

And the party of the first part further agrees and binds itself, its successors and assigns, to pay or cause to be paid to the lessor, as advanced 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 should the same exceed the sums paid as advanced annual royalty, and further, that should the party of the second part neglect or refuse to pay such advanced annual royalty for the period of sixty days after the same becomes due and payable, then this lease shall at the option of the lessor, be null and void, and all money 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 the 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, with due notice to the lessee and proof of the default; and said party of the second part agrees to operate the same in a workmanlike manner to the fullest possible extent, unavoidable casualties excepted; to commit no waste upon 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 or 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 for this lease, in addition to the other considerations herein specified, excepting that 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 this lease; that it will not permit any nuisance to be maintained on the premises under its control, nor allow any intoxicating liquor to be sold or given away for any purpose on said premises; that it will not use such premises for any other purpose than that 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 it is mutually agreed and understood that no sublease, assignment or transfer of this lease or of any interest therein or thereunder can be directly or indirectly made without the written consent thereto of the lessor and the Secretary of the Interior first obtained, and that any such assignment or transfer made or attempted without such consent shall be void.

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 whole amount of oil mined or removed; and all sums due as royalty shall be a lien on all implements, tools movable machinery and other personal chattels used in said prospecting and mining operations, and upon all of the oil obtained from the land herein leased, as security for the payment of said royalties.