

OIL AND GAS LEASE

THIS LEASE AGREEMENT, made and entered into as of the.....day of....., 1946, by and between

..... and of Box Elder County, Utah, as lessors, and ~~A G Lundstrom, of Logan~~, Utah, as lessee, WITNESSETH: That lessors, for and in consideration of One Dollar, in hand paid, the receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained, to be paid, kept and performed by the lessee, have leased, and do hereby lease and let unto the lessee, for the purpose of drilling and mining for oil and gas and asphalt substances, laying pipe and constructing tanks and buildings in connection with said drilling and oil operations, to produce, save and take care of said products, that certain tracts of land situated in Box Elder County, Utah, and described as follows:

containing acres, more or less. ✓

It is agreed that this lease shall remain in force for a term of five years from date, and in case oil or gas is produced in commercial quantities within five years, this lease shall continue as long thereafter as oil or gas is produced in commercial quantities from the said premises.

In consideration of the premises, the lessee covenants and agrees as follows:

Ist. To pay lessors or to deliver to them in kind, free of cost, in pipeline which lessors may connect with lessee's wells, one eighth (1-8th) of all gas and oil, and other like substances, produced and saved from the above said premises.

2nd. To pay lessors one eighth (1-8th) each year for gas from each well where gas only is found and the same is used and sold off the premises.

3rd. To pay lessors one eighth (12 1-2%) for all gas and oil produced from said premises and used off the premises, said payments to be made in cash every three months to lessors direct, or to any bank which they may designate. This landowners royalty of 12 1-2% shall be free and clear to lessors from any and all expenses.

It is understood and agreed that lessors shall be the owners of all water produced from said drilling operations on said premises, lessee to have the free use of such water for drilling operations. Lessors shall also have right to use gas, free of cost to them, for all lights and inside stoves in lessor's dwelling house, by making their own connection with the well and at their own risk and expense.

Lessee agrees to commence actual drilling for gas and oil on said premises, or on lands adjoining within a radius of eight miles thereof, on or before eleven months from date here of, and to continue to prosecute said drilling with reasonable diligence, to a depth of five thousand feet, unless commercial gas or oil is found at a lesser depth. If first well is a dry hole, lessee agrees to commence the drilling of a second well on said premises or on lands adjoining within 8 miles, within 10 months after the first well is abandoned as a dry hole. If a second well is thus commenced by lessee, the same shall be drilled with reasonable diligence to a like depth of 5,000 feet, unless commercial gas or oil is obtained at a lesser depth.

It is agreed that a failure on the part of lessee to perform the covenants and agreements herein shall forfeit this lease after three months written notice of such failure by lessor to lessee; lessee shall have the right to carry out and comply with the terms of this lease during said three months period and thus put this lease again in good standing.

Lessee shall have the right to use, free of costs, necessary gas and oil produced on said land for all drilling operations, and shall also have the right to remove all machinery and fixtures placed on the premises, including the right to remove casing.

Lessee agrees to pay for all damages to growing crops, caused by said drilling operations; and to lay all pipe lines on said lands below plow depth if requested.

In witness whereof, we have set our hands as of the day and year first above written.

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As to lessors

As to lessors

As to lessee

As to lessee

State of Utah, }
County of } :ss

On this day of, 1946, personally appeared before me,
..... and, the lessors and.....lessee,
signers of the above instrument, who duly acknowledged to me they executed the same.

My commission expires

Notary Public.