

pooled area bears to the amount of the surface acreage of the entire pooled area. Nothing herein contained shall authorize or effect any transfer of any title to any leasehold, royalty or other interest pooled pursuant hereto. The commencement of a well, the conduct of other drilling operations, the completion of a well or of a dry hole, or the operation of a producing well on the pooled area, shall be considered for all purposes (except for royalty purposes) the same as if said well were located on, or such drilling operations were conducted upon, the lands covered by this lease whether or not such well is located upon, or such drilling operations are conducted upon, said lands. Lessee may terminate any pooling effected pursuant hereto at any time the pooled unit is not producing and no drilling operations are being conducted thereon by executing and filing of record in the county or counties in which the pooled area is located a written declaration of the termination of such pooling, provided that the pooling of all interests not covered by this lease which comprise a part of such pooled unit be also terminated in some effective manner.

Lessee shall have the right to use, free of cost, oil, gas 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. No part of the surface of the leased premises shall, without the written consent of lessee, be let, granted or licensed by lessor to any other party for the location, construction, or maintenance of structures, tanks, pits, reservoirs, equipment, or machinery to be used for the purpose of exploring, developing or operating adjacent lands for oil, gas or other minerals.

Lessee shall bury below plow depth its pipe lines on the leased premises when requested by a lessor owning an interest in the surface. No well shall be drilled nearer than 200 feet to any house or barn now on said premises without the written consent of the owner of the surface on which such house or barn is located. Lessee shall pay for damages to growing crops caused by its operations on said lands.

Lessor hereby warrants and agrees to defend the title to the lands herein described, but if the interest of lessor covered by this lease is expressly stated to be less than the entire fee or mineral estate, lessor's warranty shall be limited to the interest so stated. Lessee may purchase or lease the rights of any party claiming any interest in said land and exercise such rights as may be obtained thereby but lessee shall not suffer any forfeiture nor incur any liability to lessor by reason thereof. Lessee shall have the right at any time to pay for lessor any mortgage, taxes or other lien on said lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and any such payments made by lessee for lessor may be deducted from any amounts of money which may become due lessor under this lease.

All express provisions and implied covenants of this lease shall be subject to all applicable laws, governmental orders, rules and regulations. This lease shall not be terminated in whole or in part, nor lessee held liable in damages, because of a temporary cessation of production or of drilling operations due to breakdown of equipment or due to the repairing of a well or wells, or because of failure to comply with any of the express provisions or implied covenants of this lease if such failure is the result of the exercise of governmental authority, war, armed hostilities, lack of market, act of God, strike, civil disturbance, fire, explosion, flood or any other cause reasonably beyond the control of lessee.

This lease and all provisions thereof shall be applicable to and binding upon the parties and their respective successors and assigns. Reference herein to lessor and lessee shall include reference to their respective successors and assigns. Should any one or more of the parties named above as lessors not execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

See EXHIBIT "B" which is attached hereto and made a part of this Oil and Gas Lease.

IN WITNESS WHEREOF, this lease is executed as of the day and year first above written.

Subscribing Witness: Kyle F. Thomas

Walter G. Thomson
SS# 525-32-4838

Minnie J. Thomson
SS# 340-72-9081

SUBSCRIBING WITNESS ACKNOWLEDGMENT

STATE OF OREGON)
COUNTY OF Washington) ss.
COLUMBIA

On this 30th day of July, 1979, before me, the undersigned Notary Public in and for said County and State, personally appeared Kyle F. Thomas, known to me to be the person whose name is subscribed to the within instrument as a Witness thereto, who being by me duly sworn, deposes and says: That he resides at Box 201, Farmington, New Mexico 87401, and that he was present and saw Walter G. Thomson and Minnie J. Thomson

personally known to him to be the same person whose name is/are subscribed to the within and annexed instrument, execute and deliver the same, and he acknowledged to said affiant that he executed the same; and that said affiant subscribed his name thereto as a Witness.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

(SEAL) STAFF

My Commission Expires: My Commission Expires Oct. 24, 1979

Robert M. Wray
NOTARY PUBLIC
In and for said County and State

Dr. L. C. Oklahoma
5858 24423

County Recorder

Deputy

AFTER RECORDING, RETURN TO: