

pooled area bears to the amount of the surface acreage of the entire pooled area. Nothing herein contained shall authorize or effect any transfer of any title to any leasehold, royalty or other interest pooled pursuant hereto. The commencement of a well, the conduct of other drilling operations, the completion of a well or of a dry hole, or the operation of a producing well on the pooled area, shall be considered for all purposes (except for royalty purposes) the same as if said well were located on, or such drilling operations were conducted upon, the lands covered by this lease whether or not such well is located upon, or such drilling operations are conducted upon, said lands. Lessee may terminate any pooling effected pursuant hereto at any time if the pooled unit is not producing and no drilling operations are being conducted thereon by executing and filing of record in the county or counties in which the pooled area is located a written declaration of the termination of such pooling, provided that the pooling of all interests not covered by this lease which comprise a part of such pooled unit be also terminated in some effective manner.

Lessee shall have the right to use, free of cost, oil, gas and water produced on said land for its operations thereon except water from wells of lessor. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing. No part of the surface of the leased premises shall, without the written consent of lessee, be let, granted or licensed by lessor to any other party for the location, construction or maintenance of structures, tanks, pits, reservoirs, equipment, or machinery to be used for the purpose of exploring, developing or operating adjacent lands for oil, gas or other minerals.

Lessee shall bury below plow depth its pipe lines on the leased premises when requested by a lessor owning an interest in the surface. No well shall be drilled nearer than 200 feet to any house or barn now on said premises without the written consent of the owner of the surface on which such house or barn is located. Lessee shall pay for damages to growing crops caused by its operations on said lands.

Lessor hereby warrants and agrees to defend the title to the lands herein described, but if the interest of lessor covered by this lease is expressly stated to be less than the entire fee or mineral estate, lessor's warranty shall be limited to the interest so stated. Lessee may purchase or lease the rights of any party claiming any interest in said land and exercise such rights as may be obtained thereby but lessee shall not suffer any forfeiture nor incur any liability to lessor by reason thereof. Lessee shall have the right at any time to pay for lessor, any mortgage, taxes or other lien on said lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and any such payments made by lessee for lessor may be deducted from any amounts of money which may become due lessor under this lease.

All express and implied covenants of this lease shall be subject to all applicable laws, governmental orders, rules and regulations. This lease shall not be terminated in whole or in part, nor lessee held liable in damages, because of a temporary cessation of production or of drilling operations due to breakdown of equipment or due to the repairing of a well or wells, or because of failure to comply with any of the express or implied covenants of this lease if such failure is the result of the exercise of governmental authority, war, lack of market, act of God, strike, fire, explosion, flood or any other cause reasonably beyond the control of lessee.

This lease and all provisions thereof shall be applicable to and binding upon the parties and their respective successors and assigns. Reference herein to lessor and lessee shall include reference to their respective successors and assigns. Should any one or more of the parties named above as lessors not execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

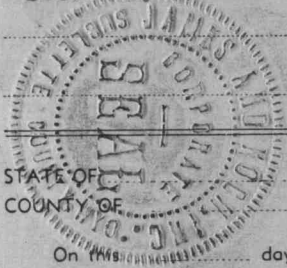
IN WITNESS WHEREOF, this lease is executed as of the day and year first above written.

ATTEST:

Lois Koch
Secretary

JAMES AND KOCH, INC.,

By: Carroll James
President



STATE OF _____ } SS.
COUNTY OF _____ }

(Individual—N. D. and S. D.)

On this _____ day of _____, in the year _____ before me personally appeared _____, known to me (or proved to me on oath of _____) to be the person _____ described in and who executed the within instrument, and acknowledged to me that _____ he _____ executed the same.

My commission expires: _____

Notary Public

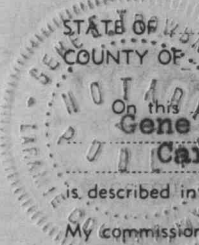
STATE OF _____ } SS.
COUNTY OF _____ }

(Individual—N. D. and S. D.)

On this _____ day of _____, in the year _____ before me personally appeared _____, known to me (or proved to me on oath of _____) to be the person _____ described in and who executed the within instrument, and acknowledged to me that _____ he _____ executed the same.

My commission expires: _____

Notary Public



STATE OF Wyoming } SS.
COUNTY OF Sublette }

(Corporation—N. D. and S. D.)

On this 23rd. day of August, in the year 1969, before me, _____, a Notary Public, personally appeared Gene E. Trowbridge and Carroll James, known to me to be the _____ President of the corporation that is described in and that executed the within instrument, and acknowledged to me that such corporation executed the same.

My commission expires: _____

March 24, 1971

Gene E. Trowbridge
Notary Public

STATE OF Wyoming } SS.
COUNTY OF Sublette }

116947

(Certificate of Recording)

This instrument was filed for record on the 25th day of August, 1969 at 9:30 o'clock AM and recorded in Book 4401A at Page 3 of the records of this office.

Robert W. Evans
Fee: \$300 Register of Deeds

By E. J. Faler
Deputy

AFTER RECORDING, RETURN TO: _____