

COMPARED

OIL AND GAS LEASE NO. 0

STATE OF NEBRASKA, County of Gage, ss. 29
 This instrument was filed on the 29 day of July, 1919, at 2 o'clock P. M., and duly recorded in book page of the records in this office.
 By *J. A. Messer* Register of Deeds.
 Deputy.

FROM
J. A. Penner and Marie
 TO
 NEBRASKA LAND AND DEVELOPMENT CO.
 Holdrege, Nebraska

THIS AGREEMENT, entered into the 24 day of September, 1919, between *J. A. Penner and Marie Penner*

party or parties of the first part, hereinafter called "Lessor," and NEBRASKA LAND & DEVELOPMENT CO., Holdrege, Nebraska, party of the second part, hereinafter called "Lessee";
 Witnesseth: That the lessor, in consideration of *All* DOLLARS,

(*3/100*) in hand paid by the lessee, and other valuable considerations, receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, hereby grants, bargains and sells all the oil and gas in and under the land hereinafter described, and grants, demises, leases and lets said land, itself, unto the lessee, its successors and assigns, for the sole and only purpose of operating for and producing oil and gas, and thereon and therefrom, together with rights of way and servitude for pipe lines, telephone and telegraph lines for tanks, power houses, stations, and fixtures, for producing and caring for such products and housing and boarding employees, and all other rights and privileges necessary incident to or convenient for the economical operation of said land, alone or conjointly with neighboring lands, for oil and gas, with right to use free oil, gas or water, but not from lessor's water wells, for such purposes, and with the right of removing, either during or after the term hereof, all and any property and improvements placed or erected on the premises by lessee, including the right to pull all casing; said land being situate in the County of *Gage* State of *Nebraska* and being more particularly described as follows:

East half of the South East Quarter and the North West Quarter of the South East Quarter.

of Section *9* Township *4* Range *5*
 containing *120* acres, more or less.

TO HAVE AND TO HOLD said lands and all rights and privileges granted hereunder to and unto the lessee, its successors and assigns, for the term of Ten (10) years from the date hereof, and as much longer as oil, gas or either of them shall be produced from said lands by lessee in paying quantities. And for the consideration aforesaid, lessor, for himself, his heirs, executors and administrators hereby covenants to and with the lessee, its successors and assigns, that the lessor is lawfully seized, in fee simple, of the above described land; that the lessor has full right to grant this lease according to the terms hereof, and that the lessee, its successors and assigns, shall, for the full term of this lease to-wit: for the term of ten (10) years and as long thereafter as oil, gas or either of them shall be produced from said land in paying quantities, peaceably and quietly have, occupy, possess and enjoy, all of said land and every part thereof for the purposes herein set forth.

FIRST: To deliver to the credit of the lessor, free of cost, in the pipe line to which it may connect its wells, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises, as royalty, or, at lessee's election, to pay the lessor for such royalty the market price prevailing the day the oil is run into the pipe line or run into storage tanks, in which last event settlement and payment shall be made by the lessee on the 15th day of each month for the royalty so purchased by the lessee during the preceding month.

SECOND: To pay the lessor One Hundred Dollars (\$100.00) each year in advance, for the gas from each well where gas only shall be found, when the same is used on the premises, the lessor to have gas free of cost from any such well for all stoves and inside lights in the principal dwelling house on said land by making his own connections with the well, the use of such free gas to be at lessor's sole risk and expense at all times; to pay lessor for gas produced from any oil well and used on the premises, or used on the premises in the manufacture of gasoline or any other product, at the rate of Fifty Dollars (\$50.00) per year for the time such gas shall be so used, said payments to be made three months in advance.

THIRD: To commence the drilling of a test well on the land specified in this lease or within a radius of twenty-five miles from these lands on or before June 1st, 1920, and to diligently prosecute the drilling of the test well aforesaid and should oil be produced in commercial quantities from the test well, to commence the drilling of a well on the lands specified in this lease within two years from date of assurance of such production from the test well aforesaid. If no well is commenced by the lessee on the land specified in this lease within a period of two years from the date oil is produced in commercial quantities from the test well aforesaid, as specified above this lease shall terminate as to both parties, unless the lessee, on or before that date, shall pay or tender the lessor the sum of *Twenty* (\$*20*) DOLLARS, in the manner hereinafter provided, which payment or tender shall

operate as a rental for *12* months from and after the date last above stated, and the same shall also cover the right and privilege of the lessee to defer the commencing of said well during said period of months. 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, during the entire ten year term of this lease. Lessor expressly declares that the down-payment or bonus received by him for this lease at the time of the execution thereof is a good, valid and substantial consideration and sufficient in all respects to support each and every covenant contained herein, including specifically the option granted the lessee to extend this lease from time to time during the ten year term thereof upon the payment or tender of the rentals herein before provided for; and it is expressly agreed that no implied covenants regarding the measure of diligence to be exercised by the lessee in the drilling of said land during the original ten year term hereof shall be read into this lease; it being the express agreement of the parties that the provisions of this paragraph set forth the exclusive conditions under which the lessee shall hold this lease for said original term of ten years.

FOURTH: All rentals due hereunder shall be paid by lessee's check mailed, postage prepaid, to lessor at *De Witt Nebraska* or to *Wasson State* Bank of *De Witt*, for lessor's credit on or before the date any such rentals shall become payable; said bank by a power irrevocable, is hereby made the agent of lessor to accept all rentals paid hereunder, and the same shall continue as the depository of such rentals during the life of this lease regardless of changes in the ownership of said land or said rentals. No change in the ownership of said land, or the rentals or royalties due hereunder, shall effect or bind the lessee until such purchaser shall have furnished the lessee an abstract of title to such lands, certified to date, showing as a part thereof the title claimed by such purchaser.

FIFTH: 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 for shall be paid the lessor only in the proportion which his interest bears to the whole and undivided fee.

SIXTH: The lessee shall have the right to assign this lease or any interest therein or any portion of the acreage covered thereby, in which last event the lessee shall be liable only for royalties accruing from operations on the acreage retained by it, and be liable only for such proportions of the rentals due under said lease as the acreage retained by the lessee bears to the entire acreage covered by said lease, and the assignor of the lessee shall have corresponding rights and privileges with respect to said royalties and rentals as to the acreage assigned to it.

SEVENTH: If said land now is, or hereafter becomes, subject to delinquent taxes, the lessee at its election, may pay the same and all costs and penalties connected therewith, and, for sums so expended, shall have a lien on said land; Provided, the lessee, at its election, may deduct such expenditures from any rental or rentals due under said lease, the tax receipt to be delivered to the lessor at the time and in the manner required for the payment of rentals. Lessee shall pay for damages caused by its operations to growing crops on said land, and, if requested, shall bury its pipe lines below plow depth, and no well shall be drilled nearer than two hundred (200) feet to the house or barn now on said land, without the lessor's written consent.

EIGHTH: It is further mutually understood and agreed, as a part of the consideration for and a condition of this agreement that the lessor, *on their* legal representatives, heirs and assigns, reserve, shall have, and are hereby given the right (at any time or times) to encumber the said real estate, herein described and leased, by a mortgage, or mortgages, in any amount not exceeding in the aggregate at any time the fair market value of said land for agriculture purposes; and the lessee, its successors and assigns hereby agree that any such mortgage, or mortgages, shall constitute and be a lien, or liens, upon said real estate, prior and superior to any right, title or interest which the lessee, its successors and assigns acquire or have under and by virtue of this lease.

WITNESS the hands and seals of the parties hereto the day and year first above written.

Witnesses: *Peter Penner* *J. A. Penner*
Marie Penner

STATE OF NEBRASKA } ss.
 County of *Gage*

On this *24* day of *September*, A. D. 19*19*, before me
Peter Penner a *Notary Public*

duly *qualified* and qualified for and residing in said County, personally came
J. A. Penner and Marie Penner

to me known to be the identical person *s* described in and who executed the foregoing instrument as grantor *s*, and acknowledged the same to be *their* voluntary act and deed.

Witness my hand and *Seal* in *Gage County Neb.*
 in said County, the day and year last above written.
Peter Penner

