OIL AND GAS LEASE (PAID UP)

AGREEMENT, Made and entered into this _____ **day of** _____, _____, by and between **Southern Oklahoma Technology Center, District 20** party of the first part, hereinafter called Lessor (whether one or more), and _____, party of the second part, hereinafter called Lessee. WITNESSETH, That said lessor, for and in consideration of Ten and More Dollars, 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 the said lessee, for the sole and only purpose of exploring by geophysical and other methods, mining and operating for oil (including but not limited to distillate and condensate), gas (including casinghead gas and helium and all other constituents), and for 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, together with any reversionary rights therein, situated in the County of _____, State of Oklahoma, described as follows, to-wit:

Legal Description:

of **Section** _____,**Township** _____,**Range** _____, and containing _____ acres, more or less.

It is agreed that this lease shall remain in force for a term of 3 years from date (herein called primary term) 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 it may connect its wells, the three-sixteenths (3/16) part of all oil (including but not limited to condensate and distillate) produced and saved from the leased premises.

2nd. To pay lessor for gas of whatsoever nature or kind (with all of its constituents) produced and sold or used off the leased premises, or used in the manufacture of products therefrom, three-sixteenths (3/16) of the gross proceeds received

for the gas sold, used off the premises, or in the manufacture of products therefrom, but in no event more than three-sixteenths (3/16) of the actual amount received by the lessee, said payments to be made monthly. During any period (whether before or after expiration of the primary term hereof), when gas is not being so sold or used and the well or wells are shut in and there is no current production of oil or operations on said leased premises sufficient to keep this lease in force, lessee shall pay or tender a royalty of One dollar ($1.00) per year per net royalty acre retained hereunder, such payment or tender to be made, on or before the anniversary date of this lease next ensuing after the expiration of ninety (90) days from the date such well is shut in and thereafter on the anniversary date of this lease during the period such well is shut in, to the royalty owners. When such payment or tender is made it will be considered that gas is being produced within the meaning of the entire lease.

3rd. To pay lessor for gas produced from any oil well and used off the premises, or for the manufacture of casinghead gasoline or dry commercial gas, three-sixteenths (3/16) of the gross proceeds, at the mouth of the well, received by lessee for the gas during the time such gas shall be used, said payments to be made monthly.

If the lessee shall commence to drill a well or commence reworking operations on an existing well within the term of this lease or any extension thereof, or on acreage pooled therewith, the lessee shall have the right to drill such well to completion or complete reworking operations 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 of years first mentioned.

Lessee is hereby granted the right at any time and from time to time to unitize the leased premises or any portion or portions thereof, as to all strata or any stratum or strata, with any other lands as to all strata or any stratum or strata, for the production primarily of oil or primarily of gas with or without distillate. However, no unit for the production primarily of oil shall embrace more than 40 acres, or for the production primarily of gas with or without distillate more than 640 acres; provided that if any governmental regulation shall prescribe a spacing pattern for the development of the field or allocate a producing allowable based on acreage per well, then any such unit may embrace as much additional acreage as may be so prescribed or as may be used in such allocation of allowable. Lessee shall file written unit designations in the county in which the leased premises are located. Operations upon and production from the unit shall be treated as if such operations were upon or such production was from the leased premises whether or not the well or wells are located thereon. The entire acreage within a unit shall be treated for all purposes as if it were covered by the and included in this lease except
that the royalty on production from the unit shall be as below provided, and except that in calculating the amount of any shut in gas royalties, only the part of the acreage originally leased and then actually embraced by this lease shall be counted.

In respect to production from the unit, Lessee shall pay Lessor, in lieu of other royalties thereof, only such proportion of the royalties stipulated herein as the amount of his acreage placed in the unit, or his royalty interest therein on an acreage basis bears to the total acreage in the unit.

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 shall be paid to 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 operations thereon, except water from wells of lessor.

When requested by the lessor, lessee shall bury his pipelines 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 all damages caused by its operations to growing crops on said land.

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.

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. However, no change or division in ownership of the land or royalties shall enlarge the obligations or diminish the rights of lessee. No change in the ownership of the land or 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. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

All express or implied covenants of this lease shall be subject to all Federal and State laws, Executive Orders, Rules and Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or such failure is the result of any such Law, Order, Rule or Regulation.

This lease shall be effective as to each lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the lessors above named may not join in the execution, hereof. The word “Lessor” as used in this lease means the party or parties who execute this lease as Lessor, although not named above.

Lessee may at any time and from time to time surrender this lease as to any part or parts of the leased premises by delivering or mailing a release thereof to lessor, or by placing a release of record in the proper County.

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 the event of default of payment by lessor, and be subrogated to the rights of the holder thereof.

See Exhibit "A" attached hereto and incorporated herewith:

IN TESTIMONY WHEREOF, Made and entered into this _____ **day of** _____, _____

_____

Board President

Lease #: _____

CORPORATION ACKNOWLEDGMENT

STATE OF: _____)
) SS:
COUNTY OF: _____)

On this _____ day of _____, _____, before me, the undersigned, a Notary Public personally appeared _____ to me known to be the identical person who signed the name of the maker thereof to the within and foregoing instrument as its _____ Board President and acknowledged to me that ____ executed the same as _____ free and voluntary act and deed, of **Southern Oklahoma Technology Center District #20**, 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: _____

Exhibit "A"

Attached to and made a part of that certain Oil and Gas Lease dated this _____ day of _____, _____, by and between the **Southern Oklahoma Technology Center District #20**, as Lessor, and As Lessee, to–wit:

ADDITIONAL PROVISIONS

1. It is agreed between the Lessor and Lessee that, notwithstanding any language herein to the contrary, all oil, gas or other proceeds accruing to the Lessor under this lease or by state law shall be without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and marketing the oil, gas and other products produced hereunder to transform the product into marketable form; however, any such costs which result in enhancing the value of the marketable oil, gas or other products to receive a better price may be deducted from Lessor's share of production so long as they are based on Lessee's actual cost of such enhancements. However, in no event shall Lessor receive a price that is less than, or more than, the price received by Lessee.

2. In the event this lease is extended by commercial production beyond its primary term, then on such date this lease shall terminate as to all rights one hundred feet and more below the stratigraphic equivalent of the deepest penetrated formation in the well or wells located on the leased premises, or land unitized therewith. If Lessee is in the process of drilling or completing a well at the end of the primary term of this lease, this clause shall become effective upon conclusion of such operations.

3. Notwithstanding anything to the contrary in this lease, all portions of this lease not included in a unit created by the Oklahoma Corporation Commission and not producing or upon which drilling operations have not commenced, shall be released at the expiration of the primary term of this lease. Should the unit as established by the Corporation Commission be changed after the expiration of the primary term, all portions of this lease not included in the newly prescribed Corporation Commission unit will be released.

4. Lessee shall not shut-in any gas well for more than two (2) consecutive years without the written consent of Lessor, said consent shall not be unreasonably withheld.

5. This lease is made by Lessor without warranty of title, either express or implied, except as to conveyance or encumbrances by, through, or under Lessor, but not otherwise. Lessor agrees that 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 thereof.

End of Exhibit “A”

Lease #: _____

SIGNED FOR IDENTIFICATION:

Board President: _____ Date: _____