

in Section _____, Township _____, Range _____, Five (5) and containing 1951.63 acres, more or less.

2. It is agreed that this lease shall remain in force for a term of ~~ten (10)~~ years from this date and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of them is produced from said leased premises, or operations for drilling are continued, as hereinafter provided, or operations are continued for the injection of water, brine and other fluids into subsurface strata; PROVIDED, however, that for injection purposes this lease shall continue in full force and effect only as to the well or wells so used and ten (10) acres immediately surrounding each of said wells.

3. The lessee shall deliver to the credit of the lessor as royalty, free of cost, in the pipe line to which lessee may connect its wells the equal one-eighth (1/8th) part of all oil produced and saved from the leased premises, or at lessee's option, may pay to the lessor for such one-eighth (1/8th) royalty the market price for oil of like grade and gravity prevailing on the day such oil is run into pipe line or into storage tanks.

4. The lessee shall pay the lessor:—

(a) If sold by lessee, one-eighth (1/8th) of the proceeds received by the lessee from the sale of gas, including casinghead gas produced from any well; or other than the development and operation thereof.

Such payments shall be received and accepted by lessor as full compensation for such gas, casinghead gas, gasoline or any by-products extracted or manufactured therefrom, as well as residue gas remaining after the extraction or manufacture of gasoline from such gas. The lessor to have gas free of cost from any gas well on the leased premises where dry gas only is found for all stoves and inside lights in the principal dwelling house on said premises by making his own connection to said well; such connection, the necessary fittings and pipe shall be furnished and maintained by lessor free from leaks and all without cost, expense or risk to lessee. The use of said gas by lessor at all times shall be at his sole risk.

5. In the event that no earned royalty on oil, gas or casinghead gas is accruing to the lessor under the terms hereof, the lessee shall pay the lessor at time said sum is so paid said well shall be held to be a producing well under paragraph two (2) hereof.

6. If operations for the drilling of a well for oil or gas are not commenced on the leased premises on or before the 21st day of January, 1964, this lease shall terminate as to both parties, unless the lessee shall on or before that date pay or tender to the lessor, or deposit for the lessor's credit in the

First National

Bank, at Bozeman, Montana

any bank with which it may be merged or consolidated or which succeeds to its business or assets, or any part thereof, by purchase or otherwise, or the authorities or for any reason ceases to do business; which banks are the lessor's agent and shall continue as a depository of any and all sums payable under this lease, regardless of changes in the ownership of said land or in the oil or gas or in the rentals to accrue hereunder, the sum of One thousand

nine hundred, fifty-one and 63/100 DOLLARS (\$1,951.63) which shall operate as a rental and cover the privilege of deferring the commencement of drilling operations for the period of one (1) year from said date. In like manner and upon like payments or tenders the commencement of drilling operations may be further deferred for like periods successively. All payments or tenders hereunder may be made by check, draft or audit voucher of the lessee, his (its) heirs, executors, administrators, successors or assigns, mailed, delivered or deposited as aforesaid on or before the date when said first rental is payable as aforesaid but also the lessee's option of extending that period as aforesaid and any and all other rights conferred.

7. Notwithstanding the death of the lessor, or his successors in interest, the payment or tender of rentals in the manner provided above shall be binding on the heirs, devisees, executors and administrators of such person.

8. If at any time prior to the discovery of oil or gas on said land, and during the primary term of this lease, lessee should drill a dry hole, or dry holes, thereon, the lessee shall on or before the next ensuing rental paying date commence further drilling operations or pay or resume the payment or tender of the rentals aforesaid, providing that if any such dry hole be completed within less than sixty (60) days before the next ensuing rental paying date, lessee shall nevertheless have at least sixty (60) days from such completion within which to commence such further drilling operations or resume the payment before such rental paying date; PROVIDED FURTHER, that in the event any well drilled upon the leased premises is not productive of oil or gas in commercial quantities and is not abandoned and plugged as a dry hole, such well shall for the purposes of this paragraph be considered a dry hole. Lessee's right to so resume drilling operations and/or the payment or tender of such rentals shall continue to exist during the primary term of this lease. If, at the expiration of the primary term, lessee is conducting operations for drilling a new well or reworking an old well, or if, after the expiration of the primary term, production on this lease shall cease, this lease nevertheless shall continue as long as said operations continue or additional operations are had, which additional operations shall be deemed to be had where not more than sixty (60) days elapse between abandonment of operations on one well and commencement of operations on another well, and if production is discovered, this lease shall continue as long thereafter as oil or gas is produced and as long as additional operations are had.

9. If the above lessor owns a less interest in the above described land than the entire undivided fee simple estate therein, then the royalties and rentals herein provided for shall be paid the lessor only in the proportion which his interest bears to the whole and undivided fee.

10. The lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operations thereon, except water from the wells crops on said land. No well shall be drilled nearer than two hundred feet (200') to the house or barn now on said premises without written consent of the lessor. Lessee shall have the right at any time during or ninety (90) days after expiration of this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing.

11. If the oil, gas or other mineral rights under the leased premises are now owned or shall hereafter be owned in severalty or in separate tracts, the premises nevertheless shall be developed and operated as one lease and all royalties accruing hereunder shall be treated as an entirety and shall be divided among and paid to such separate owners in the proportion that said oil, gas or other mineral rights owned by each bears to the entire oil, gas or other hereby may be hereafter divided as to the surface, oil, gas or other mineral rights by sale, devise or otherwise, or to furnish separate measuring or receiving tanks, or to make any separate accounting based on any such divided ownership.

12. If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns; but no change in the ownership of the land or assignment of rentals or royalties shall be binding upon the lessee until after the lessee has been furnished with the original recorded transfer or assignment or a true copy thereof; and it is hereby agreed that in the event this lease shall be assigned as to a part or parts of the above described lands and the owner or holder of said lease or any interest therein covering any part or parts of said lands shall fail or make default in the payment of the proportionate part of the rents due from him or them, such default shall not operate to defeat or affect this lease in so far as it covers a part or parts of said lands as to which the said lessee or any assignee thereof shall make due payment of a proportionate part of the said rental. If at any time there be as many as four parties entitled to rentals or royalties, lessee may withhold payments thereof unless and until all parties designate, in writing, in a recordable instrument to be filed with the lessor, a common agent to receive all payments due hereunder, and execute division and transfer orders on behalf of said parties, and their respective successors in title.

13. While the leased lands are used for the injection of water, brine or other fluids produced from other premises, the lessee shall pay to lessor the sum of Twenty-five Dollars (\$25.00) per year for each well used for such injection. All injections herein authorized shall be made into subsurface strata lying below the strata furnishing lessor fresh water for domestic or stock use.

14. Compliance with any now or hereafter existing law purporting to be enacted by Federal or State Legislative authority, or with orders, judgments, decrees or regulations made or promulgated by State or Federal courts, State or Federal officers, boards, commissions or committees, purporting to be made under authority of law, shall not constitute a violation of the terms of this lease or be considered a breach of any obligation herein, nor shall it constitute a cause for the termination, forfeiture, reversion or revesting of any estate or interest hereby created, nor shall compliance confer any right of entry or become the basis of an action for damages or suit for the forfeiture or cancellation hereof, and while any such purport to be in force and effect they shall, when complied with, to the extent of such compliance, operate as a modification of the terms and conditions of this lease where inconsistent therewith.

15. Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if during the primary term of this lease or at any time thereafter that this lease is in force by the production of oil, gas, or casinghead gas or casinghead gasoline after such primary term, if the lessee shall commence drilling operations during either of said periods, it shall remain in full force and effect and its term shall continue as long as such operations are prosecuted and if production results therefrom, then as long thereafter as such production continues.

16. Lessee may at any time surrender this lease as to all or any part of said land by delivering or mailing a release thereof to the lessor, or by placing a release thereof on record in the proper county.

17. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge any taxes, mortgages, or other liens existing, levied or assessed on or against the above described lands and, in the event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien any royalty or rentals accruing hereunder.

18. The undersigned lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises herein described, in so far as said right of dower and homestead may in any way affect the purposes for which the lease is made, as recited herein.

19. This lease and all its terms, conditions and stipulations shall extend to and be binding on the assignees, heirs, devisees and successors of lessor or lessee.

IN TESTIMONY WHEREOF, we sign, this the 10th day of April, 1963.

WITNESS: *Mary O'Neil Meeks* (SEAL)

(SEAL)

(SEAL)

(SEAL)