

3. The lessee shall deliver to the credit of the lessor as royalty, free of cost, in the pipe line to which lessee may connect his wells the equal one-eighth part of all oil produced and saved from the leased premises, or at the lessee's option, may pay to the lessor for such one-eighth royalty the market price for oil or like grade and gravity prevailing on the day such oil is run into the pipe line, or into storage tanks.

4. The lessee shall pay lessor, as royalty, One-eighth each year for gas from each gach well where gas only is found while the same is being sold or used off the premises, and shall pay to the lessor the sum of Fifty Dollars (\$50.00) each year as royalty on each gas well where gas onoy is found and same is not used or sold, and while said royalty is so paid said well shall be held to be a producing well under paragraph number two hereof. The lessor to have gas free of charge from any gas well on the leased premises for all stoves and inside lights in the principal dwelling house on said land by making his own connections with the well, the use of said gas to be at the lessor's sole risk and expense at all times.

5. The lessee shall pay to lessor for gas produced from any oil well and used by the lessee for the manufacture of gasoline, as royalty, one-eighth of the market value of such gas. If said gas is sold by the lessee, then as royalty one eighth of the proceeds of the sale thereof.

6. If operations for the drilling of a well or oil or gas are not commenced on said land on or before one year from this date, this lease shall terminate as to both parties, but if first well is drilled on offset forty lessee or on an ofiset forty has option of starting second well within six months of completion of first well, second well to be located on land hereby leased, which shall operate as rental and cover the privilege of deferring the commencement of drilling operations for a period of one year. In like manner and upon like payments or tenders, the commencement of drilling operations may be further deferred for like periods successively. All payments or tenders may be made by check or draft of lessee or any assignee thereof, mailed or delivered on or before the rental paying date.

7. Notwithstanding the death of the lessor, or his successors in interest, th payment or tender of rentals in the manner provided above shall be binding on the heirs, devisees, executors and administrators of such person.

8. If at any time prior to the discovery of oil or gas on this land and during the term of this lease, the lessee shall drill a dry hole, or holes, on this land, this lease shall not terminate, provided operations for the drilling of a well shall be commenced by the next ensuing rental paying date, or provided the lessee begins or resumes the payment of rentals in the manner and amount herein above provided; and in this event the preceding paragraphs hereof governing the payment of rentals and the manner and effect thereof shall continue in force.

9. In case said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided for shall be paid the said lessor only in the proportion which his interest bears to the whole and undivided fee.

10. The lessee shall have the right to use free of cost, gas, oil and water produced on said land for its operations thereon, except water from the wells of the lessor. When required by lessor, the lessee shall bury pipe lines below plow depth and shall pay for damage caused by its operations to growing crops on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the lessor. Lessee shall have the right at any time during or after the expiration of this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premi es, including the right to draw and remove all casing.

COMPARED BY  
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