

UNITED STATES OF AMERICA
Department of the Interior
Bureau of Land Management

OIL AND GAS LEASE
Office Cheyenne, Wyoming
Serial No. 053005
Date of Lease September 1, 1957
Date of Offer (if lease not issued) _____
Original Lessee Mr. Perry T. Williams

OPTION AGREEMENT ON UNITED STATES OIL AND GAS LEASE

THIS AGREEMENT made and entered into this 29th day of January, 19 58, by and between

Name: Perry T. Williams

Mailing Address: 1220 W. Pershing, Cheyenne, Wyoming

hereinafter called Optionor (whether one or more), and

Name: Gulf Oil Corporation

Mailing Address: P. O. Box 2097, Denver, Colorado

hereinafter called Optionee,

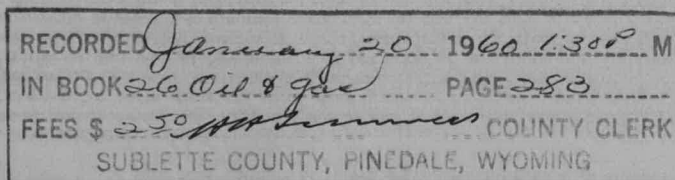
DOES WITNESS THAT for and in consideration of the payment by Optionee to Optionor of the sum of Ten and no/100- - - Dollars (\$ 10.00- - -) receipt of which is hereby acknowledged and of the mutual covenants and agreements herein contained and set out, it is agreed by and between the parties as follows, to wit:

1. Grant of Option and Agreement to Assign. Optionor hereby grants to Optionee an option covering the United States Oil and Gas Lease designated above, any extension or renewal thereof, and the offer therefor if the lease has not yet issued (hereinafter referred to as the "lease"), in so far as it covers the following described land (hereinafter referred to as the "optioned land") situate in Sublette County, Wyoming, to wit:

Township 35 North, Range 114 West, 6th P.M.
Section 31: All

Containing 627.56 acres, more or less.

68499



Optionor covenants and agrees that, upon Optionee's exercise of this option, Optionor will execute and deliver to Optionee an assignment upon the form hereto annexed as Exhibit 1, or upon such substantially equivalent form as Optionee may request, conveying and transferring the lease to Optionee or its nominee in so far as it covers the land included in the exercise of option. The lease shall be assigned subject to overriding royalties at the following rates, which shall be designated in the assignment:

- (i) Rate of overriding royalty reserved to Assignor: Two and One-half per cent
(ii) Total of overriding royalties previously reserved: None per cent

The assignment shall be made, executed, acknowledged and delivered in conformity with all applicable state and federal laws, rules and regulations. If the form of assignment annexed as Exhibit 1 is not acceptable to any authority having power to approve the same, Optionor agrees to execute and deliver to Optionee such other or further instruments as may be acceptable to such approving authority for the transfer of the same rights, or the equivalent thereof.

2. Term of Option and Nonrenewability. This option shall remain in force for a term of three years from its date if the lease has issued or, if the lease has not yet issued, for the period of time until issuance of the lease and three years thereafter; provided that, where all or any part of the optioned land is included in a cooperative or unit plan duly executed by the parties and submitted to the Secretary for final approval prior to the expiration of the three-year option period, then, as to that part of the land covered by this option which is included in said cooperative or unit plan, this option shall not expire until a date thirty days after the date of final approval or disapproval by the Secretary of that cooperative or unit plan. This option is nonrenewable and shall terminate as to both parties upon the expiration of its term as to all land not included in a prior exercise of option.

3. Partial Exercises of Option. This option may be exercised not only in whole but also in part. A partial exercise may extend to only a part of the optioned acreage or to only an undivided interest in the lease, or to both. A partial exercise shall not exhaust or terminate this option, but upon any partial exercise the option shall continue in force as to any remaining interest or acreage, and there may be successive partial exercises from time to time during the term hereof so long as any acreage or interest remains as to which the option has not been exercised.

4. Manner of Exercising Option. Optionee may exercise the option herein granted by delivering to Optionor in person, or by mailing to Optionor at the mailing address above given, a written notice of exercise of option. Such notice shall designate the interest in the lease and the optioned acreage as to which the option is exercised, and the person to be named in the assignment as Assignee. Mailing of notice on or before the termination date of this option shall constitute a timely and complete exercise of this option, and its validity and effect shall not be impaired or defeated by any delay or miscarriage of the mails.

5-14. Additional Provisions. The provisions of paragraphs 5 through 14, inclusive, of this option agreement are set out on the back of this sheet under the heading "Additional Provisions of Option Agreement." They constitute and are made a part hereof to the same extent and with like effect as though set out in full preceding the signatures of the parties.

EXECUTED the day and year first above written.

GULF OIL CORPORATION

By

A. M. BELL, JR., Attorney-in-Fact

Optionee

Perry T. Williams

Optionor