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# OIL AND GAS LEASE

Form L. B. 88 Revised

THIS AGREEMENT, Entered into this the 24th day of September, 19 85.

between Dorothea P. Heuser, a widow  
1611 Nemaha  
Lincoln, NE 68502 hereinafter called lessor  
and C.L. Carter hereinafter called lessee, does witness:

1. That lessor, for and in consideration of the sum of TEN AND MORE 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 Lancaster  
County, Nebraska to-wit: N/2 SE/4

in Section 5 Township 8 North Range 7 East and containing 80.00 acres, more or less

2. This lease shall remain in force for a term ending September 24, 1995 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 pipeline 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 lessor'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 pipeline, or into storage tanks.

4. The lessee shall monthly pay lessor as royalty on gas marketed from each well where gas only is found, one-eighth (1/8) of the proceeds if sold at the  
well or if marketed by lessee off the leased premises, then one-eighth (1/8) of its market value at the well. The lessee shall pay the lessor, as one-eighth (1/8)  
of the proceeds received by the lessee from the sale of casinghead gas, produced from any oil well, by one-eighth (1/8) of the value, at the mouth of the well,  
computed at the prevailing market price, of the casinghead gas, produced from any oil well and used by lessee off the leased premises for any purpose or  
used on the leased premises by the lessee for purposes other than the development and operation thereof. Lessor shall have the privilege at his own risk and  
expense of using gas from any gas well on said land for stoves and inside lights in the principal dwelling located on the leased premises by making his own  
connections thereto.

Where gas from a well or wells, capable of producing gas only, is not sold or used for a period of one year, lessee shall pay or tender as royalty, an  
amount equal to the delay rental as provided in paragraph 5, hereof, annually at the end of each year during which such gas is not sold or used,  
and while said royalty is so paid or tendered this lease shall be held as a producing property under paragraph numbered two hereof.

5. If operations for the drilling of a well for oil or gas on said land or for gas, on a consolidated leasehold estate of which this land is a part thereof, as  
contemplated in paragraph 9, are not commenced on or before September 24, 1986 this lease shall  
terminate as to both parties unless the lessor shall on or before that date, pay or tender to the lessor, or to the lessor's credit in the  
Union Bank & Trust Co. Bank at Box 6155, Lincoln, NE 68506 or  
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, re-  
gardless of changes of ownership in said land or in the oil and gas, or in the rentals to accrue thereunder, the sum of

Eighty and NO/100- Dollars \$ 80.00 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  
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 by the next ensuing rental paying date, or provided  
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. As to the gas leasehold estate hereby granted (excluding casinghead gas produced from oil wells), lessee is expressly granted the right and privilege  
to consolidate said gas leasehold with any other adjacent or contiguous gas leasehold estates to form a consolidated gas leasehold estate which shall not  
exceed a total area of 640 acres, and in the event lessee exercises the right and privilege of consolidation, as herein granted, the consolidated gas leasehold  
estate shall be deemed, treated and operated in the same manner as though the entire consolidated leasehold estate were originally covered by and included  
in this lease, and all royalties which shall accrue on gas, (excluding casinghead gas produced from oil wells), produced and marketed from the consolidated  
estate, including all royalties payable hereunder, shall be prorated and paid to the lessors of the various tracts included in the consolidated estate in the  
same proportion that the acreage of each said lessor bears to the total acreage of the consolidated estate, and a producing gas well on any portion of the  
consolidated estate shall operate to continue the oil and gas leasehold estate hereby granted so long as gas is produced therefrom.

10. 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.

11. If the leased premises shall hereafter be owned 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. There shall be no obligation on the part of the lessee to offset wells  
or separate tracts into which the land covered by this lease may be hereafter divided by sale, devise, or otherwise, or to furnish separate measuring or  
receiving tanks. It is hereby agreed that, 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.

12. 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.

13. 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.

14. If, within the primary term of this lease, the well or wells on the leased premises, or on the consolidated gas leasehold estate, shall cease to be pro-  
ductive, this lease shall not terminate, provided operations for the drilling of a well on the leased premises, or on the consolidated gas leasehold estate, shall  
be commenced before or on the next ensuing rental payment date, or provided lessee begins or resumes the payment of rentals in the manner and amount  
hereinbefore provided. It is agreed, however, that the completion of a well producing or capable of producing gas, upon the property hereinabove described,  
or the inclusion of such property in a consolidation unit producing or capable of producing gas as provided by paragraph number 9 hereof, shall constitute  
full and complete development with respect to the gas leasehold estate hereby granted. If, upon, or after the expiration of the primary term of this lease,  
the well or wells on the leased premises, or on the consolidated gas leasehold estate, shall be incapable of producing, this lease shall not terminate provided  
lessee resumes operations for drilling a well on the leased premises or on the consolidated gas leasehold estate within one hundred twenty (120) 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 produc-  
tion continues.

15. It is contemplated and agreed by both lessor and lessee that this lease shall at all times and in all respects be subject to valid orders, rules and regu-  
lations of any duly constituted authority having jurisdiction of the subject matter hereof.

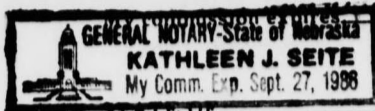
16. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all the heirs, grantees, administrators or assigns of said  
Lessor or Lessee.

IN WITNESS WHEREOF, we sign the day and year first above written.  
Witness: Dorothea P. Heuser  
Dorothea P. Heuser SS# 506-03-6157A

STATE OF NEBRASKA } ss. ACKNOWLEDGMENT FOR INDIVIDUAL  
COUNTY OF Lancaster

Before me, the undersigned, a Notary Public, within and for said county and state, on this 28th  
day of October, 19 85, personally appeared Dorothea P. Heuser, a widow  
and \_\_\_\_\_

to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me  
that she executed the same as her 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.



9-27-86

Kathleen J. Seite  
Kathleen J. Seite Notary Public.

STATE OF \_\_\_\_\_ } ss. ACKNOWLEDGMENT FOR INDIVIDUAL  
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 \_\_\_\_\_

On this \_\_\_\_\_ day of \_\_\_\_\_, A. D., 19 \_\_\_\_\_, before me, the undersigned, a Notary Public  
in and for the county and state aforesaid, personally appeared \_\_\_\_\_  
to me personally known to be the identical person who signed the name of the maker thereof to the within and foregoing  
instrument as its \_\_\_\_\_ President and acknowledged to me that \_\_\_\_\_ executed the same as \_\_\_\_\_ free and  
voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

Given under my hand and seal the day and year last above written.

My commission expires \_\_\_\_\_ Notary Public.

No. _____	<b>OIL AND GAS LEASE</b>		Date _____ 19 _____	Section _____ Twp. _____ Rge. _____	Term _____	County _____	STATE OF _____	County of _____	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.	By _____	Register of Deeds.	When recorded, return to _____
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LANCASTER COUNTY, NEBR.  
Dan Jello  
REGISTER OF DEEDS  
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10.50

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

Before me, the undersigned, a N  
day of \_\_\_\_\_  
and \_\_\_\_\_

to me personally known to be the ident  
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.

INST. NO. 86- 262

Carole D.  
(eng)