MORTGAGE RECORD 89 MADISON COUNTY, IOWA

OIL AND GAS LEASE

No. 6308

FROM

B. B. HARTSOOK ET UX

TO

PAT MEHOLIN

Dated ....., 19....

Lot ....., Block ....., Addition .....

Section ....., Township ....., Range ..... Fee $1.70

..... County, Iowa

Number of Acres ..... Term .....

STATE OF IOWA, County of Madison } ss.

This instrument was filed for record on the 28 day of October, 1939 at 10:50 o'clock A.M., and duly recorded in book 89 Page 425 of the records of this office.

Pearl E. Shetterly

~~County Auditor~~—Register of deeds

~~By~~ Wilma M. Wade Deputy

AGREEMENT, Made and entered into this 22nd day of March, 1939, by and between

B. B. Hartsook and his wife Verna E. Hartsook

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

Pat Meholin party of the second part, hereinafter called lessee.

WITNESSETH That the lessor, for and in consideration of— One and No/Hundredths — DOLLARS 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, his heirs, executors, administrators, 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 of 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 injecting of water, brine and other fluids into subsurface strata. All that certain tract of land situated in the Township of Lincoln, County of Madison, State of Iowa, described as follows, to-wit:

West one-half of the northeast quarter.

of Section 27, Township 75N*, Range 28W*.

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

For rental payment purposes said leased lands shall be deemed to contain eighty acres, more or less.

It is agreed that this lease shall remain in force for a term of ten (10) years 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 his wells, 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.

3rd. 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 one year from date hereof, 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 Farmers and Merchants State Bank at Winterset Iowa or its successors, which shall continue as the depository regardless of changes in the ownership of said land, the sum of Twenty five cents per acre, which shall operate as a rental and cover the privilege of deferring the commencement 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. 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.

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 payments 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 proportion which his interest bears to the whole and undivided fee, and the signing of this agreement shall be binding on each of the above named parties who sign; regardless of whether it is signed by any of the other parties.

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 the lessor, lessee shall bury its pipe lines below plow depth.

No well shall be drilled nearer than 100 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 operation 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.

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 or a true copy thereof; and it is hereby agreed in the event this lease shall be assigned, as to a part or parts of the above described lands and the assignee or assignees of such part or parts shall fail or make default in the payment of the proportionate part of the rents due from him or them, such default shall not operate to defeat or affect this lease insofar as it covers a part or parts of said lands which the said lessee or any assignee thereof shall make due payment of said rental.

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 mortgage, 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 lessor hereby agrees that any such payments made by the lessee for the lessor shall be deducted from any amounts of money which may become due the lessor under the terms of this lease.

The undersigned lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all rights of dower and homestead in the premises herein described, insofar as said right of dower and homestead may in any way affect the purpose for which this lease is made as recited herein.

Should the depository bank hereafter close without a successor, lessee or his assigns may deposit rentals in any National Bank located in same county with first named bank, due notice of the deposit of such rental to be mailed to the lessor at last known post office address.

IN WITNESS WHEREOF WE SIGN, this the 22 day of March, 1939

WITNESS:

..... (SEAL)

--- B. B. Hartsook (SEAL)

--- Verna E. Hartsook (SEAL)

Accepted -- (SEAL)

Pat Meholin (SEAL)

(SEAL)

STATE OF IOWA } ss. ACKNOWLEDGEMENT FOR INDIVIDUAL
County of Madison

On this 25 day of March A. D., 1939, before me, Cloyde R. Mills
a Notary Public, in and for Madison County, Iowa, personally appeared B. B. Hartsook
and Verna E. Hartsook to me known to be the persons named in and who executed the foregoing instrument, and
acknowledged that they executed the same as their voluntary act and deed.
Witness my hand and seal this day and year last above written.
(Notarial Seal) Cloyde R. Mills
My commission expires 7/4/39 Notary Public in and for Madison County, Iowa.

STATE OF ~~IOWA~~ TEXAS } ss. ACKNOWLEDGEMENT FOR INDIVIDUAL
County of GREGG

On this 10th day of April A. D. 1939 before me, G. C. Parker
a Notary Public, in and for Gregg County, ~~Iowa~~ Texas personally appeared Pat Mehoin
and ---
to me known to be the person named in and who executed the foregoing instrument, and
acknowledged that he executed the same as his voluntary act and deed.
Witness my hand and seal this day and year last above written.
NOTARIAL SEAL G. C. Parker
My commission expires June 1, 1941 Notary Public in and for Gregg County, ~~Iowa~~ Texas

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STATE OF IOWA } ss. ACKNOWLEDGEMENT FOR INDIVIDUAL
County of

On this day of A. D., 19, before me,
a Notary Public, in and for County, Iowa, personally appeared
to me known to be the person named in and who executed the foregoing instrument, and
acknowledged that executed the same as voluntary act and deed.
Witness my hand and seal this day and year last above written.
My commission expires Notary Public in and for County, Iowa.

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