

W-0-52

## OPTION AGREEMENT

THIS AGREEMENT, made and entered into this 7th day of August, 1958,  
by and between R. S. McKnight & Yvonne S. McKnight of  
Salt Lake City, Utah,  
as FIRST PARTY, hereinafter called "LESSEE", and English Oil Company, a Nevada corporation,  
and American Petrofina Company of Texas, a Delaware corporation,  
as Second Party, hereinafter called "SECOND PARTY", WITNESSETH:

WHEREAS, LESSEE has filed an application for an oil and gas lease on lands belonging to the  
United States of America  
described as follows, to-wit: Sublette

Wyoming 022170

T. 32 N., R. 111 W., 6th P.M.

Sec. 28: SW $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 29: E $\frac{1}{2}$ W $\frac{1}{2}$ , E $\frac{1}{2}$ Sec. 32: E $\frac{1}{2}$ W $\frac{1}{2}$ , E $\frac{1}{2}$ 

Sec. 33: All

Sec. 34: W $\frac{1}{2}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$ , SE $\frac{1}{4}$ SE $\frac{1}{4}$ 

T. 31 N., R. 111 W., 6th P.M.

Sec. 5: Lots 1, 2, S $\frac{1}{2}$ NE $\frac{1}{4}$ Containing approximately 2560.80 acres;

And WHEREAS, it is contemplated that a lease will issue, or has already issued, to LESSEE covering said lands pursuant to the application for oil and gas lease so filed;

NOW, THEREFORE, in consideration of \$0.00-----to LESSEE in hand paid by SECOND PARTY, the receipt of which is hereby acknowledged, and in consideration of the mutual covenants herein contained, it is agreed between the parties hereto as follows:

(1) LESSEE hereby grants to second party the exclusive right and option for the period hereinafter set forth to take and receive an assignment to Second Party from Lessee in and to each and any oil and gas lease which may issue to Lessee pursuant to said lease application or any amended or substitute applications covering said lands or any part thereof, subject to the conditions hereinafter set forth. Such option shall be for a period ending three years from date hereof if there has been already issued a lease pursuant to the application herein referred to, or if such lease has not been issued, for a period from the date hereof until three years from the date of issuance of the lease which may issue to Lessee pursuant to said lease application, or any amended or substitute applications covering said lands or any part thereof.

(2) LESSEE agrees that the above described lands may be included in any Unit Agreement acceptable to the second party for the operation and development of said lands as a unit, together with other lands in the area in the same prospective oil and gas pool, in which Unit Agreement Second Party, or such party as Second Party may designate, shall be designated as Unit Operator. Lessee does hereby fully authorize Second Party, through his agents and representatives, to negotiate with owners of interests in other properties in the area for a Unit Agreement of the kind referred.

(3) In the event a Unit Agreement is so adopted and is approved, the Overriding royalty of Lessee, provided for hereinabove, shall be computed on the basis of the production from the Unit Area allocable under the Unit Agreement to the lands covered hereby.

(4) SECOND PARTY may exercise the option herein granted by placing in the United States mail at any time during the option term of this Agreement a registered letter, addressed to the Lessee at his address above given, or at such other address as Lessee may furnish in writing to Second Party, advising Lessee of his desire to acquire the oil and gas lease issued or to be issued pursuant to said application and by tendering LESSEE the purchase price of -----Ten----- dollars \$10.00-----to be paid upon concurrent delivery of the lease. Said payment may be made either by enclosing Second Party's check to Lessee for said sum with the notice to be given as above stated, or by depositing said amount to the account of Lessee in the Walker Bank and Trust Company Bank of Salt Lake City, Utah.

(5) LESSEE agrees that if Second Party exercises the foregoing option, upon request of Second Party, he will execute, have acknowledged and deliver to Second Party an assignment, assigning the lease issued pursuant to the above described oil and gas lease application, reserving to Lessee an overriding royalty of the value of  $\frac{1}{2}$  of 1 percent  $\frac{1}{2}$  (of 1%) of the oil and gas produced and saved from the lands described in the lease or leases issued pursuant to the said lease application.

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IN BOOK 22 Oil & Gas PAGE 209  
FEES \$ 1.00 MM Securities COUNTY CLERK  
SUBLETTE COUNTY, PINEDALE, WYOMING

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