

1200 feet shall belong to first party, and any oil or gas found at a depth below 1200 feet shall belong to second party, he paying the royalty provided for in said lease.

In the event oil or gas is discovered at a lessor depth than 1200 feet, party of the second part shall immediately notify first party and first party shall have the option of paying for the cost of drilling of said well to said depth, or requiring second party to shut off the oil or gas in said strata before proceeding with said well. **COMPARED**

In the event the first well drilled by second party does not produce oil or gas in paying quantities in the "Turkey Mountain" sand, or any sand at a lessor depth than, he shall have the option and privilege of commencing a well on the other of said above described tracts within sixty days from the completion of said first well, which said well he agrees to prosecute the drilling of with due diligence to said "Turkey Mountain" sand, unless oil or gas be found in paying quantities at a lessor depth.

In the event said second well be a dry hole through the "Turkey Mountain" sand, then said second party shall have eighteen (18) months, from the date of the completion of the dry hole on the tract on which he drills the first well, to commence the drilling of another well on said tract on which he drills said first dry hole, and in the event he does not within said eighteen (18) months commence a second well on said tract then he shall have no further rights in said tract. In the event said second party does not commence a second well within eighteen (18) months from the date of the completion of the dry hole on the second tract (the one not drilled upon first), then he shall have no further rights in said leasehold and oil and gas rights on said tract.

In the event the first or any subsequent well is taken over by first party under the provisions of this contract, second party shall have thirty (30) days thereafter to commence the drilling of another well. 486

When the second party shall have drilled a well on said premises and produced oil or gas in paying quantities at a depth below 1200 feet, then first party will execute and deliver to second part an assignment of said lease or leases as the case may be, in so far as it pertains to oil and gas below the 1200 foot horizon. It being understood, that in the event the first well produces oil or gas in paying quantities below the 1200 foot horizon, that second party is to have an assignment to the horizon below 1200 feet of the lease on that tract only, and is to have no right in the oil and gas in and to said other, or undrilled tract.

In the event that an assignment of the first lease described herein, in the manner hereinabove provided for, be not approved by the Secretary of the Interior, first party will assign to second party, or contract to give to second party, all the oil and gas produced from all wells below the 1200 foot horizon; Provided, said second party shall pay all cost of operating.

It is further agreed that in the event any well drilled on said premises produces oil or gas above the Turkey Mountain sand and below the 1200 foot horizon, and shall thereafter cease to produce oil or gas in paying quantities, second party will thereupon drill same to the Turkey Mountain sand, provided he has not in a previous well tested the Turkey Mountain sand.

Should the second party produce gas at any depth below the 1200 foot horizon and above the Turkey Mountain sand, and desire to save same, he shall, within thirty days, start drilling a second well, and carry same to the Turkey Mountain sand.

It is agreed that this contract shall be binding upon the successors and assigns of first party and upon the heirs, administrators, executors and assigns of second party.

Attest:

No Seal

R. J. Rauck, Secretary

B-Jack Oil Company

By J. D. Berry, President  
First Party.