

OIL AND GAS LEASE

KINTZEL BLUE PRINT CO.
CASPER, WYOMING

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THIS AGREEMENT, entered into this the 19th day of June, 1964,

between Newcomb Land and Cattle Co., Inc., a Wyoming corporation,
Big Piney, Wyoming, hereinafter called lessor

(whether one or more), and David D. Ideen, Box 1229, Casper, Wyoming, hereinafter called lessee, does witness:

1. That the lessor, for and in consideration of cash in hand paid, the receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained to be performed by the lessee, has granted, demised, leased and let and hereby does grant, demise, lease and let unto said lessee, for the purpose of mining, exploring by geophysical and other methods, and operating and producing therefrom oil, gas, casinghead gas and casinghead gasoline, and the right of injecting water, brine and other fluids into the subsurface strata, laying pipe lines, building telegraph and telephone lines, tanks, towers, stations, gasoline plants, ponds, roadways and structures (including those for housing and boarding employees thereon), and including any and all equipment, appliances and machinery that may be useful, necessary or convenient to produce, save, take care of, store and manufacture oil, gas or casinghead gasoline, or to carry out the other purposes hereinbefore set out for the economical operation alone or conjointly with other land, the following described tract of land in Sublette County,

State of Wyoming,

, to-wit:

Township 33 North, Range 111 West, 6th P.M.

Section 5: WSWF

6: Lots 5,6, S2NE1/4, NE1/4SW1/4, S3NE1/4, S41/4

8: NW1/4NW1/4

Township 33 North, Range 112 West, 6th P.M.

Section 1: Lot 1

Five and containing 557.46

DOLLARS (\$ 10.00)

acres, more or less.

2. It is agreed that this lease shall remain in force for a term of ~~ten~~ (5) years from this date and as long thereafter as oil, gas, casinghead gas, casing 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 ($\frac{1}{8}$ th) 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 ($\frac{1}{8}$ th) 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 ($\frac{1}{8}$ th) of the proceeds received by the lessee from the sale of gas, including casinghead gas produced from any well; or (b) If utilized by lessee, one-eighth ($\frac{1}{8}$ th) of the value at the mouth of the well, computed at the prevailing market price, of the gas, including casinghead gas produced from any well and used by lessee off the leased premises for any purpose, or used on the leased premises by the lessee for purposes 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 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 the rate of Fifty Dollars (\$50.00) per year, payable annually, on each well where gas only is found, and while said gas is not used or sold and during the 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 19th day of June, 1965, 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

Cheyenne National Bank, at Cheyenne, Wyoming, or its successor or successors, or National Bank of Tulsa, Tulsa, Oklahoma, in the event said depository bank, its successor or successors, is taken over by the State or Federal banking 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 Five hundred

Fifty Seven and 46/100 DOLLARS (\$ 557.46), 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 audited voucher of the lessee, his (its) heirs, executors, administrators, successors or assigns, mailed, delivered or deposited as aforesaid on or before the rental paying date, it being understood and agreed that the consideration first recited herein, the down payment, covers not only the privileges granted to 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, the lessee shall nevertheless have at least sixty (60) days from such completion within which to commence such further drilling operations or resume the payment or tender of such rentals, and the effect shall be the same as if such further operations had been commenced, or such rentals paid or tendered, on or 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.

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 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 mineral rights leased hereby. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the premises covered ceiving 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 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 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 it constitute a cause for entry or when compiled 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 of 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 19th day of June, 1964.

WITNESS:

Attest: Patricia Sanford
Secretary

Newcomb Land and Cattle Co., Inc.
By Jules V. Newcomb President

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