

12100

OIL AND GAS LEASE

AGREEMENT, Made and entered into this 20th day of April, 1976

by and between Enoch A. Ludlow M.D. and Caroline W. Ludlow, his wife 74 W 100 South Spanish Fork, Utah 84660

and Odessa Natural Corporation Box 3908 Odessa, Texas 79760 Party of the first part, hereinafter called lessor (whether one or more) part Y of the second part, hereinafter called lessee.

WITNESSETH, That the said lessor, for and in consideration of Ten and more DOLLARS, cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto the said lessee, for the sole and only purpose of exploring by geophysical and other methods, mining and operating for oil and gas and laying pipe lines, and building tanks, powers, stations and structures thereon, to produce, save and take care of said products, all that certain tract of land situated in the County of Utah State of Utah described as follows, to-wit: See Exhibit A attached and made a part hereof

covering lands in Township 8 South, Range 3 East SLW

*** In addition to the covenants and agreements contained herein, Lessor shall have the right at his option & expense to convert to a water well any well drilled and abandoned on leased premises by Lessee; it being understood & agreed by the parties that such wells will be immediately plugged by Lessee according to Governmental regulations unless Lessor has obtained prior permission for such conversion from the Governmental Agency or Agencies having authority and furnished proof of such permission and notification to Lessee.

EAL: [Signature]

of Section --- Township --- Range --- and containing 671.26 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 or gas, or either of them, is produced from said land by the lessee.

In consideration of the premises the said lessee covenants and agrees:

- 1st. To deliver to the credit of lessor free of cost, in the pipe lines to which he may connect his wells, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.
2nd. To pay lessor for gas of whatsoever nature and kind produced and sold or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8) at the market price at the well for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly.
3rd. To pay lessor for gas produced from any oil well and used off the premises, or for the manufacture of casing-head gasoline or dry commercial gas, one-eighth (1/8) of the proceeds, at the mouth of the well, at the prevailing market rate for the gas during which time such gas shall be used, said payments to be made monthly.
If no well be commenced on said land on or before the 20th day of April, 1977, 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 Far West Bank 210 E. Center Provo, Utah 84601 or its successors, which shall continue as the depository regardless of changes in the ownership of said land, the sum of **Six hundred seventy one and 26/100** DOLLARS.

which shall operate as rental and cover the privilege of deferring the commencement of a well for twelve months from said date. The payment herein referred to may be made in currency, draft, or lessee's check at the option of the lessee, and tender thereof may be made either to lessor in person or by mailing the same to lessor at his last known address, or to said depository bank on or before the date on which said rental is due hereunder. In like manner said rental payments or tenders the commencement of a well may be further deferred for 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 privilege granted to the date when said first rental is payable, but also the lessee's option of extending that period as aforesaid, and any and all other rights conferred.

Should the first well drilled on the above described land, or on acreage pooled therewith, be a dry hole, then and in that event, if a second well is not commenced on said land, or on acreage pooled therewith, within twelve months from the expiration of the last rental period for which rental has been paid, this lease shall terminate as to both parties, unless the lessee on or before the expiration of said twelve months shall resume the payment of rentals in the same amount and in the same manner as hereinbefore provided. And it is agreed that upon the resumption of the payment of rentals as above provided, that the provisions, hereof governing the payment of rentals and the effect thereof, shall continue in force just as though there had been no interruption in the rental payments. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, or on acreage pooled therewith, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned.

Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil and gas in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

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 to the lessor only in the proportion which his interest bears to the whole and undivided fee. 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. 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 pay for all damages caused by its operations to growing crops on said land. 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.

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 rentals or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer, or assignment or a true 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 rentals due from him or them, such default shall not operate to defeat or affect this lease in so far as it covers a part or parts of the lands on which the said lessee or any assignee thereof shall make the payment of said rentals. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules and Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or such failure is the result of any such Law, Order, Rule or Regulation.

This lease shall be effective as to each lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the lessors above named may not join in the execution hereof.

The undersigned lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all rights of dower and homestead in the premises herein described, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made as recited herein.

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 mortgages, 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.

IN TESTIMONY WHEREOF, we sign this the 28th day of April, 1976

Caroline W. Ludlow Caroline W. Ludlow

[Signatures of Enoch A. Ludlow M.D. and Enoch A. Ludlow] Enoch A. Ludlow M.D. SS #: 528 30 5861

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241083767

STATE OF Utah }
County of Utah } ss.

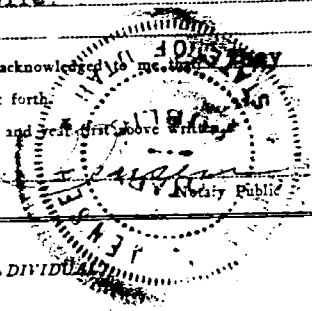
(ACKNOWLEDGMENT FOR INDIVIDUAL)

Before me, the undersigned, a Notary Public, in and for said County and State, on this 28 day of April, 1976, personally appeared Enoch A. Ludlow M.D. and Caroline W. Ludlow, his wife.

personally known to me to be the identical person^s who executed the within and foregoing instrument, 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 official signature and affixed my official seal the day and year first above written.

My commission expires 5-7-79 Rona Notary Public



STATE OF _____ }
County of _____ } ss.

(ACKNOWLEDGMENT FOR INDIVIDUAL)

Before me, the undersigned, a Notary Public, in and for said County and State, on this _____ day of _____, 19____, personally appeared _____

personally known to me to be the identical person... who executed the within and foregoing instrument, and acknowledged to me that... 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 official signature and affixed my official seal the day and year first above written.

My commission expires _____ Notary Public

STATE OF _____ }
County of _____ } ss.

(ACKNOWLEDGMENT FOR CORPORATION)

On this _____ day of _____ A. D., 19____, before me, the undersigned, a Notary Public, in and for the County and State aforesaid, personally appeared _____

to me known to be the identical person... who subscribed the name of the maker thereof to the foregoing instrument as its... and acknowledged to me that... executed the same as _____ free and voluntary act and deed and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

Given under my hand and seal of office the day and year last above written.

My commission expires _____ Notary Public

No. _____

Oil and Gas Lease

FROM _____

TO _____

Date _____, 19____

Section _____, Township _____, Range _____, County _____

No. of Acres _____ Term _____

STATE OF _____ }
County of _____ } ss.

This instrument was filed for record on the _____ day of _____, 19____ at _____ o'clock _____ M., and duly recorded in book _____ page _____ of the records of this office.

By _____ Registrar of Deeds—County Clerk

Deputy _____

Record and Mail to:
ODLSSA NATURAL CORPORATION
P. O. BOX 3308
ODLSSA, TEXAS 75110

Burkhart Printing & Lithography, Tulsa, Okla.

STATE OF _____ }
County of _____ } ss.

(ACKNOWLEDGMENT WHERE THE LESSOR SIGNS BY MARK)

On this _____ day of _____ A. D., 19____, before me, the undersigned, a Notary Public, in and for the County and State aforesaid, personally appeared _____

and _____ to me known to be the identical person... who executed the within and foregoing instrument by _____ mark in my presence and in the presence of _____ and _____ as witnesses, and acknowledged to me that... executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth.

Given under my hand and seal of office the day and year last above written.

My commission expires _____ Notary Public

NOTE—The signature by mark of a lessor who cannot write his name must be witnessed by two witnesses, one of whom must write lessor's name near such mark.

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EXHIBIT A as part of a certain Oil & Gas lease dated April 20, 1976
 between Enoch A. Ludlow M.D. and Caroline W. Ludlow, his wife (Lessors) &
 Odessa Natural Corporation (Lessee) :

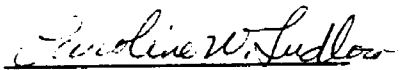
Township 8 South, Range 3 East SLM

- Section 26 ✓ NE $\frac{1}{4}$; N $\frac{1}{2}$ SE $\frac{1}{4}$; SW $\frac{1}{4}$ SE $\frac{1}{4}$; SE $\frac{1}{4}$ SW $\frac{1}{4}$; S $\frac{1}{2}$ NW $\frac{1}{4}$; N $\frac{1}{2}$ NW $\frac{1}{4}$; AND a tract commencing 30.5 chains E along quarter section line from W/4 corner of section 26, E 9.50 chains, S 1320 feet, W 1341.90 feet, N 935 feet, E 675 feet, N 8 degrees 44' E 380.4 feet to beginning; area 474.77 acres. of NW $\frac{1}{4}$ NW $\frac{1}{4}$
 AND commencing 1 rod N of SW corner of section 26, N 39 rods, E 79 rods, S 39 rods, W 79 rods; area 19.26 acres.
- Section 27 . S $\frac{1}{2}$ NE $\frac{1}{4}$; AND commencing 1346 feet N along section line from SE corner of section 27, W 20 chains, N 964 feet, E 20 chains, S 964 feet to beginning; area 29.21 acres.
 AND commencing at NE corner of section 27, S 80 rods, W 160 rods, N 1 rod, E 80 rods, N 79 rods, E 80 rods to beginning; area 40.50 acres.
- Section 30 . Commencing at NE corner of NW $\frac{1}{4}$ of section 30, S 89 $\frac{1}{2}$ degrees W 17.72 chains, S 2 3/4 degrees E 1.38 chains, S 12 $\frac{1}{4}$ degrees E 1.02 chains, S 33 3/4 degrees E 1.47 chains, S 19 $\frac{1}{2}$ degrees E 1.33 chains, S 54 degrees E 1.16 chains, S 60 degrees E 1.45 chains, S 51 degrees E 1.40 chains, S 54 degrees W 2.93 chains, S 31 3/4 degrees E 3.50 chains, S 21 degrees E 6.27 chains, N 69 $\frac{1}{2}$ degrees | 2.51 chains, S 1 3/4 degrees W 86 links, S 48 $\frac{1}{4}$ degrees W 2 chains, N 88 degrees 30' E 9.5 chains to quarter section line, N 18.62 chains to beginning; area 26.32 acres.
- Section 34 . Commencing at NE corner of NW $\frac{1}{4}$, S 128 feet, N 87 degrees 33' W 362.50 feet to highway, Northwesterly along highway 128 feet, E 444.50 feet to beginning; area 1.20 acres.
- Section 35 . NE $\frac{1}{4}$ NW $\frac{1}{4}$; NW $\frac{1}{4}$ NE $\frac{1}{4}$; area 80 acres

Gross acres = 671.26
 Net acres = 644.00

Signed for identification:


 Enoch A. Ludlow M.D.


 Caroline W. Ludlow

(2)

MINA L. FIELD
 UTAH COUNTY RECORDER
 DEPUTY
 1976 MAY 24 11:07
 12100

1976 MAY 24 11:07

RECORDED AT THE REQUEST OF
 Odessa Natural Corp

12100

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UTAH COUNTY RECORDER
 DEPUTY
 1976 MAY 24 11:07
 12100