

party, the receipt of which sum is hereby severally acknowledged.

THIS AGREEMENT WITNESSETH:

COMPARED

1. First party hereby covenants and agrees that second party and its assigns or nominees shall have the option and right to purchase, demand and receive any part or parts or all of the crude petroleum, casinghead gasline and other products of petroleum produced from any or all properties owned, leased or otherwise controlled by first party, for a period of ten years from February 1, 1923, at the price and under the terms and conditions herein specified.

2. It is agreed that the periods in which second party shall have a right to purchase crude petroleum hereunder shall be divided into separate semi-annual periods comprising the period of the first six months of each calendar year and the period of the last six months of each calendar year. and hereafter in event second party shall elect to purchase crude petroleum hereunder it shall advise first party on or before the fifteenth day of June and December in each year concerning the grade or grades of crude oil it desires to purchase for the ensuing six months' period aforesaid and the field or fields and district or districts in which it desires to make such purchases, together with the quantities from each field or district; and, first party shall arrange and subsequently make deliveries accordingly to the limit of said first party's production; It is agreed that the price to be charged and paid for deliveries from each of the several pools, fields or districts shall be the price prevailing on the day of each delivery as posted by the major crude purchasing agency in such pool, field or district (hereinafter called "posted price"): except

- (a) When the second party hereunder is currently and regularly paying prices higher than said posted price for purchases from other vendors, than the first party, in which event second party's current and regular price shall be paid to first party; (or)
- (b) When either the first party or the second party shall notify the other party in writing or by telegraph that said posted price within its knowledge is not the bona fide market price as herein defined; then within five days after the receipt of such notice the parties shall meet and confer and decide what is bona fide market price and the differential from said posted price, which decision shall establish the price to be charged and paid from date herein set for said first meeting for conference.

The term "bona fide market price" shall be construed as being the average price paid for fifty-one (51%) per cent of all crude oil produced and sold from any particular pool, field, or district for any calendar month; such average price and such fiftyone (51%) per cent, being calculated from transactions of the fewest number of buyers, selected in order of volume whose aggregate volume shall equal said fifty one (51%) per cent.

3. In so far as the option and right to purchase casinghead gasoline is concerned, on or before the fifteenth day of December in each year, in event second party shall elect to purchase casinghead gasoline hereunder, the parties shall enter into an agreement for the following calendar year beginning January first on a basis of a price to be received by first party from second party equal to the highest price that first party would be able to contract for the sale of said product for said year period to any responsible purchaser or purchasers - first party to submit to second party written evidences of such offer made by any responsible purchaser or purchasers. It is understood that second party will either take said product on the terms above mentioned or in case it elects not to pay the highest price obtainable by first party from other responsible purchaser or purchasers on yearly contract as aforesaid, then first party may contract with such purchaser or purchasers for the sale of casinghead gasoline during said year period; the evidence of such