

STATEMENT AND AGREEMENT AS TO OVERRIDING
ROYALTIES AND PAYMENTS OUT OF PRODUCTION
AND OTHER PERTINENT PROVISIONS IN
CONNECTION WITH ASSIGNMENT OF
UNITED STATES OIL AND GAS LEASE
SERIAL NO. WYOMING 041456

THIS AGREEMENT, made this 26th day of April, 1965, between.....

Aliene W. Krueger

whose address is 170 North 5th Street, Laramie, Wyoming, hereinafter referred to as "Assignor", whether one or more, and RICHLFIELD OIL CORPORATION, a Delaware corporation, whose address is 555 South Flower Street, Los Angeles, California, 90054, hereinafter referred to as "Assignee",

WITNESSETH:

THAT WHEREAS, Assignor, by an assignment on Bureau of Land Management Form 4-1175 dated April 26,

1965 has concurrently herewith and as a part of this agreement assigned to Assignee an offer to lease, or an oil and gas lease, as the case may be, pursuant to the Act of Congress approved February 25, 1920 (41 Stat. 437), as amended, upon land belonging to the

United States of America, bearing Serial Number Wyoming 041456, said offer to lease being hereinafter referred to as "said offer", and any oil and gas lease hereinabove described, and any oil and gas lease issued pursuant to said offer, and any such oil and gas lease the term of which is extended as provided for in such lease or in said Act of Congress or by regulation and any lease segregated out of such lease as provided for in said Act of Congress or by regulation being hereinafter referred to as "said lease", and the above mentioned assignment being hereinafter referred to as "said assignment", embracing the land situated in ~~Sublette County, Wyoming~~ described in said assignment, reference to which is hereby made for full particulars, containing Sublette County, State of Wyoming

1,340.00 acres, more or less, hereinafter referred to as "said lands";

NOW, THEREFORE, in consideration of said assignment and One Dollar (\$1.00) and other good and valuable considerations paid by Assignee to Assignor, receipt of which is hereby acknowledged, and the mutual covenants and agreements herein contained, Assignor and Assignee hereby agree as follows:

1. This agreement is attached to said assignment of said lease and by reference is hereby incorporated in and made a part of said assignment the same as though this attachment and all the provisions thereof had been set forth therein at length.

2. OVERRIDING ROYALTY. The overriding royalty of two & one-half per cent (2 1/2%) set forth in said assignment shall be

two & one-half percent (2 1/2%) of the market value on said lands, or if sold by Assignee, of the proceeds from the sale, at the well or wells on said lands, of all oil, gas, natural gasoline, and other liquefied hydrocarbon substances extracted from gas, hereinafter referred to individually and collectively as "oil and gas", produced, saved, and sold or removed from said lands by Assignee under the provisions of said lease or allocated to said lands under any unit agreement or pooling agreement approved by the Secretary of the Interior while said lease is in effect. Said overriding royalty shall be subject to each and all of the following provisions:

(a) **UNITIZED ROYALTY.** If said lands, or any part thereof, are committed to a unit agreement or pooling agreement, Assignee shall take into consideration any and all production allocated to the different portions of the lands covered by any such unit agreement or pooling agreement, as provided therein, without regard to the lands from which said production is actually obtained, and the production so allocated to all or any part of said lands committed to such unit agreement or pooling agreement shall, for the purpose of calculating the overriding royalty herein reserved, control and be subject to the deductions herein provided for, shall be based and paid only on such production as is so allocated to said lands.

(b) **COMPUTATION OF ROYALTY.** Said overriding royalty shall be computed in the same manner and upon the same basis, except as to values, and be paid at the same time as the United States' royalty under said lease and shall be subject to all of the charges and deductions proportionately to which the United States' royalty is subject under the provisions of said lease and under the Department of the Interior Oil and Gas Operating Regulations and under any unit agreement or pooling agreement to which said lands, or any part thereof, may be committed, and shall be subject to the other deductions herein provided for. Said overriding royalty shall be payable in cash and not in kind.

(c) **ROYALTY ON GAS.** Assignee shall not be required to store or sell any natural gas produced from or allocated to said lands or any residue dry gas manufactured therefrom, and shall not be required to pay overriding royalty except on such portion thereof actually sold by Assignee or utilized by Assignee in a manner other than that herein made exempt from the payment of overriding royalty. No overriding royalty shall be paid on gas or liquefied petroleum gas used on said lands or on lands unitized or pooled therewith for recycling operations or repressuring or any other secondary recovery