

OPERATING AGREEMENT

THIS OPERATING AGREEMENT made and entered into as of the 24th day of October, 1962, by and between HUMBLE OIL & REFINING COMPANY, P. O. Box 120, Denver 1, Colorado, hereinafter called "Owner," and BELCO PETROLEUM CORPORATION, 630 Third Avenue, New York 17, New York, hereinafter called "Operator".

WITNESSETH:

WHEREAS, Owner owns and holds that certain oil and gas lease dated June 1, 1951, between the United States as Lessor and Lee A. Adams as Lessee, bearing Wyoming Serial Number 05991-A, insofar as said lease embraces the following described lands in Sublette County, State of Wyoming, to-wit:

Township 30 North, Range 113 West
Section 6: SE1/4

containing 40.00 acres, more or less;

and,

WHEREAS, the parties hereto are now desirous of entering into an agreement covering the above described lands upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the premises it is hereby mutually agreed as follows:

1. Rights Granted: Owner hereby grants and conveys to Operator the exclusive right and privilege of operating, testing and developing the lands hereinabove described for oil, gas and other hydrocarbon substances, ^{through} ~~down to~~ ^{the stratigraphic interval} ~~equivalent to the Almy formation~~, under the terms of said oil and gas lease or any extensions or renewals thereof. In connection therewith, Operator shall be entitled to exercise all rights and privileges granted to lessee under the terms of said oil and gas lease down to said depth and in the event of production of oil, gas and other hydrocarbon substances from said lands down to said depth, all of the same shall be owned by Operator, subject to the payment of royalty due the lessor under the terms of said lease, and the overriding royalty hereinafter reserved. It is expressly agreed that Owner, for itself and its successors and assigns, hereby retains and reserves all of the oil, gas and hydrocarbon substances and leasehold estate lying below the zone of Operator. Sometimes hereinbelow, the title and depth of Operator is called "the shallow zone" and the title and depth of Owner is called "the deep zone".

2. Rights and Obligations: Owner and Operator shall have concurrent and mutual easements to said lands for the purpose of exploring, drilling, producing, storing and marketing minerals from the respective zones of said parties, and the parties shall share in any and all rights granted by said oil and gas lease as incident to said exploration, drilling, producing, storing and marketing, and by way of example only, this shall include the right to lay pipe lines, water lines, power lines, dig pits, erect and do, and perform any and all things reasonably necessary to the interest of the respective parties in their respective zone. Any operations on said lands shall be the separate operation of the party conducting the same and shall not be considered as a joint undertaking, joint operation or partnership. In their said separate respective operations, each party shall comply with the terms of said lease and all applicable laws, rules and regulations, and neither party shall be liable for the operations or acts of the other, and each party will protect and save the other harmless from all demands and causes of action arising directly or indirectly out of such separate operations.