

GAS STORAGE AND OIL AND GAS LEASE

THIS LEASE AND AGREEMENT, made and entered into this 1st day of June, 1972,
by and between FLORENCE LILLIAN ROBINSON UNTHANK
c/o Theodore Robinson, Coalville, Utah 84017
whether one or more, hereinafter referred to as "Lessor", and MOUNTAIN FUEL SUPPLY COMPANY, a Utah corporation,
with its principal place of business situated at 180 East First South Street, Salt Lake City, Utah, hereinafter referred to as "Lessee".

WITNESSETH:

1. For and in consideration of Ten and More Dollars, and other valuable consideration, in hand paid by Lessee, the receipt of which is hereby acknowledged by Lessor, and of the covenants and agreements herein contained, Lessor does hereby grant, demise, lease, let and warrant exclusively to Lessee, its successors and assigns, the right, lease and easement to test for, establish and operate a gas storage reservoir in, upon and under the following described premises (sometimes hereinafter referred to as "the premises"), and in connection therewith to introduce gas into any geological strata or formations underlying the surface of the premises and retain title to and ownership of gas so injected, to store gas therein and to remove gas so injected through wells now or hereafter located or drilled on the premises, or other premises in the vicinity thereof to use, drill, install, construct, maintain, operate and remove such wells, together with such pipelines and other facilities appurtenant thereto as may be reasonably necessary or convenient for the purposes contemplated as set forth in this agreement; to remove all property which Lessee places in, on or under the premises, including, but not limited to, casing, and well equipment; to have the right of ingress and egress to, from and across the premises, and to use so much of the surface of the premises and exercise such other rights and privileges as may be reasonably necessary or convenient to the economical and efficient operation of the premises for the purposes stated herein, the premises being situated in Summit County, State of Utah and described as follows:

Summit Co Recorder
Nanda J. Spang
Entry No. 116152 Book M 39
RECORDED 6-12-72 at 9:44 AM Page 84-86 FEE: \$ 8.00

PARCEL 1 REQUEST of Mt. Fuel Supply Co.
The Southeast quarter of the Northeast quarter of Section 16, Township 2 North, Range 5 East, Salt Lake Meridian, containing 40 acres.

EXCEPTING from Parcel 1 the following: Beginning at the Northeast corner of the Southeast quarter of the Northeast quarter of Section 16, Township 2 North, Range 5 East, Salt Lake Base and Meridian; thence West 481.8 feet to a true point of beginning. Thence West 676.5 feet; thence South 165.0 feet thence North 76°16' East 695.2 feet to the true point of beginning. Containing 1.28 acres.

PARCEL 2
Beginning at a point on the section line which is West 6.25 chains from the Southeast corner of Section 9, Township 2 North, Range 5 East, of the Salt Lake Base and Meridian, and running thence North 20.0 chains; thence West 2.27 chains; thence South 24.7 chains; thence North 80°11' East 2.31 chains; thence North 4.5 chains; to the point of beginning and containing 5.77 acres more or less.

PARCEL 3
Beginning at a point on the section line which is South 3.4 chains from the Northeast corner of Section 16, Township 2 North, of Range 5 East, of the Salt Lake Base and Meridian, and running South on the section line 15.6 chains; more or less to the Southeast corner of the Northeast quarter of the Northeast quarter of the above Section 16; thence West 7.3 chains; thence North 16.0 chains; thence North 80°11' East 2.40 chains; thence North 60°51' East 6.01 chains to the point of beginning and containing 11.48 acres, more or less; subject however to a right of way for a road across the North side of said property as the same now exists.

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containing 6.99 acres, more or less.

2. This lease and agreement shall continue for a term of ten (10) years from the date hereof and for so long thereafter as the Lessee does either or both of the following:

- (a) exercises storage rights and privileges in and under the land hereby leased or in and under land in the vicinity thereof, or
- (b) produces oil, gas or other gaseous or liquid hydrocarbons discovered as defined in Section 7 hereof from the premises or other lands with which the premises or a part thereof are communitized.

3. Commencing one year from the date hereof, and annually thereafter, on or before the anniversary date hereof and until the expiration or termination of the storage rights and privileges granted herein, Lessee shall pay to Lessor the sum of

Six and .99/100 Dollars, by check or draft to the credit of Lessor in the Valley Bank Bank of Salt Lake

which bank and its successors are Lessor's agent (and shall continue as the depository for all annual rental payments hereunder, regardless of any change of ownership of the land hereby leased), such rental being agreed upon as a flat annual rental to cover all storage rights and privileges hereunder. In the event said depository bank shall fail or refuse to accept tenders made hereof, or should Lessee otherwise be in doubt as to the payee entitled thereto, Lessee may withhold such rental with the same effect as if tendered until it receives written instructions naming a new depository, or correctly specifying the payees and their respective interests as the case may be, executed and acknowledged by all persons appearing to Lessee to be interested therein.

The payment of such rental shall also serve to confer upon Lessee the right and privilege of deferring oil and gas development for the next succeeding 12 months in the event such lands are not producing oil or gas at the time of payment of such rental. The consideration provided in Section 1 hereof covers not only the privileges granted to the date when the first annual rental is payable, but also the other rights granted herein for which no other specific consideration is recited.

4. Lessee shall pay Lessor for all damages to growing crops, timber and fences, occasioned by the installation, maintenance, operation, removal or renewal of pipelines or other facilities hereunder by Lessee.

5. In addition to the payments otherwise herein provided for in this agreement, Lessee shall pay to Lessor or Lessor's successors in interest:

- (a) for each storage or observation well drilled on said land and its appurtenances, a sum determined by applying the rate of ONE HUNDRED Dollars for each 500 sq. feet of surface which Lessee determines to be necessary for its use with respect to the operations of each well after its completion, such well site so determined to be in the form of a rectangle in all instances,
- (b) for each building installed by Lessee on the above-described land in connection with its gas storage project, the same rate as provided for a storage or observation well,
- (c) for each linear rod of pipeline or electric power line laid or installed by Lessee on or in the above-described land, and not

located on an existing private roadway or public highway, ONE DOLLAR
Payments for wells, pipelines, power lines and surface installations shall be made promptly after the completion and installation, and such payments shall be single lump-sum payments covering the entire length of time such facilities remain upon the premises. It is specifically understood that Lessee shall have the right to fence all or any part of any such storage and observation well and any buildings placed upon the premises in connection with this gas storage project. Lessee shall bury and maintain all pipelines through cultivated areas below plow depth.

In selecting the location for any of the above-mentioned storage wells, Lessee shall not drill or place a well at a point closer than 300 feet from any existing residential dwelling on the premises unless Lessor agrees in writing to the location of such well at a lesser distance therefrom.

6. The parties hereto recognize as unlikely the possibility that oil or gas or other liquid and gaseous hydrocarbons, or any of them, underlie the premises. Because of the possibility, however slight, that such substances may be found within the premises, Lessor, for the considerations heretofore stated in Section 1, and in the event of discovery as hereinafter provided, the royalties hereinafter set forth, does hereby further grant, lease, let and warrant the premises exclusively to Lessee, its successors and assigns, for the additional purposes of exploring, drilling, prospecting, mining for and producing oil, gas and all other gaseous or liquid hydrocarbons, and grants to Lessee all other rights, privileges and easements necessary or convenient to the enjoyment thereof; to have and to hold such leasehold rights unto Lessee, its successors and assigns, for a term of ten (10) years from the date hereof and for so long thereafter as the Lessee does either or both of the following:

- (a) exercises storage rights and privileges in and under the land hereby leased or in and under land in the vicinity thereof, or
- (b) produces oil, gas or other gaseous or liquid hydrocarbons discovered as defined in Section 7 hereof from the premises or other lands with which the premises or a part thereof are communitized.

7. The parties agree that gas and other gaseous or liquid hydrocarbons, will not be deemed to have been discovered upon the premises, nor will the royalty obligations of Lessee herein set forth arise or be enforceable unless and until:

- (a) such substances are produced in greater quantities than have theretofore been injected by Lessee in the said reservoir underlying the lands covered hereby and other lands in the vicinity thereof, and unless such excess substances are removed from a well or wells on the premises, or

Notwithstanding any provisions contained herein, the rights granted under the terms of this lease shall be limited from the surface to a depth of 200 feet below the Frontier formation as defined in the J. E. Wilde # 1 Well located in Sec. 9 of T. 2 N., R. 5 E., S.L.M., Summit County, Utah, or a maximum depth of 2700 feet.

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(b) commercial quantities of such substances are produced on said premises from formations or strata below those being used by Lessee for storage purposes.

In the event oil is discovered in commercial quantities, or more gas or any other gaseous or liquid hydrocarbons are produced from the premises than have been injected, as hereinbefore provided, Lessee agrees to pay royalties to Lessor upon the production of such oil and gas or gaseous liquid hydrocarbons as follows:

- (a) on oil produced and sold from said land, 1/8 of the amount realized from said sale,
(b) on gas, including casinghead gas, or other gaseous hydrocarbons produced and sold from said land, 1/8 of the amount realized from said sale.

In the event oil, gas or other gaseous or liquid hydrocarbons are discovered and produced in commercial quantities from lands adjacent to the premises and with which the premises are not communitized, and from a formation below that in which Lessee is storing gas, oil or other gaseous or liquid hydrocarbons, Lessee shall, as a prudent oil and gas operator, explore for and diligently attempt to produce similar products in such formations underlying the premises to prevent drainage.

- 8. In the event the storage rights and privileges of Lessee herein granted are terminated
(a) during the primary term of 10 years, Lessee shall have the rights granted by Section 6 hereof for the remainder of said primary term and thereafter for so long as oil, gas or other gaseous or liquid hydrocarbons are produced from the premises in commercial quantities; provided, that if Lessee is diligently drilling in search of any such substances at the termination of said primary term, such term shall be automatically extended for a period of two years.
(b) after the primary term of 10 years has expired, Lessee shall have the option to extend the rights herein granted by Section 6 for an additional period of two years from the date of such termination upon written notice to the Lessor accompanied by a payment of ONE DOLLAR per acre of land retained by Lessee pursuant to said option.

9. Lessee is hereby authorized, whenever Lessee, in its judgment, deems it necessary or advisable, to communitize the premises, or any part thereof, with neighboring lands, such communitization to be evidenced by

- (a) a contract between Lessee and the parties owning an interest in such neighboring lands, or
(b) the execution and filing for record of a declaration of such communitization, if Lessee herein holds oil and gas leases covering such neighboring lands.

Thereafter, the commencement of any well, or the production of oil, gas or other gaseous or liquid hydrocarbons, on any part of the communitized area, shall have the same effect as though such well were commenced and production had on the premises hereby leased, and royalty on oil and gas produced from the communitized area shall be payable to the Lessor at the rate herein specified, but only in such proportion as the acreage owned by the Lessor in the communitized tract shall bear to the entire acreage in the communitized area. This provision shall apply only to a discovery of oil or gas or other gaseous or liquid hydrocarbons as provided by Section 7 hereof, to operations seeking such discovery and production of discovered substances, and shall not apply to any storage operations.

10. When drilling, storage or other operations provided for hereunder are delayed or interrupted as a result of any cause whatsoever beyond the control of Lessee, the time of such delay or interruption shall not be counted against the term of this lease, anything in this lease to the contrary notwithstanding. All express or implied covenants of this lease shall be subject to all

Federal laws and laws of the State of UTAH and valid and enforceable executive orders, rules and regulations promulgated pursuant thereto, and this lease shall not terminate in whole or in part, nor shall Lessee be held liable in damages for failure to comply therewith, if compliance is prevented by or if such failure is the result of any law, order, rule or regulation.

11. Should discovery be made as defined in Section 7, in the interest of conservation, the protection of reservoir pressures and recovery of the greatest ultimate yield of oil, gas and other minerals, Lessee shall have the right to combine the premises with other lands in the same general area for the purpose of operating and maintaining repressuring and recycling facilities, and for such purpose may locate such facilities, including input wells, upon the premises, and no royalties shall be payable hereunder upon any gas used for repressuring or recycling operations benefiting the premises.

12. If the premises are now, or shall hereafter be owned in severalty, or in separate tracts, the premises, nevertheless, shall be developed and operated as one lease, and the royalties accruing hereunder shall be treated as an entirety and shall be divided among and paid to such separate owners in the proportion that the acreage owned by each such separate owner bears to the total acreage covered by this lease. There shall be no obligation on the part of Lessee to drill offset wells on separate tracts into which the land covered by this lease is now or may hereafter be divided by sale, devise, or otherwise, or to furnish separate measuring or receiving facilities.

13. It is agreed that this lease shall never be forfeited or cancelled for failure to perform, in whole or in part, any of its implied covenants, conditions or stipulations, until it shall have first been finally judicially determined that such failure exists, and after such final determination, Lessee shall have a reasonable time therefrom to comply with any such covenants, conditions and stipulations.

14. If at any time there be as many as six parties, or more, entitled to receive rentals or royalties under this lease, Lessee may withhold payment thereof unless and until all parties designate, in writing, in a recordable instrument to be filed with Lessee, a trustee to receive all rental and royalty payments due hereunder, and to execute division and transfer orders on behalf of said parties and their respective successors in interest.

15. Lessee may at any time surrender this lease as to all or any part of the lands or minerals covered hereby, either as to the right to store gas or the right to explore for and produce oil and gas, or either of them, by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the proper County. The premises shall remain subject to easement for right of way necessary or convenient for Lessee's operations on the lands retained by it.

16. Lessor 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 with respect to the sums so paid, and to deduct any sum so paid from the rental or other payments due or which may become due to Lessor under this lease.

17. This lease shall inure to the benefit of and be binding upon the parties hereto, their heirs, executors, successors and assigns as their interests may appear.

IN WITNESS WHEREOF, this agreement which has been executed in any number of counterparts, with the same force and effect as if all parties had signed the same document, is executed as of the day and date hereinabove written.

WITNESS: X Florence Lillian Robinson Unthank
Florence Lillian Robinson Unthank } Lessor

ATTEST: MOUNTAIN FUEL SUPPLY COMPANY
Assistant Secretary } Lyle A. Hale } Lessee
Vice President

STATE OF UTAH
County of Salt Lake } ss

On the 22nd day of May, 1972, personally appeared before me Florence Lillian Robinson Unthank, the signer of the above instrument and duly acknowledged that she executed the same.

My commission expires: 1/8/76
Notary Public

STATE OF UTAH
County of SALT LAKE } ss

On the 5th day of June, 1972, personally appeared before me Lyle A. Hale, who being by me duly sworn did say that he is the Vice President of MOUNTAIN FUEL SUPPLY COMPANY, and that said instrument was signed in behalf of said corporation by authority of its Board of Directors and said Lyle A. Hale acknowledged to me that said corporation executed the same.

My commission expires:
R. L. McHENRY
Notary Public, Salt Lake City, Utah
My Commission Expires Feb. 1, 1976

Notary Public
Form B Kelly Co. L-3704

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