

And the second party further agrees and binds itself and 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 such sums paid as advanced 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, at the option of the lessor, shall be 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 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 thereon 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 liquors to be sold or given away for any purpose on such 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 effectually shut off all water above the oil-bearing horizon.

And it is mutually understood and agreed 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 the oil obtained from the land herein leased, as security for the payment of said royalties.