

Said Second Party agrees to pay all operating expense 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 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 50 barrels per month

30¢ per barrel for next	50 barrels per month
25¢ per barrel for next	100 barrels per month
20¢ per barrel for next	100 barrels per month
15¢ per barrel for next	100 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-fourth of the two-thirds of the operating expense of the compression plant.

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

In 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 Second Party the production of this lease is less than the normal decline for the fifth 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 Party in making any and all major changes and if said operation or change shall prove detrimental in the opinion of the First Party to said production or property, Second Party shall not do such work or make such change without First Party's consent.

In the event that First Party after six (6) months from date of this contract wishes to sell this property, the Second Party has the refusal of the sale price if determined within five days after notice by First Party. If Second Party fails to purchase First Party's interest after said notice, then Second Party agrees to join with the First Party in the sale of said property and equipment together with one-fourth (1/4) interest in all equipment and installation of compression plant for the consideration of Five Hundred \$500.00 per barrel for Second Party's one-third (1/3) of the seven-eighths (7/8ths) working interest of the increased production based on the production of the preceeding thirty days, but said Second Party shall not receive more than Twenty five percent (25) of the sale price of said property plus one-sixth (1/6th) the balance due on equipment and installation of the compression plant. If in the event of the sale of the said above described property said Second Party has failed to increase said production on said property then said Second Party shall receive no part of the consideration of the sale price but said First Party shall have the option of buying said compression plant and equipment at actual cost from said Second Party, but if First Party does not exercise the option of buying said plant, the said Second Party shall have the option to remove the same but shall leave the above described property in as good shape and condition as it is on the day he takes over the management of the same, fair

COMPARED BY
P. J. and J. H.