only party owning or claiming any interest in said above described lease and that Assignor has not heretofore sold, assigned, transferred, and to convey said 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:

**II. OVERRIDING ROYALTY** Subject to certain hereinafter set forth conditions, Assignor reserves and Assignee does hereby agree to pay to Assignor on or before the 20th day of each month a sum representing five per cent. of the market value, as hereinafter determined, of all oil, gas and casinghead gas produced, saved and marketed from any of the above described lands by Assignee under said above described lease.

Said overriding royalty shall be computed and paid on the basis of the market price for oil, gas and casinghead gas prevailing in the field where produced for oil, gas and casinghead gas of like quality, provided that no overriding royalty shall be paid or shall accrue upon any oil, gas or casinghead gas used for operating, development or production purposes upon said above described lands or unavoidably lost, and no overriding royalty shall be payable upon gas and casinghead gas used for recycling or repressuring operations benefiting said above described lands.

In computing the amounts to be paid Assignor hereunder as above provided, Assignee shall have the right to deduct from the value of the oil, gas, casinghead gas, or the proceeds thereof, upon which said overriding royalty is computed the full amount of any taxes required to be paid on such oil, gas and casinghead gas for or on account of the production or sale thereof, including the so-called gross production or severance taxes.

Assignee shall not be required to take cognizance of any deed, assignment, transfer or passing of title by will, testament or inheritance of said overriding royalty or of any interest therein, unless and until Assignee shall have been furnished with legal evidence of such deed, assignment, transfer or passing of title by will, testament or inheritance which is acceptable to the Assignee. Assignee may, until in writing specifically notified of any claim adverse thereto, any instrument of conveyance, certificate of sale or release executed by any executor or administrator, guardian or conservator, public officer, or officer or appointee of any court, all irrespective of, and without investigation as to, any defects, irregularities, want of service, defect of service, lack of jurisdiction, or other possible grounds of invalidity or nullity thereof. In no event shall Assignee be liable hereunder to any successor in interest of Assignor to all or any part of said overriding royalty until after Assignee has been furnished with proof of interest or notice of adverse claim of such successor in interest, and then only for payments accruing after the first day of the following calendar month. In the event of any dispute at any time concerning the ownership of any overriding royalty payable hereunder, Assignee may withhold payment of such overriding royalty without interest until such dispute is settled.

All sums payable hereunder by Assignee to Assignor may be paid by check of Assignee to Assignor or deposited to the credit of Assignor in the

First National Bank of Laramie, Wyoming

which Bank, as such depository, is hereby named, designated and accepted by Assignor as its agent for the receipt of all such money. Said Bank shall remain as such agent notwithstanding any change in ownership of the interest of Assignor hereunder unless and until Assignor, its representatives and assigns, shall, by written notice to Assignee, name and designate some other depository bank to which such payments may be made. Any payments made by Assignee to any such depository bank shall be full acquittance and shall relieve Assignee from all obligations hereunder to the extent of the payment or payments so made.

It is further agreed that if at any time there shall be more than six (6) parties entitled to receive payments to be made hereunder, then Assignee shall have the right to withhold all payments hereunder unless and until all such parties entitled to payment hereunder shall designate, in writing, in a recordable instrument to be delivered to Assignee, a trustee to receive all said overriding royalty payments, to execute division orders and to act in all matters involving said overriding royalty for and on behalf of said parties and their respective successors in title.

**III. DEVELOPMENT** It is expressly understood and agreed that notwithstanding the grant to Assignor of said above described overriding royalty, Assignee shall have, and Assignor hereby grants and conveys to Assignee, the exclusive right, as between the parties hereto, to develop and operate all of the above described lands and every part thereof to such extent and in such manner as Assignee shall determine to be proper without incurring any liability from any of said above described lands to any greater extent than required by the terms and conditions of said above described lease.

**IV. UNITIZATION** It is understood and agreed that Assignee shall have the right, as to all or any part of the above described lands and as to any sand or horizon thereof, to enter into a cooperative or unit plan of development or operation, or other plan for the conservation of oil or gas in a single time to time to modify, change or terminate any such plan or plans or agreements; and Assignor hereby expressly ratifies and approves all such plans and agreements which may be so entered into by Assignee. In the event that said above described lands, or any part thereof, or any sands or horizons thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the lands covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the overriding royalty payments to be made to Assignor under the provisions hereof, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land, and the overriding royalty payments to be made hereunder to Assignor shall be based upon the production only as so allocated.

**V. SURRENDER** It is specifically understood and agreed that Assignee reserves and shall have the right to release and surrender said above described lease, the land so surrendered, either in whole or in part, at any time and from time to time, (thereby terminating any overriding royalty reserved above to Assignor in the land so surrendered), without giving any notice thereof to, or obtaining any consent or approval from, Assignee or Assignor's successors in interest.

In the event that Assignee desires to relinquish the herein described lease as to all or any part of the acreage covered thereby, Assignee shall notify Assignor by registered mail sixty (60) days prior to the next accruing rental date under said lease of Assignee's desire to relinquish said lease. Assignor shall then have the right for a period of fifteen (15) days after the receipt of such notification in which to request in writing by registered mail to Assignee that said lease be reassigned to Assignor, and Assignee shall then execute an assignment of said lease to Assignor.

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**VI.** This agreement shall be binding upon and inure to the benefit of the heirs, representatives, administrators, executors, successors and assigns of the parties hereto.

EXECUTED this 15th day of February, 7  
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WITNESS:

BELFER NATURAL GAS COMPANY

Assignor

By: L. Krueger

Assignee

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