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DORSEY PRINTING COMPANY, DALLAS, TEXAS—5-10

OIL AND GAS MINING LEASE UPON LAND SELECTED FOR ALLOTMENT,

Creek Nation, Oklahoma.

THIS INDENTURE OF LEASE, Made and entered into in quadruplicate on this 27th day of January, A. D. 1910, by and between John Timothy sole heir of Twinight Timothy, of Pickel Oklahoma a full blood citizen of the Creek Nation, party of the first part, hereinafter designated as lessor, and The Hanna Oil Co. of Tulsa, Oklahoma, party of the second part, hereinafter designated as lessee, under and in pursuance of the provisions of the act of Congress approved May 27, 1905 (Public No. 140), witnesseth:

1. The lessor, for and in consideration of one dollar, the receipt whereof is acknowledged, and of the royalties, covenants, stipulations, and conditions hereinafter contained, and hereby agreed to be paid, observed, and performed by the lessee, does hereby demise, grant, lease, and let unto the lessee, for the term of five years from the date of the approval hereof by the Secretary of the Interior, and as much longer thereafter as oil or gas is found in paying quantities, all the oil deposits and natural gas in or under the following-described tract of land, lying and being within the County of Tulsa, and State of Oklahoma, to-wit: The W½ of NW¼; the W½ of W½; the SW¼ of W½ of Section 22 and W½ of NW¼ of section 23, township 19 north, range 10 east of the Indian Meridian, and containing 160 acres, more or less, with the exclusive right to prospect for, extract, pipe, store, and remove oil and natural gas, and to occupy and use so much only of the surface of said land as may reasonably be necessary to carry on the work of prospecting for, extracting, piping, storing, and removing such oil and natural gas, 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 also the right to use, free of cost, oil and natural gas as fuel so far as necessary to the development and operation of said property.

2. The lessee hereby agrees to pay or cause to be paid to the United States Indian Agent, Union Agency, Muskogee, Okla., for the lessor, as royalty, the sum of 12½ per cent of the gross proceeds of all crude oil extracted from the said land, such payment to be made at the time of sale or removal of the oil. And the lessee shall pay as royalty in advance on each gas-producing well utilized otherwise than as provided herein, where the capacity is tested at three million cubic feet or less per day of twenty-four hours, one hundred and fifty dollars per annum, and where the capacity is more than three million cubic feet per day, fifty dollars for each additional million cubic feet or major fraction thereof. The lessor shall have the free use of gas for domestic purposes in his residence on the leased premises, provided there be surplus gas produced on said premises over and above enough to fully operate the same. Failure on the part of the lessee to use a gas-producing well, which can not profitably be utilized at the rate herein 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, lessee shall pay a rental of fifty dollars per annum in advance on each gas-producing well, gas from which is not marketed or not utilized otherwise than for operations under this lease, the first payment to become due and to be made within thirty days from the date of the discovery of gas.

3. Until a producing well is completed on said premises the lessee shall pay or cause to be paid to the said agent for lessor, as advance annual royalty on this lease, fifteen cents per acre per annum, annually, in advance, for the first and second years; thirty cents per acre per annum, annually, in advance, for the third and fourth years; and seventy-five cents per acre per annum, annually, in advance, for the fifth year; it being understood and agreed that said sums of money so paid shall be a credit on the stipulated royalties.

4. The lessee shall exercise diligence in sinking wells for oil and natural gas on land covered by this lease, and drill at least one well thereon within twelve months from the date of the approval of this lease by the Secretary of the Interior, and on failure so to do this lease becomes null and void: Provided, however, there is reserved and granted to the lessee the right and privilege of delaying the drilling of said well for not exceeding five years from the date of the approval of the lease by the Secretary of the Interior by paying to the United States Indian Agent, Union Agency, Muskogee, Okla., for the use and benefit of the lessor (subject to the limitations and conditions hereinafter contained), in addition to said advance royalty, the sum of one dollar per acre per annum for each year the completion of such well is delayed, payable on or before the end of each year; but lessee may be required to drill and operate wells to offset paying wells on adjoining tracts and within three hundred feet of the dividing line.

5. The lessee shall carry on development and operations in a workmanlike manner, commit no waste on the said land and suffer none to be committed upon the portion in his occupancy or use, take good care of the same and promptly surrender and return the premises upon the termination of this lease to lessor or to whomsoever shall be lawfully entitled thereto, unavoidable casualties excepted; shall not remove therefrom any buildings or permanent improvements erected thereon during the said term by the said lessee, 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 for this lease, excepting the tools, derricks, boilers, boiler houses, pipe lines, pumping and drilling outfits, tanks, engines, and machinery, and the casing of all dry or exhausted wells, which shall remain the property of the lessee, and may be removed at any time prior to sixty days after the termination of the lease by forfeiture or otherwise; shall not permit any nuisance to be maintained on the premises under lessee's control, nor allow any intoxicating liquors to be sold or given away for any purposes on such premises; shall not use such premises for any other purposes than those authorized in this lease; and before abandoning any well shall securely plug the same so as effectually to shut off all water from the oil-bearing stratum, or in the manner required by the laws of the State of Oklahoma.

6. The lessee shall 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 operating said property, and upon all of the unsold oil obtained from the land herein leased, as security for payment of said royalty.

7. The lessee may at any time, by paying to the Indian Agent all amounts then due as provided herein and the further sum of one dollar, surrender and cancel this lease and be relieved from all further obligations or liability hereunder: Provided, if this lease has been recorded, lessee shall execute a release and record the same in the proper county recording office: Provided further, in event restrictions are removed from all leased premises, the lessee may surrender all the undeveloped portion thereof, by paying the lessor all amounts then due and the further sum of one dollar, which surrender shall not affect the terms hereof as to each producing well and ten acres of said premises as nearly in square form as possible next contiguous to and surrounding each of said wells, and execute and record a cancellation of premises surrendered.

8. This lease shall be subject to the regulations of the Secretary of the Interior, now or hereafter in force, relative to such leases, all of which regulations are made a part and condition of this lease: Provided, however, that no regulations made after the the approval of this lease, affecting either the length of term of oil and gas leases, the rates of royalty or payments thereunder, or the assignment of leases, shall operate to affect the terms and conditions of this lease.

9. Upon the violation of any of the substantial terms and conditions of this lease, the Secretary of the Interior (or lessor, in event restrictions are removed as provided in paragraph 12 hereof) shall have the right, at any time after thirty days' notice to the lessee specifying the terms or conditions violated, to declare this lease null and void, and the lessor shall then be entitled and authorized to take immediate possession of the land.

10. Before this lease shall be in force and effect the lessee shall furnish a bond with responsible surety to the satisfaction of the Secretary of the Interior, conditioned for the performance of this lease, which bond shall be deposited and remain on file in the Indian Office.

11. Assignment of this lease or any interest therein may be made with the approval of the Secretary of the Interior, it being understood that to secure such approval the proposed assignee need only be qualified to hold such a lease under the rules and regulations, and furnish a bond with responsible surety to the satisfaction of the Secretary of the Interior, conditioned for the faithful performance of the covenants and conditions of this lease.

12. In event restrictions on alienation shall be removed from all the leasehold premises described above, this lease shall be released from the supervision of the Secretary of the Interior, such release to take effect without further agreement, from the date such restrictions are removed, and thereupon the authority and power delegated to the Secretary of the Interior as herein provided shall cease, and all payments required to be made to the United States Indian Agent shall thereafter be made to lessor or the then owner of said land; and changes in regulations thereafter made by the Secretary of the Interior applicable to oil and gas leases shall not apply to this lease.

13. Each and every clause and covenant of this indenture shall extend to the heirs, executors, administrators, successors, and lawful assigns of the parties hereto.

14. In witness whereof, the said parties have hereunto subscribed their names and affixed their seals on the day and year first above mentioned.

Attest:

John Timothy [Seal.]

The Hanna Oil Company [Seal.]

By C. P. Eakins President [Seal.]

J. B. Porter Secretary [Seal.]

Two witnesses to execution by lessor:

A. E. Raiford

P. O., Eufaula Okla.

R. F. Venater

P. O., Eufaula Okla.

Two witnesses to execution by lessee:

Robert L. Russell

P. O., Tulsa Okla.

J. H. Eakins

P. O., Tulsa Okla.

1. Here insert full-blood, mixed-blood, intermarried, or freedman, as shown by the rolls of the Commission to the Five Civilized Tribes.
2. If a full-blood, insert "April 26, 1906, 34 Stat. L., 137"; if a mixed-blood Creek or Creek freedman, insert "June 30, 1902, 32 Stat. L. 500"; and if a mixed-blood Cherokee or Cherokee freedman, insert "July 1, 1902, 32 Stat L., 716."

State of Oklahoma, County of McIntosh ~~County~~, ss.

Before me, a Notary Public in and for said County and State, on this 27th day of January 1910, personally appeared John Timothy to me known to be the identical person who executed the within and foregoing lease, and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

(My commission expires July 13th. 1911. Seal.)

Arthur E. Raiford
Notary Public

State of Oklahoma, ... County, ss.

This Instrument was filed for Record on the 23 day of Sep A.D. 1910, at 2:40 o'clock P. M.

H. Cockrell Rec. of Deeds

By ..... Deputy. [SEAL] ..... Clerk.