

OIL AND GAS LEASE

Yours

AGREEMENT, Made and entered into the... day of January, 19 74 by and between Jack R. Kinkel and Margaret C. Kinkel, his wife; Walter H. Korff and Mary Catherine Korff, his wife.

lessor (whether one or more), and O.W. Mayhew, d/b/a/ Mayhew Oil & Gas Development, Evansville, Indiana hereinafter called lessee:

WITNESSETH, That the lessor, for and in consideration of Ten & no/100 DOLLARS (\$ 10.00) cash in hand paid, the receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the said lessee, its successors and assigns, the land hereinafter described, with the exclusive right for the purpose of mining, exploring by geophysical and other methods, and operating for and producing therefrom oil, gas, casing-head gas, casing-head gasoline, and the exclusive right of injecting water, brine and other fluids into subsurface strata, with rights of way and easements for laying pipe lines, telephone and telegraph lines, tanks, power houses, stations, gasoline plants, ponds and roadways and fixtures for producing, treating and caring for such products and housing and boarding employees and any and all other rights and privileges necessary, incident to, or convenient for the economical operation alone or conjointly with neighboring land, on said land for the production of oil, gas, casing-head gas, casing-head gasoline, and erection of structures thereon to produce, save and take care of said products, and the injection of water, brine and other fluids into subsurface strata, all that certain tract of land situated in the County of Vanderburgh, State of Indiana, described as follows to-wit:

Part of the North half of the West half of the Southwest quarter of fractional section 31, township 6 South, range 11 West, described as follows;

Commencing at the Southwest corner of the N/2 of the S/2 of said SW/4 and running thence North along the West line thereof a distance of 1250 feet, thence East and parallel to the South line of said half quarter section a distance of 1400 feet, thence South and parallel to the said West line a distance of 1250 feet to a point in the aforementioned South line, thence West 1400 feet to the beginning and containing 40 acres, more or less; also, the Northwest quarter of the Southwest quarter of fractional section 31, township 6 South range 11 West, EXCEPT therefrom, commencing at the Southwest corner of the North half of the West half of the said SW/4 and running thence North along the West line thereof a distance of 1250 feet, thence East and parallel to the South line of said half quarter section a distance of 1400 feet, thence South and parallel to the said West line a distance of 1200 feet to a point in the aforementioned South line, thence West 1400 feet to the place of beginning and containing 52 acres, more or less; also, the Northwest quarter of the Northwest quarter of section 31, township 6 South, range 11 West,

effect as if such well had been completed within the term first mentioned.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided for shall be paid the said lessor only in the proportion which lessor's 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 lessee's operations thereon except water from the wells of lessor.

When requested by lessor, lessee shall bury lessee's pipe line below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of lessor.

Lessee shall pay for damages caused by lessee's operations to growing crops on said lands.

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.

Lessee 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 properly to develop and operate said premises in compliance with the spacing rules of any lawful authority, or when to do so would, in the judgment of lessee, promote the conservation of the oil and gas in and under and that may be produced from said premises. Lessee shall execute in writing 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 bears to the total acreage so pooled in the particular unit involved.

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 royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment or a true copy thereof.

If the leased premises are now, or shall hereafter be, owner in severalty or in separate tracts, the premises nevertheless shall be developed and operated as one lease, and all royalties accruing hereunder shall be treated as an entirety and shall be divided among, and paid to, such separate owners in the proportion that the acreage owned by each such separate owner bears to the entire leased acreage: Provided, however, if the leased premises consist of two or more non-abutting tracts, this paragraph shall apply separately to each such non-abutting tract, and further provided that if a portion of the leased premises is hereafter consolidated with other lands for the purpose of operating the consolidated tract as one lease, this paragraph shall be inoperative as to such portion so consolidated.

Lessor expressly agrees that the exclusive right of injecting water, brine and other fluids into sub-surface strata hereinabove granted to the Lessee shall include the right of such injection of water, brine and other fluids into injection well or wells upon the above described land from any other lands in the neighborhood or vicinity of the above described land irrespective of whether any such other land is adjacent to that above described, and irrespective of whether any such other land is being operated for oil and gas by the Lessee herein, its successors or assigns, or by other operators, and that Lessee shall have the right to construct, lay and maintain all necessary water lines upon or through the above land for the purpose of injecting water, brine and other fluids produced from other lands.

All express or implied covenants of this lease shall be subject to all Federal and State Laws and to all executive orders, rules or regulations of State and Federal authorities, and this lease shall not be terminated, in whole or in part, nor lessee held liable for any failure to perform thereunder if such failure is due to or is the result of any such law, order, rule or regulation.

Lessor hereby warrants and agrees to defend the title to the said lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment, 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 hereof, and the undersigned lessors, for themselves, their heirs, successors and assigns, hereby surrender and release all rights of homestead in the premises herein described insofar as said right of homestead may in any way affect the purpose for which this lease is made as recited herein.

It is understood that the lessor herein, Jack R. Kinkle and the lessee herein or his assigns shall mutually agree upon the location of well locations drilled upon the above described land in any ten acre location in which there are houses or ponds; also, the lessors herein or either of them shall designate roadways to be used by lessee.

IN WITNESS WHEREOF WE SIGN, this January 74 19 day of... Jack R. Kinkel (SEAL), Margaret C. Kinkel (SEAL), Walter H. Korff (SEAL), Mary Catherine Korff (SEAL)

It is intended hereby to include herein all lands and interests therein contiguous to or appurtenant to said described lands owned or claimed by lessor.

It is agreed that this lease shall remain in force for a term of One (1) year from this date and as long thereafter as oil, gas, casing-head gas, casing-head gasoline or any of them is produced from said leased premises or operations for drilling are continued as hereinafter provided, or operations are continued for the injection of water, brine and other fluids into subsurface strata. Provided, however, that for injection purposes this lease shall continue in full force and effect only as to well or wells so used and the ten acres contiguous thereto.

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 line to which lessee may connect wells on said land the equal one-eighth part of all oil produced and saved from 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.

2nd. To pay lessor one-eighth, at the market price at the well for the gas so used, for the gas from each well where gas only is found, while the same is being used off the premises, and lessor to have gas free of cost from any such well for all stoves and all inside lights in the principal dwelling house on said land during the same time by making his own connections with the wells at his own risk and expense.

3. To pay lessor for gas produced from any oil well and used off the premises or for the manufacture of casing-head gas, one-eighth, at the market price at the well for the gas so used, for the time during which such gas shall be used, said payments to be made monthly.

If no well be commenced on said land on or before the day of January, 1975, this lease shall terminate as to both parties. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, 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 first mentioned.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided for shall be paid the said lessor only in the proportion which lessor's 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 lessee's operations thereon except water from the wells of lessor.

When requested by lessor, lessee shall bury lessee's pipe line below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of lessor.

Lessee shall pay for damages caused by lessee's operations to growing crops on said lands.

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.

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Lessor hereby warrants and agrees to defend the title to the said lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment, 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 hereof, and the undersigned lessors, for themselves, their heirs, successors and assigns, hereby surrender and release all rights of homestead in the premises herein described insofar as said right of homestead may in any way affect the purpose for which this lease is made as recited herein.

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IN WITNESS WHEREOF WE SIGN, this day of 19.....
Jack R. Kinkle (SEAL)
Jack R. Kinkel
..... (SEAL)
Margaret C. Kinkel (SEAL)
Margaret C. Kinkel
..... (SEAL)
..... (SEAL)

January 74
Walter H. Korff (SEAL)
Walter H. Korff
..... (SEAL)
Mary Catherine Korff (SEAL)
Mary Catherine Korff
..... (SEAL)
..... (SEAL)

ACKNOWLEDGMENT

STATE OF Indiana }
Vanderburgh COUNTY, } SS.

I, Mary L. Coomes, a Notary Public, in and for said County, in the State aforesaid, do hereby certify that Jack R. Kinkle and Margaret C. Kinkle, his wife,

personally known to me to be the same person_s whose name_s are subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that t_he_y signed, sealed and delivered the said instrument as their free and voluntary act for the uses and purposes therein set forth, including the release and waiver of the right of homestead.

Given under by hand and Seal, this 7th day of January, 1974
My commission expires Aug. 23, 1975 Mary L. Coomes Notary Public.

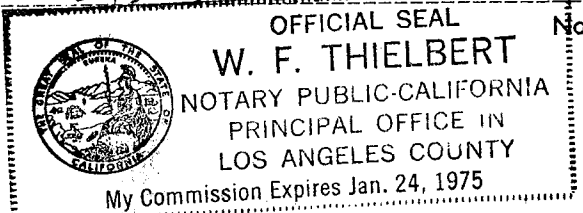
ACKNOWLEDGMENT

STATE OF California }
Los Angeles COUNTY, } SS.

I, W. F. Thielbert, a Notary Public, in and for said County, in the State aforesaid, do hereby certify that Walter H. Korff and Mary Catherine Korff, his wife,

personally known to me to be the same person_s whose name_s are subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that t_he_y signed, sealed and delivered the said instrument as their free and voluntary act for the uses and purposes therein set forth, including the release and waiver of the right of homestead.

Given under by hand and Seal, this 5th day of January, 1974
My commission expires Jan 24, 1975 W. F. Thielbert Notary Public.



ACKNOWLEDGMENT

STATE OF _____ }
_____ COUNTY, } SS.

I, _____, a Notary Public in and for said County, in the State aforesaid, do hereby certify that

personally known to me to be the same person_ whose name_ subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that _he_ signed, sealed and delivered the said instrument as _____ free and voluntary act for the uses and purposes therein set forth, including the release and waiver of the right of homestead.

Given under by hand and Seal, this _____ day of _____, 19____
My commission expires _____ Notary Public.

This instrument was prepared by O. W. Mayhew

1700001

No. _____
OIL AND GAS LEASE
FROM _____
TO _____
STATE OF ILLINOIS, }
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.
Recorder. _____
By _____ Deputy.
When Recorded Return to _____