

17621

OIL AND GAS LEASE

2843980

AGREEMENT, Made and entered into this 29th day of June, 1976

by and between Western Development Company, a Utah Corporation  
C/O Max K. Mangum 1809 Millbrook Road

Salt Lake City, Utah 84111

Party of the first part, hereinafter called lessor (whether one or more)  
and Odessa Natural Corporation, P.O. Box 3908, Odessa, Texas / 79760 part of the second part, hereinafter called lessee.

WITNESSETH, That the said lessor, for and in consideration of Ten and more DOLLARS, cash in hand paid, receipt of which is hereby acknowledged and of the covenants and agreements hereinafter contained on the part of lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto the said lessee, for the sole and only purpose of exploring by geophysical and other methods, mining and operating for oil and gas and laying pipe lines, and building tanks, powers, stations and structures thereon, to produce, save and take care of said products, all that certain tract of land situated in the County of Utah and Salt Lake, State of Utah described as follows, to-wit: See EXHIBIT "A" attached hereto and made a part of:

Recorded AUG 10 1976 at 5:00 PM  
Request of Odessa Natural Corp - El Paso Products Co.  
KATIE L. DIXON, Recorder  
Salt Lake County, Utah  
\$16.00 By Cheryl Warrington Deputy  
REF. P.O. Box 3986 - Odessa Texas 79760

of Section ---, Township ---, Range ---, and containing 2671.03 acres, more or less.

It is agreed that this lease shall remain in force for a term of ten years from date, and as long thereafter as oil or gas, or either of them, is produced from said land by the lessee.

In consideration of the premises the said lessee covenants and agrees:  
1st. To deliver to the credit of lessor free of cost, in the pipe lines to which he may connect his wells, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2nd. To pay lessor for gas of whatever nature and kind produced and sold or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8) at the market price at the well for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly. Where gas from a well producing gas only is not sold or used, lessee may pay or tender a royalty of One Dollar (\$1.00) per year per net royalty acre retained hereunder, such payment or tender to be made, on or before the anniversary date of this lease next ensuing after the expiration of ninety (90) days from the date such well is shut in and hereafter on the anniversary date of this lease during the period such well is shut in, to the royalty owners or to the royalty owner's credit in the retail depository bank hereinafter designated. If such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph.

3rd. To pay lessor for gas produced from any oil well and used off the premises, or for the manufacture of casing-head gasoline or dry commercial gas, one-eighth (1/8) of the proceeds, at the mouth of the well, at the prevailing market rate for the gas during which time such gas shall be used, said payments to be made monthly.

If no well be commenced on said land on or before the 29th day of June, 1977, this lease shall terminate as to both parties, unless the lessee on or before that date shall pay or tender to the lessor or to the lessor's credit in the First Security Bank of Utah / Bank NA at Salt Lake City, Utah 84111 or its successors, which shall continue as the depository regardless of changes in the ownership of said land, the sum of Two Thousand Six Hundred Seventy One and 03/100 DOLLARS, which shall operate as rental and cover the privilege of deferring the commencement of a well for twelve months from said date.

The payment herein referred to may be made in currency, draft, or lessee's check at the option of the lessee, and tender thereof may be made either to lessor in person or by mailing the same to lessor at his last known address, or to said depository bank on or before the date on which said rental is due hereunder. In like manner and upon like payments or tenders the commencement of a well may be further deferred for periods of the same number of months successively. And it is understood and agreed that the consideration first recited herein, the down payment, covers not only the privilege granted to the date when said first rental is payable, as aforesaid, but also the lessee's option of extending that period as aforesaid, and any and all other rights conferred.

Should the first well drilled on the above described land, or on acreage pooled therewith, be a dry hole, then and in that event, if a second well is not commenced on said land, or on acreage pooled therewith, within twelve months from the expiration of the last rental period for which rental has been paid, this lease shall terminate as to both parties, unless the lessee on or before the expiration of said twelve months shall resume the payment of rentals, in the same amount and in the same manner as hereinbefore provided. And it is agreed that upon the resumption of the payment of rentals as above provided, that the provisions, hereof governing the payment of rentals and the effect thereof, shall continue in force just as though there had been no interruption in the rental payments. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, or on acreage pooled therewith, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned.

Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil and gas in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gaswell. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided shall be paid to the lessor only in the proportion which his interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operations thereon, except water from wells of lessor. When requested by the lessor, lessee shall bury his pipe lines below plow depth. No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without the written consent of the lessor. Lessee shall pay for all damages caused by its operations to growing crops on said land. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until the lessor has been furnished with a written transfer or assignment or a true copy thereof, and it is hereby agreed in the event this lease shall be assigned as to a part of the leased lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the rentals due from him or them, the lessor shall not operate or affect this lease in so far as it covers a part or parts of the lands on which the said lessee or any assignee thereof shall make the payment of the proportionate part of the rentals due from him or them, if the lessor assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules and Regulations, and the lessee shall be bound by the same, in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or such failure is the result of, such laws, orders, rules or regulations.

This lease shall be effective as to each lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding that the lessors may not join in the execution hereof. The undersigned lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all rights of dower and homestead in the premises described, insofar as said right of dower and homestead may in any way affect the purposes for which this lease is made as recited herein.

Lessor hereby covenants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to execute and record any mortgages, taxes or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder of such mortgages, taxes or other liens, except severance taxes, if any.

IN TESTIMONY WHEREOF, we sign this the 29th day of June, 1976

ATTEST: William L. Mangum Secretary  
By: Max K. Mangum Vice-President  
Its: ID. No. 87-026-7498

WBM  
MKM

7/10 84206

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BOOK 4488 PAGE 91

STATE OF \_\_\_\_\_ }  
County of \_\_\_\_\_ } ss.

(ACKNOWLEDGMENT FOR INDIVIDUAL)

Before me, the undersigned, a Notary Public, in and for said County and State, on this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, personally appeared \_\_\_\_\_

personally known to me to be the identical person... who executed the within and foregoing instrument, and acknowledged to me that... executed the same as... free and voluntary act and deed, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my official signature and affixed my official seal the day and year first above written.

My commission expires \_\_\_\_\_ Notary Public

STATE OF \_\_\_\_\_ }  
County of \_\_\_\_\_ } ss.

(ACKNOWLEDGMENT FOR INDIVIDUAL)

Before me, the undersigned, a Notary Public, in and for said County and State, on this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, personally appeared \_\_\_\_\_

personally known to me to be the identical person... who executed the within and foregoing instrument, and acknowledged to me that... executed the same as... free and voluntary act and deed, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my official signature and affixed my official seal the day and year first above written.

My commission expires \_\_\_\_\_ Notary Public

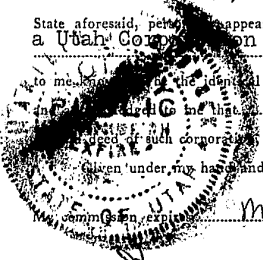
STATE OF UTAH }  
County of SALT LAKE } ss.

(ACKNOWLEDGMENT FOR CORPORATION)

On this 29<sup>th</sup> day of June, A. D., 1976, before me, the undersigned, a Notary Public, in and for the County and State aforesaid, personally appeared Max K. Mangum, Vice-President of Western Development Company, a Utah Corporation

to me known to be the identical person... who subscribed the name of the maker thereof to the foregoing instrument as its Vice-President and he executed the same as its free and voluntary act and deed and as the free and voluntary act of such corporation for the uses and purposes therein set forth.

Given under my hand and seal of office the day and year last above written.



March 12, 1979 Marilyn B. Hollenbeck  
Notary Public

17621

Oil and Gas Lease  
Coburn Natural Gas  
BOOK 1488 PAGE 91-4  
1976 JUL 20 AM 9:39

UTAH COUNTY RECORDER  
DEPUTY  
PR ABS X IND  
ST-7 T 4 RT  
9-10-15-16  
17-18

Date June 29, 1976  
Section \_\_\_\_\_ Township \_\_\_\_\_ Range \_\_\_\_\_  
County \_\_\_\_\_ Term \_\_\_\_\_  
No. of Acres \_\_\_\_\_

STATE OF \_\_\_\_\_ }  
County of \_\_\_\_\_ } ss.  
This instrument was filed for record on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M., and duly recorded in book \_\_\_\_\_ page \_\_\_\_\_ of the records of this office.

By \_\_\_\_\_  
Deputy  
Registrar of Deeds—County Clerk  
Record and Mail to:  
ODESSA NATURAL CORPORATION  
P.O. BOX 3566  
ODESSA, TEXAS 79760  
V.I.V. RECORDS SECTION  
Burkhart Printing & Engraving Co., Tulsa, Okla.

STATE OF \_\_\_\_\_ }  
County of \_\_\_\_\_ } ss.

(ACKNOWLEDGMENT WHERE THE LESSOR SIGNS BY MARK)

On this \_\_\_\_\_ day of \_\_\_\_\_, A. D., 19\_\_\_\_, before me, the undersigned, a Notary Public, in and for the County and State aforesaid, personally appeared \_\_\_\_\_ and \_\_\_\_\_

to me known to be the identical person... who executed the within and foregoing instrument by \_\_\_\_\_ mark in my presence and in the presence of \_\_\_\_\_ and \_\_\_\_\_

as witnesses, and acknowledged to me that... executed the same as... free and voluntary act and deed for the uses and purposes therein set forth.

Given under my hand and seal of office the day and year last above written.

My commission expires \_\_\_\_\_ Notary Public

NOTE—The signature by mark of a lessor who cannot write his name must be witnessed by two witnesses, one of whom must write lessor's name near such mark.

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BOOK 1488 PAGE 92

EXHIBIT "A" attached to a certain oil & gas lease dated June 29, 1976  
from Western Development Company as LESSORS to Odessa Natural Corporation,  
as LESSEE.

Township 3 South, Range 1 East, Salt Lake Meridian

Section 12:  $E\frac{1}{2}NW\frac{1}{4}$ ,  $NW\frac{1}{4}NE\frac{1}{4}$ ,  $E\frac{1}{2}SE\frac{1}{4}$ ; ALSO a tract of land, 6 acres more or less, described as commencing at the Southwest corner of the Northeast quarter of Section 12, and running thence North 35 rods, thence East 30 rods, thence Southerly 35 rods along the present established road, thence West 24 rods to the place of beginning; ALSO a tract of land, 6 acres more or less, beginning at the Northeast corner of the Northwest quarter of the Southeast quarter of Section 12, thence South 80 rods, thence West 22 rods, thence Northeasterly to a point 2 rods West of the said starting point, thence East 2 rods to the place of beginning; ALSO a tract of land, area 59 square rods, beginning at a point 21 rods East from the Southwest corner of the Southeast quarter of section 12, thence running East 59 rods, thence North 1 rod, thence West 59 rods, thence South 1 rod to the point of beginning.

Section 13:  $SE\frac{1}{4}NE\frac{1}{4}$ ,  $S\frac{1}{2}SW\frac{1}{4}$

Section 14:  $NE\frac{1}{4}NE\frac{1}{4}$ ,  $SE\frac{1}{4}SE\frac{1}{4}$

Section 23:  $NE\frac{1}{4}NE\frac{1}{4}$ ,  $SW\frac{1}{4}SE\frac{1}{4}$

Section 25:  $S\frac{1}{2}NW\frac{1}{4}$ ,  $NW\frac{1}{4}NW\frac{1}{4}$

Section 26:  $NE\frac{1}{4}NE\frac{1}{4}$

Township 4 South, Range 1 East, Salt Lake Meridian

xSection 4: Lot 3,  $S\frac{1}{2}NW\frac{1}{4}$ ,  $SW\frac{1}{4}$ ,  $SW\frac{1}{4}NE\frac{1}{4}$ ,  $W\frac{1}{2}SE\frac{1}{4}$

xSection 7: Lot 3,  $NE\frac{1}{4}SW\frac{1}{4}$ ,  $S\frac{1}{2}SW\frac{1}{4}$ ,  $SE\frac{1}{4}$

xSection 9:  $SW\frac{1}{4}SW\frac{1}{4}$ ,  $E\frac{1}{2}SW\frac{1}{4}$ ,  $SE\frac{1}{4}$

xSection 10: Lot 3, Lot 4

vSection 15: Lot 1, Lot 2,  $N\frac{1}{2}NW\frac{1}{4}$ ,  $SW\frac{1}{4}NW\frac{1}{4}$

vSection 16:  $N\frac{1}{2}$

vSection 17: Lot 3, Lot 4,  $S\frac{1}{2}NW\frac{1}{4}$ ,  $SW\frac{1}{4}$ ,  $N\frac{1}{2}SE\frac{1}{4}$

vSection 18: Lot 1, Lot 2

and containing 2671.03 acres more or less

Signed for identification purposes: WESTERN DEVELOPMENT COMPANY

By: Max K. Mangum  
Max K. Mangum

Its: Vice-President

on the 29 day of June 1976.

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RESOLUTION OF

KINTZEL BLUE PRINT CO.  
124 N. CENTER  
CASPER, WYOMING

WESTERN DEVELOPMENT COMPANY

Whereas, we, the Board of Directors of Western Development Company, a Corporation

which is the owner of approximately 2671.03 acres of

Utah and Salt Lake County, Utah lands, are this day in special meeting assembled, and

Whereas, Odessa Natural Corporation is desirous of securing

a lease of said lands for a period of 10 years for the purpose of prospecting for oil and gas and has this day presented to us, the said Board of Directors of said corporation, a written and printed form for our approval setting out the terms and conditions of said proposed lease, and

Whereas, we, the said Board of Directors, feel that it will be to the benefit and best interests of said corporation and all persons interested therein that said lease be executed.

Now therefore be it resolved, that the President and Secretary shall, and they hereby are authorized, instructed, and directed to, enter into a lease in the name of, and in behalf of this company, with

Odessa Natural Corporation for a period of 10 years for the lands and for the price

and upon the terms and conditions contained in the written lease submitted by the said Odessa Natural

Corporation on this 29th day of June 1976, a true and exact copy which is

now on file in the company office with the secretary of said corporation.

THE STATE OF: UTAH  
COUNTY OF: SALT LAKE } ss.

We Max K. Mangum Vice-  
as President and

William L. Mangum, as Secretary of the Western Development Company

, a corporation, do hereby certify that the above and foregoing

resolution is a true and correct copy of a resolution of the Board of Directors of said company (as it appears from the Minute Book of said corporation and now before us), duly adopted at a special meeting of

said Board of Directors held on the 29th day of June 1976, at

Salt Lake City, Utah at its principal office at

Salt Lake City, Utah at which said meeting the

entire Board of Directors of said corporation were present: that at the said meeting, said resolution was regularly proposed, voted upon, and adopted by the unanimous vote of all the said Directors.

Witness our hands and seal of said corporation this 29th day of June, 1976

Max K. Mangum Vice-President  
Max K. Mangum Vice-President

ATTEST: \_\_\_\_\_

Secretary William L. Mangum  
William L. Mangum

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