



01727663

RECEPTION NO. 353685 RECORDED Mar. 26, 1951

BOOK 403 PAGE 28

Form L. B. 88-42 Kan., Okla. & Colo.

8:00

A. M. OIL AND GAS LEASE

ANSAS BLUE PRINT CO.

THIS AGREEMENT, Entered into this the 30th day of January, 1951

between Nels Knudsen and Doris M. Knudsen, his wife

hereinafter called lessor,

and Count Dunaway hereinafter called lessee, does witness:

1. That lessor, for and in consideration of the sum of Ten and no/100 - - - - Dollars (\$ 10.00

in hand paid, and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted and leased and hereby grants, leases and lets unto the lessee for the purpose of mining and operating for and producing oil and gas, casinghead gas and casinghead gasoline, laying pipe lines, building tanks, storing oil, building powers, stations, telephone lines and other structures thereon to produce, save, take care of and manufacture all of

such substances, and for housing and boarding employees, the following described tract of land in Logan

County, Colorado to-wit: Lots 2, 3, 4 and 5 and the Southwest Quarter of the Northeast Quarter and the Southeast Quarter of the Northwest Quarter of Section 6, Township 8 North, Range 52 West, and Lot 1,

in Section 1, Township 8 North, Range 53 West, and containing 363.17 acres, more or less.

2. This lease shall remain in force for a term of ten (10) years and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of them is produced.

3. The lessee shall deliver to the credit of the lessor as royalty, free of cost, in the pipe line to which lessee may connect its wells the equal one-eighth part of all oil produced and saved from the leased premises, or at the lessee's option, may pay to the lessor for such one-eighth royalty the market price for oil of like grade and gravity prevailing on the day such oil is run into the pipe line, or into storage tanks.

4. The lessee shall pay lessor, as royalty, one-eighth of the proceeds from the sale of the gas, as such, for gas from wells where gas only is found, and where not sold shall pay fifty (\$50.00) Dollars per annum as royalty from each such well, and while such royalty is so paid such well shall be held to be a producing well under paragraph numbered two hereof. The lessor to have gas free of charge from any gas well on the leased premises for stoves and inside lights in the principal dwelling house on said land by making his own connections with the well, the use of said gas to be at the lessor's sole risk and expense. The lessee shall pay to lessor for gas produced from any oil well and used by the lessee for the manufacture of gasoline or any other product, as royalty, one-eighth of the market value of such gas at the mouth of the well. If said gas is sold by the lessee, then as royalty one-eighth of the proceeds of the sale thereof.

5. If operations for the drilling of a well for oil or gas are not commenced on said land on or before one year from this date, this lease shall terminate as to both parties, unless the lessee shall, on or before one year from this date, pay or tender to the lessor or for the lessor's credit in the

Security State Bank at Sterling, Colorado

its successors, which bank and its successors are the lessor's agent and shall continue as the depository of any and all sums payable under this lease, regardless of changes of ownership in said land or in the oil and gas, or in the rentals to accrue thereunder, the sum of

Three hundred sixty three and 17/100 - - - - Dollars (\$ 363.17

which shall operate as rental, and cover the privilege of deferring the commencement of drilling operations for a period of one year. In like manner and upon like payments or tenders, the commencement of drilling operations may be further deferred for like periods successively. All payments or tenders may be made by check or draft of lessee or any assignee thereof, mailed or delivered on or before the rental paying date. Notwithstanding the death of the lessor, or his successor or draft of lessee or any assignee thereof, mailed or delivered on or before the rental paying date. Notwithstanding the death of the lessor, or his successor in interest, the payment or tender of rentals in the manner provided above shall be binding on the heirs, devisees, executors, and administrators of such person.

6. If at any time prior to the discovery of oil or gas on this land and during the term of this lease, the lessee shall drill a dry hole, or holes, on this land, this lease shall not terminate, provided operations for the drilling of a well shall be commenced within twelve months from the expiration of the last rental period for which rental has been paid, or provided that within said period the lessee begins or resumes the payment of rentals in the manner and amount herein above provided; and in this event the preceding paragraphs hereof governing the payment of rentals and the manner and effect thereof shall continue in force.

7. In case 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 for shall be paid the said lessor only in the proportion which his interest bears to the whole and undivided fee.

8. The lessee shall have the right to use free of cost, gas, oil and water found on said land for its operations thereon, except water from the wells of the lessor. When required by lessor, the lessee shall bury pipe lines below plow depth and shall pay for damage caused by its operations to growing crops on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the lessor. Lessee shall have the right at any time during or after the expiration of this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing.

9. 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 the heirs, executors, administrators, successors and assigns, but no change of ownership in the land or in the rentals or royalties shall be binding on the lessee until after notice to the lessee and it has been furnished with the written transfer or assignment or a certified copy thereof. In the event this lease shall be assigned as to a part or as to parts of the above described lands, and the holder or owner of any such part or parts shall fail or make default in the payment of the proportionate part of the rent due from him or them, such default shall not operate to defeat or affect this lease in so far as it covers a part or parts of said land upon which the said lessee or any assignee hereof shall make due payment of said rentals. If at any time there be as many as four parties entitled to rentals or royalties, lessee may withhold payments thereof unless and until all parties designate, in writing, in a recordable instrument to be filed with the lessee, a common agent to receive all payments due hereunder, and to execute division and transfer orders on behalf of said parties, and their respective successors in title.

10. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder.

11. Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if lessee shall commence drilling operations at any time while this lease is in force, this lease shall remain in force and its term shall continue so long as such operations are prosecuted and, if production results therefrom, then as long as production continues.

12. If within the primary term of this lease production on the leased premises shall cease from any cause, this lease shall not terminate provided operations for the drilling of a well shall be commenced before or on the next ensuing rental paying date, or, provided lessee begins or resumes the payment of rentals in the manner and amount hereinbefore provided. If, after the expiration of the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided lessee resumes operations for drilling a well within sixty (60) days from such cessation, and this lease shall remain in force during the prosecution of such operations and, if production results therefrom, then as long as production continues.

13. Lessee may at any time and from time to time surrender this lease as to any part or parts of the leased premises by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the proper county.

14. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor or lessee. 15. This lease shall not be terminated, in whole or in part, nor shall lessee be held liable in damages, for failure to comply with the express or implied covenants hereof, if compliance therewith is prevented by, or if such failure is the result of, any Federal or State laws, executive orders, rules, or regulations. If, at the end of the primary term hereof, such term has not been extended by production or drilling as in this lease provided, and lessee by reason of any of the above recited causes, is unable to drill a well on the leased premises for oil or gas, the primary term and the rental provision hereof shall be extended automatically from year to year until the first anniversary hereof occurring ninety (90) or more days following the removal of such delaying cause. During any period that lessee is unable to produce and/or market any products from the leased premises by reason of any of the above recited causes, this lease shall remain in full force and effect.

16. Lessee is hereby given the right at its option, at any time and from time to time, to pool or utilize all or any part or parts of the above described land with other land, lease, or leases in the immediate vicinity thereof, such pooling to be into units not exceeding the minimum size tract on which a well may be drilled under laws, rules, or regulations in force at the time of such pooling or utilization; provided, however, that such unit may exceed such minimum by not more than ten acres if such excess is necessary in order to conform to ownership subdivisions or lease lines. Lessee shall exercise said option, as to each desired unit, by executing and recording an instrument identifying the unitized area. Any well drilled or operations conducted on any part of each such unit shall be considered a well drilled or operations conducted under this lease, and there shall be allocated to the portion of the above described land included in any such unit such proportion of the actual production from all wells on such unit as lessor's interest, if any, in such portion, computed on an acreage basis, bears to the entire acreage of such unit. And it is understood and agreed that the production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production from the portion of the above described land included in such unit in the same manner as though produced from the above described land under the terms of this lease.

IN WITNESS WHEREOF, we sign the day and year first above written.

Nels Knudsen (Nels Knudsen)

Doris M. Knudsen (Doris M. Knudsen)

STATE OF Colorado } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans. Okla. and Colo.)
COUNTY OF Logan
Before me, the undersigned, a Notary Public, within and for said County and State, on this 30th day of January, 1951, personally appeared Nels Knudsen and Doris M. Knudsen, his wife

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth. IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written. My commission expires March 12, 1953 Helen J. Houston Notary Public

STATE OF } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans. Okla. and Colo.)
COUNTY OF
Before me, the undersigned, a Notary Public, within and for said County and State, on this day of 19, personally appeared and

to me personally known 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 hand and official seal the day and year last above written. My commission expires Notary Public

STATE OF } ss. ACKNOWLEDGMENT FOR CORPORATION
COUNTY OF
Be it remembered that on this day of 19, before me, the undersigned, a Notary Public, duly commissioned, in and for the county and state aforesaid, came president of a corporation of the State of personally known to me to be such officer, and to be the same person who executed as such officer the foregoing instrument of writing in behalf of said corporation, and he duly acknowledged the execution of the same for himself and for said corporation for the uses and purposes therein set forth. IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day and year last above written. My commission expires Notary Public

Vertical stamp area containing: No. 3394, COLLECTION, N.B. TULSA, OIL AND GAS LEASE, FROM Nels & Doris M. Knudsen, TO County Dunaway, Date, Section, Twp, Rge, No. of Acres, Term, County, STATE OF, County of, This instrument was filed for record on the 26th day of March 1951 at 8:00 o'clock A.M., and duly recorded in Book 403 Page 23 of the records of this office. Signed H. J. Bryan, Register of Deeds. By 188, When recorded, return to SUNRAY OIL CORPORATION, 16th Floor First National Building, Tulsa 3, Oklahoma.

NOTE: When signature by mark in Kansas, said mark to be witnessed by at least one person and also acknowledged. For acknowledgment by mark, use regular Kansas acknowledgment.

STATE OF } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans. Okla. and Colo.)
COUNTY OF
Before me, the undersigned, a Notary Public, within and for said County and State, on this day of 19, personally appeared and

to me personally known 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 hand and official seal the day and year last above written. My commission expires Notary Public