

(\$500.00) for such expenses and operations without first submitting the proposition to the respective parties to this contract for their approval and all expenditures running above said sum shall have the approval of a majority of the parties hereto, and it is further agreed that first parties shall have the right to enter into contract for and in behalf of second parties, for the purchase of material and equipment as hereinbefore provided, for the operation and development of said leasehold estates.

2. The respective parties hereto shall pay for the future development and operation of said well or wells in proportion as their respective interests may appear, and it is agreed that whenever any expense is incurred, in the drilling, development, operation and equipping of said leasehold estates, or any expense in the marketing of the oil or gas produced from said leasehold estates, said cost and expense shall be pro rated among the respective parties hereto as their respective interests may appear, and shall pay his pro rate part of such cost and expense within ten (10) days after bills are furnished covering the same.

3. First parties hereby agree to operate said well, or wells, ⁽ⁱⁿ⁾ a businesslike manner, and attend to the managing of said well or wells in the ordinary and usual way that oil wells are operated, and shall not incur any more expense in so doing than is absolutely necessary for the due operation of said well or wells, and it is further agreed that second parties shall at all times have the right to enter upon said leasehold estate and make suggestions to first parties for the proper development and operation of said well or wells,

4. It is further understood and agreed by and between the parties hereto that first parties shall have the drilling contract for the drilling of the well upon the leasehold estate covering the real estate last hereinbefore described, and shall furnish the drilling tools and apparatus necessary to drill said well, and shall at once proceed to drill an oil or gas well upon same to the depth of Two Thousand (2,000) feet, unless oil or gas is found in paying quantities at a lesser depth, and shall receive as compensation for the drilling of said well the sum of Two and 25/100 Dollars (\$2.25) per foot, ^(and) the sum of Forty Dollars (\$40.00) per day of twelve (12) hours for any cleaning out, swabbing, or plugging of said well, and second parties hereby agree to furnish the rig, water, fuel, pipe and casing used therein, and hereby agree to pay first parties as soon as said well has been completed, in proportion as their respective interests may appear. First Parties hereby agree to drill and complete said well with due diligence, unavoidable accidents and delays only excepted.

(In construing this clause, it shall be held to mean that all those interested in the lease shall pay for the shut-down time and other items mentioned in this section in proportion to their respective ownership in the lease, irrespective of the fact that part of the owners of the lease are also the contractors.

5. First parties agree to and with second parties that all of the employees who are engaged by first parties in the drilling of said well or any wells on the properties described in this contract shall be fully protected and adequately insured by first parties in the manner and with such an insurer as is contemplated by the laws of the State of Oklahoma relating to the subject of compensation for the death of or injury to workmen and with reference to the liability of employers.

Said insurance shall be maintained in full force and effect under policy or policies issued by some responsible and approved insurance company authorized to write such insurance in the State of Oklahoma. And such employees as are engaged on the premises in connection with the operation of said lease and in connection with the marketing of the oil shall also be insured in an approved company writing liability insurance, and the premium for such insurance, - that is, on the policies covering employees engaged in operating the lease and marketing the oil, - shall be borne by the respective owners of the lease in proportion to their interests, but the premiums on the policies which insure the employees while