

said bank shall forthwith deliver to party of the second part the escrowed lease.

FIFTH: It is understood and agreed by and between the parties hereto that if the test well referred to herein is drilled on some adjacent or abutting tract and is a commercial producer of oil or gas in the Turkey Mountain Sand, or any of the sands appearing at a lesser depth, then, and in that event, party of the second part agrees to begin operations for the drilling of a well on the premises herein described within sixty (60) days after the completion of said first well.

SIXTH: If the first test well referred to herein is drilled upon the premises herein described and is a dry hole then the escrowed lease shall remain in force and effect for a period of five (5) years, unless party of the second part elects to cancel same at an earlier date, and at the end of the five year period party of the second part agrees to end with parties of the first part to execute and deliver to them a proper release of all his right, title and interest acquired hereunder. In the event, however, the first test well referred to herein is a dry hole on some adjacent or abutting tract to the lands herein described, then this lease shall remain in full force and effect until January first 1925.

SEVENTH: It is further understood and agreed by and between the parties hereto that the tract herein described is owned in separate parcels and parts by the parties of the first part and that party of the second part is expressly allowed the privilege to drill and operate this tract as if covered by one lease, irrespective of the different ownerships and that parties of the first part shall enter into an agreement by and between themselves for the proper distribution of the royalty paid under the terms of said lease, and after such agreement has been made by and between themselves, they hereby agree to notify party of the second part in writing the way said royalty is to be distributed. If, however, parties of the first part have not reached an agreement by and between themselves with respect to distribution of royalty at the time production is secured on said lease, then, and in that event, the pipeline company purchasing said oil, or party of the second part, is hereby authorized to withhold any payments for royalty until such an agreement between the parties of the first part has been reached.

In developing this property for oil or gas it is further expressly understood and agreed that party of the second part is not required to drill a well on each parcel of the land contained in said twenty-five (25) acre tract, but is expressly allowed the privilege to drill the customary locations, based upon nine (9) locations to the forty acres whereby the corner locations shall be 250 feet from each boundary line of the forty, and the middle locations on each side of the forty shall be 250 feet from the line with one center location in the middle of the forty.

EIGHTH: If said well shall be a dry hole, then party of the second part shall plug the same at his own expense and in accordance with law, and shall be entitled to remove from the premises, as his own property, all materials and equipment used in the drilling of said well or wells.

The terms and conditions of this agreement shall extend to and be binding upon the heirs, successors or assigns of the respective parties hereto.

IN TESTIMONY WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above mentioned.

J. M. Light

Maude V. Light

P. J. Welch

Rosales Welch

R. W. Farley

D. B. Austin

J. W. Watson

Lula Watson

John P. Henderich

Margie Henderich

Myrtle Lee Pope

F. R. Pope