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Producers 88—Revised

Wyoming Standard Form (3-55)

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT, made this 2nd day of February 1959 between

The Stock Growers National Bank, a Wyoming corporation, of Cheyenne, Wyoming; Lois Frances Cobb and Dean H. Cobb, wife & husband, 11737 Bellagio Road, Los Angeles,49, Calif.;Frederic W. Marble & Lillian W. Marble, husband and wife, 214 West 30th St., Cheyenne, Wyoming

Lessor (whether one or more) whose address is and

Thomas F. Stroock Lessee, whose address is P. O. Box 66, Casper, Wyoming

WITNESSETH:

1. Lessor in consideration of **Ten and Additional** Dollars ($ 10.00) in hand paid, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee, for the purpose of testing by any method for formations or structures and prospecting and drilling for, mining, and producing oil, gas, distillate, sulphur ~~and other minerals (except coal)~~, injecting salt water, other fluids, and gas, into subsurface strata, storing minerals and fluids, laying pipe lines, dredging canals, building roads, bridges, docks, tanks, powers, stations, telephone and electric transmission lines, and other structures and facilities including houses for employees, necessary for producing, saving, caring for, treating, processing, and transporting minerals and conducting said operations, the following described land in Sublette County, Wyoming, (hereby relinquishing and waiving, so far as this lease is concerned, all rights under and by virtue of the homestead exemption laws of said state), to-wit:

Lots Two (2), Three (3), Four (4), Eight (8), and Nine (9), the South Half of the Northwest Quarter (S½NW¼), the North Half of the Southwest Quarter (N½SW¼), and the Southwest Quarter of the Southwest Quarter (SW¼SW¼), all in Section Twenty-eight (28), Township Twenty-Nine (29) North, Range One Hundred Eleven (111) West, Sixth (6th) Prime Meridian, Wyoming, together with all accretion and riparian rights and all right, title and interest in and to the bed of the Green River;

together with all land or interests therein owned by Lessor adjoining or contiguous to the land above described, whether in the same or different townships or subdivisions thereof. For determining the amount of any money payment hereunder the leased premises shall be treated as comprising 349.03 acres, whether there be more or less. The word "mineral" as used in this lease includes oil, gas, distillate, ~~sulphur and any other mineral~~, whether similar or dissimilar, unless the context clearly requires a different meaning.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of ~~ten~~ Five (5) years from this date (hereinafter called "primary term"), and as long thereafter as oil, gas, distillate, sulphur or other mineral is produced hereunder, or any operation is conducted, any payment is made, or any condition exists, which as hereinafter provided continues this lease in force.

3. The royalties reserved by Lessor, and which shall be paid by Lessee, are, (a) on oil (including but not limited to distillate and condensate) one-eighth (⅛) of that produced and saved from the leased premises, the same to be delivered at the wells or to the credit of Lessor in the pipe line to which the wells may be connected; provided, however, Lessee may from time to time purchase such royalty oil, paying therefor the current market price at the wells in the field or area for oil (crude) having the same or nearest to the same gravity; (b) on gas (including casinghead gas and other vapors) produced from said land and sold or used off the leased premises or in the manufacture of gasoline or other product, the current market price at the wells of one-eighth (⅛) of the gas so sold or used; (c) on sulphur mined and marketed, One Dollar ($1.00) per long ton (2240 lbs.); ~~(d) on all other minerals mined and marketed, one-eighth (⅛) of the current market price at the wells or mine~~. During any period (whether before or after expiration of the primary term hereof) when gas is not being so sold or used due to lack of market and the well or wells are shut in and there is no current production of oil or operations on said leased premises sufficient to keep this lease in force, Lessee may pay or tender as royalty an amount (which shall be the same regardless of the number of the shut-in wells) per half year, equal to one-half the annual rental hereafter provided, and it will be considered that gas is being produced, for all purposes of this lease during any period for which such payment is made; such amount for the first half year to be payable within ninety (90) days following shutting in of the first well and for subsequent periods semi-annually in advance thereafter. The amount of each royalty payment or tender may be made by check or draft of Lessee in the same manner as provided for "rental" payments under Paragraph Four (4) hereof. Lessee shall have free use of oil, distillate, condensate, gas and water from the leased premises, except water from Lessor's wells and tanks, for all operations hereunder. Lessor shall have the privilege at his risk and expense of using gas from any well, producing gas only, on the leased premises for stoves and inside lights in the principal dwelling thereon out of any surplus gas not needed for operations hereunder.

4. If drilling operations or mining operations are not commenced on the leased premises on or before one year from this date, this lease shall then terminate as to both parties unless Lessee on or before the expiration of said period shall pay or tender to Lessor, or to the credit of Lessor in The Stock Growers National, Bank at Cheyenne, Wyoming or any successor bank, the sum of **One Hundred Seventy Four & 52/100*** Dollars ($ 174.52), hereinafter called "rental," which shall extend for six months the time within which drilling operations or mining operations may be commenced. Thereafter, semi-annually, in like manner and upon like payments or tenders the commencement of drilling operations or mining operations may be further deferred for periods of six months each during the primary term. Payment or tender of rental may be made by check or draft of Lessee delivered or mailed to the authorized depository bank or Lessor (at address last known to Lessee) on or before such date for payment, and the payment or tender will be deemed made when the check or draft is so delivered or mailed. If said named or successor bank (or any other bank which may, as hereinafter provided have been designated as depository) should fail or liquidate or for any reason refuse or fail to accept rental, Lessee shall not be held in default for failure to make such payment or tender of rental until thirty days after Lessor shall deliver to Lessee a proper recordable instrument naming another bank to receive such payments or tenders. The above named or successor bank or any other bank which may be designated as depository shall be Lessor's agent. Drilling operations or mining operations shall be deemed to be commenced when the first material is placed on the leased premises or when the first work, other than surveying or staking the location, is done thereon which is necessary for such operations.

5. If during the primary term and before there has been a discovery of any mineral on the leased premises Lessee should drill a dry hole or fail in an exploratory attempt to establish production hereunder, this lease shall not be terminated thereby if Lessee commences further drilling operations, or mining operations, or commences or resumes the payment or tender of rentals on or before the rental paying date, if any, next ensuing after thirty days following completion of the dry hole or failure of such exploratory attempt, or, if there be no such rental paying date, commences such further operations before the expiration of the primary term. If after the discovery of any mineral the production thereof and also of the other discovered mineral or minerals, if any, should cease from any cause this lease shall not be terminated thereby if within sixty days thereafter production of any mineral or minerals is restored or Lessee commences drilling operations, reworking operations, or mining operations, or, if it be within the primary term, Lessee commences or resumes the payment or tender of rentals on or before the rental paying date ,if any, next ensuing after thirty days following such cessation of production. If at the expiration of the primary term no mineral is being produced on the leased premises but Lessee is then engaged in drilling operations, reworking operations, or mining operations thereon, this lease shall remain in force so long as such operations (whether on the same well or mine or on different wells or mines successively) are continuously prosecuted and, if they result in the production of a mineral so long thereafter as any mineral is produced hereunder from the leased premises. Such operations, after the expiration of the primary term, shall be deemed to be continuously prosecuted if not more than sixty days shall elapse between the completion of drilling operations, reworking operations, or mining operations, on one well or mine and the commencement of such operations on another well or mine.

6. Lessee shall have the right at any time until one year after the expiration of this lease to remove all fixtures and other property placed by Lessee on the leased premises, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth in cultivated land. Lessee shall pay Lessor for damages to Lessor's growing crops caused by Lessee's operations. Any structures and facilities placed on the leased premises by Lessee for operations thereon and any well or wells on the leased premises drilled or used for the injection of salt water, other fluids, or gas, may also be used for Lessee's operations on other lands in the field.

7. Lessee is hereby granted the right at any time and from time to time to unitize the leased premises or any portion or portions thereof, as to all strata or any stratum or strata, with any other lands as to all strata or any stratum or strata, for the production primarily of oil or primarily of gas with or without distillate. However, no unit for the production primarily of oil shall embrace more than 40 acres, or for the production primarily of gas with or without distillate more than 640 acres; provided that if any governmental regulation shall prescribe a spacing pattern for the development of the field or allocate a producing allowable based on acreage per well, then any such unit may embrace as much additional acreage as may be so prescribed or as may be used in such allocation of allowable. Lessee shall file written unit designations in the county in which the leased premises are located. Operations upon and production from the unit shall be treated as if such operations were upon, or such production were from the leased premises whether or not the well or wells are located thereon. The entire acreage within a unit shall be treated for all purposes as if it were covered by and included in this lease except that the royalty on production from the unit shall be as below provided, and except that in calculating the amount of any rentals or shut in gas royalties only that part of the acreage originally leased and then actually embraced by this lease shall be counted. In respect to production from the unit Lessee shall pay Lessor, in lieu of other royalties thereon, only such proportion of the royalties stipulated in paragraph 3 as the amount of his acreage placed in the unit, or his royalty interest therein on an acreage basis, bears to the total acreage in the unit.

8. The rights of either party hereunder may be assigned or subleased in whole or in part and the provisions hereof shall extend to their heirs, successors, sublessees, and assigns. However, no change or division in ownership of the lands, rentals, or royalties, shall enlarge the obligations or diminish the rights of Lessee. No change or division in such ownership shall be binding on Lessee until thirty days after the Lessee shall have been furnished by registered mail at its above stated address with the original or a certified copy of the recorded instrument or instruments evidencing same. In the event of assignment or sublease hereof in whole or in part liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof or of an interest therein who commits such breach. In the event of the death of any person entitled to rentals hereunder Lessee may pay or tender such rentals to the authorized depository bank to the credit of the estate of the deceased until such time as Lessee is furnished proper evidence of the appointment and qualifications of an executor or administrator of the estate or, if there be none, then until Lessee is furnished evidence satisfactory to it as to the heirs or devisees of the deceased. In event of assignment or sublease of this lease as to a segregated portion of said land, the rentals payable hereunder shall be apportionable among the several leasehold owners (including sublessees) ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners (including sublessees).

9. Lessee may at any time, and from time to time, execute and deliver to Lessor or place of record a release covering all or any portion of the leased premises, and thereupon shall be relieved of all obligations as to the acreage surrendered. After a release of this lease as to only part of the acreage, the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by each such release.

10. In the event Lessor considers that Lessee has failed to comply with any obligation hereunder, express or implied, Lessor shall notify Lessee in writing specifying in what respects Lessor claims Lessee has breached this lease. The service of such notice and the lapse of sixty days without Lessee's meeting or commencing to meet the alleged breaches shall be a condition precedent to any action by Lessor for any cause. If within sixty days after receipt of such notice Lessee shall meet or commence to meet the breaches alleged by Lessor, Lessee shall not be deemed in default hereunder. The breach by Lessee of any obligation hereunder shall not work a forfeiture or termination, in whole or in part, of this lease.

11. When drilling, production, or other operations are delayed or interrupted by lack of water, labor or material, or by fire, storm, flood, war, rebellion, insurrection, riot, strike, differences with workmen, or failure of carriers to transport or furnish facilities for transportation or lack of market for the minerals produced, or as a result of some order, requisition or necessity of the government, or as the result of any cause whatsoever beyond the control of Lessee, the time of such delay or interruption shall not be counted against Lessee and this lease shall remain in force during such delay or interruption and ninety days thereafter, anything in this lease to the contrary notwithstanding.

12. Lessor hereby warrants and agrees to defend the title to said land. If Lessor owns less interest than the entire fee or mineral estate (even though this lease purports to cover only such lesser interest) the rentals and royalties to be paid Lessor shall be reduced proportionately. Lessee at its option may discharge any tax, mortgage, or other lien upon said land either in whole or in part, and thereby be subrogated to such lien with the right to enforce same and apply rentals and royalties toward satisfying same.

13. Should any one or more of the parties above named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word "Lessor" as used in this lease means the party or parties who execute this lease as Lessor, although not named above.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

~~WITNESSES~~:

THE STOCK GROWERS NATIONAL BANK

By F. W. Marble
F. W. Marble, President

ATTEST:
C. L. Bristol
C. L. Bristol, Cashier

(Seal)

DOCUMENTARY — UNITED STATES INTERNAL REVENUE — 220 — TWO DOLLARS TWENTY CENTS

Lois Frances Cobb — Lois Frances Cobb
Dean H. Cobb — Dean H. Cobb

Frederic W. Marble — Frederic W. Marble
Lillian W. Marble — Lillian W. Marble

Lessor.

By Thomas F. Stroock
Lessee.

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