		•		•
	. O+h	4	July	19 8] belween
THIS AGREEMENT MAGE IN	Individually and	as Independ	ent Executrix of t	he Estate of R. E.
Roule Necessed			•	_ >

bessor (whether one or more), whose address his P. O. Box 10, Midland, Texas 79702 and Belco. Patroleum Corporation

1. Leasor, in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, receipt of which is hereby acknowledged, if of the covenants and agreements of tensec hereinafter contained, duch hereby grant, leaso and fer unto leasor the land covered hereby for the purpose, did with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil and gas, including extinglead gas, easinglused gas, easinglused gas, easinglused gas, established and all related hydrovarbons, and including all other produces produced therewith, hereinafter related to cultectively as "said minorals", gether with the right to make surveys on said land, tay pipe lines, establish and unlike facilities for surface or subsurface disposal of sait water, construct and bridges, signals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in bessee's persistent for the land covered hereby or any, other land edjacent therato. The land covered hereby, herein called "said land", is located in the County of ... Eddy.. \_\_\_\_size or ..New..Mexico..

NE/4 NE/4 Section 7, Township 23 South, Range 31 East, N.M.P.M.

(Notwithstanding the provisions in paragraph 3 herein, it is agreed that where the fraction 1/8th appears within said paragraph 3, that the same shall for the purposes of this lease be deemed to read 1/4th)

This leave also covers and includes any land contiguous to or adjoining the land above described, other than those constituting regular governmental sub-dividuos, and (s) owned or claimed by letter by limitation, prescription, possession, reversion or unrecorded instrument of (b) as to which lesses has a preferential right of acquisition. For the purpose of determining the amount of any bonus, delay rental or other payment hereunder, said land shall be 

- In more than ninety (90) consequive days.

  2. As royalty, lesses covenants and agrees: (a) To deliver to the credit of lessor in the pipe line to which lesses may connect its wells, the equal operatify part of all oil produced and saved by lesses them said land, or from sine to time, at the option of lesses, to pay lessor the average posted market price of such one-eights part of such oil at one wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in this respectively part of such oil at one wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in this respectively in the cost of treating oil to rendes it marketable pipe line oil; to) To pay lessor on gat and essinghead gas produced from said land (1) when said by lesses, one-eighth of the amount realised by lesses, computed at the mouth of the well, of such gas and essinghead gas; (c) To pay lessor on all other of said minerals produced and marketed or utilized by lesses from said land, one-tenth etimes in kind or the market value thereof at the well, at lesser's decision. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any purtuent thereof has been pooled, espable of producing tool are gat, and all such wells are whit in, this leave shall and or on lands with which said land or any purtuent thereof has been too long as said wells are shall-in, and thereafter this leave shall not be continued in force as if no thurt in had accurated. Lesses covenants and agrees to use responsable of length of market pass which and contracted leave shall not be obligated to install or furnish facilities unless that not be obligated to install or furnish facilities other than well realistics and undersory lease facilities on the willing the standard and shall not be obligated to install or furnish facilities other than and realistics and undersory lease from any experience of shall not be such as period of market gas upon t
- seignment of this term in whole of in part, liability for payment hereunder that test exclusively on the then aware or oware of the bear, servicely as to service oward by each.

  4. Lesse is hereby granted the right, at its option, to pool of unities any tand covered by this lesse with any other land, lesse, or lesses, at to may or all of sald minerals or horizons, we as to establish until containing not more than 8th surface acres, plus 10th acres collegates; provided, however, units may be established at to any one of more noticous, or existing units may be contained to the surface provided, however, units may be established at to any one of more noticous, or existing units may be contained horizons, to as to coptain not must than 640 purface acres plus 10th sense, as an experiment of collegates, and the surface acres plus 10th sense, as a contained on the collegate of the contained of the collegates, and the contained the collegates of the contained of the collegates of the collegates

5. If operations are not conducted on said land on or before the first anniversary date hereof, this least shall terminate as to both parties. efore said date shall, subject to the further provident hereof may be under to lessor or tylestol's credit in the, and flational. Texas 75/01 credit in the, Midland National.

which that continue at the depository, regardless of changes in ownership of delay rental, coyalties, or other moneys, the sum of \$40.00 which that operate at delay rental and cover the privides of deferring operations for one year from said date, in like manner and upon like payments or tender, operations may be further deferred for like periods of one year cach during the primary term. It at any time that letter pays or tenders delay tenders, operations may be further selected on moneys, two or more parties are, or claim to be, entitled to receive same, letter main any other method of payments are secondance with their respective ownerships thereof, at lesson may elect. Any payment herein specified, either primity to such parties of updately to each in mail or deflicred to letter or to the depository bank on or before the last date for payment, and a failure to make proper payment or tender of delay rental as to any portion of said land or as to any interest thereth as to which proper payment, and a failure to make proper payment or therethe as to which proper payment, but which is erroneous in whole or in part as to payment is made. Any payment as tender which is made for make proper payment, but which is erroneous in whole or in part as to payment as tender is made. Any payment as tender which is made for made; provided, however, leave shall correct such creat which operations may be conducted in the same manner as though a proper payment payment been made; provided, however, leaves shall correct such creat within this operations may be conducted in the same manner as though a proper payment payment been made; provided, however, leaves shall correct such creat within the world operations may be conducted in the same manner as though a proper payment payment of this leave to accept any senial tendered hereunder, the tender nevertheless shall be fully effective and tesses shall have too obligations to another bank as agent to receive such payment, beare may at any time and from time to nime execute and delive

**EXHIBIT** 

7436 KO3

BEFORE THE OIL CONSERVATION COMMISSION

Santa Fe, New Mexico Case Nos. 13367 Exhibit No. 2 Submitted by:

Bass Enterprises Production Co. Hearing Date: June 5, 2006

11/17/2008 HED 12/15 FTW/DW NO COOKS F

- 6. If at any time of times during the primary term operations are conducted on add and and if all aperations are discontinued, this leave shall there after terminate on its anniversary date near following the ninetieth (90th) day after such discontinuance unless on or before such anniversary date tesses elser (1) conducts operations or (2) commences or resumes the payment or lender of delay rental; provided, however, if such anniversary date has a time of the primary term, or if there is no further anniversary date to the primary term, this leave shall be inhabite at the end of such term or on the ninetieth of the primary term, or if there is no further anniversary date of the primary term, at if there is no further anniversary date of the primary term, or if there is no further anniversary date of the primary term, or if there is no further an or or in the provisions of properate at all operations, whichever is the later than the mediant of this leave the world "operation," shall mean operations for and any of the following; drilling, testing, complesing, recomplesing, despening, plurging back or repairing of a well in paying quantities, endeaver to obtain production of oil, gas or other of said minerals, whether or not in paying quantities, and complesion of oil, gas or other of said minerals, whether or not in paying quantities, and complesion of oil, gas or other of said minerals, whether or not in paying quantities, and complesion of oil, gas or other of said minerals, whether or not in paying quantities, and of the production of oil, gas or other of said minerals, whether or not in paying quantities, and of the production of oil, gas or other of said minerals, whether or not in paying quantities, and of the production of oil, gas or other of said minerals, whether or not in paying quantities, and of the production of oil, gas or other of said minerals.
- 7. Lessee shall have the use, free from toyalty, of water, other than from lesser's water wells, and of all and gas produced from said land in all operations between shall have the right of any time to temore all machinery and fixtures placed on said fand, including the right to draw and remove casing. No well shall be drived nearer than 200 feet to the house or harn now on said land without the consent of the lessor, Lessee thall pay for damages caused by its operations to growing crops and timber on said land.
- A. The rights and estate of any party bereto may be assigned from time to time in whole or in part and as to any of said minerals or horizons. All of the coverages, obligations, and empiderations of this lease shall extend to and be blading upon the particl bereto, their helts, necessors, assigns and successors. No change or division in the ownership of said Lond, mystics, actsy mental, or other moneys, or any part thereof, however effected, shall be create the obligations or diminish the rights of lease, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or matter thereof of or to be a location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or matter thereof of or to be all the same however effected, shall be binding upon the there record and or of the royalites, delay renal, or other moneys, or the right to receive the same, however effected, shall be binding upon the their record and in the royalites, delay renal, or other moneys, or the right to receive and thinks of the principal place of business by lessor or lessor's heirs, successors, or sating, notice of such change or division, supported by either originals or duly certified copies of the Instruments which have been property in the opinion of much record and which cridence such change or division, and of such court records and proceedings, transcripts, or other documents at shall be necessary in the opinion of much record owner to establish the validity of such cleaned or division. If any suchichange in ownership occurs by reason of the desth of the owner, lessed may, nevertheless pay or tender such royalies, delay renal, or other maneys, or pay, thereof, to the establish of because in the deposition of the above in the apportionable as between the saveral leasehold namers, establish or undivided or undivided interest of each, and default in demand and payment by one shall not
- lay sensal payment by one shall not affect the right of other feathful owners herevoles.

  9. To the event leaser considers that letter has not complied with all its obtigations hereunder, both express and implied, lesses thall notify lesses in writing, setting my specifically in what respects leaved has breached this constant. Letter shall then have sixty (60) days after service of raid notice within which to meet at commence to meet all or any part of the descence alleged by lessur. The service of said notice shall be precedent to the bringing of any action by karon on said lesses for any cause, and not such action shall be brought until the layer of sixty (60) days after service of such notice on lesses. Whicher the service of said miles not the doing of any acts by lesses simple to meet all or any of the alleged between thall be deemed an admission of present sumption that lesses has failed to perform all its obligations liceunder. If this lesses is encolled for any cause, it shall neverthelest remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable and the well, or in such shape as then existing apacing rules require; and (2) any part of said land included in a pooled unit on which there are operations.

  Leave shall also have such externants an aid land as are necessary to operations on the acreage so testined.
- Leaver shall also have such enterment and agrees to defend fille to said and against the claims of all persons whomsoever. Leason's rights and interests here under that he charged primarily with any mortgages, taxes or other floors, or interest and other charges on said land, but lessor agrees that leases shall have the tight at any time to pay or reduce same for lessor, either before or after majurity, and be subrogated to the rights of the holder thereof and to deduct amounts to paid from toyalties or other payments payable or which may become payable to leaver and/or assigns under this lease. If this leave covers a less interests in and minerally or any of them, to all or any part of said had than the entire and undivided for timple exists twichther lessor's leaves that without the course of the covers and on the course of the covers and the covers and the course of the covers and the cover
- 1). If while this laste is to force, at or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provident of paragraph 3 harded faces is not conducting operations on said land by reason of (1) any law, order, tule or regulation. (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or distinitar, (except financial) beyond the reasonable control of leases, the primary term and the delay rental provisions hereof shull be extended until the first saniversary date hereof occurred, and this lease may be extended thereafter by operations as if such delay had not occurred.

12. Lessor hereby expressly relinquishes dower and releases and waives all rights under and by virtue of the homestead exemption laws insofas as they may in any way affect the purpose for which this lease is made.

Sweetle J. Boyld, Indy./and as Ind.	
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Executrix of the Estate of R. E. Boyle,	vec.
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TATE OF TEXAS	individual acknowledgmen
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OUNTY OF Midland	
I the undersigned a Notary Public in and for said County and State	do homby certify that Sweetie J. Boyle, Indv. and as
Exec. of the Est. of R.E. Boyla of personally	y known, and known to the to be the same persondescribed in and w
xeculed the lawboing instrument, appeared before me this day in person a	and peknowledged to me thatS heexecuted and delivered the same
	deration therein expressed, lacinaing the relinquishment of dower and homeste
Given under my haird and official seal this_day of	
and the state of t	Diames 2 Show
My Commission Explires: 12-17-84	NUMBER SOLIC SOLICE
700	Notry Public in and for said County and State, residing at
	L. O. But 7907, Midland 79
STATE OF	INDIVIDUAL ACKNOWLEDGME
) \$s.	
COUNTY OF	•
L, the undersigned, a Notary Public in and for said County and State	e, do hereby cortify that
end, to me personal	dy known, and known to me to be the same person described to and
executed the folesoing instrument, appeared before me this day in person	and acknowledged to me that beexecuted and delivered the
Iree and voluntary act and deed, for the uses, purposes and cons	ideration therein expressed; including the relinguishment of dower and homes
	. 19
Given under my hand and official seal this	
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Given under my hand and official seal thisazy o	Tals instrument was filed for recurd on the 17th as September 1981 at 12:20 o'clock
Given under my hand and official seal thisazy o	This instrument was filed for record on the 17th de 100 o'clock and duly recorded in book 204, Page 192
Given under my hand and official seal thisazy o	This instrument was filed for record on the 17th and duly recorded in blook 204, Page 192 o'clock 7010 o'cloc
Given under my hand and official seal thisazy o	This instrument was filed for record on the 17th de 100 o'clock and duly recorded in knock 204, Page 192 o'clock 17th 1961 office.
Given under my hand and official seal thisazy o	This instrument was filed for record on the 17th and duly recorded in blook 204, Page 192 o'clock 7010 o'cloc

dycar **88-86-64017-71**1

#### PAID UP OIL AND CAS LEASE

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THIS ACRESMENT made this.	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	day of Apt L.L	The Total State of the August The State of t
Joanne B. James, a wic	low: Marilie J.	Reff (Iolmerly War)	Nie J. Cadell)
Ton Ann Tully Chall	and husband Phil	llin Stell: James G. De	Blois, a single man
Jean Ann Tully Stell a	LANGUERUM MAKEDINGERIN		Now Maying 09220
have fallether one of more). Whose	addiese iv	<u> </u>	<u> </u>
Relco Petroleum Co	rporation		MINESSETH:

i Lessur, in consideration of the sum of Ten Dellars (\$10.00) and other good and valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreement of lesses hereinafter contained, does hereby pant, lade and led units lesses the land covered hereby for the purposes and with the exclusive right of exploring, deliting, mining and operating for, producing and owning oil and gas, including easinghed gas, easinghed gase and with the exclusive state of exploring, and lacturing all other products produced therewish, hereinafter referred to collectively as "said minerals", tage they with the right to make surveys on sold lend, lay pipe lines, establish and utilize facilities for surface or subserface disposed of sail water, construct touls and bridge, dig canals, build tanks, power stations, telephone lines, employed houses and other structures on said land, necessary or useful in lesses to uperations in explaing, diffing for, producing, treating, storing and transporting said minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, betein called "said land", is located in the County of ..... Eddy .... ..... Sine of ... New Mexica.

## Township 23 South, Range 31 East, N.M.P.M. Section 7: NE/4 NE/4

(Notwithstanding the provisions in Paragraph 3 herein, it is agreed that where the fraction 1/8th appears within said Paragraph 3, that the same shall for the purposes of this lease be deemed to read 3/16ths.)

macres, whether security containing more or less, and the shove rectal of screege in any tract shall be deemed to be the

- 2. Unloss souner terminated or longer kept in force under other provisions hereof, this leave shall sension in force for a term of EXX000 years from the person, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation sore than ninety (90) consecutive days.
- asis persol, antenatter cause pinary term, and as tast integrates at operations, as accurately district, the equalitation of the many (90) connectative days.

  3. As rayalty, leases coverants and agrees: (a) To deliver to the citodis of leases in the pipe line to which leases may connect its wells, the equal one eighth part of all oil produced and staved by lesses from said land, or from time to time, at the option of lease, to pay lessus the average posted market price, of such one-eighth part of such oil at the wells as of the day it is sun to the pipe line of storys tanks, leven's interests, in either case, to bear one-eighth of the amount realized by lesses, computed at the mouth of the well, or (2) when used by lesses of said land (1) when sold by lesses, one-eighth of the amount realized by lesses, computed at the mouth of the well, of one-eighth of such gas and eximples of gas line of said other of said infinish produced and marketed or utilized by lesses from said land, one-tenth either in kind or the market value thereof at the well, as lesses's election. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been ted on said land for so long as laid wells are therein, and thereafter this lesse shall, nevertheless, continue in force as it tough operations were being conducted on said land for so long as laid wells are the well-n, and thereafter this lesse shall not be obligated to install or furnish facilities other than well facilities of the produced from said wells, but in the exercise of such difference shall not be obligated to install or furnish facilities other than well facilities and ordinary lesse facilities of flow lines, separation, and shall not be obligated to install or furnish facilities other than well facilities and ordinary lesse facilities of flow lines, separation, and lesses the market part of the expiration of the printing form of the printing of the printing for the p
- externment of this lesse in whole of in past, lightity for payment hereunder shall real exclusively on the then owner or owners of this lease, so restally as to erect owned by each.

  4. Leave is hereby granted the right, at its option, to pool or unities any hand covered by this lease, with any other hand, lease, or leases, as to any or all of soil owners, units may be enhanced in the first owners of the following: (1) gas, other than 60% accesses plus 10% accesses released provided, however, units may be enhanced as no more horizons, so as to contain not more than 640 nuffice acres plus 10% accesses released in the following: (1) gas, other than existing the content of the following: (1) gas, other than existing the convertation agency having justication. If larger units than any of those herein permitted, either at the time established, or allowed as gas wells to be diffied, diffling, or already officials, any such with may be established or enlarged to conform to the size required by such governmental suder or ride to be diffied, diffling, or already officials, any such with may be established or enlarged to conform to the size required by such governmental outer or ride. Leaves that exercise said options as to each devired unit by executing an introment identifying such unit and filing it for record in the public office in which this leave its recorded. Each of said options may be extracted by leaves at any time and time time to time while this lease is in force, and whether before or after production has been established either on said land, or on the land option and be extracted and feeting of all upposes, and the leaves of the said by minior to time while this lease is in force, and whether the feeting of such as a say time and time time to the said covered by this lease within the unit which see not effectively pooled or unlitted minerals from the unit has proportion of the total production of whiles. Any operations conducted on any part of such unitized land shall be considered for all purposes, includ
  - 5. If operations are not conducted on and land on or before the first anniversary date hereof, this lease shall terrainate as to both parties, unless

which shall continue as the depository, regardless of changes in ownership of delay sental, royaltics, or other moneys, the sum of 3. AD. DD.

which shall continue as the depository, regardless of changes in ownership of delay sental, royaltics, or other moneys, the sum of 3. AD. DD.

which shall continue as the depository, regardless of changes in ownership of delay sental, royaltics, or other moneys, tental and cures the privilece of deferring aperations for one year from said-date. In like manner and upon like payments or tender, operations may be further deferred for like periods of one year each during the primary term. If at any time that leaved pays or innders delay tental, toyaltics, or other moneys, two or more parties are, or claim to be, entitled to receive state, leave may, in ties of any other method of payments berein provided, pay or tender such tental, soyalties, or other moneys, in the manner herein specified, either jointly to such parties of separation of payments or tender of the depository bank on or before the last date for payment, Suid delay centul shall be apportionable as to said band or as to may interest therein as to may portion of said land or as to may interest therein as to which paymer payment or tender is made. Any payment or tender which is made in all attempt to make proper payment, but which is ettomated to which paymer payment or tender is made. Any payment or tender which is made to mister termination of this lease and to extend the time which which operations may be conducted in the same manner as though a proper payment had been made; provided, however, lease shall correct such stitch which operations may be conducted in the same manner as though a proper payment had been made; provided, however, lease shall correct such stitch which operations may be conducted in the same manner as though a proper payment had been made; provided, however, lease shall correct such cities to such a such as the same of the same made in the conducted the time of the case of which had been a 1 1 3 3 . . . .

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- 6. If at any time or times during the primary term operations are conducted on raid and if all operations are discontinued, this leave shall there after terminate on its anniverancy date next following the minetieth (90th) day after such discontinuance unlets on or before such anniverancy date leave either (1) conducts operations of (2) commences or recumes the payment or tender of delay rankel, provided, however, if such anniverancy date is at the end of the primary term, or if there is no further appriestary date of the primary term, or if there is no further appriestary date of the primary term, or if there is no further appriestary date of the primary term, that examines at the end of such term or on the ginesical day after discontinuance of all operations, whichever is the later date, unless on such later date withat (1) lesses is conducting operations or (2) the shurin well provisions of paragraphs 3 or the normalism of paragraphs 1 is no applicable. Whenever used in this leave the world "potentions," shall mean operation for and any of the following disting, completing, reworking, reworking, despending, plugging back, or repairing of a well in service (or or an endeavor 10 obtain production of uil, gas or other of said minerals, whether or not in paying quantities.

  2. Lesses shall be a the later of the primary term and continued a
- endeavor 10 obtain production of oil, gas or other of said minerals, or the production of oil, gas or other of said minerals, whether of not in paying quantities.

  7. Losse shall have the use, free from royalty, of water, other than from ivacit's water wells, and of oil and gas produced from said land in all operations hereunder. Lesses shall have the right at any lime to remove all mathinery and fixuous placed on said land, including the right to draw and tentove caling. No well shall no duiled nearer than 200 feet to the house of both how on said land without the consent of the feator. Lesses shall pay for damages coursed by its operations to growing crops and timber on said land.

  8. The rights and estate of any party hereto may be assigned from time to time in whole of in part and as you of said minerals or horizons. All of the governants, obligations, and considerations of this lesses shall extend to and be binding upon the parties hereto, their beits, successors, estigns and successors the obligations or diminish the rights of lesses, including, but not limited to, the location molecules and the measurement of production. Notwithstanding any other actual of constructive knowledge or nutles thereof of are to lesses, its successors of estigns, and change or division in the ownership of said that deared the royalists, delay rettal, or other moneys, or the right to receive the same, however effected, shall be binding upon the then record of water and the results of the royalists, delay rettal, or other moneys, or the right to receive the same, however effected, shall be binding upon the then record of water and the lesses until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's herits, successors, or assigns, notice of such change or division, and of such record owner at his or its principal place of business by lessor or lessor's herits, in the opinion of such record owner to establish the validity of such change or division. I
- lay rental payment by one shall not affect the fifth of other teached which all in obligations betweender, both express and implied, lessur shall notify lessee to writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by fessor. The service of said notice shall be precedent to the bringing of any action by tessor and the service of said notice shall be precedent to the bringing of any action by lessee simed to meet all or any of the alleged breaches shall be decembed an admission or presentation that lessee has failed to perform all its obligations becomeder. If this lease is cancelled for any cause, it shall nevertheless femain in force and effect as to (1) sufficient acreage around each well as to which there are operations to Constitute a drilling or maximum allowable under applicable governmental regulations (but in no event less than furly acres), such accept to be designated by lessee as nearly as practicable in the form of a square existent at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a puoled unit on which there are operations.

  Lessee shall also have such easements on and land as are necessary to operations up the acceptance.
- Lease shall also have such easements on and land as are necessary to operations up the arrange so retained.

  10. Leason hereby warrants and agrees to defend tild to said land against the claims of all persons whomsoever. Leason's rights and interests here under shall be charged primarily with any muttages, taken or other lient, or interest and other charges on said land, but lesson agrees that lease shall have the right at any time to pay or reduce tame for lesson, either before or after maturity, and be subsogated to the rights of the holder thereof and to deduce amounts any paid from soyalties to other payments payable or which may become payable to lease and/or assigns under this lease. If this lease coveras leas therein in said minerals, or any of them, in all or any part of said land than the entire and undivided fee simple estate (whether letter's interest is herein specified or not), or no interest therein, then the royalties, "delay rental, and other moneys according from any part at to which this lease covers less than such full interest, that he paid only in the proposition which the interest therein, if any covered by this lease, busts to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those assumed herein as leason.
- 1). If, while this lease is in force, hi, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and leave is not conducting operations on said land by reason of (1) any law, under, rule or regulation, (whether or not sub-sequently determined to be invited) or (2) any other sauce, whether similar or distinuiar, (except financial) beyond the reasonable control of lease, the primary stem and the delay rental provisions hereof shall be extended until the first any interesting dark hereof coerciling ninetry (20) or more stays following the removal of such delaying cause, and this lease may be extended interesting at it such delay had not occurred.

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· •	(JATS)- Jean ann July	i STU		1	., :
	STATE OF New Mexico		• •	INDIVIDUAL.	CKNOWLEDGMENT
	COUNTY OF Eddy	5.5.			• ;
	1, the undersigned, a Notary Public in and for a	ald County and Stat	e. do hereby certify that	Jean Ann Tully Stel	<u> </u>
	exeruted the foregoing interment, someter before	🖛 this day in person	and wknowledged to me t	hatthe Yexecuted an	d delivered the same of
	Civen under my half End driters seel sole	tons pur racedyl	ideration therein expressed	l, including the relinquishment of	dower and homestand.
	BUFORD L NORRID  My Commission Phonocher Production Mexico		Lebel	and a	
	My Commission Expires 13-1-83	1	Carlshad,	naid County and State, maiding at New Mexico	
•	STATE OF New Mexico	)		MINIMA	
	COUNTY OF Eddy	) ss.	•	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	ACKNOWLEDGMENT
	I the understance, a Notary Public le and for	sold County and Su	se, do hereby certify that.	James G. DeRlots	· · .
				me to be the same person	
	Chen under all pand stid of wild sest this	23	oceandas visus propiesos (NG )	d, including the sclingularment a	Edower and homestead.
•	My CAMINESTINES WITH SECRETARY OF STATE		I LECT	2:4	
		-	Carlsb	ad. New Mexico	

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And the state of t		1191 71 - 1 mm to	•
STATE OF New Hexico		A 1 '	273
COUNTY OF Eddy		•	
On this 20 day of May appeared Joanne B. James, a widow to be the person(x) who is (xxx) described in and acknowledged to me that she executed the			
My Counties for Expires Of STATE OF New Mexico	Notary Public	1.60	7
On this & day of	ie Ladell)	, before me pers	onally to me
My Commission Expires  OFFICIAL SEAL  NOTATION  NOTATION	Notary Poolic	<u>in</u>	<u> </u>
STATE OF NEW MEXICO, County of Eddy, ss. I hereby c	Lat	int was filed for reco	recorded
VIRGIE COLE, County Clark	By Delua	noseis.	Deputy

|.·:

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12 -404-213	211-Faith-Mile 7-712

#### PAID UP AND GAS LEASE OIL

THE ACREPMENT made things	 22nd	February	
1 this terrespetation and man		1	

...James...Gordon..DeBlois,...as..his...sole..and..separate..propenty...and..es.tate

Belco.Petroleum-Corporation, 411-Petr-Bldg., Hidland, Texas-79701-

L. BELCO. PETFO JEUNICOPPOPETJUIS. 464. PEDS-ODJOS SPITOJAND sold educate spinds of the consideration, receipt of which is beingly school-needed.

1.1 Lesses, on consideration of the composit from the latest 1810,000 and other good and valuable consideration, receipt of which is beingly school-needed in the constants and appearance of losses becaming contained, does being juant, lesses and land gas, including congressly for the purposes that the explanation of losses between the land content of and gas, including congressed gas, complead gas, and other pulses with the explanation of contents, and including all other produces produced therewith, between the tested to collectively as "and minerals", condenses and all educate pulses of an each content of any other pulses of the explanation that the explanation that while in the content of any other section, the explanation is continued to the explanation of the exp 

#### Township 23 South, Range 3) East, N.M.P.H.

### .... Section 7: NE/4 NE/4

(Notwithstanding the provisions in Paragraph 3 herein, it is agreed that where the fraction 1/8th appears within said Paragraph 3, that the same shall for the purposes of this lease be deemed to read 3/16ths:)

This best the curest and includes any land configurate to is adjuding the land above described, when these quantituting regular gureromental sub-divisions, and tay readed in claimed he besse by himpania, pre-upition, povership, restrains of uniccounded institution of he has been been been and preferential right of a quintion. I in the purpose in determining the annual of any burne, delay restrict or other payment between, and know shall be

- decreed to several of access of the property of the property of access of any tree stand to be the street the property of access of any treet shall be decreed to be the tree access thereof.

  10 be effective May 24, 1980

  2. Unless terminated or longer kept in force under other properties, this less that is major in long to a term of the properties at the properties that he terminate and the properties at the properties that he consider the consideration and the properties at the properties at the properties and the consideration and the constant that the constant terminates and the constant terminates are constant terminates and the constant terminates and the constant terminates are constant to the constant terminates and the constant terminates are constant to the constant terminates and the constant terminates are constant to the constant terminates and the constant terminates are constant to the constant terminates and the constant terminates are constant to the constant terminates and the constant terminates are constant to the constant terminates and the constant terminates are constant to the constant terminates are constant to the constant terminates and the constant terminates are constant to the constant terminates and the constant terminates are constant to the constant terminates are constant terminates and terminates are constant terminates are constant to the constant terminates are constant t
- Me more than more; they concerned and agrees (a) to deliver to the credit of lessel on the pipe line to which lesses may connect its wells, the equal uneciphile past of all oid produced and seved by lesses from and land, or from time to time, at the option of lesses, to pay lesses the average provided market past
  of such operaphilip past of such oid at the wells at oil the day it is not the pape line on storage land, become preferent, in either case, to be an one-rightly past of the more of the control of treating oil to render it marketable pape time oil; the To pay lesses on gas and caunched gas produced from said land (1) when sold by lesses, competited in the amounts related by lesses, compound at the mouth of the well, of the wells of the well of the market able, at the mouth of the wells, of one-papely had so the market able, at the mouth of the wells, of one-papely had on the market able of the market able, at the mouth of the wells, of one-papely had on the market able of the market able of the market able of the market able of the more of the more of the more of the market able of the market able of the market able of the more of the wells, at one-papely of the market able to the market able of the market able of the market able of the market able of the well, at any time of the collection. If, at the capitation of the oil of the market able of the market a paties who at the fine of a deposited in the deposited in the fewers in a supplier in the fewers.
  - accommend this lowe in whole or in part, habitity has payment increment that next exclusively on the shen owner or owners of this lease, according as to extended this lease in the lease, according to the lease, and on the part in the part.

    4. Level is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land, lease, or lease, as to any or all of and manerals or housens, or a succentaining not more than the following: (1) gas, other, than any one of more housens, or existing unitize may be extracted as to any one of more housens, or existing unitize may be extracted as to any one of more housens, or existing unitize may be extracted as to any one of more housens, or existing unitize may be extracted as gas wells be head gas, (2) liquid, by discreations foundation which are not liquides in the universal exercises; (1) mineral produced from wells also as wells be head gas, (2) liquid, by discreations for outlet, for the diffuse on operations of a well as equival togation, or following maximum discretifies from any well to be disliked, disling, or alread distinct, any only outlet may be extablished or entarged to conform to the or exquired by such governmental pile or outlet. (but the diffuse or operations of a well) as equival togation, and for exercise of any or executive or the distinction of a well as the excess of any operations of the operations and of the policy of the distinction of the policy of the distinction of the policy of the policy of the distinction of the policy of the policy of the distinction of the policy of the distinction of the policy of the distinction of the policy of the policy
    - 3. If operations are not conducted on and land on or before the first annealogy date hereof, this leave shall ferminate as to both parties, unless WRIO CRANDE VALLEY BANK

M. RIO CRANDE VALLEY BANK.

Bink 31 P.O. Box 14527 Albuquerque, NY 87191 or ils uncertains, at its uncertains, and its uncertains and its uncertains and its uncertains and its uncertains

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6. If at any time of times during the printing term operations are conducted on and and at all operations are described and increased during the matter to the first serious described and increased described the anniversary date of the lower conducts operations or (2) commences of resumes the parameter of delay record, provided, however, it such anniversary date in at the end of the printing term, or if there is no disting antiversary date of the printing term, this leave shad reproduct as the end of such term or on the ninetestic of the printing term, or if there is no disting antiversary date of the printing term, or if there is no disting operations or (2) the shad after decontinuous of all operations, whichever is the later date, unless no such later date either (4) lower is conducting operations or (2) the shad and any of the hollowing disting, resume of paragraph 1 are applicable. Whenever used in this leave the world "operations," shall not on operations for a distingtion of an and any of the hollowing disting, resume time, recompleting, despending, placing back or regaring of a well no search for or in a endeavor to obtain production of oil, ease of other or and minerals, whether or not in paying quantities.

7. Lever shall have the use, twe trops enjulty, all water, other than from leven's water wells, and of all and yas produced from said land in all operants the contest of the level land in all operants the contest of the level land in all operants the said that all operants the said land, including the right in dias' and remove one. No well shall be drilled nearest than 100 level to the house of hain now on said land without the convent of the level. Leves shall pay for damages used by its operations to growing crops and timber on said land.

A. The rights and estate of any party herein may be assigned from time to time in whole or in part and at to any of said minerals or horizons. All of the emergence, and considerations of this lease shall extend to and be binding upon the parties better, their betts, successes, assigns and the emergence of any invalidation in the ownership of said long tryalities, delay (ental, in official miners), in the parties better, successes, assigns and successes assigns, but change or districts in the ownership of said to the industry of the control of the first miners of diminish the rights of lesses, including how in the horses of districts and first miners of diminish the rights of lesses, including the control of the first parties of the first actual or constructive homologies or miner thereof of or in bloods, its independent and the measurement of production. Mitarihetanding any other actual or constructive homologies or miner therefore, its independent and adminished in the first leave and if their gradies, delay rental, in other moners, or the case in the internal of the forgation, of days after their has been furnished in onch recent owners, his error principal parties of such change or district, another or districts of the instruments which have been properly field for recent and which evaluate on district, and of such court recents and proceedings, transcripts, in other documents as shall be necessary in the imprimited of the instruments which have been properly in the apparent of such change or district, and other incomes an ownershap occesses in eason of the depository hand provided for above. In the event of such regulates, delay rental, no other moneys, or part thereof, to the credit of the decedent in the depository hand provided for above. In the event of such regulates, delay rental, no other moneys, or part thereof, to the credit of the decedent in the depository hand provided for above. In the event of such respanses, delay rental, no other moneys, or part thereof, to the credit of the decadent in the

9. In the exempleton considers that lesses has not complied with all its adipations begander, both express and implied, lesses shall not affect the right of other leasehold owners between the property fall days after recent of said notice within a ming, setting out specifically in what respects lesses has breached this contract. Lesses shall then have very fall days after recent of said notice within which is meet or commence to meet all or any part of the becautes alleged by lesses. The service of said notice that he precedent so the bringing of any action by lesson on said lesses for any cause, and no such action shall be fromph until the lapse of sixty thill days after service of such notice on lesses. Sixther the service of said notice but the doing of any acts by lesses aimed to meet all or any of the alleged breaches shall be deemed an admitton or presumption that lesses has failed to perform 21 is obligations because. If this lesse is cancelled for any cause, it shall nevertheless remain in force and effect in a till a strate of the terminal atmittation at caree around each well as to which there are operations to executive a minimum allowable and under applicable governmental atmittations that it is no event less than first agreet, such accesses to the designated by lesses a neath a possed unit on which there are upstations. Lesses a neath a possed unit on which there are upstations. Lesses shall also have such examinate on and tand as are necessary to operations on the accesses in retained.

10. Lesses being a arrants and access to defend tille to said land actions the allowed by lesses a neath and one of a quasic existence shall also have such examinate and access to defend tille to said land eather the claims of all persons whomoever, Lesses's rights and interests that examples the fall also have such examples with any multipages, takes of other lense, of other deads of the subsequence of a past of the lease shall have the thin a land of other payments payable or which may become payable in lesses an

11. If, while this leave is in force, at, or after the expiration of the primary term better, it is not being continued in times by reason of the shut-in well provisions of patastach 3 hereof, and leave is not conducting operations on and land by reason of its any law, order, rule or regulation, whether or not sub-exquently determined to be invalid in 121 any other cance, whether under or determinate, tenderly like intending the primary term and the delay rental provisions hereof shall be extended until the first anniversary date hereof occurred unnerly 19th or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not secured.

12. Lessor hereby expressly relinquishes dower and releases and waters all rights under and by virtue of the homestead exemplinas in any way affect the purpose for which this least is made. IN WITNESS WIII.RI OI, this instrument is executed on the date first ab James Gordon DeBlois <del>sole-and-sep</del>ar<del>ate property</del> STATE OF NEW MEXICO INDIVIDUAL ACKNOWLEDGMENT COUNTY OF BLANGLILL 1, the undersigned; a Notary Public sp and for a James Gordon DeBlois d State, do beerby cettily that's n, and known to me to be the same person, me personally konexecuted the lategrang instrument, appeared before me this day in pers free and unluntary act and deed, for the us Purposes and consideration OFFICIAL SEAL day of Fibruary NOTACY PUBLICATION ATTICO Mentagenery HOLY FOUND LINES ANNI SECTIONS, DE PLYE YIE My Compilesion Capites INDIVIDUAL ACKNOWLEDGMENT COUNTY OF I, the undersigned, a Notary Public in and for aid County and State, disherchy screets that, . In me personally known, and kn me to me to be the rame based executed the foregoing instrument, appeared before my this day to perd acknowledged to me that ... \_ be\_ free and voluntary act and deed, for the uses, purposes and comderation therein expressed, including the jointquishment of gover and homestead Given under my hand and official seal this . . . . My Commission Explica: 1 Notary Public in and foregad County and State, residing at WHEN RECORDED RETURN TO: 1980 11:30 n'i livek 🕡

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5. If operations are not conducted on said land on or before the little anniversary date hereof, this lease thall terminate as to both parties, unle

which shall continue as the depository, regardless of changes in ownership of drivy rental, coyaltics, or other moneys, the sum of 1.40.00.

which shall continue as the depository, regardless of changes in ownership of drivy rental, coyaltics, or other moneys, the sum of 1.40.00.

which shall operate as drivy rental and cover the privilege of deferring operations for one year from said date. In like manner and upon like payments or rental, toyaltics, or other moneys, two or more parties are, or claim to be, entitled to receive same, ir use may, in lieu of any other method of payment herein provided, pay or render such rental, toyaltics, or other moneys, in the manner herein specified, either jointly to such parties out parties, method in payment herein provided, pay or render such rental, toyaltics, or other moneys, in the manner herein specified, of they for the such in the accordance with their respective ownerships thereof, as lessee may elect. Any payment herewhiter may be made by check or draft of tessee deposited in the series to the last date for payment. Said delay tental shall be apportionable as to still and on an except hash, and a failure to make proper payment or tender of delay rental as to any purition of said land or as to any parties, ament, or depository, shall nevertheless be sufficient to prevent termination of this leave and to extend the time within which operations may be conducted in the same manner as though a proper payment had been made; provided, however, letter shall correct such error within thirty (10) days after letuce shall be fully effective and leases shall have no obligation to pository bank should refuse to accept any tental tendered hereunder, the tender nevertheless that he fully effective and leases shall have no obligation to make any further lander or payment in connection therewith until after letuce shall be fully effective and elease shall have no obligation to release to this lease as to not payment in connection therewith until shall and or any mineral payment to h 

6. If at any time or times during the primary term operations are conducted on taid land and if all operations are discontinued, this lease that there since terminate on its annertancy date, next lollowing the minoristh (90th) day after such discontinuance unless on or before such anniversary date lease either (1) copolates operations or (2) commences or terumes the payment or tender of delay rental; provided, however, if such admirestary date is at the end of the primary term, or if there is no further anniversary date it is the end of the primary term, or if there is no further anniversary date it is the later date of the control of the primary term, and the second of the provisions of paragraph 1 or the provisions of paragraph 1 or

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7. Letter shall have the we, free from toyalty, of water, other than from letter's water wells, and of oil and gas produced from taid land in all operations between the sight have the right at any time to remove all machinery and finitums placed on said land, including the right to draw and remove cating. No well shall be drilled nearer than 200 feet to the house or burn now on said land without the consent of the lesson. Lesson shall pay for damages council by its operations to growing crops and timber on said land.

8. The rights and estate of any party bette may be assigned from time to time in whole or in part and as to any of said minerals of hotizons. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns and successors assigns. No change or division in the ownership of said tand, soyalists, eday mental, or other moneys, or any part thereof, insuceover effected, shall be creat the obligations on diminish the slights of lease, including, but not limited to, the location and diffuse of wells and the measurement of production. Notwithstanding any other setual of constructive knowledge of notice thereof of or to lease, insurences or easigns, no change or division in the ownership of said land or of the toyalities, delay tends, or other moneys, or the right to receive the same, however effected, shall be binding upon the then record owner of this lease until thirty (10) days after there has been furnished to such record owner at his or its principal place of business by lettor of issues, or satigns, notice of such change or division, supported by either originally or duly certified copies of the instruments which have been properly in the painton of such record owner to establish the emperior of the painton of such record owner to establish the emperior of the painton of such record owner to establish the establish of the decident in the decording of the instrument by reason of the desident in the decording of the instrument part thereof, to the credit of the decided in the depository owner, leaves more, necessary to a such change or division. It any such change in ownership occurs by reason of the decident in the decording of the part thereof, to the credit of the decident in the decording of the part thereof, to the credit of the decident in the depository of the payoner, because the successor of the such of owners hereonder.

inder shall be apportionable as between the scenarios owners, trappy sections to the intrace act of individed interests of each, and details in a part tay tental payment by one shall not affect the right of other teached dust contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breached this contract. It was contract to the bringing of any scrip on the same of the same of the breached this contract. It was contract to the shall be precedent to the bringing of any scrip on the same of the

binding upon each party who executes it without regard to minimal it is decently by an intermediate continued in force by reason of the shurth well provisions of paragraph 3 hereof, and lease is not conducting operations on taid land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or distinuits, (except financial) beyond the reasonable control of lease, the primary term and the delay sental provisions hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended therefor by operations as if such delaying cause, and this lease may be extended thereafter by operations as if such delaying cause, and this lease may be extended thereafter by operations as if such delaying cause.

12. Letter hereby expressly relinquishes dower and releases and walves all rights under and by virtue of the homestead exemption laws insolar as in any way affect the purpose for which this lease in made. IN-WITNESS WHEREOF, this Instrument is exercised on the date flus

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Chaples 1. Southard	-10	, .			•
Frenz E Southard	<i>MANANOS</i>			•	
	`				
STATE OF TEXAS	`		i	individual ackn	IOWLEDGMENT
COUNTY OF Midland	) 55.			•	• •
. I, the understand, a Notary Public In :					
executed the foregoing instrument, appeared	before me this day	in bettourn't koom	n, and known to me to be t	he came person <u>s</u> dere he_Xexecuted and deli	ribed in and who '
their free and voluntary act and deed, for Given under my hand and official scal	the mast bribase	and consideration	s therein expressed; including		
Ny Commission Explore: 2-2 45	-	Notary	Deblic in and for said Struct	And Sijale, seajding at	
******		•	many.	defeal	
STATE OF	<del>)</del>	•••		INDIVIDUAL ACK	nowledghent
COUNTY OF	) \$\$. )		:	·	. •
I, the undersigned, a Notary Public in	and for said Coun	ils and State, do be	eraby cartify that		
axaculad the losekojut junturuses, abbeste	s polose we tyle gi	os das accied al Ke	we, and knume to me to be knowledged to me that	be' szesuted and de	llanced the came as
Given under my hand and official se-	or the uses, purpos	her and consideratio	on sherein expressed, includin	s the relinguishment of dov	ant surg poweriese.
Order and the used from delicity bel	;	ERY OF		***	
My Commission Expires:		Notar	Public In and for said Count	y and State; residing at	كـــــــــــــــــــــــــــــــــــــ
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# OIL AND GAS LEASE

J. C. Mills and wife, I	marka a lumada Mila
	Frances Juanita Milis
ssor (whether one or more), whose address is: Aber	nathy. Texas 79311  Belco Petroleum Corporation
	and
Middle Town 70701	leasee whose address is: 411 Petroleum Building
Midland, Texas . 79701	\$10,00) and other good and valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements
f lessee hereinafter contained, dues bereby grass, lease and or, producing and owning oil and gas, including casinghead g eferred to collectively as "said minerala", together with the	gas, cayinghead gasoline, condensate and all related hydrocarbons, and including all other products produced therewith, hercinafter of right to make surveys on said land, large times, constituting and including all other products produced therewith, hercinafter or right to make surveys on said land, large times, constituting and writes the thirty and construction of the constitution of the construction
outstruct roads and integer ing storing and transporting said	d minerals produced from the land covered nercoy or any other take adjacent inserted. The take covered nercoy, terrin dated
and", is located in the County of Eddy	State of New Mexico and is described as follows:
NE/4 NE/4 Section 7, 1	T23S, R31E
112, 1 112, 1 112, 11	,
(Notwithstanding the fraction appears with this lease be deemed	provisions in paragraph 3 herein, it is agreed that where the in said paragraph 3, that the same shall for the purposes of to read 3/16ths.)
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"primary term," and as long thereafter as operations, at 3. As royalty, lessee covenants and agrees: (a) to de- saved by lessee from said land, or from time to time, at run to the pipe line or storage tanks; (b) To pay lessor of at the mouth of the well, or (2) when used by lessee off	se under other provisions hereof, this lease shall remain in force for a term of MOCON yeard from the date hereof, hereinafter calle as hereinafter defined, are conducted upon taid land with no cessation for more than ninety (90) consecutive days.  deliver to the credit of lessor in the pipe line to which lessee may connect its wells, the equal one-eighth part of all oil produced in the option of lessee, to pay lessor the amount realized by lessee of such one-eighth part of such oil at the wells as of the day it on gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee continued to the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such a minerals produced and nurketed or utilized by lessee from said land, one-tenth either in kind or the market value thereof at the we
pt lessee's election, Lessor's interest to bear one-eighth and other hydrocarbons in order to make the same mark which said land or any portion thereof his been pooled.  were being conducted on said land for surpages said w	of any and all costs incurred in the dehydrating, transporting, boosting, compressing or otherwise processing such oit, g receives. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands will, espable of producing oil or gas, and all such wells are shulling, that that shall, nevertheless, continue in force as though operation will be such wells are shulling and therefore the sace may be continued in force as in his hall in half occurred. Lesses covernants and agrees to understand an appreciate of the same produced from said wells, but in the exercise of such dilating less that you be obtained to install
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5. Leves may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or during the heritage of this lease as to any part or all of said land or of any mineral or during the heritage of this lease as to any part or all of said land or of any mineral or during the heritage of this lease as to any part or all of said land or of any mineral or during the heritage of this lease as to any part or all of said land or of any mineral or during the heritage of this lease as to any part or all of said land or of any mineral or during the heritage of this lease as to any part or all of said land or of any mineral or during the heritage of this lease as to any part or all of said land or of any mineral or during the heritage of this lease as to any part or all of said land or of any mineral or during the heritage of this lease as to any part or all of said land or of any mineral or during the heritage of t

6. If at any time or times during the primary term operations are conducted on said land and if all operations are discontinued, this lease shall thereafter terminate on its anniversary date lesses either (1) conducts operations or (2) commences or resumes the payment of the time that in the primary term of the primary term or if there is no further anniversary date of the primary term. this tease shall terminate at the end of the primary term or if there is no further anniversary date of the primary term. this tease shall terminate at the end of the primary term or if there is no further anniversary date of the primary term. this tease shall terminate at the end of the primary term or on the nineticth (90th) day after discontinuance of all operations, whichever is the later date, unless on such later date either (1) leaves it conducting operations of 12) the shut-in well privations of paragraph 3 or the provisions of paragraph 11 are applicable. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas or other and nuncrals, or the production of oil, gas or other and nuncrals, or the production of oil, gas or other said minerals.

from said and in all operations hereunder. Lessee thall have 7. Lesses shall have the use, free from royalty, of water, other than from lesson's water walls, and of oil and gas produced from said land in all of the cright at any time to remove all machinery and fixoures placed on said land, including the right to draw and remove casing. No well-shall be drilled burn now on said land without the cousent of the lessor. Lessee shall pay for damages caused by its operations to require proportions on said edicine on said land. 600

8. The rights and estate of any party herein may be assigned from time in time in whole or in part and as to any of said minerals or horizons. All of the covenants, obligations and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns and successive assigns. No change or division in the ownership of said land, royalties or other moneys, or any part thereof. howevever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties or other moneys, or the right to receive the same, however effected, shall be binding upon the then record owner of this lease until thirty (30) days after has been furnished to such record owner at his or its principal place of husiness by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division, and of such court record owner, lesser may, nevertheless pay or tender such royalties or other numers, or part thereof, to the excell of the detecedant in a depository bank provided for above.

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of the death of the owner, lesser may, nevertheless pay or tenner such royattes or other numeys, or part thereot, to the elected of the descendant in a department of the breaches altered by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the space of said notice nor the doing of any acts by lesser almost to meet all or any of the alleged breaches shall be deemed an admission or presumption that lesses has failed to perform all its obligations hereunder. If this lesse is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations (but in no event less than furly acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said lond included in a pooled unit on which there are operations. Lesses shall also have such ossements on said land as are necessary to operations of the acreage so retained.

10. Lessor hereby warrants and agrees to defend title to taid land against the claims of all persons whomsoever. Lessor's rights and interest hereunder shall be charged prim 10. Lessor hereby warrants and agrees to detend due to said land against the charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessor shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lesse. If this lesse covers a less interest in said minerals, or any of them, in all or any part of said land than the entire and undivided fee simple estate (whether lessor's laterest is herein specified or not) or no interest therein, then the royalties and other moneys accruing from any part as so which this lesse covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lesse, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lesse (whether or not owned by lessor) shall be paid out of the royalty herein provided. This lesse shall be binding upon each party who executes it without regard to whether it is executed by all those named because a lessor.

11. If, while this lesse is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether

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