

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this

day of

19

S. M. Gloyd and Onez Norman Gloyd, husband and wife, of Oklahoma City, Oklahoma

Lessor (whether one or more), and
Witnesses:

Phillips Petroleum Company

in consideration of

Ten

and

no/100 Dollars

10.00

in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets unto the Lessor for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, leaving pipe lines, tank lines, power stations, telephone lines and other structures thereon to produce, save, take care of, treat, transport, and own said products, and housing its employees, the following described land in

Lea

County, Texas, to wit:

North 60 Acres of the North one-half of the
Southeast one-fourth Section 28, Township
25-South, Range 37-East.

60 acres, more or less. In the event a survey of said lands shall reveal the existence of excess and or vacant lands lying adjacent to the lands above described and the Lessor, his heirs, or assigns, shall, by virtue of his ownership of the lands above described, have preference right to acquire said excess and or vacant lands, then in that event this lease shall cover and include all such excess and or vacant lands which the Lessor, his heirs, or assigns, shall have the preference right to acquire by virtue of his ownership of the lands above described as and when acquired by the Lessor, and the Lessee shall pay the Lessor for such excess and or vacant lands at the same rate per acre as the cash consideration paid for the acreage hereinabove mentioned.

2 Subject to the other provisions herein contained, this lease shall be for a term of 10 years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land hereunder.

3 The royalties to be paid Lessor are: (a) on oil, one-eighth of that produced and saved from said land, the same to be delivered at the well or to the credit of Lessor into the pipe line to which the wells may be connected. Lessee may from time to time purchase any royalty oil in its possession, paying the market price thereof prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead gas or other gaseous substance, produced from said land and sold or used off the premises or in the manufacture of gasoline or other product therefrom, the market value at the well of one-eighth of the gas sold or used, provided that on gas sold at the well the royalty shall be one-eighth of the amount realized from such sale, where gas from a well producing gas only is not sold or used; Lessee may pay as royalty \$50.00 per well per year, and upon such payment it will be considered that gas is being produced within the meaning of Paragraph 2 hereof; and (c) all other minerals mined and marketed, one-tenth either in kind or value at the well or mine, at Lessee's election, except that on sulphur the royalty shall be fifty cents (50¢) per long ton. Lessor to have gas free of cost from any such well for all stoves and all inside lights in the principal dwelling on said land during the same time, by making Lessor's own connections with the well at Lessor's own risk and expense. Lessee shall have free use of oil, gas, coal, wood and water from said land, except water from Lessor's wells, for all operations hereunder, and the royalty on oil, gas and coal shall be computed after deducting any so used.

4 If operations for drilling are not commenced on said land on or before one year from this date the lease shall then terminate as to both parties, unless on or before such anniversary date Lessee shall pay or tender to Lessor or to credit of Lessor in

The First National Bank & Trust Co. Bank at Oklahoma City, Oklahoma (which bank and its successors are Lessor's agent and shall continue as the depository for all rentals payable hereunder regardless of changes in ownership of said land or the rentals)

Sixty

and

no/100 Dollars

60.00 (therein called rentals), which shall cover the privilege of deferring commencement of drilling operations for a period of twelve

months. In like manner and upon like payments or tenders annually the commencement of drilling operations may be further deferred for successive periods of twelve months each during the primary term. The payment or tender of rental may be made by the check or draft of Lessee mailed or delivered to said bank on or before such date of payment. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payment or tender of rental until thirty (30) days after Lessee shall deliver to Lessee a proper recordable instrument, naming another bank as agent to receive such payments or tenders. The down cash payment in consideration for this lease according to its terms and shall not be allocated as mere rental for a period. Lessee may at any time execute and deliver to Lessor or to the depository above named a power of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage surrendered hereby is reduced by said release or releases.

5 If prior to discovery of oil or gas on said land Lessee should drill a dry hole or holes thereon, or if after discovery of oil or gas the production thereof should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking operations within sixty (60) days thereafter or if it be within the primary term commences or resumes the payment or tender of rentals on or before the rental paying date next ensuing after the expiration of three months from date of completion of dry hole or cessation of production. If at the expiration of the primary term oil, gas or other mineral is not being produced on said land but Lessee is then engaged in drilling or reworking operations thereon, the lease shall remain in force so long as operations are prosecuted with no cessation of more than thirty (30) consecutive days, and if they result in the production of oil, gas or other minerals so long thereafter as oil, gas or other mineral is produced from said land.

6 Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing without the consent of Lessor. When required by Lessor, Lessee will bury pipe lines below ordinary plow depth.

7 The Lessee agrees to promptly pay to the owner thereof any damages to crops, or improvements caused by or resulting from any operations of Lessee.

8 The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, successors and assigns, but no change or divisions in ownership of the land, rentals, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee to said oil or gas or to assignment by Lessee shall be binding on Lessee until Lessee shall be furnished with a certified copy of recorded instrument evidencing same. In event of assignment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be apportionable as between the several leasehold owners ratable according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. If two or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof until and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

9 Lessee is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in Lessor's judgment it is necessary or advisable to do so in order properly to develop and operate said premises in compliance with the spacing rules of any local authority, or when no local authority exists, when it is so would in the judgment of Lessee, promote the conservation of the oil and gas in and under and that may be produced from said premises, such pooling to be into a unit or units not exceeding 40 acres each, except that in cases where it may be necessary or convenient to conform a unit to survey subdivisions such unit may contain not to exceed 80 acres. Lessee shall execute in writing an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a unit or units shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties hereinafter specified, Lessor shall receive on production from a unit pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein bears to the total acreage so pooled in the particular unit involved. Provided, Lessee shall be under no obligation whatsoever, express or implied, to drill more than one well to each such unitized tract, regardless of when, where or by whom offset wells may be drilled.

10 The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby, nor be grounds for cancellation hereof, in whole or in part, save as herein expressly provided. If at any time it shall be determined by judicial determination that Lessee is obligated or required to drill a well or wells on the leased premises or on the land pooled or unitized in accordance with the provisions hereof, Lessee shall have ninety days after such judicial determination within which to commence the drilling of such well or wells.

11 Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land and in event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in event of failure of title, it is agreed that if Lessor owns a less interest in the above described land than the estate granted hereunder, the royalties and rentals to be paid Lessor shall be only in the proportion that his interest bears to the whole and undivided fee.

12. Lessor excepts from the operation hereof and reserves unto himself, his heirs and assigns, 1/16th of 7/8th of all (8/8ths) oil which may be produced and saved from the lands above described under this oil and gas lease, if, as and when produced and saved, free and clear of all cost of development or operation (except that such interest shall bear its own ad valorem and gross production taxes) until there shall have been produced, and saved to the credit of said reserved interest, oil of the total market value of \$6000.00 at the current market price at the time and place of production, whereupon the interest of Lessor reserved in this paragraph in said production shall cease and said reserved interest shall become vested in Lessee and in its successors in title; (1) provided that if it should develop that Lessor's interest covered by this lease is less than the entire fee simple estate in the oil, gas and other minerals in the lands above described, then the interest reserved to Lessor herein and the amount to be retired by said reserved interest shall be reduced proportionately to accord with Lessor's interest in the oil, gas and other minerals in the lands above described; (2) provided further that Lessee shall have an option to purchase from time to time Lessor's interest in said production at the current market price at the well at the time and place of production; (3) in the event the above described lands should be unitized or pooled with other land for development, then only such portion of the above mentioned reserved interest shall be payable to retire the above amount of money as is represented by a fraction the numerator of which shall be the area of that portion of the lands above described included in the unitized or pooled lands and the denominator of which shall be the area of the unitized or pooled lands.

13. The Lessor hereby waives the benefits of the expressed and implied covenants of this lease as to drainage from producing wells now located on adjacent properties.

WITNESS our hands and seals on this 13th day of March, 1945.

S. M. Gloyd
Onez Norman Gloyd

SINGLE ACKNOWLEDGMENT

THE STATE OF TEXAS,
COUNTY OF

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared

known to me to be the person whose name subscribed to the foregoing instrument, and acknowledged to me that

he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the

day of

A. D. 19

(L. S.)

Notary Public in and for

County, Texas

WIFE'S SEPARATE ACKNOWLEDGMENT

THE STATE OF TEXAS,
COUNTY OF

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared

Wife of

known

to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her

husband, and having the same fully explained to her, she, the said acknowledged such instrument to be her act and deed, and she declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the

day of

A. D. 19

(L. S.)

Notary Public in and for

County, Texas

JOINT ACKNOWLEDGMENT

THE STATE OF TEXAS,
COUNTY OF

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared

S. M. GLOYD

and

ONEZ NORMAN GLOYD

his wife, both

known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they each executed the

same for the purposes and consideration therein expressed and, the said

ONEZ NORMAN GLOYD

wife

of the said S. M. GLOYD

having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said

ONEZ NORMAN GLOYD

acknowledged such instrument to be her act and deed, and she

declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the

14th day of

March

A. D. 19 45

(L. S.)

Notary Public in and for

County, Texas

CORPORATION ACKNOWLEDGMENT

THE STATE OF TEXAS,
COUNTY OF

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared

known to me to be the person and officer whose name is subscribed

to the foregoing instrument, and acknowledged to me that the same was the act of the said

a corporation, and that he executed the same as the act of such corporation for

the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the

day of

A. D. 19

(L. S.)

Notary Public in and for

County, Texas

OIL, GAS AND MINERAL LEASE

FROM

TO

This instrument was filed for record on the
day of
at
in Book
of the
County, Texas
County Clerk
County, Texas
By
When Recorded Return to
Deputy