

and five-eighths (6 5/8) inch casing; and party of the first part agrees to bear any and all other expense and costs for the drilling of said well and agrees to drill the same to the Wilcox Sand, and if gas is found in paying quantities at a lesser depth the same is to be muddied off by said party of the first part and drilling of the same to continue to the Wilcox sand.

And in event that said well is a producing oil or gas well, at the completion thereof, party of the first part at his own expense shall deliver to party of the second part any and all piping furnished by part of the second part which can be safely and judiciously salvaged from said well Number Three (3); and in event said well is a dry hole said party of the first part at his own expense shall pull and deliver to the said party of the second part, any and all casing furnished by said party of the second part that can be saved;

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That, in event any off set well shall be drilled and the same shall be a producing oil well to the Southwest corner of the said described premises, then and in such event, the party of the first part agrees to drill and off set to the same on the Southwest corner of the said described premises, known as well Number Four (4) on the Southwest portion of said described premises: and said party of the first part agrees to take and use the eight (8) and Ten (10) inch casing out of and from the gas well now located on the Southwest portion of said described premises known as Well Number One (1) and use the said casing, or so much thereof, as is usable, in said well Number Four (4).

And said party of the second part agrees to furnish at his own expense Seventeen hundred feet of Six and five-eighths of 6 5/8 inch casing, and in event it is necessary to leave said casing in well #1 to furnish same casing as in Well #2 & #3 for the drilling of said well Number Four (4); and party of the first part agrees to drill the said well number four (4) and furnish all other expense and costs for the drilling of same to the Wilcox Sand, and if gas is found in paying quantities at a lesser depth, the same is to be muddied off by said part of the first part and drilling of the same to continue to the Wilcox Sand.

And in event that said well is a producing oil or gas well, and part of said casing can be safely and judiciously removed or salvaged, that the same shall be delivered by party of the first part at his own expense to party of the second part, and in event said well is a dry hole said party of the first part at his own expense shall pull and deliver to the said party of the second part, any and all casing furnished by said party of the second part that can be saved.

IT IS FURTHER understood and agreed by and between the parties hereto, that the said party of the first part, as part of the consideration of this contract, agrees to and does hereby grant, bargain, sell, assign, transfer and convey unto the said party of the second part, his heirs, executors, and assigns, a One-eighth (1/8) or two Sixteenths (2/16th) Working interest from the Thirteen Sixteenths (13/16) working interest that said party of the first part owns in and to the said described premises; and hereby agrees to execute and deliver a separate assignment of said interest to said party of the second part.

IT IS FURTHER understood and agreed by and between the parties hereto, that party of the second part shall retain the right, title, and interest in and to all of said casing hereinbefore mentioned by him to be furnished in each of said wells, except when any of said wells shall be a producing oil or gas well, in which event the casing placed therein or so much thereof as is necessary to remain therein, shall as of that date, and by virtue of that fact, become the property of said lease hold estate.

IT IS FURTHER UNDERSTOOD AND AGREED by and between the parties hereto, that in event any or all of said wells shall be producing oil or gas wells, or both producing oil and gas wells, that upon and after their completion, all the expense of

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