

designated as lessor and C. L. McMahon, of Okmulgee, Okla. party of the second part, hereinafter designated as lesor, under and in pursuance of the provision of the Act of Congress approved May 27, 1908 (35 Stat. L.P. 312) witnesseth:

1. The lessor, for and in consideration of one dollar, the receipt whereof is hereby acknowledged, and of the royalties, covenants, stipulations and conditions hereinafter contained, and hereby agreed to be paid, observed and performed by the lessee does hereby demise, grant, lease, and let unto the lessee, for the term of ten years from the date of the approval thereof by the Secretary of the Interior, and as much longer thereafter as oil or gas is found in paying quantities, all the oil deposits and natural gas in or under the following described tract of land, lying within the county of Tulsa, and State of Oklahoma, to-wit: The southeast quarter of the southeast quarter (SE4 SE4) of section 23, township, 18, range 13 E of the Indian Meridian, and containing 40 acres, more or less, with the exclusive right to prospect for, extract, pipe, store and remove oil and natural gas, and to occupy and use so much, only of the surface of said land as may reasonable be necessary to carry on the work of prospecting for, extracting, piping storing and removing such oil and natural gas, also the right to obtain from wells or other sources on said lands by means of pipe lines or otherwise, a sufficient supply of water to carry on said operations, and also the right to use, free of cost, oil and natural gas as fuel so far as necessary to the development and operation of said property.

2. The lessee hereby agrees to pay or cause to be paid to the Superintendent of the Five Civilized Tribes, Muskogee, Oklahoma, for the lessor, as royalty, the sum of 12½ per cent of the gross proceeds of all crude oil extracted from said land, such payment to be made at the time of sale or removal of the oil. And the lessee shall pay as royalty on each gas producing well three hundred dollars per annum in advance, to be calculated from the date of commencement of utilization; Provided, however, in the case of gas well of small volume, when the rock pressure is one hundred pounds or less, the parties hereto may, subject to the approval of the Secretary of the Interior, agree upon a royalty, which will become effective as a part of this lease; Provided, further that in case of gas wells of small volume, or where the wells produce both oil and gas or oil and gas and salt water so such extent that the gas is unfit for ordinary purposes, or where the gas from any well is desired for temporary use in connection with drilling and pumping operations on adjacent or nearby tracts, the lessee shall have the option of paying royalties upon such <sup>gas</sup> wells of the same percentage of the gross proceeds from the sale of gas from such wells as is paid under this lease for royalty on oil. The lessor shall have the free use of gas for domestic purposes in his residence on the leased premises, provided there shall be surplus gas produced on said premises over and above enough to fully operate the same. Failure on the part of the lessee to use a gas producing well, which cannot profitably be utilized at the rate herein prescribed, shall not work a forfeiture of this lease so far as the same relates to mining oil, but if the lessee desires to retain gas producing privileges, the lessee shall pay a rental of one hundred dollars per annum, in advance, calculated from date of discovery of gas, on each gas producing well, gas from which is not marketed or not utilized otherwise than for operations under this lease. Payments of annual gas royalties shall be made within twenty five days from the date such royalties become due, other royalty payments to be made monthly on or before the 15th day of the month succeeding that for which such payment is to be made, supported by sworn statements.

3. Until a producing well is completed on said premises the lessee shall pay, or