

Maude M. Dorough, )

to )

Buffalo Oil Company. )

OPTION FOR ASSIGNMENT OF OIL AND GAS LEASE

## OPTION FOR ASSIGNMENT OF OIL AND GAS LEASE

This option, made this 12th day of April, A.D., 1954, by and between Maude M. Dorough, mailing address 503 18th street, Denver, Colorado, hereinafter called lessee, party of the first part, and Buffalo Oil Company, mailing address Midland, Texas, hereinafter called assignee, party of the second part, WITNESSETH:

whereas, lessee has filed an application for an oil and gas lease under the Act of Congress, approved February 25, 1920 (41 Stat. 437), as amended, bearing Serial No. Nevada-020092, said application bearing date February 24, 1954, and covering the following described land in the County of Eureka and State of Nevada:

Township 20 North, Range 49 East M.D.P.M.

Section 13: All

Section 14: All

Section 23: All

Section 24: All

containing 2560 acres, more or less.

For and in consideration of the sum of One Dollar (\$1.00), and other valuable consideration, the receipt of which is hereby acknowledged, and which is acknowledged to be sufficient to support all the rights and privileges hereby granted, lessee hereby grants unto the assignee, or to assignee's qualified heirs, personal representatives, successors and assigns, the right and option to acquire by assignment all of the right, title and interest of the lessee, his heirs, personal representatives or assigns, in and to the above described lease, when and if issued and to any extension thereof, to the extent that it covers or may cover the above described land, or any part thereof, such assignment to be in manner, form and substance satisfactory and acceptable to assignee, and to be free and clear of any and all liens, encumbrances or outstanding interests except as hereinbelow set out:

- (b) An overriding royalty of One percent ( 1 % ) of all oil and gas produced, saved and marketed from the above described land, which royalty interest is to be reserved by lessee if and when assignee elects to take the assignment of the interest of lessee in said land as herein provided.

The Optional right thereby granted is for the purpose of enabling the assignee to do and perform such geological or geophysical exploration as assignee may desire on and in the vicinity of said land at any time hereafter and until the termination of said option, including the right to drill core holes and perform seismograph or other work thereon. If the above described lease has issued, as above set out, then this option must be exercised by assignee within two years from and after the date hereof; but if the lease has not been issued and the application therefor is still pending before the Department of the Interior, said option period shall be for the term of two years from and after the date of actual issuance of the lease; provided however, in either case, that if all or part of the land covered hereby is included in a cooperative or unit plan of development under said Act of Congress, as amended, duly executed by the parties hereto, and submitted to the Secretary of the Interior for final approval prior to the expiration of the option period, then as to such land so included, this option shall not expire, and the rights granted hereunder shall be extended until 30 days after final approval or disapproval of said plan by the Secretary.

In the event said lease has not been issued, lessee agrees to execute and file all documents and papers and to do all things necessary to secure the prompt issuance of said lease, and to promptly furnish assignee with all papers and notices and requirements received from the Department of the Interior.

If any rentals become due under said lease or lease application and prior to the expiration of said option period, assignee, on notice from the lessee, shall either pay said rentals as to all of the above described land, or as to part, and relinquish this option as to the land on which assignee elects not to pay the rentals, and lessee shall thereupon have the privilege of paying said rentals as to the relinquished land and of maintaining the lease as to such land for his own account.

Election to exercise this option by assignee may be made by written notice deposited in the United States mail, or by telegram deposited in the telegraph office, addressed to the lessee at the above named address, prior to the expiration of the option. Assignee may likewise at any time during the option period exercise said option as to part of the above described land, and either continue said option as to the remaining land or relinquish it, or continue the option as to part and relinquish as to part; and assignee may at any time thereafter likewise exercise said option in whole or in part as above set out, if exercised within the option period. For the purpose of notice hereunder the above named addresses shall remain as the address of the parties hereto, unless and until written notice of change of address is actually served on the other party, whereupon the new address shall be the

address for the purposes hereof.

Lessee agrees to keep and maintain said lease in full force and effect during the option period, and will not relinquish or suffer the forfeiture of the same, and will furnish assignee with all communications and notices from the United States relating to said lease, and upon the exercise of said option will deliver to assignee, on demand, on forms submitted by assignee, a good and sufficient assignment of said lease, and will execute and deliver such other consents, affidavits, amended assignments, or other papers which may be found necessary to give full effect to said assignment. If the primary term of said lease shall expire during the option period hereunder, lessee agrees to exercise such right of extension as lessee may be entitled to as the record titleholder.

Lessee hereby consents that the above described land may be made the subject of or committed to a unit or cooperative plan of development under said Act of Congress, as amended and hereby makes, constitutes and appoints the assignee, or any executive officer of the assignee, if said party be a corporation, irrevocably, as her attorney in fact, for her and in her place and stead, at any time during said option period, or after the exercise of said option, to commit said land or any part thereof to the extent of the interest of the lessee therein, to any such unit or cooperative plan which may be prescribed or approved by the Secretary of the Interior, involving any area regarded by the Secretary of the Interior, or his representatives as logical for unitization and to execute such plan on behalf of the lessee, with the understanding that such plan may provide for the pooling and allocation of production within such participating area as may be established or approved by the Secretary, or his representative, upon a proportionate acreage or other equitable basis as may be prescribed or approved by said Secretary or his representative, and such plan may contain such other provisions as may be inserted at the discretion of the Assignee, all to be effective upon the final approval of said plan by the Secretary of the Interior, and to execute all instruments and do all things necessary to make said unit plan effective. So long as said lands or any part thereof shall remain subject to any such unit plan, then as to such lands the overriding royalty herein reserved by lessee shall be payable only in respect to and shall be based and computed upon the share of the net oil, gas or other hydrocarbon substances allocated to such lands under such unit plan, whether producing from such lands or from other lands subject to such plan.

Either of the parties hereto may give any notice or deliver any instrument hereunder to the other party by delivering the same in person, or by registered mail, addressed to such party at the address above named.

The provisions hereto shall be deemed to be covenants running with the land and binding on, and inuring to the benefit of the heirs, successors and assigns of the parties hereto.

Failure to exercise said option within the time limited shall have the effect of terminating this instrument and all rights granted thereby as to any land on which the option is not exercised.

Executed the lessee the day and year first above written.

Maude M. Dorough      Maude M. Dorough  
W. T. Dorough              W. T. Dorough

Acknowledgment for use in Wyoming, Montana, Colorado and Utah

THE STATE OF Colorado )  
City and                    ) ss.  
COUNTY OF Denver        )

On this 12th day of April, 1954, before me personally appeared Maude M. Dorough and W. T. Dorough, her husband, the signer of the above instrument, known to me to be the person

whose name is subscribed to the within instrument and who duly acknowledged to me that they executed the same as their free act and deed.

Given under my hand and seal this 12th day of April, 1954.

My commission expires: July 22, 1956.

(Notarial Seal) Naomi N. Ford

Notary Public Naomi N. Ford

Recorded at the Request of Buffalo Oil Company By: Paul Conner June 25 A.D., 1955 At 16 minutes past 5 P.M.

E. B. Crane--Recorder  
By Angela Evans---Deputy.