

## OIL AND GAS LEASE

Producers 88—Revised  
Wyoming (U)  
(12-56)

THIS AGREEMENT made and entered into  
Fred L. Magagna and

Mary Magagna, husband and wife,  
Bondurant, Wyoming

Mary Magagna, husband and wife,  
Bondurant, Wyoming  
DEPCO, Inc., 1025 Petroleum Club Bldg., Denver, Colorado  
Ten and More - - - - - Dollars \$10.00 & More

WITNESSETH: that lessor, for and in consideration of the sum of                      Dollars, to lessor in hand paid, receipt of which is hereby acknowledged, and of the agreements of lessee hereinafter set forth, hereby exclusively unto said lessee the lands hereinafter described for the purpose of prospecting, exploring by geophysical and other methods, drilling, mining, operating for and producing oil or gas, or both, including, but not as a limitation, casinghead gas, casinghead gasoline, gas-condensate (distillate) and any substance, whether similar or dissimilar, products, equipment, and structures thereon to produce, save and take care of said oil and gas, and the exclusive right to inject air, gas, water, brine and other fluids from any source into the subsurface strata and any and all other rights and privileges necessary, intrinsic lines, tanks, powers, ponds, roadways, pipelines, and other facilities for the production, saving and taking care of said oil and gas, and the injection of air, gas, water, brine, and other fluids into the subsurface strata, said lands being situated in the County of                      State of Wyoming, and being described as follows, to-wit:

## Sublette

Sublette  
Township 38 North, Range 113 West, 6th P.M.

Section 29: S/2N/2SW/4NW/4

and

A tract of land situate in the S/2SE/4NW/4 Section 29 as described in Warranty Deed dated March 3, 1950, recorded in Sublette County, Wyoming, in Book 6 of Deeds at Page 364.

of Section ~~XXXX~~, Township ~~XXXX~~, Range ~~XXXX~~, it being the purpose and intent of lessor  
to lease, and lessor does hereby lease, all of the lands or interests in lands owned by lessor which adjoin the lands above described or which lie in the sec-  
tion or sections herein specified. For all purposes of this lease, said lands shall be deemed to contain 18.00 acres.  
five (5)

tion or sections herein specified. For all purposes of this lease, said lands shall be deemed to contain xxxxx barrels of oil and five (5) years from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced from said leased premises or drilling operations are continuously prosecuted as hereinafter provided. "Drilling operations" includes operations for the drilling of a new well, the reworking, deepening or plugging back of a well or hole, or other operations conducted in an effort to obtain or re-establish production of oil or gas; and drilling operations shall be considered to be continuously prosecuted" if not more than 60 days shall elapse between the completion or abandonment of one well or hole and the commencement of drilling operations on another well or hole. If, at the expiration of the primary term of this lease, oil or gas is not being produced from the leased premises but lessee is then engaged in drilling operations, this lease shall continue in force so long as drilling operations are continuously prosecuted; and if production of oil or gas results from any such drilling operations, this lease shall continue in force so long as oil or gas shall be produced from the leased premises. If, after the expiration of the primary term of this lease, production on the leased premises should cease, this lease shall not terminate if lessee is then prosecuting drilling operations, or within 60 days after each such cessation of production commences drilling operations, and this lease shall remain in force so long as such operations are continuously prosecuted, and if production results therefrom, then as long thereafter as oil or gas is produced from the leased premises.

In consideration of the premises, lessee covenants and agrees:

**1st.** To deliver, free of cost, to lessor at the wells, or to the credit of lessor in the pipeline to which the wells may be connected, the equal one-eighth (1/8) part of all oil and other liquid hydrocarbons produced and saved from the leased premises, or, at lessee's option, to pay to lessor for such one-eighth (1/8) royalty the market price at the well for such oil and other liquid hydrocarbons of like grade and gravity prevailing on the day such oil and other liquid hydrocarbons are run from the lease stock tanks.

**2nd.** To pay lessor one-eighth (1/8) of the proceeds received by lessee at the well for all gas (including all substances contained in such gas) produced from the leased premises and sold by lessee; if such gas is used by lessee off the leased premises or used by lessee for the manufacture of casinghead gasoline or other products, to pay to lessor one-eighth (1/8) of the prevailing market price at the well for the gas so used.

from the date hereof this lease shall (except as otherwise pro-

If no well be commenced on said land on or before one year from the date hereof, this lease shall (except as otherwise provided in this paragraph) terminate, unless lessee (or someone in his behalf), on or before such date, shall pay or tender to lessor, or to lessor's credit in the

**North Side State Bank** Bank at **Rock Springs, Wyoming**

(which bank and its successors shall continue as the depository regardless of changes in the ownership of said land or of the right to receive rentals), the

**Eighteen and 00/100** DOLLARS (\$ **18.00** ), which shall

(which bank and its successors shall continue as the depository regardless of changes in the name of the bank), which shall sum of Eighteen and 00/100 DOLLARS (\$ 18.00), in like manner and upon like payment or tender, the commencement of a well may be further deferred for like periods of the same number of months successively during the primary term hereof. All payments or tenders may be made by cash, check or draft, mailed or delivered on or before the rental date, and the depositing of such cash, check or draft in any post office, addressed to the depository, shall be deemed payment or tender as shown by lease and records) on or before the rental date, shall be deemed payment or tender as herein provided. Notwithstanding the death of lessor, payment or tender of rentals to such deceased or to his credit in the manner provided herein shall be binding on the heirs, devisees, executors, administrators and personal representatives of lessor and his successors in interest. If lessee shall, on or before any rental date, make a bona fide attempt to pay or deposit rental to a lessor entitled thereto under this lease according to lessee's records or to a lessor who, prior to such attempted payment or deposit, has given notice to lessee in writing, in accordance with the terms of this lease hereinafter set forth, of his right to receive rental, and if such payment or deposit shall be erroneous in any regard (whether deposited in the wrong depository, paid to persons other than the parties entitled thereto as shown by lessee's records, or in an incorrect amount, or otherwise), lessee shall be unconditionally obligated to pay to such lessor the rental properly payable for the rental period involved, but this lease shall be maintained in the same manner as if such erroneous rental payment or deposit had been properly made, provided that the erroneous rental payment or deposit be corrected within 30 days after receipt by lessee of written notice from such lessor of such error accompanied by any documents and other evidence necessary to enable lessee to make proper payment. The consideration first recited herein, the down payment, covers not only the privilege granted to the date when said first rental is payable as aforesaid, but also lessee's option of extending that period as aforesaid, and any and all other rights conferred. The above described land be completed as a dry hole, then, and in that event, if a second well is not commenced on the above described land, it being understood that for the purpose of this

Should the first well drilled on the above described land be completed as a dry hole, then, and in that event, if a second well is not commenced on said land within 12 months from the expiration of this lease to the first rental date shall be a rental period for which rental has been paid, this period of time shall terminate as to both parties, unless lessee on or before the first rental date shall resume the payment of rentals (as above provided), this lease shall terminate as to both parties, unless lessee on or before the first rental date shall resume the payment of rentals, as above provided, the last preceding paragraph shall continue in force just as though there had been no interruption in rental payments.

[illegible]

Each lessor owns a less interest in the land covered by this lease than the entire and undivided fee simple mineral estate therein, then whether or not such less interest is referred to or described herein, all rentals and royalties herein provided shall be paid lessor only in the proportion which his interest bears to the whole and undivided mineral fee.

[illegible]

as it covers only a part of the acreage of each, and failure of the lessor to make a rental payment with respect to such part shall in no event operate to terminate or affect this lease insofar as it covers any other part thereof.

Lessee may, at any time, execute and deliver to lessor or place of record a release covering all or any part of the acreage embraced in the leased premises or covering any one or more zones, formations or depths underlying all or any part of such acreage, and thereupon shall be relieved of all obligations thereafter to accrue with respect to the acreage, zones, formations or depths covered by such release. In event of a release of this lease as to all or any part of the acreage embraced in the leased premises, thereafter the delay rentals hereinabove provided for shall be reduced proportionately on an acreage basis.

Lessee may, at any time, combine any part of the above described lands with other lands in the same general area by entering into a unit operating agreement with any other owner or owners of such lands, or with any agent or representative of the United States, for the purpose of operating the same as a unit.

Lessee shall have the right to unitize all or any part of the above described lands with other lands in the same general area by entering into a unit agreement setting forth a plan of development or operation approved by the Secretary of the Interior, or other officer or representative of the United States having authority to approve such unit agreements, and, from time to time, with like approval, to modify, change or terminate any such agreement. In any of such events, the terms, conditions and provisions of the lease shall be deemed modified to conform to the terms, conditions and provisions of the unit agreement, and all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such agreement. This event shall not terminate or expire during the life of such agreement except as may be otherwise provided in said agreement. In the event that said above described lands, or any part thereof, shall hereafter be operated under any such unit agreement whereby the production thereunder is allocated to different portions of the land covered by said agreement, then the production allocated to any particular tract of land pursuant to such agreement shall, for the purpose of computing royalties, be regarded as having been produced from the particular tract of land to which it is allocated and not from any other tract of land and any royalty payments on such production to be made hereunder to lessor shall be based solely upon the production so allocated. Nothing herein contained shall authorize or effect any transfer of any title to any leasehold, royalty or other interest unitized pursuant hereto. Lessee's execution of such unit agreement shall be binding as to both lessor and lessee and their respective

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