

said oil and gas lease and that said oil and gas lease and the oil, gas, casinghead gas and other minerals which may be produced therefrom are free and clear of all claims, liens and encumbrances, except the overriding royalties or other payments out of production hereinbefore specifically mentioned, if any, which covenants First Party agrees to defend against all persons whomsoever, subject, however, to the terms and conditions of said lease.

(b) \_\_\_\_\_ and when produced, saved \_\_\_\_\_ from said premises under the terms of said oil and gas lease or, in the event of unitization or communization, \_\_\_\_\_ provided.

Notwithstanding the other provisions hereof, Second Party cannot exercise the option herein contained unless Second Party on or before the expiration of one year from the date of this agreement and option, commences or causes to be commenced operations for the drilling of a well for oil and gas at a location to be selected by Second Party but to be located within one mile, either north or south of, or within one half mile either east or west of the exterior boundaries of the lands covered by this agreement, and thereafter continues or causes to be continued the drilling of said well with due diligence and in a good and workmanlike manner to a depth adequate to test the Frontier Formation or to a depth of 9500' below the surface of the ground, whichever is the lesser depth unless oil or gas is encountered in paying quantities at a lesser depth. First Party to have access to Derrick Floor, sample and log privileges on said well, however said privileges shall not extend to any specialized geophysical logs, including velocity surveys or other physical measurements.

A. B.

