

Lease III

Serial No.: Wyoming-07828
Lessor: United States of America
Original Lessee: Clarence I. Justheim
Date: August 1, 1951
Lands Included in
This Instrument: Township 28 North, Range 113 West, 6th P.M.
Section 3: Lots 7, 8, S/2 NW/4, SW/4

said leases and lands being hereinafter referred to as the "lease acreage."

Whereas, Pan American, the Operator of said lease acreage as to the Mesaverde Reservoir above defined, in the interests of conducting its operations more efficiently, desires to commingle the production from all wells located, or which may hereafter be located, on any part of the lease acreage, insofar only as to wells producing, or which may hereafter produce, from above defined "Mesaverde Reservoir", and to use centralized and common tank batteries for all such production; and

Whereas, the undersigned (whether one or more) have no objection to the use of such common tank batteries and to the commingling of such production, as aforesaid, but wish to agree upon a method of determining the amount of production from said "Mesaverde Reservoir" from the various wells now located or that may hereafter be located upon the lease acreage;

Now, Therefore, in consideration of the premises, and of the payment of the proportion of the production that may become payable to the undersigned in accord with the instruments creating such rights to such production from said lease acreage, the undersigned parties do hereby agree that:

1. Pan American Petroleum Corporation may use common tank batteries and commingle all production from all wells now producing, or which may hereafter produce, from above defined "Mesaverde Reservoir", under any of the leases hereinabove set out from the lease acreage.

2. If any such production, or any part thereof, is commingled as above provided, Pan American personnel in charge of such operations shall estimate the production for each of the wells located on said leases by periodic well tests; provided, that during the period of each of such tests,