

(j) **PRODUCTION.** To operate the wells upon the land herein leased in a competent and efficient manner in an endeavor to recover all the oil and gas economically possible from said land and to prevent the undue drainage of the oil and gas thereunder by wells operated by the lessee or others on cornering or contiguous lands to those leased herein. All plans or methods for the purpose of stimulating or increasing production on lands herein leased other than those in common use shall first be presented to the lessor for approval before being put into actual operation.

No production agreements limiting, restricting, prorating, or otherwise affecting the natural production from said land shall be entered into by the lessee, nor shall the lessee limit, restrict or prorate the natural production from said land in any way or in any event, except with the consent in writing of the lessor first had and obtained.

(k) **DILIGENCE—PREVENTION OF WASTE.** To exercise reasonable diligence in drilling, producing, and operating of wells on the land covered hereby, unless consent to suspend operations temporarily is granted by the lessor; to carry on all operations hereunder in a good and workmanlike manner in accordance with approved methods and practice, having due regard for the prevention of waste of oil and gas, or the entrance of water to the oil or gas bearing sands or strata to the destruction or injury of such deposits, the preservation and conservation of the property for future productive operations, and to the health and safety of workmen and employees; to plug securely in an approved manner any well before abandoning it, and not to abandon any well without permission of the lessor; not to drill any well within two hundred (200) feet of any of the outer boundaries of the land covered hereby, unless to protect against drainage by wells drilled on lands adjoining less than 200 feet from the property lines thereof; to conduct all operations subject to the inspection of the lessor; to carry out at the lessee's expense all reasonable orders and requirements of the lessor relative to the prevention of waste and preservation of the property and the health and safety of workmen and on failure of the lessee so to do the lessor shall have the right, together with other recourse herein provided, to enter on the property to repair damage or prevent waste at the lessee's expense; to abide by and conform to valid applicable regulations prescribed; to reimburse the owner of the surface, if other than the lessor, or lessee of grazing rights thereof for actual damages thereto and injury to improvements thereon; provided, that the lessee shall not be held responsible for acts of providence or actions beyond his control.

(l) **TAXES AND WAGES—FREEDOM OF PURCHASE.** To pay, when due, all taxes lawfully assessed and levied under the laws of the State of Wyoming upon improvements, oil and gas produced from the land hereunder, or other rights, property or assets of the lessee; to accord all workmen and employees complete freedom of purchase, and to pay all wages due workmen and employees in conformance with the laws of the State of Wyoming.

(m) **STATUTORY REQUIREMENTS AND REGULATIONS.** To comply with all valid State statutory requirements and valid regulations thereunder and the Wyoming Blue Sky Law.

(n) **ASSIGNMENTS OF LEASE—PRODUCTION AGREEMENTS.** Not to assign this lease or any interest therein, nor sublet any portion of the leased premises, except with the consent in writing of the lessor first had and obtained.

All overriding royalties to be valid must have the approval of the Board and be recorded with the lease. The Board reserves the right of disapproval of such overriding royalties when in its opinion they become excessive and hence are detrimental to the proper development of the leased lands.

(o) **DELIVER PREMISES IN CASE OF FORFEITURE.** To deliver up the leased premises, with all permanent improvements thereon, in good order and condition in case of forfeiture of this lease, but this shall not be construed to prevent the removal, alteration or renewal of equipment and improvements in the ordinary course of operations.

(p) **REGULATIONS.** To conduct all operations under this lease in accordance with the valid Rules and Regulations governing the production of oil and gas which may now or hereafter be approved by the lessor.

### SECTION 3. THE LESSOR EXPRESSLY RESERVES:

(a) The right to lease, sell or otherwise dispose of the surface of the land embraced within this lease under existing laws or laws hereafter enacted, and in accordance with the Rules of the Board of Land Commissioners insofar as the surface is not necessary for the use of the lessee in the conduct of operations hereunder.

(b) From the operation of this lease the surface lands heretofore granted for Rights of Way and Easements and reserves the right to grant such other Rights of Way and Easements as provided by the statutes of the State of Wyoming, as long as such Rights of Way and Easements do not conflict with the operations for oil and gas on the land herein leased.

(c) The right, with consent of the lessee, to commit the herein leased lands in a unit or co-operative plan of development, and to establish, alter, change, or revoke the drilling, producing, and royalty requirements of the lease to conform therewith.

(d) The right to alter or modify the quantity and rate of production to the end that waste may be eliminated or that production may conform to the lessee's fair share of allowable production under any system of State or National curtailment and proration authorized by law.

### SECTION 4. APPRAISAL OF IMPROVEMENTS.

The lessee shall have the right, subject to the provisions of Title 36, Section 76 (as to State and State School lands), and Title 11, Section 631-B (as to Farm Loan Board lands), Wyoming Statutes, 1957, to remove any improvements owned by lessee within a reasonable time after the termination of this lease. Lessee agrees that any such improvements not removed within a reasonable time after termination of this lease shall be disposed of pursuant to the above statutes.

### SECTION 5. FORFEITURE CLAUSE.

The Board shall have the power and authority to cancel leases procured by fraud, deceit or misrepresentation, or for the use of the lands for unlawful or illegal purposes, or for the violation of the covenants of the lease, upon proper proof thereof. In the event that the lessee shall fail to make payments of rentals and royalties as herein provided, or make default in the performance or observance of any of the terms, covenants and stipulations hereof, or of the general regulations promulgated by the Board of Land Commissioners and in force on the date hereof, the lessor shall serve notice of such failure or default either by personal service or by certified or registered mail upon the lessee, and if such failure or default continues for a period of thirty (30) days after the service of such notice, then and in that event the lessor may, at its option, declare a forfeiture and cancel this lease, whereupon all rights and privileges obtained by the lessee hereunder shall terminate and cease and the lessor may re-enter and take possession of said premises or any part thereof; but these provisions shall not be construed to prevent the exercise by lessor of any legal or equitable remedy which the lessor might otherwise have. A waiver of any particular cause of forfeiture shall not prevent the cancellation and forfeiture of this lease for any other cause of forfeiture, or for the same cause occurring at any other time.

**SECTION 6. RELINQUISHMENT AND SURRENDER.** This lease may be relinquished and surrendered to lessor as to all or any legal subdivision of said lands as follows:

(a) If no operations have been conducted under the lease on the land to be relinquished the lessee shall file with the Commissioner of Public Lands a written relinquishment or surrender, duly signed and acknowledged and stating therein that no operations have been conducted on the land and shall further pay a filing fee of one dollar (\$1.00) and a recording fee of ten dollars (\$10.00). The relinquishment so filed shall become effective on the date and hour of receipt thereof in the Office of the Commissioner or at some later date if such be so specified by the lessee therein. If the said relinquishment fails to state that no operations have been conducted the effective date of relinquishment shall be the date the relinquishment is approved by the Board.

(b) If operations have been conducted under the lease on land proposed to be relinquished the lessee shall give sixty (60) days notice and shall file with the Commissioner a written relinquishment or surrender duly acknowledged and stating therein that operations have been conducted on the land and shall further pay a consideration of ten dollars (\$10.00), a filing fee of one dollar (\$1.00) and a recording fee of ten dollars (\$10.00). The relinquishment shall not become effective until the land and the wells thereon shall have been placed in condition acceptable to lessor and shall have been approved by the State Mineral Supervisor.

All rentals becoming due prior to a surrender or relinquishment becoming effective shall be payable by lessee unless payment thereof shall be waived by lessor. A relinquishment having become effective there shall be no recourse by lessee, and the lease as to the relinquished lands may not be reinstated.

**SECTION 7. HEIRS AND SUCCESSORS IN INTEREST.** It is further covenanted and agreed that each obligation hereunder shall extend to and be binding upon, and every benefit thereof shall inure to the heirs, executors, administrators, successors of, or assigns of the respective parties hereto.

**SECTION 8.** If the lessor owns an interest in oil and gas in said land less than the entire fee simple estate, then the royalties and rentals to be paid lessor shall be reduced proportionately.

**SECTION 9.** This lease is issued by virtue of and under the authority conferred by Title 36, Wyoming Statutes 1957, as to the State and School Lands, and Title 11, Wyoming Statutes 1957, as to Farm Loan Lands.