



SEE ATTACHED RIDER

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and containing 0.92 acres, more or less, and also, in addition to the above described land, any and all strips or parcels of land, other than those constituting regular governmental subdivisions, adjoining or contiguous to the above described land and owned or claimed by LESSOR, all of the foregoing land being hereinafter referred to as "leased premises".

2. Unless sooner terminated under subsequent provisions hereof, this lease shall remain in force for a primary term of ten (10) years from this date, said term being hereinafter referred to as "primary term", and as long thereafter as oil and gas, or either of them, is produced from leased premises, whether or not in paying quantities, or this lease is extended under any subsequent provision hereof.

3. (A) LESSEE shall deliver to the credit of LESSOR, as royalty, free of cost, in the pipe line to which LESSEE may connect its wells, the equal one-eighth (1/8) part of all oil produced and saved by LESSEE from leased premises, or, from time to time, at LESSEE'S option, pay LESSOR for such one-eighth (1/8) royalty oil at the market price for oil of like grade and gravity prevailing on the day such oil is run into the pipe line, or into storage tanks. LESSOR'S interest, in either case, shall bear one-eighth (1/8) of the cost of treating the oil to render it marketable pipe line oil.

(B) LESSEE shall pay LESSOR, as royalty, for gas produced from any well on leased premises and used by LESSEE off leased premises or in the manufacture of gasoline or any other product, one-eighth (1/8) of the prevailing market price of said gas, as such, at the mouth of the well. If such gas is sold by LESSEE, then LESSEE shall pay LESSOR, as royalty, one-eighth (1/8) of the net amount realized by LESSEE, computed at the mouth of the well.

4. If, at the expiration of the primary term, there is no well or wells on leased premises then capable of producing oil or gas, but LESSEE has commenced operations for drilling, repressuring, reworking, deepening, or plugging back a well thereon, this lease shall remain in force so long as such operations, or additional operations on other wells are prosecuted with due diligence, and if production results therefrom, then as long thereafter as oil or gas is produced from leased premises.

If, after the expiration of the primary term, production on leased premises shall cease from any cause and there is no well or wells thereon then capable of producing oil or gas, this lease shall not terminate if LESSEE, with due diligence, commences operations for drilling, repressuring, reworking, deepening, or plugging back a well thereon, but shall remain in force so long as such operations, or additional operations on other wells, are prosecuted with due diligence, and if production results therefrom, then as long thereafter as oil or gas is produced from leased premises.

For the purposes of this paragraph numbered 4, operations shall be deemed commenced or prosecuted with due diligence so long as there is no delay or cessation thereof for a greater period than sixty (60) consecutive days.

5. If this lease covers a less interest in the oil and gas and oil and gas rights in all or any part of leased premises than the entire and undivided fee simple estate therein (whether LESSOR'S interest is herein specified or not), or no interest therein, then the royalties accruing from any part as to which this lease covers less than such full interest shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interests covered by this lease, whether or not owned by LESSOR, shall be paid out of the royalty herein provided.

6. LESSEE shall have the right to use, free of royalty and cost, gas, oil, and water, found on leased premises for its operations thereon, except water from the wells and reservoirs of LESSOR. When required by LESSOR, LESSEE shall bury its pipe lines below normal plow depth and shall pay for damage directly and immediately caused by its operations to growing crops theretofore planted on leased premises. No well shall be drilled nearer than two hundred (200) feet to the house or barn now on leased premises without the written consent of LESSOR. LESSEE, at any time during or after the expiration of this lease, shall have the right, but shall not be obligated, to remove all machinery, fixtures, houses, buildings, and other structures and property placed on leased premises, including the right to draw and remove all casing.

7. This lease and all of the terms, provisions, and covenants hereof, shall extend to and be binding upon all of the heirs, devisees, executors, administrators, successors, and assigns of LESSOR and LESSEE. The estate of either party hereto may be assigned in whole or in part, but no change of ownership in leased premises, or in the royalties, or of the right to receive payments hereunder, whether by act of the parties or by operation of law, shall be binding on LESSEE until thirty (30) days after it has been furnished by LESSOR, or LESSOR'S successor in interest, with evidence satisfactory to LESSEE of such change of ownership or right to receive payments, including, if effected by written instrument, the original recorded instrument or a copy thereof certified by the recording official. Regardless of changes of ownership of leased premises, or portions thereof, leased premises may be developed and operated as one lease and LESSEE shall have no obligation to offset wells on separate tracts into which leased premises is now or hereafter may be divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks.

8. Upon each assignment hereof, whether in whole or in part, the assignor thereupon shall be released from any and all liability thereafter arising or accruing hereunder as to the portion assigned and, should the owner of this lease, as to any portion of leased premises, fail or make default in any of the covenants, conditions, or obligations of LESSEE, express or implied, such failure or default shall not operate to defeat or affect this lease insofar as it covers any portion of leased premises upon which the owner thereof shall have complied with the terms and provisions of the lease.

9. LESSEE, at any time, and from time to time, may surrender this lease as to all or any part or parts of leased premises, or as to any mineral or horizon under all or any part of leased premises, by recording a proper instrument of surrender. Upon each surrender as to any part or parts of leased premises, LESSEE shall have reasonable and convenient easements for then existing pipe lines, pole lines, roadways, and other facilities over the lands surrendered for the purpose of continuing operations on the lands retained.

10. In the event LESSOR considers that LESSEE has not complied with all of its covenants, conditions, and obligations hereunder, both express and implied, LESSOR shall notify LESSEE, in writing, setting out specifically in what respects it is claimed that LESSEE has breached this contract, and LESSEE shall not be liable to LESSOR for any damages caused by any breach of a covenant, condition, or obligation, express or implied, occurring more than sixty (60) days prior to the receipt by LESSEE of the aforesaid written notice of such breach. Neither the service of said notice nor the doing of any acts by LESSEE aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that LESSEE has failed to perform all of its obligations hereunder.

11. LESSOR hereby warrants and agrees to defend the title to leased premises and agrees that LESSEE, at its option, may pay and discharge any taxes, mortgages, or other liens existing, levied or assessed on or against leased premises, and in the event it exercises such option, LESSEE shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying any royalty accruing hereunder against the amount paid out in the discharge of such lien. LESSEE hereby is given the right to acquire for its own benefit, deeds, leases, or assignments covering any interest or claim in leased premises which LESSEE or any other party contends is outstanding and not covered hereby and even though such outstanding interest or claim be invalid or adverse to LESSOR.

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