

42  
OIL AND GAS LEASE

4th day of October, 1955, by and between  
Ted Miller and Emma Miller, husband and wife  
of Salt Lake City, Utah, party of the first part, hereinafter called lessor, (whether one or more)  
and Robert E. McDonald of Salt Lake City, Utah, party of the second part, lessee.  
WITNESSETH: That the lessor for and in consideration of Ten and 00/100ths and more Dollars  
in hand paid, receipt of which is hereby acknowledged, of the royalties herein provided, and of the agreements 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, casinghead gas, and all  
other minerals, 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,  
State of Wyoming, to-wit:  
Township 27 North, Range 115 West, 6th P.M.  
Tract 41

including all minerals underlying lakes, streams, roads, easements and rights-of-way which traverse or adjoin said lands, which minerals are owned or claimed by  
lessor or rights to which minerals may hereafter be established in lessor; and also, in addition to the above-described land, all land adjoining the same and  
owned or claimed by lessor and containing 160.00 acres, more or less.

TO HAVE AND TO HOLD the same (subject to the other provisions herein contained) for a term of ~~XX~~ years from this date (called "primary term")  
and as long thereafter as oil or gas or casinghead gas or either or any of them, is produced therefrom; or as much longer thereafter as the lessee in good faith shall  
conduct drilling operations thereon and should production result from such operations, this lease shall remain in full force and effect as long as oil or gas or  
casinghead gas, shall be produced therefrom.

In consideration of the premises it is hereby mutually agreed as follows:

1. 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  
( $\frac{1}{8}$ ) part of all oil produced and saved from the leased premises, or at the lessee's option, may pay to the lessor for such one-eighth ( $\frac{1}{8}$ ) royalty the market  
price for oil of like grade and gravity prevailing in the field where produced on the day such oil is run into the pipe line, or into storage tanks.

2. The lessee shall pay lessor, as royalty, one-eighth ( $\frac{1}{8}$ ) of the proceeds from the sale of the gas, as such, for gas from wells where gas only is found,  
and where not used or sold shall pay Fifty Dollars (\$50.00) per annum as royalty from each such well, and while such royalty is so paid such well shall be held  
to be a producing well. The lessor to have gas free of charge from any gas well on the leased premises for stoves and inside lights in the principal dwelling  
house on said land by making his own connections with the well, the use of said gas to be at the lessor's sole risk and expense.

3. To pay lessor for gas produced from any oil well and used off the premises or in the manufacturing of gasoline or any other product a royalty of one-eighth  
( $\frac{1}{8}$ ) of the market value, at the mouth of the well, payable monthly at the prevailing market price.

4. If operations for the drilling of a well for oil or gas are not commenced on said land on or before one year from this date, this lease shall  
terminate as to both parties, unless the lessee shall, on or before one year from this date, pay or tender to the lessor or for the lessor's credit in  
Walker Bank and Trust Company, *Malta, Idaho*, Bank at Salt Lake City, Utah

or its successor or successors, which bank and its successors are lessor's agents and which shall continue as the depository regardless of changes in the ownership  
of the land, the sum of One Hundred Sixty & 00/100ths Dollars

which shall operate as a rental and cover the privilege of deferring the commencement of operations for the drilling of a well one year from said date. In like  
manner and upon payments or tenders the commencement of operations for the drilling of a well may be further deferred for like periods successively  
during the primary term of this lease. And it is understood and agreed that the consideration first recited herein, the down payment, covers not only the  
privileges granted to the date when said rental is payable as aforesaid, but also the lessee's option of extending that period as aforesaid, and any and all other  
rights conferred. All payments or tenders may be made by check or draft of lessee or any assignee thereof, mailed or delivered on or before the rental paying date.  
Lessee may at any time execute and deliver to lessor 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 herein is reduced by said release or releases. Notwithstanding the death of the lessor, or his  
successor 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  
persons.

5. If at any time prior to the discovery of oil or gas on this land and during the term of this lease, the lessee shall drill a dry hole, or holes, on this land,  
this lease shall not terminate, provided operations for the drilling of a well shall be commenced by the next ensuing rental paying date, or provided the lessee  
begins or resumes the payment of rentals in the manner and amount above herein provided; and in this event the preceding paragraphs hereof governing the  
payment of rental and the manner and effect thereof shall continue in force.

6. If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate herein, 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.

7. Lessee shall have the right to use, free of cost, gas, oil, and water produced on said land for its operation thereon, except water from wells of lessor.

When requested by lessor, lessee shall bury his pipe lines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without the written consent of the lessor.

Lessee shall pay for damages caused by its operations to growing crops on said land.

Lessee shall have the right at any time to remove all improvements, machinery, and fixtures placed or erected by lessee on said premises, including the  
right to pull and remove casings.

8. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to  
completion with reasonable diligence and dispatch, and if oil or gas, or either of them, is found in paying quantities, this lease shall continue and be in force  
with the like effect as if such well had been completed within the term of years herein first mentioned.

9. If the estate of either party, hereto 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 and assigns, but no change of ownership in the land or in the rentals or royalties shall be binding on  
the lessee until after notice to the lessee and it has been furnished with the written transfer or assignment or a certified copy thereof, and 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.

10. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may be hereafter divided  
by sale, devise or otherwise, or to furnish separate measuring or receiving tanks. It is hereby agreed that, in the event this lease shall be assigned as to a part  
or as to parts of the above described lands, and the holder or owner of any such part or parts shall fail or make default in the payment of the proportionate part  
of the rent due from him or them, on an acreage basis, such default shall not operate to defeat or affect this lease in so far as it covers a part or parts of said  
land upon which the said lessee or any assignee hereof shall make due payments of said rentals.

11. If at any time there be as many as six parties (or more) entitled to receive royalties under this lease, lessee may withhold payment thereof unless and  
until all parties designate in writing in a recordable instrument to be filed with the lessee, a Trustee to receive all royalty payments due hereunder and to execute  
division and transfer orders on behalf of said parties and their respective successors in title.

12. Lessee shall have the right to unitize, pool, or combine all or any part of the above described lands with other lands in the same general area by  
entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to  
modify, change or terminate any such plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to  
conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and, particularly, all drilling and  
development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or  
agreement, and this lease shall not terminate or expire during the life of such plan or agreement. In the event that said above described lands or any part  
thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different  
portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid  
hereunder to lessor, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land; and the  
royalty payments to be made hereunder to lessor shall be based upon production only as so allocated. Lessor shall formally express lessor's consent to any  
cooperative or unit plan of development or operation adopted by lessee and approved by any governmental agency by executing the same upon request of lessee.

13. In addition to and not in limitation of the rights granted in paragraph 12 hereof, lessee is hereby granted the right and option to consolidate, pool or  
combine the lands covered by this lease, or any portion or portions thereof or any stratum or strata thereunder, with other lands or like strata there-  
under for the development thereof or for the production therefrom of oil, gas, casinghead gas or other hydrocarbons, or any or all of said products,  
when in lessee's discretion and judgment it is advisable so to do for proper development or operation of the premises, or to conform to spacing or zoning  
rules of any lawful authority, such consolidation, pooling or combining to be into units of such shape and dimensions as lessee may elect provided that all lands  
in any such unit shall be contiguous (either adjoining or cornering) but for this purpose contiguity shall not be deemed to be destroyed by reason of the existence  
of any excluded street, alley, road, railroad, canal, stream, right of way or other similar strip or parcel of land. Any unit formed under this paragraph for pro-  
duction of oil and casinghead gas shall not exceed forty-three (43) acres in surface area, for production of dry or gas well shall not exceed six hundred and  
sixty (660) acres in surface area, and for production of condensate or distillate shall not exceed three hundred and thirty (330) acres in surface area unless some  
larger unit for condensate or distillate is permitted or prescribed by law or authority, in which event such larger unit shall control, provided that, if governmental  
survey units are irregular in size in the area of this lease, the size of any of the units mentioned herein may be increased to the size of the there existing govern-  
mental survey unit nearest in size to the unit acreage prescribed herein. The right and option herein granted to lessee may be exercised at any time or from time  
to time, whether before or after production is secured and whether or not a unit may theretofore have been created for some other product, by executing in writing  
an instrument identifying and describing the unit created, and by delivering a copy thereof to lessor or by recording a copy thereof in the county where the  
land is located. The lands in any such unit shall be developed or operated as one tract and any drilling on or production from such unit, whether or not from  
lands described in this lease, shall be deemed to be drilling done or production secured on the lands subject to this lease for all purposes except for the purpose of  
payment of royalty hereunder. In such event, and in lieu of the royalties elsewhere herein specified, the lessor shall receive from production on any such unit  
only such portion of the royalty, at the rate stipulated elsewhere herein, as lessor's acreage in the unit (or his royalty interest therein) bears to the total acreage  
of the unit. Formation of any unit as herein provided shall in no manner affect the ownership or amount of any rental which may be payable under the terms  
of this lease.

14. In the interest of conservation, the protection of reservoir pressures and recovery of the greatest ultimate yield of oil, gas and other minerals, lessee  
shall have the right to combine the leased premises with other premises in the same general area for the purpose of operating and maintaining repressuring and  
recycling facilities, and for such purpose may locate such facilities, including input wells, upon the leased premises, and no royalties shall be payable hereunder  
upon any gas used for repressuring and recycling operations benefiting the leased premises.

15. 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, mortgage, or other liens existing levied, or assessed on or against the above described lands and, in event it exercises such option, it shall be sub-  
rogated 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.

16. All rental payments which may fall due under this lease may be made to one of the above named lessors, in the manner herein stated.

17. If within the primary term of this lease production on the leased premises shall cease from any cause, this lease shall not terminate provided  
operations for the drilling of a well shall be commenced before or on the next ensuing rental paying date; or, provided lessee begins or resumes the payment of  
rentals in the manner and amount hereinbefore provided. If, after the expiration of the primary term of this lease, production on the leased premises shall cease  
from any cause, this lease shall not terminate provided lessee resumes operations for drilling a well within sixty (60) days from such cessation, and this lease  
shall remain in force during the prosecution of such operations and, if production results therefrom, then as long as production continues.

Ted Miller