

LEASE

Entry No. 47701

\$.55 United States Revenue Stamp duly cancelled.

THE STATE OF UTAH }
COUNTY OF CARBON } SS.

KNOW ALL MEN BY THESE PRESENTS

That JOHN McMAHON, a bachelor of the County of Carbon, State of Utah, hereinafter called Grantor (whether one or more), for and in consideration of the sum of Ten and no/100 dollars, each in hand paid by E. W. SLEMAKER of Dulce, N.M., hereinafter called Grantee (whether one or more), the receipt of which is hereby acknowledged, have granted, bargained, sold, conveyed, transferred, set over and delivered and by these presents do grant, bargain, sell, convey, transfer, set over and deliver unto the said Grantee, forever, an undivided one-sixteenth (1/16th) interest in, to and of all oil, gas and other minerals, whether similar or dissimilar, in, on, under and that may be produced from the following described land situated in the County of Carbon, State of Utah, more particularly described as follows, to-wit:

The E 1/2 of NE 1/4, the NE 1/4 of SE 1/4 and the SW 1/4 of SE 1/4 of Sec. 2, T16N, R10E of NW 1/4 and the SE 1/4 of NE 1/4 of Sec. 10, T16N, R10E of NW 1/4 and the NW 1/4 of SW 1/4 of Sec. 11 all in Twp. 16 South, Range 10 East of S.1.E.8.

The above described land containing 550 acres, more or less.

Together with the right of ingress and egress in, upon and over said land at all times for the purpose of mining, drilling and exploring said land for oil, gas and other minerals and receiving the same therefrom; together with the use of such amount of the surface of said land as is necessary or useful to produce, save, store, refine, break, transport and remove such oil, gas and other minerals, including water, and to conduct all operations and erect and use thereon all buildings, derricks, tanks, structures, machinery and equipment as may be necessary or proper for such purpose, together with the right to lay and operate thereon pipe lines, telephons and telegraph lines, and to repair and remove from said land any of Grantee's property thereon at any time, including the right to pull and remove casing.

In respect to the undivided one-sixteenth (1/16) part of and interest in the oil, gas and other minerals retained and reserved by the Grantor in said lease, it is understood and agreed that said one-sixteenth (1/16th) interest is and shall always be a royalty interest, and shall not be charged with any of the costs which the Grantee may incur in exploring, drilling, mining, developing and operating wells or mines for the production of oil, gas and other minerals; and, if the Grantee, or his heirs, executors, assigns or any person or persons to whom the Grantee shall give an oil and gas mining lease thereon, shall, by his or their explorations and operations, discover and produce oil, gas and other minerals the Grantor's one-sixteenth (1/16th) royalty interest above referred to shall be delivered free of cost to the Grantor at the wells or mines or to the credit of Grantor in pipe lines or storage provided by the Grantor. It is expressly understood that the Grantee shall never be required or under any covenant or obligation, either express or implied, to drill or operate on said lands or any part thereof for the discovery of or production of oil, gas and other minerals, and that all drilling operations and developments for oil, gas and other minerals, before and after discovery, shall be solely at the Grantee's option and election, and that any wells or mine discovered or drilled by the Grantee may be abandoned or operated by him at any time at his election or discretion; provided that, before Grantor's royalty shall be calculated and determined, all oil, gas and other minerals used for light, heat and operations by the Grantee and any taxes against the production shall be first deducted.

Grantor further agrees that the Grantee shall have the right at any time to redeem for the Grantor or his heirs, executors and assigns, by payment, any note, deed of trust, taxes, judgments or other liens on the above described land in the event of default of payment by Grantor and be subrogated to the rights of the holder or holders thereof.

The rights and interests herein granted, created and reserved shall extend to the respective heirs, executors, administrators, successors and assigns of the parties hereto, it being agreed that the Grantor shall not be required to join in or ratify any oil and gas mining lease which the Grantee may grant by virtue of his ownership hereunder and that Grantor shall be entitled to some of the bonus money therefor; it being further understood that any change of ownership of the one-sixteenth (1/16th) royalty belonging to the Grantor, whether affected by conveyance, will, partition or otherwise, shall entitle the respective owners only to their proportionate part of said royalty, and that the Grantee shall not be responsible for the payments or delivery of said royalty to any new owners unless and until he shall be furnished with the instrument of transfer or duly certified copy thereof.

TO HAVE AND TO HOLD the above described property, rights, interests and privileges, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said Grantee, his heirs, executors, administrators and assigns; and he do hereby bind his heirs, executors, administrators and assigns, to warrant and forever defend all and singular the said property, rights, interests and privileges unto the said Grantee, his heirs, executors, administrators and assigns, against every person whatsoever lawfully claiming or to claim the same or any part thereof.

WITNESSE my hand this 20th day of June, 1940.

John McMahon

STATE OF UTAH }
COUNTY OF CARBON } SS.

ACKNOWLEDGMENT, Applicable where lands are in Oklahoma, Kansas, Nebraska, South Dakota, Arizona and New Mexico.

BE IT REMEMBERED, That on this 25th day of June A.D., 1940, before me, a Notary Public in and for said County and State, personally appeared John McMahon, a bachelor to me known to be the identical person described in and who executed the within and foregoing instrument 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.

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

(SEAL)

Christian T. Axelrood

Notary Public

My commission expires June 17th 1950

435 E. 1st South Pines, Utah