

Quadruplicate

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MORTGAGE AND OIL LEASE RECORD.

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Form 5

DOSEY Printing Company, Dallas, Texas 4103

LEASE.

TRANSFERABLE ONLY WITH CONSENT OF THE SECRETARY OF THE INTERIOR.

OIL AND GAS MINING LEASE UPON LAND SELECTED FOR ALLOTMENT, <sup>Cherokee</sup> CREEK NATION, INDIAN TERRITORY.  
(Secs 17, Act June 30, 1903, 32 Stat. 666, 2137.)

THIS INDENTURE OF LEASE, Made and entered into in quadruplicate on this 22<sup>nd</sup> day of January, A.D. 1908, by and between Laura Backwater of Loose Grove, Okla. party of the first part, Lessor, and Jackson Oil Company of Hillsville, New York party of the second part, Lessee, under and in pursuance of the provision of Sections 17 of the Act of Congress approved June 30, 1903, and the regulations prescribed by the Secretary of the Interior thereunder.

WITNESSETH, That the party of the first part, for and in consideration of the Royalties, Covenants, Stipulations, and Conditions hereinafter contained, and hereby agreed to be paid, observed and performed by the party of the second part, its heirs, successors, and assigns, do hereby Demise, Grant, and Let unto party of the second part, its heirs, successors, and assigns, for the term of 15 years from date hereof, all of the oil deposits and natural gas in or under the following described tract of land, lying and being within the Cherokee Indian Nation, and within the Indian Territory, to-wit:

the SW 1/4 of SE 1/4 and NW 1/4 of SE 1/4 of SW 1/4 and SE 1/4 of SE 1/4 of SW 1/4

of Section 7, Township 20, Range 12, of the Indian Meridian and containing 80 acres, more or less, with the right to prospect for, extract, pipe, store, refine, and remove such oil and natural gas, and to occupy and to use so much only of the surface of said land as may be reasonably necessary to carry on the work of prospecting for, extracting, piping, storing, refining and removing such oil and natural gas, including also the right to obtain from wells or other sources on said land, by means of pipe lines or otherwise, a sufficient supply of water to carry on said operations, and including still further the right to use such oil and natural gas as fuel so far as it is necessary to the prosecution of said operations.

In consideration of which the party of the second part hereby agrees and binds itself, its heirs, successors, and assigns, to pay or cause to be paid to the United States Indian Agent, Union Agency, Indian Territory, for the Lessor, as royalty, the sum of 10 per cent of the gross proceeds, on the leased premises, of all crude oil extracted from the said land, such payment to be made at the time of sale or disposition of the oil, and the Lessee shall pay, in yearly payments, at the end of each year, One Hundred and Fifty Dollars royalty on each gas-producing well which shall use. The Lessor shall have the free use of gas for lighting and warming his residence on the premises. It is further agreed that a failure on the part of the Lessee to use a gas-producing well, where the same can not be reasonably utilized at the rate so prescribed, shall not work a forfeiture of this Lease so far as the same relates to mining oil, but if the Lessee desires to retain gas-producing privileges it shall pay a royalty of Fifty Dollars per annum, in advance, on each gas-producing well not utilized, the first payment to become due and to be made within thirty days from the date of the discovery of gas.

And the party of the second part further agrees and binds itself, its heirs, successors, and assigns to pay, or cause to be paid to the said agent, for Lessor, as advance annual royalty on this Lease, the sums of money as follows, to-wit: Fifteen Cents per acre per annum, in advance, for the first and second years; Thirty Cents per acre per annum, in advance, for the third and fourth years, and Seventy-five Cents per acre per annum, in advance, for the fifth and each succeeding year thereafter of the term for which this Lease is to run; it being understood and agreed that said sums of money so paid shall be a credit on the stipulated royalties; and further, that should the party of the second part, neglect or refuse to pay such advance annual royalty for the period of sixty days after the same becomes due and payable, the Secretary of the Interior, after ten days notice to the parties, may declare this Lease null and void, and all royalties paid in advance shall become the money and property of the Lessor.

The party of the second part further covenants and agrees to exercise diligence in the sinking of wells for oil and natural gas on the lands covered by this Lease, and to drill at least one well thereon within twelve months from the date of approval of the bond by the Secretary of the Interior, and should the party of the second part fail, neglect, or refuse to drill at least one well within the time stated, this Lease may, in the discretion of the Secretary, be declared null and void, after ten days notice to the parties; provided that the Lessee shall have the privilege of delaying operations for a period not exceeding five years from the date of the approval or the bond to be furnished in connection herewith, by paying to the United States Indian Agent, Union Agency, Indian Territory, for the use and benefit of the Lessor, in addition to the required annual advanced royalty, the sum of One Dollar per acre per annum for each leased tract remaining undeveloped, but the Lessee may be required to immediately develop the tracts leased, should the Secretary of the Interior so determine that the interests of the Lessor demand such action.

The party of the second part further agrees to carry on operations in a workmanlike manner to the fullest possible extent, unavoidable casualties excepted; to commit no waste on the said land, and to suffer no waste to be committed upon the portion in its occupancy or use; to take good care of the same, and to promptly surrender and return the premises upon the termination of this Lease to the party of the first part or to whomsoever shall be lawfully entitled thereto, and not to remove therefrom any buildings of permanent improvements erected thereon during the said term by the said party of the second part, but said buildings and improvements shall remain a part of said land and become the property of the owner of the land as a part of the consideration of this Lease, in addition to the other considerations herein specified, excepting the tools, boilers, boiler houses, pipe lines; pumping and drilling outfits, tanks, engines, and machinery, and the casing of all dry, or exhausted wells, shall remain the property of the said party of the second part, and may be removed at any time before the expiration of sixty days from the termination of the lease; that it will not permit any nuisance to be maintained on the premises under its control, nor allow any intoxicating liquors to be sold or given away for any purposes on such premises; that it will not use such premises for any other purposes than those authorized in this Lease, and that before abandoning any well it will securely plug the same so as to effectually shut off all water above the oil bearing horizon.

And the said party of the second part further covenants and agrees that it will keep an accurate account of all oil-mining operations, showing the sales, prices, dates, purchasers, and the whole amount of oil mined or removed; and all sums due as royalty shall be a lien on all implements, tools, movable machinery, and all other personal chattels, used in said prospecting and mining operations, and upon all of the unsold oil obtained from the land herein leased, as security for the payment of said royalty.

And it is mutually understood and agreed that this Indenture of Lease shall in all respects be subject to the rules and regulations heretofore on that hereafter be lawfully prescribed by the Secretary of the Interior relative to oil and gas leases in the Cherokee Nation, and that this Lease, or any interest therein, shall not, by working or drilling contract or otherwise, or the use thereof, directly or indirectly, be sub-let, assigned, or transferred without the consent, of the Secretary of the Interior first obtained, and that should it or its sub-lessees, heirs, executors, administrators, successors or assigns violate any of the covenants, stipulations, or provisions of this Lease, or any of the regulations, or fail for the period of sixty days to pay the stipulated royalties provided for herein, then the Secretary of the Interior, after ten days from notice to the parties hereto, shall have the right to avoid this Indenture of Lease and cancel the same, and when all the rights, franchises, and privileges, of the Lessee it sub-lessees, heirs, executors, administrators, successors, or assigns hereunder, shall cease and end without resorting to the courts and without further proceedings, and the Lessor shall be entitled to immediate possession of the leased land and the permanent improvements located thereon.

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