

OIL, GAS AND MINERAL LEASE

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AGREEMENT, Made and entered into this 25th day of January, 1965, by and between MYRON D. CHILDS and MAURINE D. CHILDS, husband and wife, of 245 East 2nd North Street, Springville, Utah

Party of the first part, hereinafter called lessor (whether one or more) and Gulf Oil Corporation, 600 Oklahoma Mortgage Building, Oklahoma City, Oklahoma Party of the second part, hereinafter called lessee.

WITNESSETH, That the said lessor, for and in consideration of cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of the lessee to be paid, kept and performed, has granted, demised, leased, and let unto the said lessee, its successors and assigns, for the sole and only purposes of surveying by geological, geophysical and all other methods, mining and operating for oil, condensate, gas, asphalt, sulphur, and all other minerals or substances, whether similar or dissimilar, that may be produced from any well drilled by lessee on the leased premises hereinafter described, and laying pipe lines, and building main, power stations and structures thereon to produce, save and take care of said products, all that certain tract of land, together with any reversionary rights therein, situate in the County of WASATCH, State of UTAH, Township 4 South, Range 10 East, USM.

described as follows, to wit: Section 8, SE/4SE/4; Section 17, N/2NE/4, NE/4NW/4; Section 23, N/2S/2, SW/4SW/4, SE/4SE/4; Section 25, N/2SW/4; Section 26, W/2 NE/4, NW/4, NE/4SW/4, NW/4SE/4, S/2S/2; Section 27, N/2NE/4, SE/4NE/4, W/2, S/2SE/4; Section 28, W/2NW/4, S/2; Section 29, All; Section 33, E/2, E/2W/2; Section 34, All; Section 35, NW/4, and containing 3800.00 acres, more or less.

It is agreed that this lease shall remain in force for a term of ten years from date, and as long thereafter as oil, condensate, gas, asphalt, sulphur, or other minerals or substances covered hereby, or either or any of them, is produced from said land by the lessee, its successors and assigns. Lessee covenants and agrees to pay lessor as royalty on all oil, condensate, gas, asphalt and other minerals and substances produced, saved and sold from the Premises one-eighth of the gross proceeds received from the sale thereof at the mouth of the well, or, if not sold at the mouth of the well but sold or used off the Premises or for the manufacture of gasoline or any other product, then one-eighth of the market value thereof at the mouth of the well; except that the royalty on sulphur shall be 50¢ per long ton marketed; lessor shall have gas free of cost from any gas well producing natural hydrocarbon gas for all stoves and all inside lights in the principal dwelling house on such land by making his own connections with the well at his own risk and expense.

If no well be commenced on said land on or before one year from the date hereof, this lease shall terminate as to both parties, unless the lessee on or before that date shall pay or tender to the lessor or to the lessor's credit in the Springville Banking Company Bank at Springville, Utah

which shall operate as a rental and cover the privilege of deferring the commencement of a well for twelve months from said date. In like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods of the same number of months successively. And it is understood and agreed that the consideration first recited herein, the down payment, covers not only the privileges granted to the date when said first rental is payable as aforesaid, but also the lessee's option of extending that period as aforesaid, and any and all other rights conferred. Rentals may be paid by check or draft and may be remitted by mail. Mailing of rental on or before the rental-paying date shall be deemed a timely tender thereof and shall preclude termination of this lease. Notwithstanding the death of the lessor, or his successor in interest, the payment or tender of rentals in the manner provided above shall be binding on the heirs, devisees, executors and administrators of such person.

Should any well drilled on the land above described be a dry hole or cease to produce and there are no other producing well or wells on the land or drilling operations are not being conducted thereon, then and in that event if a well is not commenced before the next ensuing rental-paying date after the expiration of ninety (90) days from the date of such dry hole or cessation of production, this lease shall terminate as to both parties, unless the lessee, on or before the rental-paying date next ensuing after the expiration of ninety (90) days from the date of the completion of the dry hole or cessation of production, shall resume the payment of rentals in the same amount and in the same manner as hereinbefore provided, and it is agreed upon resumption of the payment of rentals, as above provided, the last preceding paragraph hereof, governing the payment of rentals and the effect thereof, shall continue in force as though there had been no interruption in the rental payment. If a dry hole should be drilled or if production ceases at any time subsequent to ninety (90) days prior to the beginning of the last year of the primary term, no rental payment or operations are necessary in order to keep the lease in force during the remainder of the primary term.

If at any time, either before or after the expiration of the primary term of this lease, there is any gas well on the lands covered hereby, or on other lands with which said lands are pooled or unitized, which is capable of producing in paying quantities, but which is shut-in either before or after production therefrom, and the production therefrom is not being sold or used, lessee agrees to pay or tender to the mineral owners in the depository bank named in the lease, as royalty, a sum equal to the amount of delay rentals payable under this lease. Such payments shall be made on or before the shut-in royalty payment date, as herein defined, next accruing after the expiration of ninety (90) days from the date the well was shut-in, unless prior to such date gas from the well is produced and sold or used. In like manner, on or before each succeeding shut-in royalty payment date while such gas well remains shut-in, lessee shall make payment of shut-in gas royalty in the same amount and manner. A shut-in gas well capable of producing in paying quantities shall be considered under all provisions of this lease as a producing well and this lease shall be in force and effect in like manner as though the gas therefrom were actually being produced and sold or used. The term "gas well" shall include wells capable of producing natural gas, condensate, distillate, or any gaseous substance, and wells classified as gas wells by any governmental authority. The term "shut-in royalty payment date" shall mean any rental-paying date of this lease if within the primary term, or any subsequent anniversary thereof, if after the primary term, or any anniversary date of this lease if no rental-paying date is specified herein.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid the lessor only in the proportion which his interest bears to the whole and undivided fee. However, such rentals shall be increased at the next succeeding rental anniversary after lessee has been notified of any reversion having occurred to cover the interest so acquired. Any interest in the production from the above described land to which the interest of lessor may be subject shall be deducted from the royalties provided for herein.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operations thereon, except water from wells of lessor. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

Lessee shall pay for damages caused by its operations to growing crops on said lands. When requested by the lessor, lessee shall bury his pipe lines below plow depth. No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without the written consent of the lessor. Lessee shall have the right to drill to completion with reasonable diligence and dispatch (1) any well commenced within the term of this lease and (2) any well commenced before the completion of a well which has been commenced within such term. If oil, gas or any other minerals or substances covered hereby be found in paying quantities in any such well, this lease shall continue and be in force with like effect as if such well had been completed within the term of years herein first mentioned.

Lessee is hereby granted the right and power at any time and from time to time to unitize or pool this lease, in whole or in part, as to any stratum or strata, with lands or leases adjacent to or in the immediate vicinity of the leased premises, so as to constitute a unit or units not exceeding in area the acreage prescribed or required in any Federal or State law, order, rule or regulation for the drilling or operation of one well or for obtaining the maximum allowable production from one well, or 640 acres (plus a tolerance of 10%) where necessary to avoid splitting leases) each, whichever is the larger. Such pooling shall be effected by lessee's executing and filing in the office where this lease is recorded a Pooling Declaration identifying and describing the pooled acreage. The discovery and production of pooled substances and development and operation on any portion of a unit so pooled, including the commencement, drilling, completion and operation of a well thereon and the existence of a shut-in gas well thereon, shall be considered and construed and shall have the same effect, except for the payment of royalty, as discovery, production, development, operation and the existence of a shut-in gas well on the leased premises under the terms of this lease. The royalties herein provided shall accrue and be paid to lessor on pooled substances produced from any unit in the proportion, but only in the proportion, that lessor's acreage interest in the land covered hereby and placed in the unit bears to the total acreage of all land in the unit.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rental or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment or a certified copy thereof; and it is hereby agreed in the event this lease shall be assigned as to a part or parts of the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the rent due from him or them, such default shall not operate to defeat or affect this lease insofar as it covers a part or parts of said lands which the said lessee or any assignee thereof shall make due payment of said rental. An assignment of this lease, in whole or in part, shall as to the extent of such assignment relieve and discharge the lessee of all obligations hereunder.

Compliance with any now or hereafter existing act, bill or statute purporting to be enacted by any Federal or State legislative authority, or with orders, judgments, decrees, rules, regulations made or promulgated by State or Federal courts, State or Federal officers, boards, commissions or committees purporting to be made under authority of any such act, bill or statute, shall not constitute a violation of any of the terms of this lease or be considered a breach of any clause, obligation, covenant, undertaking, condition or stipulation contained herein, nor shall it be or constitute a cause for the termination, forfeiture, reversion or reversion of any estate or interest herein and hereby created and set out, nor shall any such com-

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pliance confer any right of entry or become the basis of any action for damages or suit for the forfeiture or cancellation hereof; and while any such purport to be in force and effect they shall, when complied with by lessee or assigns, to the extent of such compliance operate as modifications of the terms and conditions of this lease where inconsistent therewith.

Lessee may at any time surrender this lease, in whole or in part, by delivering or mailing a release to the lessor, or by placing a release of record in the proper county.

Lessor hereby releases and relinquishes any right of homestead, dower or curtesy they or either of them may have in or to the leased land. Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment, any mortgage, taxes or other liens on the above described lands in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and such payments may be deducted from any rental or royalties which may be payable to lessor hereunder.

This lease and all its terms, conditions and stipulations binds each executing lessor and shall extend to and be binding on his assigns, heirs and devisees and successors, and those of the lessee, though unsigned by other lessors named herein.

IN WITNESS WHEREOF, We sign the day and year first above written

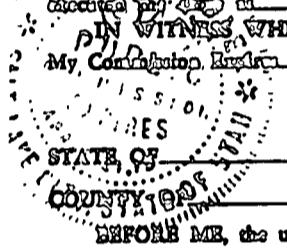
(SEAL) Myron D. Childs (SEAL)
(MAURENE D. CHILDS) (SEAL)
(MAURENE D. CHILDS) (SEAL)
(MAURENE D. CHILDS) (SEAL)

STATE OF UTAH
COUNTY OF Utah } SS.

Arizona, Colorado, Idaho, Montana,
Nebraska, Nevada, North Dakota, Oregon
South Dakota, Utah, Wyoming
ACKNOWLEDGMENT - INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 25th day of January, 1965, personally appeared MYRON D. CHILDS and MAURENE D. CHILDS, his wife, to me known to be the identical person, and who executed the within and foregoing instrument of writing and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written. My Commission Expires April 21, 1965. Notary Public



Arizona, Colorado, Idaho, Montana,
Nebraska, Nevada, North Dakota, Oregon
South Dakota, Utah, Wyoming
ACKNOWLEDGMENT - INDIVIDUAL

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 19th day of January, 1965, personally appeared _____, to me known to be the identical person, and who executed the within and foregoing instrument of writing and acknowledged to me that they executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written. My Commission Expires _____ Notary Public

87108

Oil, Gas and Mineral Lease

FROM

TO

Date 19

Loc. Block Addition

Section Township Range

County

No. of acre

STATE OF Utah } SS.

COUNTY OF Wasatch } SS.

This instrument was filed for record on the 22nd day of March, 1965, at 9:00 a.m., and duly recorded in Book 51, Page 55-56 of the records of this office.

By Myron D. Childs, Notary Public, State of Utah, Commission Expires April 21, 1965.

When Recorded GULF OIL CORPORATION
Records at 608 Oklahoma Mortgage Bldg.
Oklahoma City 2, Oklahoma

Colorado, Montana, Nebraska,
North Dakota, South Dakota
ACKNOWLEDGMENT - CORPORATION

STATE OF _____ } SS.
COUNTY OF _____ } SS.

On this _____ day of _____, 19____, before me, a Notary Public in and for said County and State, personally appeared _____, to me known to be the _____ of the corporation that _____ within instrument and acknowledged to me that such corporation executed the same.

WITNESS my hand and official seal the day and year above written. My Commission Expires _____ Notary Public



ABSTRACTED []
RECORDED [] INDEXED []
CORRECTED [] PAGED []