

service for the First Party

NOW, THEREFORE, in consideration of the sum of One (\$1.00) Dollar, the receipt whereof is hereby acknowledged, and other good and valuable considerations hereinafter mentioned, and the mutual covenants and premises herein contained, it is hereby covenanted and agreed as follows:

Second Party has the right to enter upon said leases at any and all times during the life of this contract, and to have the use of all fixed material and fixed equipment thereon for the mutual benefit of both parties hereto, and shall within thirty days from this date enter upon the above described lease or property to manage it subject to this agreement, in connection with and agree able to the First Party, and to start all necessary work to install and set up all necessary machinery and equipment thereon, and to start the construction of a compression plant either on this or some adjacent property, and to continue the said work with due diligence until completion and shall have said plant operating in good workmanship manner within sixty days from this date. Said Second Party shall construct the plant and all necessary equipment and any changes made on said lease or plant thereto at his own expense.

If said Second Party fails to commence said above described work within thirty days from this date, or fails to have said plant running within sixty days from this date, this contract shall become null and void.

Said Second Party agrees to pay all operating expenses on said lease including labor, lubricating oil, teaming etc. The First Party agrees to pay the Second Party as operating expenses on or before the fifteenth (15th) day of the following month in which expenses were incurred, on the following basis: The gross amount of barrels of oil produced, on this lease less one-eighth (1/8th) royalty and less the Second Party's one-third (1/3) of increase, multiplied by

35¢ per barrel for first	100 barrels per month
30¢ per barrel for next	100 barrels per month
25¢ per barrel for next	200 barrels per month
20¢ per barrel for next	200 barrels per month
15¢ per barrel for next	200 barrels per month
10¢ per barrel for all additional	

The total of above operating expense is amount due the Second Party for any month, but First Party shall have the option on and after four months from this date to pay the actual operating expense of the above described property, together with the one-half (1/2) of the two-thirds (2/3rds) of the operating expense of the compression plant.

The First Party agrees to furnish or pay to the Second Party his pro rata share of the basis of production for major replacements required from this date through ordinary operation, such as tubing, rods, belts for powers, etc.

In the event production has not been doubled on the above described property on a monthly basis by September 15th, 1925 this contract becomes null and void at the option of either party. If, on account of operation or equipment placed thereon by the Second Party the production of this lease is less than the normal decline for the fifty month after date of completion of plant the First Party has option to cancel this contract, and the First Party shall have option to buy equipment at the cost of installation. The Second party agrees to return the property to the First Party in as good condition as received, fair wear, tear, and depletion excepted.

It is mutually agreed by the parties hereto that while the management of said lease is turned over to the second Party that said Second Party shall confer with said First