

Producers 88 Revised with Pooling Clause

OIL AND GAS LEASE

THIS AGREEMENT, Made and entered into this 29th day of April, 1958, by and between Fredrick D. Guthrie and Lola M. Guthrie, his wife

of Nyssa, OregonThe Pure Oil Company, an Ohio Corporation, 1700 Broadway, Denver, Colo., hereinafter called Lessee:

WITNESSETH: That the Lessor, for and in consideration of TEN AND MORE DOLLARS (\$ 10.00 & More), cash in hand paid, receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of the Lessee to be paid, kept and performed, has granted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto said Lessee, with the exclusive right of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil, gas, casinghead gas, casinghead gasoline, and laying pipe lines, rod lines and power lines, telephone and telegraph lines, and building tanks, power stations, gasoline plants, ponds, roadways and structures thereon to produce, save and take care of said products, and the exclusive right of injecting water, brine and other fluids into subsurface strata, and housing and boarding employees and any and all other rights and privileges necessary, incident to, or convenient for the economical operation alone, or conjointly with neighboring land, for the production, saving, and taking care of oil, gas, casinghead gas, casinghead gasoline and the injection of water, brine and other fluids into subsurface strata, all that tract of land situated in the County of Sublette

State of Wyoming

, described as follows, to-wit:

Township 33 North, Range 113 West, 6th P. M.
Section 9: SW₁¹ NW₁¹, N₂¹ SW₁¹.

8058

of Section

Township

Range

For rental paying and all other purposes the land covered by and included in this lease shall be considered as containing 120 acres, whether more or less; and it is the intention of Lessor, and Lessor does hereby enlarge the above specific description to cover and include and does hereby grant, lease and let not only the above described land, but in addition thereto, also all of the land owned or claimed by Lessor, by limitation or otherwise, adjoining or contiguous to said above particularly described land, whether the same be under fence, or in said section or sections, or in adjacent sections.

It is agreed that this lease shall remain in force for a term of ten years from this date, hereinafter called "primary term," and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of them is produced from said leased premises, or drilling operations are continued as hereinafter provided.

Lessee agrees to deliver to the credit of Lessor, free of cost, in pipe lines to which Lessee may connect its wells, an equal one-eighth ($\frac{1}{8}$) part of all oil produced and saved from the leased premises; or, at Lessee's option, Lessee may pay to Lessor for such one-eighth ($\frac{1}{8}$) royalty the market value at the mouth of the well or wells, for oil of like grade and gravity in the field where such oil is produced on the day such oil is run into the pipe line or into storage tanks.

Lessee agrees to pay to Lessor, as royalty, the market value, at the mouth of the well or wells, for one-eighth ($\frac{1}{8}$) of the gas sold or disposed of by the Lessee while the same is being used off the premises; and Lessor is to have gas, free of cost, from any such well or wells for all stoves and all inside lights in the principal dwelling house on said land during the same time by making Lessor's own connection with the well or wells at Lessor's own risk and expense at all times. Lessee shall pay to Lessor, as royalty, the sum of Fifty Dollars (\$50.00) each year on each gas well where gas only is found and the same is not used or sold commercially, and while said royalty is so paid, said well shall be held to be a producing well under the terms of this lease, said royalty to be paid on or before the anniversary date of this lease next following the year during which no gas was used or sold commercially from such well.

Lessee agrees to pay to Lessor, as royalty, for gas produced from any oil well and used by Lessee for the manufacture of gasoline one-eighth ($\frac{1}{8}$) of the market value of such gas at the mouth of the well or wells. If such gas is sold by Lessee, then Lessee agrees to pay Lessor, as royalty, one-eighth ($\frac{1}{8}$) of the net proceeds derived from the sale thereof at the mouth of the well.

If operations for drilling are not commenced on said land on or before one year from the date hereof, this lease shall terminate as to both parties unless the Lessee on or before that date shall pay or tender to the Lessor or to the Lessor's credit in the

Bank at Nyssa, Oregon, or its successors, which shall continue as the depository regardless of changes in the ownership of said land, the sum of ONE HUNDRED TWENTY AND NO/100 DOLLARS (\$ 120.00)

which shall operate as a rental and cover the privilege of deferring the commencement of a well for twelve months from said date. In like manner and upon like payments or tenders the commencement of operations for the drilling of a well may be further deferred for like periods of the same number of months successively. All payments or tenders may be made by check or draft of Lessee or any assignee thereof, mailed or delivered on or before the rental paying date. Should the depository bank hereafter close without a successor, Lessee or his assigns may deposit rental in any bank located in same or any adjacent county with first named bank, due notice of the deposit of such rental to be mailed to Lessor at last known post office address. It is understood and agreed that the consideration first recited herein, the down payment, covers not only the privilege granted to the date when said first rental is payable as aforesaid, but also the Lessee's option of extending that period as aforesaid, and any and all other rights conferred.

Lessee is hereby given the right and power, at Lessee's option, without Lessor's joinder, to pool or combine the acreage covered by this lease, or any portion thereof (including the Lessee's leasehold and the Lessor's royalty or mineral interest), with other land, lease or leases, whether owned by Lessee or others than Lessee, so as to establish a cooperative or unit plan of development which would include land owned by the United States following determination and certification by the Secretary of the Interior that such plan is necessary or advisable in the public interest to properly conserve the oil or gas resources of the area in which the leased acreage is situated. In the event Lessee elects to create such unit or units, then Lessee shall file for record in the county in which the acreage herein leased is located a written designation as to each unit so created, identifying and describing the acreage covered by this lease included therein, together with the other land, lease or leases therein included. The commencement of operations for drilling, or the completion of, or reworking operations upon, a well on any other land included in a unit which includes all or any part of the land covered by this lease shall have the same effect under the terms of this lease as if such well were commenced, completed or reworked on the land covered by this lease. In the event production is obtained from land embraced in any unit so created by Lessee, Lessor agrees to accept and shall be entitled to receive out of the production from such unit, only such portion of the royalty provided for herein as the number of acres covered by this lease, which at the time such royalty accrues shall be included in one or more participating area or areas established under such unit, bears to the total number of acres respectively included in the one or more participating area or areas of such unit. The provisions of this paragraph shall be construed as a covenant running with the land and shall inure to the benefit of and be binding upon the parties hereto, their heirs, executors, administrators, successors and assigns.

If, during the primary term of this lease, and prior to the discovery of oil, gas, casinghead gas or casinghead gasoline, Lessee shall drill a dry hole or holes on this land, or if after discovery of such products the production thereof shall cease from any cause, this lease shall not terminate, provided Lessee shall commence operations for drilling a well by the next ensuing rental-paying date after the completion of such dry hole or holes or cessation of production, or provided Lessee, within such time begins or resumes the payment or tender of rentals in the manner and amount hereinbefore provided, and in the latter event the paragraphs hereof governing the payment and tender of rentals and the manner and effect thereof shall continue in full force and effect.

If production on the leased premises should cease from any cause, after the expiration of the primary term, this lease shall not terminate, provided Lessee either succeeds in restoring production on said premises within six (6) months from such cessation, or within such six (6) month period commences operations for drilling another well and prosecutes such operations with reasonable diligence with not more than ninety (90) days elapsing between the completion of one well and the commencement of another, and if any well or wells thus drilled be productive of oil, gas, casinghead gas, casinghead gasoline, or any of them, this lease shall continue in full force and effect so long as oil, gas, casinghead gas, casinghead gasoline, or any of them, shall be produced from said lease.

If, at the expiration of the primary term hereof, and prior to the discovery of oil, gas, casinghead gas or casinghead gasoline on this land, Lessee shall be engaged in operations for the drilling of a well on this land, this lease shall not terminate but shall continue in full force and effect so long as Lessee prosecutes said operations with reasonable diligence with not more than ninety (90) days elapsing between the completion of one well and the commencement of another, and if any well or wells thus drilled be productive of oil, gas, casinghead gas, casinghead gasoline, or any of them, the completion of such well or wells shall take effect by relation as if it or they had been completed before the expiration of the primary term hereof, and Lessee shall thereupon become vested with a leasehold estate in said land so long as oil, gas, casinghead gas, casinghead gasoline, or any of them, shall be produced therefrom.

If said Lessor owns a less interest in the above described land than the entire undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid the Lessor only in proportion which his interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operation thereon, except water from wells of Lessor. Lessee may pump and operate wells on adjoining leases by powers and rods on the lands covered by this lease, and lay and maintain pipe lines across said leased lands to other lands.

When required by Lessor, Lessee shall bury pipe lines below plow depth in cultivated land, and shall pay for damage caused by its operations to growing crops on said land. No well shall be drilled nearer than two hundred (200) feet to the house or barn now on said premises without the written consent of Lessor. Lessee shall have the right at any time during or after the expiration of this lease to remove all machinery, fixtures, houses, buildings and other material or structures placed on said premises by Lessee, including the right to draw and remove casing.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the Lessee until after the Lessee has been furnished with a written transfer or assignment or a true copy thereof, and it is hereby agreed in the event this lease shall be assigned as to a part or parts of the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the rents due from him or them, such default shall not operate to defeat or affect this lease in so far as it covers a part or parts of said lands upon which the said Lessee or any assignee thereof shall make due payment of said rental. Lessee, or any assignee thereof, at any time may assign or transfer this lease, or any part thereof, or may surrender this lease, or any part thereof, by delivering or mailing a release to Lessor, or recording a release in the proper county, and shall thereupon be released from all the obligations of this lease except as to any part retained.

If the leased premises are now, or shall hereafter be, owned in severalty or in separate tracts, the premises nevertheless shall be developed and operated as one lease, and all royalties accruing hereunder shall be treated as an entirety and shall be divided among, and paid to, such separate owners in the proportion that the acreage owned by each such separate owner bears to the entire leased acreage; Provided, however, if the leased premises consist of two or more non-contiguous tracts, this paragraph shall apply separately to each such non-contiguous tract, and further provided that if a portion of the leased premises is hereafter pooled or combined with other lands for the purpose of operating the pooled or combined tract as one lease, this paragraph shall be inoperative as to such portion so pooled or combined.

If at any time there be as many as ten parties entitled to rentals or royalties, Lessee may withhold payments thereof unless and until all parties designate, in writing, in a recordable instrument to be filed with the Lessee, a common agent to receive all payments due hereunder, and to execute division and transfer orders on behalf of said parties and the respective successors in title.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to pay for Lessor, any mortgage, taxes or other liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the rights of the holder thereof, and Lessor hereby agrees that any such payments made by the Lessee for the Lessor may be deducted from any amounts of money which may become due the Lessor under the terms of this lease.

Should any one or more of the parties named above as Lessors not execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

The undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all rights of dower and homestead in the premises herein described, in so far as said rights may in any way affect the purpose for which this lease is made as recited herein.

In Testimony Whereof, We Sign, as of the day and year first above written.

WITNESS:

Fredrick D. Guthrie

(SEAL)

Lola M. Guthrie

(SEAL)

(SEAL)

(SEAL)

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