

86908

SCHEDULE OF LEASES **ASSIGNED**

RECORDED *January 19 1964 9:00 A.M.*
 IN BOOK *38. Oil & Gas* PAGE *87*
 FEES \$ *202.00* COUNTY CLERK
 SUBLETTE COUNTY, PINEDALE, WYOMING

Date September 5, 1957
 Lessor Robert M. Miller, et ux
 Lessee Gulf Oil Corporation
 Recorded — Book 18 O&G Page 411

Gulf Lease No. 7-00480-00

Date	Gulf Lease No.	X
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ADDITIONAL PROVISIONS OF LIMITED ASSIGNMENT

7. Provisions Applicable to Overriding Royalty. Assignee agrees to deliver the oil reserved as overriding royalty to the credit of Assignor, free of cost, in the pipeline to which Assignee may connect its wells. Assignee agrees to market the gas, casinghead gas, and other leased substances reserved as overriding royalty with Assignee's own share of such production, and to pay Assignor the gross proceeds received from the sale thereof if sold at the well, or if not sold at the well, then the market value thereof at the well, on or before the 20th day of each month for the substances marketed during the preceding month. The overriding royalty herein reserved

- (i) is in addition to the royalty payable to the lessor in the lease and any other overriding royalties heretofore or hereafter reserved;
- (ii) shall not be subject to or reduced by or on account of any cost or expense of developing or operating the Assigned Acreage or acreage with which it is pooled or unitized, including any cost or expense of pressure maintenance, repressuring, reinjection, waterflooding, or secondary recovery operations, and all of such cost and expense shall be borne and paid by Assignee;
- (iii) if the Assigned Acreage is pooled or unitized for development and operation as a unit with other land, shall be delivered and paid upon that proportion of the entire unit production which the acreage in the Assigned Acreage placed in the unit bears to the entire acreage in the unit, or upon that proportion of the entire unit production upon which royalty is paid to the mineral owners of the Assigned Acreage, whichever is greater;
- (iv) if the oil and gas lease covers less than the entire and undivided fee simple estate in the Assigned Acreage or if this assignment covers less than the entire and undivided interest of the lessee in the lease, shall be paid in the proportion that the interest hereby transferred in the leased substances which Assignee is entitled to produce bears to the entire interest which would have been transferred had the lease covered the entire and undivided fee and this assignment covered the entire and undivided interest of the lessee in the lease.
- (v) shall not extend to leased substances used for development or operation of the Assigned Acreage or land with which it is pooled or unitized;
- (vi) shall bear its proportionate part of any severance or gross production tax or other tax based upon or measured by the amount or value of oil, gas, casinghead gas and other leased substances produced;
- (vii) shall be determined, if at a rate which varies with the average daily production per well, by dividing the pipeline runs for each month by the product of the number of days in the month times the number of wells producing during the month, and the quotient shall constitute the average daily production per well for the month. If a well comes into production after the first of the month, it shall not be counted as a full well but as a fractional well equal to the number of days remaining in the month after it is first placed on production divided by the total number of days in the month. If the Assigned Acreage is pooled or unitized, the total pipeline runs for the entire unit or pooled acreage and all of the producing wells located thereon shall be used in determining the rate of the overriding royalty.

Assignee agrees that (i) it will produce and market each month the total allowable production for such month or advise Assignor, in writing, of its reasons for any failure to do so; (ii) it will mail to Assignor, at its address above given, copies of all sales contracts, meter charts of gas produced and marketed, reports of meter tests, rock pressure and open flow tests, and all statements and other information in regard to oil, gas and casinghead gas produced and sold.

8. Provision Applicable to Delay Rentals. The party who is to pay delay rentals shall not be liable to the other party for an unintentional or inadvertent failure to make payment, provided it has acted in good faith. If either party elects not to pay any rental, it shall give the other party written notice of such election on or before sixty (60) days before the rental-paying date and, upon written request of the other party made on or before thirty (30) days after receipt of such notice, shall assign and transfer to the other party, without warranty, express or implied, all of its right, title and interest in and to the oil and gas lease as to the Assigned Acreage upon which it has elected not to pay rental.

9. Taking Over Wells in Event of Divided Ownership. If Assignor reserves and retains the right to operate for and produce any leased substances from the Assigned Acreage, and if either Assignor or Assignee drills a well which does not produce the leased substances which it owns but will produce the leased substances owned by the other party in paying quantities, such well shall be taken over and owned and operated by the owner of such substances. The party taking over the well shall pay the drilling party the salvage value of the material and equipment in and on the well necessary and proper for its operation. The ability of the well to produce leased substances owned by the other party in paying quantities shall be determined by a thirty-day production test conducted by such party at its cost, risk and expense. If the well will not produce such substances in paying quantities, it shall be plugged and abandoned by the drilling party.

10. Release of Lease. Assignee covenants and agrees that it will not release, relinquish or surrender the lease to the Lessor as to the Assigned Acreage, in whole or in part, without first giving Assignor written notice of its election to do so, and that it will reassign the lease to Assignor as to the acreage it desires to release, if requested to do so by Assignor, on or before thirty (30) days after the receipt of such notice by Assignor.

11. Assignment of Lease. If the estate or interest of either party hereto is assigned, and the privilege of assignment in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors, and assigns, but no change in the ownership of the lease shall be binding upon Assignor and no change in the ownership of the overriding royalty shall be binding on Assignee until after it has been furnished with a written transfer or assignment or a certified copy thereof. An assignment of the interest of either party in whole or in part, shall, as to the extent of such assignment, relieve and discharge such party of all obligations hereunder not theretofore accrued.