

CONVEYANCE OF OPERATING RIGHTS

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THIS AGREEMENT, made and entered into this 26th day of May, 1967, by and between BELCO PETROLEUM CORPORATION, a Delaware corporation, with an office at 630 Third Avenue, New York, New York, hereinafter referred to as "Belco", and SUNSET INTERNATIONAL PETROLEUM CORPORATION, a California corporation, with offices at 8920 Wilshire Boulevard, Beverly Hills, California, hereinafter referred to as "Sunset",

WITNESSETH, THAT:

WHEREAS, Belco is the owner of certain operating rights in and to the following described United States of America oil and gas lease, to wit:

Lessor: United States of America
Original Lessee: Gordon S. Wise
Serial Number: Evanston 024469
Date of Lease: December 1, 1948

insofar as said lease covers all formations lying between the surface of the ground and 3,359 feet from said surface, in the following described lands located in Sublette County, Wyoming, to wit:

Township 28 North, Range 112 West
Section 18: NE $\frac{1}{4}$

said lease, lands and depth limitation being hereinafter sometimes referred to as the "lease acreage", and

WHEREAS, the parties hereto have agreed that Sunset shall acquire certain operating rights in said lease acreage subject to the terms, covenants and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Belco does hereby give and grant unto Sunset, all of Belco's rights to drill and operate on the lease acreage for the discovery and production of oil and gas, together with Belco's right to take and appropriate the oil and gas so produced from such lease acreage, subject to the terms and provisions of the above described oil and gas lease, for and during the full term of said oil and gas lease and any renewal or extension thereof, and also subject to that certain farmout agreement by and between the parties hereto, dated November 4, 1966, and all the amendments thereto, and also subject to the following terms, covenants and conditions:

1. This Conveyance of Operating Rights is made subject to the exception and reservation by Belco, its successors and assigns, of an overriding royalty interest in the amount of Twelve and One-Half (12 $\frac{1}{2}$ %) percent of the oil, gas and other hydrocarbon substances produced and saved from the above described lands, which interest so reserved is to include any and all existing overriding royalties, or similar burdens, attributable to Belco's interest as of the effective date of this agreement.

2. Belco warrants title to the operating rights herein conveyed to Sunset against the lawful claims of any persons or entities whatsoever claiming by, through, or under Belco, but not otherwise.

3. If Belco owns a lesser interest in the above described lease acreage than the entire and undivided full working interest therein, then the overriding royalty herein provided for shall be paid to Belco only in the proportion which its interest bears to the whole and undivided working interest.

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RECORDED *June 21* 1967 9:00 A.M.
 IN BOOK 41 *Vol. 1 Sub. 1* PAGE 394
 FEES \$3.00 *MISS* COUNTY CLERK
 SUBLETTE COUNTY, PINEDALE, WYOMING