

## OPTION

THIS AGREEMENT, dated the 23rd day of December, 1959,  
 between LELAND H. JOHNSON,  
 whose address is 2 White Mountain Lodge, Rock Springs, 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-019581, for a United States  
 Oil and Gas Lease covering the following described land in Sublette County, State of Wyoming,

Township 28 North, Range 106 West, 6th P.M.  
Section 27: NE<sup>1/4</sup>, SW<sup>1/4</sup>

(Containing 480.00 acres, more or less)

Lease contains other land not covered hereby.

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RECORDED May 23 1962 11:00 AM  
 IN BOOK 330 OIL & GAS PAGE 293  
 FEE \$ 6.50 W.H. Johnson COUNTY CLERK  
 SUBLTE 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 Thousand Four Hundred and no/100ths Dollars - - - - -  
 (\$ 2,400.00) 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 3 %, 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.

The overriding royalty of 3 % referred to above shall be the maximum overriding royalty that The California Company shall be required to pay. Any overriding royalty reserved or sold from this lease shall be computed as a part of the 3 % overriding royalty referred to above.

INITIAL LNO