

and all liens, encumbrances or outstanding interests. 124

Lessee covenants and warrants that Lessee has not heretofore sold, transferred or encumbered the above-described oil and gas lease, or any interest therein; that Lessee is, on the date hereof and will remain during the period of this Option, qualified to hold and convey said lease, and that said lease is now in good standing as to all of the lands above described, and that Lessee has full power, right and authority to execute this Agreement and is able to perform the same.

The Assignee is hereby granted the exclusive right during the term of this option to do and perform such geological or geophysical exploration as Assignee may desire on said land at any time hereafter and until the termination of said option, including the right to drill core holes and perform seismograph or other work thereon. If the above-described lease has issued, as above set out, then this option must be exercised by Assignee within three years of the date hereof; but if the lease has not been issued then this option must be exercised by Assignee within three years of the date of the lease; provided, however, in either case, that if all or part of the land covered hereby is included in a cooperative or unit plan of development under said Act of Congress, as amended, duly executed by the parties hereto and submitted to the Secretary of the Interior for final approval prior to the expiration of the option period, then as to such land so included, this option shall not expire, and the rights granted hereunder shall be extended until 30 days after final approval or disapproval of said plan by the Secretary.

If any rentals become due under said lease or lease application and prior to the expiration of said option period, Assignee 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 election of paying said rentals as to the relinquished land and of maintaining the lease as to such land for his own account, or Lessee shall, on or before the next rental-paying date ensuing after such