

ASSIGNMENT OF OIL AND GAS LEASE

OP-3152

KNOW ALL MEN BY THESE PRESENTS:

That under date of November 1, 1956, an oil and gas Lease, Serial Number Wyoming 044353, was issued by The United States, pursuant to the Act of Congress of February 25, 1920 (41 Stat. 437), as amended, to W. W. Priest Lessee, covering the following described lands in the County of Sublette, State of Wyoming:

Twp. 32N-Rge. 115W, 6th P. M.
Sec. 32: Lots 1, 2, 3, & 4

which lease is subject to the following overriding royalties or other burdens on production, to wit:

None



That the undersigned W. W. Priest, hereinafter called Assignor,

(whether one or more), for and in consideration of the sum of Ten and no/100 - - - - - Dollars, the receipt of which is hereby acknowledged, and for and in consideration of the agreements, covenants and promises herein contained, does hereby sell, assign, transfer and set over unto Phillips Petroleum Company,

Bartlesville, Oklahoma, hereinafter called Assignee, the above described oil and gas lease insofar as it covers

all of the above described lands,

together with any renewal or extension thereof and any exchange, preference right or additional lease that may be issued thereunder.

TO HAVE AND TO HOLD the interest so transferred and assigned unto Assignee, and the successors in interest of Assignee, forever.

1. Assignor covenants and warrants that Assignor is the lawful owner of said lease and the entire lessee's estate thereunder, subject only to such overriding royalties or other burdens on production, if any, as are specifically set forth above, and has full power, right and authority to make and deliver this transfer and to convey the same; that the same is free and clear of all liens and encumbrances; that all of the obligations and duties imposed by the terms of said lease upon the lessee therein have been fully performed and complied with, that said lease is now in full force and effect and in good standing, and that Assignor will warrant and defend the same against the lawful claims and demands of all persons whomsoever. Without impairment of the Assignee's rights under the warranty provisions of this assignment, it is agreed that if Assignor's interest shall be less than the full and undivided ownership of the lease, overriding royalty reserved herein shall be proportionately reduced.

2. Subject to the conditions and agreements hereinafter set forth and in addition to the overriding royalties, if any, as set forth above, Assignee agrees to pay or cause to be paid to Assignor an overriding royalty of 2-1/2 per cent of the value on the leased premises or, if marketed, of the proceeds derived from the sale, at the well or wells on said land, of all oil, gas, casinghead gas and other minerals produced, saved and marketed under the provisions of said oil and gas lease, including any extensions or renewals or leases executed in lieu thereof, from the lands last hereinabove described, or of such production as may be allocated thereto, as hereinafter mentioned. PROVIDED, HOWEVER, that no overriding royalty shall be paid or shall accrue upon any oil, gas, casinghead gas or other gaseous substances produced, which are used for operating, development or production purposes on the above described land or lands covered by any unit plan including said lands, or are unavoidably lost, and no overriding royalty shall be payable on gas, casinghead gas or other gaseous substances used for recycling or repressuring operations on the above described land or the unitized area of such unit plan, and which may benefit the above described lands, or any part thereof. It is further expressly provided and agreed that if the overriding royalty on oil herein provided to be paid to Assignor plus the total of all prior existing overriding royalties or burdens on oil production, if any, plus the royalty on oil payable to the United States in the aggregate exceeds 17½%, the overriding royalty on oil payable to the Assignor hereunder shall be reduced to the extent said aggregate shall exceed 17½% when the average production of oil per well per day averaged on a monthly basis is 15 barrels or less.

3. In the event the above described land, or any part thereof, or any sands or horizons thereof, are or shall hereafter be incorporated in and be operated under any cooperative or unit plan of development or operation, or other plan for the conservation of oil or gas in a single pool or area, or other agreements relating to the development of and production from said land (any such plan or agreements being for convenience herein referred to as "unit plan"), whereby the production therefrom is allocated to different portions of the land covered by such unit plan, then the production as allocated to any particular tract of said land, shall, for the purpose of calculating said overriding royalty to be paid Assignor hereunder, be regarded as having been produced from the particular tract of land to which it is so allocated and not from any other tract of land, and the royalty payments to be made, as herein provided, shall be based on the production only as so allocated.