

UNITED STATES
DEPARTMENT OF THE INTERIOR
Washington, D. C.

Oil and Gas Lease_____

Serial No. _____

Lessee)

OPERATING AGREEMENT ON UNITED STATES
OIL AND GAS LEASE

THIS AGREEMENT, dated the _____ day of _____, 19____, by and
between _____, whose address is _____,
_____ hereinafter called "Lessee,"
_____ and
_____, whose address is _____,
_____, hereinafter called "Operator,"

WITNESSETH:

WHEREAS, Lessee has heretofore filed with the Secretary of the Interior, an application for a United States Oil and Gas Lease, bearing _____ Serial Number _____, and covering the following described land situated in _____ County, State of _____, that is:

and

WHEREAS, the parties hereto desire to make the following agreement with respect to the development and operation of the above described land, hereinafter referred to as "said land", for oil and gas;

NOW THEREFORE: For and in consideration of the sum of _____

(\$ _____)

paid to Lessee, receipt of which is hereby acknowledged, and in consideration of the performance by the parties hereto of the agreements and covenants hereinafter set forth, the parties hereto agree as follows:

1. This agreement, notwithstanding the date at the beginning hereof, shall become effective at the time of execution and acknowledgement hereof by Operator, and, when so executed, shall cover and relate to any lease heretofore or hereafter issued pursuant to the application hereinabove referred to, and any renewals, modifications or extensions of said lease, and any lease issued in lieu thereof, and any relief, exchange, consolidated or other character of lease issued as the result thereof to the Lessee for said land, or any part thereof, under any Act of Congress heretofore or hereafter enacted. The term, "said lease", as hereinafter used, shall refer to any such lease hereinabove described.

2. As to said land, Lessee warrants that Lessee is the sole and absolute owner of said lease, and that said lease is not subject to any prior sale, assignment, operating agreement, royalty, rental, financial burden, restriction, condition or obligation of any kind or character other than those imposed by the United States Government by laws, regulations, or the terms of such lease, and Lessee agrees to protect Operator against any expense, loss or damage arising as a result of any claims or rights asserted by, through or under the Lessee in or to said lease.

3. Operator shall have, and is hereby given, the sole and exclusive right of possession and occupancy of said land under said lease for the purpose of drilling for, mining, extracting, removing, and disposing of all the oil and gas deposits except helium gas in or under said land, and for the purpose of exercising any other rights and privileges afforded by the said lease, subject to the right of Lessee to enter upon said land at all reasonable times for the purpose of inspecting same and the operations of Operator thereof. Operator shall have full and complete supervision, management and control of all operations upon said land during the life of this agreement and said lease.

4. All oil and gas deposits except helium gas produced from said land shall belong to Operator as Operator's full compensation for Operator's expenditures and services in connection with operations under this agreement, subject to the obligations of Operator to pay all royalties due the United States upon any of said land under the provisions of said lease while said land shall remain subject to this agreement.

EXHIBIT "A"

Initial