

of said operations.

In consideration of which the said party of the second part hereby agrees and binds itself, its successors and assigns, to pay or cause to be paid to the lessor, as royalty the sum of twelve and one half per cent of the value, on the leased premises, of all crude oil extracted from the said land, and if the parties do not before the tenth day of the month succeeding its extraction, agree upon the value of the crude oil on the leased premises, the value thereof shall finally be determined under the direction of the Secretary of the Interior in such manner as he shall prescribe, and to so pay the royalty accruing for any month on or before the twenty fifth day of the month succeeding, and where the value of the crude oil fluctuates, the average value during the month shall constitute the criterion in computing the royalty; and to pay in yearly payments, at the end of each year, such royalty on each gas producing well as the Secretary of the Interior may prescribe, the lessor to have free the use of gas for lighting and warming his residence on the premises? But failure on the part of the lessee to use a gas producing well shall not work a forfeiture of this lease so far as the same relates to mining oil.

And the party of the second part further agrees and binds itself, its successors and assigns, to pay or cause to be paid to the lessor, in advanced annual royalty on this lease the sums of money as follows: 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 the said sums of money so paid shall be a credit on the stipulated royalty should the same exceed such sums paid as advanced royalty; and further that should the party of the second part neglect, 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 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 gas on the lands covered by this lease, and to operate the same in a workman like manner to the fullest possible extent, unavoidable casualties excepted to commit no waste upon the said land, and to suffer no waste to be committed upon that portion in its occupancy or use; to take good care of the same, and to promptly surrender and return the same upon the termination of this lease to the part 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 and 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 upon said 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 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