

If any rentals become due under said lease or lease application and prior to the expiration of said option period, assignee, on notice from the lessee, shall either pay said rentals as to all of the above described land, or as to part, and relinquish this option as to the land on which assignee elects not to pay the rentals, and lessee shall thereupon have the privilege of paying said rentals as to the relinquished land and of maintaining the lease as to such land for his own account.

Election to exercise this option by assignee may be made by written notice deposited in the United States mail, or by telegram deposited in the telegraph office, addressed to the lessee at the above named address, prior to the expiration of the option. Assignee may likewise at any time during the option period exercise said option as to part of the above described land, and either continue said option as to the remaining land or relinquish it, or continue the option as to part and relinquish as to part; and assignee may at any time thereafter likewise exercise said option in whole or in part as above set out, if exercised within the option period.

Either of the parties hereto may give any notice or deliver any instrument hereunder to the other party by delivering the same in person, or by registered mail, addressed to such party at the address above named.

Lessee agrees to keep and maintain said lease in full force and effect during the option period, and will not relinquish or suffer the forfeiture of the same, and will furnish assignee with all communications and notices from the United States relating to said lease, and upon the exercise of said option will deliver to assignee, on demand, on forms submitted by assignee, a good and sufficient assignment of said lease, and will execute and deliver such other consents, affidavits, amended assignments, or other papers which may be found necessary to give full effect to said assignment. If the primary term of said lease shall expire during the option period hereunder, lessee agrees to exercise such right of extension as lessee may be entitled to as the record titleholder.

Lessee hereby consents that the above described land may be made the subject of or committed to a unit or cooperative plan of development under the Act of Congress, approved February 25, 1920 (41 Stat. 437), as amended. Lessee hereby makes, constitutes and appoints the assignee, or any executive officer of the assignee, if such party be a corporation, irrevocably, as his Attorney in fact, for him and in his place and stead, at any time during said option period, to pay any rentals which may become due under said lease or lease application; to extend or renew said lease; to act as my agent to receive all notices, receipts, or other papers from the United States or others in connection with said lease, and the United States is hereby requested and authorized to deliver all such notices, receipts or other papers in connection with such lease to my said Attorney-in-Fact; to execute and deliver such instruments and to take such action as may be necessary to maintain such lease or lease application in full force and effect, and at any time during such option period, or after the exercise of said option, to commit said land or any part thereof to the extent of the interest of the lessee therein, to any unit or cooperative plan which may be prescribed or approved by the Secretary of the Interior, involving any area regarded by the Secretary of the Interior, or his representatives as logical for unitization and to execute such plan on behalf of the lessee with the understanding that such plan may provide for the pooling and allocation of production within such participating area as may be established or approved by the Secretary, or his representative, upon a proportionate acreage or other equitable basis as may be prescribed or approved by said Secretary or his representative, and such plan may contain such other provisions as may be inserted at the discretion of the assignee, all to be effective upon the final approval of said plan by the Secretary of the Interior, and to execute all instruments and do all things necessary to make said unit plan effective. So long as said lands or any part thereof shall remain subject to any such unit plan, then as to such lands the overriding royalty herein reserved by lessee shall be payable only in respect to and shall be based and computed upon the share of net oil, gas or other hydrocarbon substances allocated to such lands under such unit plan, whether producing from such lands or from other lands subject to such plan.

Said Attorney-in-Fact shall deliver to me, at the address given above, copies of all notices, receipts or other papers received by it, in connection with said lease at the address given above by delivering the same in person or by registered mail, addressed to such party at the address above named.

For the purpose of notice hereunder the above named addresses shall remain as the addresses of the parties hereto, unless and until written notice of change of address is actually served on the other party, whereupon the new address shall be the address for the purposes hereof.

The provisions hereto shall be deemed to be covenants running with the land and binding on, and inuring to the benefit of the heirs, successors and assigns of the parties hereto.

Failure to exercise said option within the time limited shall have the effect of terminating this instrument and all rights granted thereby as to any land on which the option is not exercised.

Executed by the lessee the day and year first above written.

George E. Smith

THE STATE OF California } ss.
COUNTY OF Los Angeles

On this 14th day of January, 1958, before me personally appeared

George E. Smith,
the signer of the above instrument, known to me to be the person whose name is subscribed to the within instrument

and who duly acknowledged to me that he executed the same as his free act and deed.

Given under my hand and seal this 14 day of January, 1958.

My Commission expires: My Commission Expires Oct. 14, 1960

Gloria Capps
Notary Public.