

OIL AND GAS LEASE

THIS AGREEMENT made this 22nd day of July, 1963, between
Charles F. Spencer, also known as Charles Floyd Spencer, and Pearl Spencer,
husband and wife
P. O. Box 489, Big Piney, Wyoming
 Lessor (whether one or more), and F. C. Grigsby, P. O. Box 2347, Casper, Wyoming
 Lessee, WITNESSETH:

1. Lessor in consideration of — — — — — Ten and more — — — — — Dollars
 (\$ 10.00), in hand paid, of the royalties herein provided, and of the agreement of Lessee herein contained, hereby grants,
 leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and
 producing oil, gas, and other hydrocarbons, laying pipe lines, building tanks, power stations, telephone lines and other structures
 thereon to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described
 land in Sublette County, Wyoming, to-wit:

TOWNSHIP 30 NORTH, RANGE 113 WEST of 6th P. M.
Section 1: Lots 3 (39.90), 4 (39.92)

TOWNSHIP 31 NORTH, RANGE 113 WEST of 6th P. M.
Section 26: SE 1/4

83597

RECORDED August 28 1963 9:00 A M
 IN BOOK 36 Oil & Gas PAGE 484
 FEES \$ 1.50 W. J. Summers COUNTY CLERK
 SUBLETTE COUNTY PINEDALE WYOMING

of Section 26 Township 31 North Range 113 West
 It being intended hereby to include herein all lands and interests therein contiguous to or appurtenant to said described lands owned or claimed
 by Lessor. For rental payment purposes said leased lands shall be deemed to contain 119.82 acres, more or less.
 2. Subject to the other provisions herein contained, this lease shall be for a term of 10 years from this date (called "primary term") and as
 long thereafter as oil, gas, or other hydrocarbons are produced from said land hereunder, or drilling or reworking operations are conducted thereon.
 3. The royalties to be paid by Lessee are: (a) on oil, one-eighth of that produced and saved from said land, the same to be delivered at
 the wells or to the credit of Lessor into the pipe line to which the wells may be connected; Lessee may from time to time purchase any royalty oil in
 its possession, paying the market price therefor prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead
 gas or other hydrocarbon substance, produced from said land and sold or used off the premises or in the manufacture of gasoline or other products
 therefrom, the market value at the well of one-eighth of the gas so sold or used, provided that on gas sold at the wells the royalty shall be one-
 eighth of the amount realized from such sale; where gas from a well producing gas only is not sold or used, Lessee may pay as royalty \$100.00 per
 well per year and if such payment is made it will be considered that gas is being produced within the meaning of Paragraph 2 hereof. Lessee shall
 have free use of oil, gas, coal, wood and water from said land, except water from Lessor's wells, for all operations hereunder, and the royalty on
 oil and gas shall be computed after deducting any so used. Lessor shall have the privilege at his risk and expense of using gas from any gas well on
 said land for stoves and inside lights in the principal dwelling thereon out of any surplus gas not needed for operation hereunder.
 4. If operations for drilling are not commenced on said land on or before one year from this date the lease shall then terminate as to both
 parties, unless on or before such anniversary date Lessee shall pay or tender to Lessor or to the credit of Lessor in State Bank of
Big Piney Bank at Big Piney, Wyoming, (which bank and its successors are Lessor's
 agent and shall continue as the depository for all rentals payable hereunder regardless of changes in ownership of said land or the rentals either
 by conveyance or by the death or incapacity of Lessor) the sum of One Hundred Nineteen and 82/100 Dollars

(\$ 119.82), (herein called rental), which shall cover the privilege of deferring commencement of operations for drilling for a
 period of twelve (12) months. In like manner and upon like payments or tenders annually the commencement of operations for drilling may be
 further deferred for successive periods of twelve (12) months each during the primary term. The payment or tender of rental herein referred to
 may be made in currency, draft or check at the option of the Lessee; and the depositing of such currency, draft or check in any post office, properly
 addressed to the Lessor, or said bank, on or before the rental paying date, shall be deemed payment as herein provided. If such bank (or any suc-
 cessor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in
 default for failure to make such payment or tender of rental until thirty (30) days after Lessor shall deliver to Lessee a proper recordable instrument,
 naming another bank as agent to receive such payments or tenders. The down cash payment is consideration for this lease according to its terms
 and shall not be allocated as mere rental for a period. Lessee may at any time execute and deliver to Lessor or to the depository above named or
 place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such
 portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the rentals payable hereunder shall be reduced
 in the proportion that the acreage covered hereby is reduced by said release or releases.

5. Should any well drilled on the above described land during the primary term before production is obtained be a dry hole, or should pro-
 duction be obtained during the primary term and thereafter cease, then and in either event, if operations for drilling an additional well are not
 commenced or operations for reworking an old well are not pursued on said land on or before the first rental paying date next succeeding the
 cessation of production or drilling or reworking on said well or wells, then this lease shall terminate unless Lessee, on or before said date, shall
 resume the payment of rentals. Upon resumption of the payment of rentals, Section 4 governing the payment of rentals, shall continue in force
 just as though there had been no interruption in the rental payments. If during the last year of the primary term and prior to the discovery of
 oil, gas, or other hydrocarbons on said land Lessee should drill a dry hole thereon, or if after discovery of oil, gas, or other hydrocarbons before or
 during the last year of the primary term the production thereof should cease during the last year of said term from any cause, no rental payment or
 operations are necessary in order to keep the lease in force during the remainder of the primary term. 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, gas, or other hydrocarbons are produced
 and as long as additional operations are had.

6. Lessee shall have the right at any time without Lessor's consent to surrender all or any portion of the leased premises and be relieved of
 all obligation as to the acreage surrendered. Lessee shall have the right at any time during or after the expiration of this lease to remove all
 property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will
 bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said
 land without Lessor's consent. The Lessee agrees to promptly pay to the owner thereof any damages to crops, or improvements, caused by or
 resulting from any operations of Lessee.

7. The rights of either party hereunder may be assigned, in whole or in part, and the provisions hereof shall extend to the heirs, successors
 and assigns of the parties hereto, but no change or division in ownership of the land, rentals, or royalties, however accomplished, shall operate to
 enlarge the obligations or diminish the rights of Lessee. No change in the ownership of the land, or any interest therein, shall be binding on Lessee
 until Lessee shall be furnished with a certified copy of all recorded instruments, all court proceedings and all other necessary evidence of any
 transfer, inheritance, or sale of said rights. In event of the assignment of this lease as to a segregated portion of said land, the rentals payable
 hereunder shall be apportionable among the several leasehold owners ratably according to the surface area of each, and default in rental payment
 by one shall not affect the rights of other leasehold owners hereunder. In case Lessee assigns this lease, in whole or in part, Lessee shall be
 relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

8. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and
 this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is pre-
 vented by, or if such failure is the result of, any such Law, Order, Rule or Regulation, or if prevented by an act of God, of the public enemy,
 labor disputes, inability to obtain material, failure of transportation, or other cause beyond the control of Lessee.

9. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage
 or other lien upon said land, either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with the right to enforce
 same and apply rentals and royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in event
 of failure of title, it is agreed that if Lessor owns an interest in said land less than the entire fee simple estate, then the royalties and rentals to be
 paid Lessor shall be reduced proportionately.

10. Lessors hereby release and waive all rights of homestead.
 All of the provisions of this lease shall inure to the benefit of and be binding upon the parties hereto, their heirs, administrators, successors
 and assigns.

This agreement shall be binding on each of the above named parties who sign the same, regardless of whether it is signed by any of the other
 parties.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

WITNESSES:

Charles F. Spencer
Pearl Spencer

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 10-1318(7-22)
 Big Piney Area