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## OPTION

THIS AGREEMENT, dated the 5th day of July, 19 60  
between F. SWEENEY  
whose address is 2727 South Poplar, Casper, Wyoming  
hereinafter called "Lessee", and THE CALIFORNIA COMPANY, a California corporation  
whose address is P. O. Box 780, Denver 1, Colorado  
hereinafter called "Optionee",

### WITNESSETH:

WHEREAS, Lessee has filed an application or offer, designated by Serial No. W-038777, for a United States Oil and Gas Lease covering the following described land in Sublette County, State of Wyoming

Township 27 North, Range 106 West, 6th P.M.

Section 6: Lots 6, 7, E $\frac{1}{2}$ SW $\frac{1}{4}$ , W $\frac{1}{2}$ SE $\frac{1}{4}$

Section 7: Lots 1, 2, W $\frac{1}{2}$ E $\frac{1}{2}$ , E $\frac{1}{2}$ NW $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$

Township 27 North, Range 107 West, 6th P.M.

Section 1: Lots 1, 3, 4, SE $\frac{1}{4}$ NE $\frac{1}{4}$ , S $\frac{1}{2}$ NW $\frac{1}{4}$ , SW $\frac{1}{4}$ , E $\frac{1}{2}$ SE $\frac{1}{4}$

(Containing 1,104.56 acres, more or less)

Lease contains other land not covered hereby.

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RECORDED May 23 1962 11:00 A M  
IN BOOK 33 Oil & Gas PAGE 267  
FELS \$ 5.50 H. H. SUMMERS COUNTY CLERK  
SUBLETTE COUNTY, PINEDALE, WYOMING

and,

WHEREAS, Optionee desires the option to take from Lessee an operating agreement on or an assignment of any oil and gas lease which may have heretofore issued or may hereafter issue to Lessee as a result of such lease application or offer (which application or offer, any amendment thereto or substitute therefor, and any oil and gas lease and extension, renewal, or modification thereof are hereinafter referred to collectively as "such lease"); and Lessee is willing to grant such option upon the terms and conditions herein set forth;

### NOW THEREFORE,

In consideration of the sum of Two Hundred Seventy-six and 14/100ths Dollars - - - - -  
(\$ 276.14) in hand paid by Optionee to Lessee, and of other valuable considerations, the receipt and sufficiency of which are hereby acknowledged by Lessee, which considerations are paid and accepted for each and all of the covenants, agreements and provisions of this option, it is agreed:

1. Lessee grants to Optionee for the term of this option the right to enter the above-described land and to conduct geological and geophysical explorations thereon. Lessee also grants to Optionee the exclusive, non-renewable right to demand and receive, at Optionee's sole election, at any time or from time to time during the term hereof, an operating agreement as to all or any part of the land covered by such lease, or an assignment of such lease as to all or any part of said land, or an operating agreement as to part of said land and an assignment as to another part thereof. Any such operating agreement or assignment may include all depths below the surface of the land covered by such operating agreement or assignment, or may be limited to certain specified depths, at Optionee's sole election.

2. Such option may be exercised in the following manner: Attached hereto is a form of operating agreement marked Exhibit "A" and a form of assignment marked Exhibit "B". In the event Optionee elects to receive such operating agreement or assignment, a cash consideration therefor shall be paid of \$ 10.00 - - - - - for each such operating agreement or assignment. In addition, such operating agreement or assignment shall provide for an

overriding royalty to be reserved by Lessee amounting to 1%, to be paid in the manner provided in Exhibit "A" or Exhibit "B", whichever is applicable. Optionee may exercise this option by submitting to Lessee such instruments as it desires executed, which shall be substantially in accordance with Exhibit "A" or Exhibit "B", as the case may be. Lessee agrees, in such event, promptly to execute, acknowledge and deliver such instruments to Optionee. Lessee agrees to execute and deliver to Optionee any additional or different papers which are required in order to secure the approval of the Secretary of the Interior or his representative to such operating agreement or assignment. Should Lessee fail or decline to execute an operating agreement or assignment when requested to do so by Optionee, Optionee may submit the unexecuted operating agreement or assignment to the Secretary of the Interior or his representative, together with a copy of this option; and such operating agreement or assignment and this option, in conjunction, shall be considered as a transfer by Lessee to Optionee of all the rights provided for in such operating agreement or assignment.

3. Lessee agrees that, at any time before or after the exercise of this option, the above-described land, or any part thereof, may be included in any cooperative or unit plan of development or operation, communitization or drilling agreement, or operating, drilling, or development contract acceptable to the Secretary of the Interior. Lessee hereby agrees to execute such plan, agreement, or contract at Optionee's request and to commit thereto at Optionee's request Lessee's interest in such portion of said land as may be included in such plan, agreement, or contract. Lessee further constitutes and appoints Optionee his attorney-in-fact to accept, execute and acknowledge any such cooperative or unit agreement, or other instruments pertaining to the plan, agreement, or contract so proposed.

4. Lessee shall, at all times during the life of this option, keep and maintain such lease in full force and effect as to the land covered by this option; provided, that Optionee shall reimburse Lessee for any expenses hereafter incurred by Lessee with the prior written consent of Optionee for the maintenance of such lease. If at any time Optionee shall, by notice to Lessee, release this option as to all or any part of the land covered hereby, Optionee shall not be obligated to reimburse Lessee for any such expenses thereafter incurred in maintaining such lease as to the land so released from this option. The performance in whole or in part by the Optionee of any of the obligations imposed upon Lessee herein or by such lease shall not serve to relieve Lessee of the burden and responsibility of performance of any further or future obligations with respect to keeping and maintaining such lease in full force and effect. Optionee shall not be held liable for failure to perform any other or future obligations with respect to keeping and maintaining such lease in full force and effect; nor shall Optionee be held liable for failure to perform any other future obligations with regard thereto.

5. In the event of refusal of the United States for any reason to issue a lease as to any part of the lands covered by this option, Lessee will reimburse Optionee the proportionate part respectively on a pro-rata acreage basis of any payments made by Optionee to Lessee under this option. If less than all of the lands covered by this option are subject to such refusal, the provisions hereof shall remain in full force and effect as to the remainder of said land for the full term hereof.

6. Subject to Optionee's right to terminate this option, as provided in Paragraph 7 hereof, this option shall continue in force until a lease shall be issued pursuant to the Lessee's application, and thereafter for three years from the date of issuance of such lease; provided that, if a lease shall have heretofore issued, then this option shall continue in force for a period of three years from the date of this option; and provided further that, if all or any part of the land covered hereby is included in a cooperative or unit plan duly executed by the parties hereto and submitted to the Secretary of the Interior for final approval prior to the expiration of said three-year period, then, as to that part of the land covered by this option which is included in said cooperative or unit plan, this option shall not expire until a date thirty days after the date of final approval or disapproval by the Secretary of that cooperative or unit plan.

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