

OIL AND GAS LEASE

83037--MILBURN & SCOTT CO. INC. COUNTY SUPPLIES BEATRICE, NEBR.

Arthur R. Schwaninger & Wf

County of Gage

STATE OF NEBRASKA, } ss.

This instrument was filed for record on the 11 day of Dec. 19 40 at 11 o'clock A. M. and duly recorded in Book T Page 44 of the records of this office.

TO

B-Oil and Gas Lease

O. T. Ross, et al

BY COMPARE

By Arthur R. Schwaninger Register of Deeds.

By O. T. Ross

Commence AGREEMENT, Made and entered into this 7th day of November 1940, by and between Arthur R. Schwaninger and

Beulah Schwaninger, husband and wife

Party of the first part, hereinafter called lessor (whether one or more) and

Part of the second part, hereinafter called lessee,

O. T. Ross--Floyd E. Leavitt & John O. Sheldahl Part of the second part, hereinafter called lessee, **WITNESSETH**. That the said lessor, for and in consideration of 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 said lessee, for the sole and only purpose of mining and operating for oil and gas, and laying pipe lines, and building tanks, power stations and structures thereon to produce, save and take care of said products, all that certain tract of land situated in the County of Gage State of Nebraska, described as follows, to-wit:

Northeast quarter of Sec. 6--Twp. 6--Range 6-- North half of the northwest quarter of Sec. 5--Twp. 6--Range 6.

of Section Township Range and containing 240 acres more or less.

It is agreed that this lease shall remain in full force for a term of Five years from this 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 line 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 from each well where gas only is found the equal one-eighth (1/8) of the gross proceeds at the prevailing market rate, for all gas used off the premises, said payments to be made Semi-annually and lessor to have gas free of cost from any such well for all stoves and all inside lights and the principal dwelling house on said land during the same time by making his own connections with the well at his own risk and expense.

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

If no well be commenced on said land on or before the 1st day of January 19 42, 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 Hallam Bank

at Hallam, Nebr or its successors, which shall continue as the depository regardless of changes in the ownership of said land, the sum of Two hundred forty DOLLARS, which shall operate as a rental and cover the privilege of deferring the com-

mencement of a well for Twelve months from said date. In like manner and upon like payments or tenders the commencement of a well may be further deferred for like 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 privileges 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 be a dry hole, then, and in that event, if a second well is not commenced on said land 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 last preceding paragraph 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 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 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 operation thereon, except water from wells of lessor.

When requested by 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 damages caused by its operations to growing crops on said land, including the right to draw and remove casing.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, and be in force with the like effect as if such well had been completed within the term of years herein first mentioned.

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 after the lessee has been furnished with a written transfer or assignment of such part or parts shall fail or make default in the payment of the proportionate part of the rents due from parts of the above described lands and the assignee or assignees of such part or parts of said lands upon which the said lessee or any assignee thereof shall make due payments of said rentals.

Lessor hereby warrants and agrees to defend the title to the 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 event of default of payment by lessor, and be subrogated to the rights of the holder thereof.

It is further agreed between the parties hereto, that in the event the lessor, heirs, assigns or legal representatives fail to live up to any of the conditions of this lease or fail to pay any of the rentals within thirty days after same become due as aforesaid, signed before a notary public by the lessor and the Bank herein designated, shall operate as a cancellation of this lease, upon filing same in the recorder's office of the county wherein the above described land is situated.

Signed, sealed and delivered in presence of

Frank J. Sturms

Arthur R. Schwaninger (SEAL)
Beulah R. Schwaninger (SEAL)
O. T. Ross (SEAL)
John O. Sheldahl (SEAL)
Floyd E. Leavitt (SEAL)

STATE OF NEBRASKA, } ss.
COUNTY OF Lancaster

On this 7th day of November A. D. 19 40, before me a Notary Public and qualified for and residing in said County, personally came Arthur R. Schwaninger and his wife Beulah R. Schwaninger

to me known to be the identical person s and acknowledged the execution thereof to be their voluntary act and deed.

Witness my hand and Notarial Seal F. T. Carsten Notary Public

My Notarial Commission expires March 28 19 44

F. T. Carsten
Notarial Seal
Commission expires March 28, 1938
Lancaster County Nebraska