

# OIL AND GAS LEASE

(PAID UP)

THIS AGREEMENT, Made and entered into this 3<sup>rd</sup> day of January, 2017, by and between LESSOR NAME., whose address is LESSOR'S ADDRESS, party of the first part, hereinafter called Lessor (whether one or more), and Prairie Oil & Gas, LLC, whose address is P.O. Box 720124, Norman, OK 73070, party of the second part, hereinafter called Lessee,

WITNESSETH, That the said Lessor, for and in consideration of -----Ten or More (\$10.00)----- DOLLARS and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and also in consideration 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 exclusively unto the said Lessee, for the purpose of investigating, exploring by geophysical or other means, prospecting, drilling and operating for and producing oil and all gas of whatsoever nature or kind, including all associated hydrocarbons produced in a liquid or gaseous form, also including sulfur produced in association with oil or gas, hereinafter sometimes collectively referred to as "oil and gas", injecting gas, waters, other fluids, air and other gaseous substances into subsurface strata, storing oil, constructing, utilizing, and maintaining pipelines, tanks, electric lines, power stations, ponds, telephone lines and other structures and things thereon necessary or desirable to produce, save, take care of, treat, process, store, market and transport said oil and gas and other products manufactured therefrom (including the dewatering of coalbed methane wells) whether derived from the same or other lands, the following described land together with any reversionary rights and after-acquired interest therein, situated in the County of COUNTY NAME, State of Oklahoma, to-wit:

**NE/4 of Section 12-7N-4W, containing 160.00 acres, more or less.**

-See Exhibit "A" attached hereto and made a part hereof-

**It is the Lessor's intent to lease all of their interest in the section shown, whether properly described or not.**

It is agreed that this lease shall remain in force for a term of **three (3) years** from the effective date (hereinafter called the Primary Term) and as long thereafter as oil and 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 in-kind to Lessor, at the well, or to the credit of Lessor into the pipeline or storage tank to which the well may be connected, a **three-sixteenths (3/16)** part of all oil (including condensate) produced and saved from the leased premises. In lieu thereof, Lessee shall have the option, at any time, to sell Lessor's oil, in which case Lessor's royalty shall be based on Lessee's net proceeds at the lease, or to purchase Lessor's oil for the value of such oil at the lease. In any event, Lessor's interest shall be free of all costs of production, but shall bear its proportionate part of production and similar taxes, and shall share proportionately with Lessee in any costs to market, transport, or condition the oil.

2nd. To pay Lessor for gas, (including casinghead gas, all gaseous substances, and all constituents thereof) produced and sold from the leased premises, **three-sixteenths (3/16)** part of the net proceeds at the lease from the sale of such gas, after deducting Lessor's proportionate part of production and other similar taxes; Lessor's interest to be free of all costs of production, but to bear proportionately with Lessee any costs incurred by Lessee to market the gas, to deliver the gas to a market off the leased premises, or to dehydrate, compress, process, treat, or otherwise place such gas in marketable condition. If, during any period (whether before or after the expiration of the primary or extended term) of this lease gas from any well or wells on the premises capable of producing gas in commercial quantities is not sold or used off the premises or in the manufacture of gas for a period of one (1) year or more, during which time there is no other production from the leased premises, then Lessee shall become obligated to pay or tender as royalty for such annual period a sum of ten dollars (\$10.00) per net acre within (90) ninety days after the end of such annual period.

If, at the expiration of the Primary Term, Lessee is conducting operations for drilling, completing or reworking a well, this lease nevertheless shall continue as long as such operations are prosecuted or additional operations are commenced and prosecuted (whether on the same or successive wells) with no cessation of more than 90 days, and if production is discovered, this lease shall continue as long thereafter as oil or gas, are produced. In addition, if at any time or times after the Primary Term, there is a permanent cessation of all production, for any cause (subject to the force majeure provisions), this lease shall not terminate if Lessee commences or resumes any drilling or reworking operations, or production, within ninety (90) days after such cessation. ~~Drilling operations or mining operations shall be deemed to be commenced when the first material is placed on the leased premises or when the first work, other than surveying or staking the location, is done thereon which is necessary for such operations.~~

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 160 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 may file voluntary 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 were 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 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 a unit shall be counted. In respect to production from the unit, Lessee shall pay Lessor, in lieu of other royalties thereon, 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 whether stated hereinabove as whole or partial interest, 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 (except water from wells of Lessor) produced on said land for its operations thereon.

When requested by Lessor, Lessee shall bury his pipe lines below plow depth.

No well shall be drilled nearer than 200 feet to a house or barn now on said premises, without the written consent of the Lessor.

Lessee shall pay for all damages to growing crops on said land caused by its operation.

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 the 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.

It is hereby agreed that, in the event that this Lease be assigned as to a part or parts of the Leased Premises, (a) Lessee shall be liable only for royalties accruing on the acreage retained by Lessee, and (b) the assignee or assignees of Lessee shall have corresponding rights, privileges, and obligations with respect to royalties as to the acreage assigned to such assignee or assignees.

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 whether or not each is 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.

This is a paid-up lease. In consideration of the cash payment acknowledged above, Lessor agrees that Lessee is not obligated to commence or continue any operations or tender any shut-in payments during the Primary Term.

In the event Lessor considers that Lessee has not complied with all of its obligations under this Lease, both express and implied, Lessor shall notify Lessee in writing setting out specifically in what respects Lessee has breached this Lease. Lessee shall then have thirty (30) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be a condition precedent to the bringing of any action by Lessor on this Lease for any cause, and no such action shall be brought until the lapse of thirty (30) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations under this Lease.

~~If at any time within the Primary Term of this lease and while the same remains in force and effect, Lessor receives any bona fide offer, acceptable to Lessor, to grant an additional lease (top lease) covering all or part of the aforescribed lands, Lessee shall have the continuing option, by meeting any such offer, to acquire such top lease. Any offer must be in writing, and must set forth the proposed Lessee's name, bonus consideration and royalty consideration to be paid for such lease, and include a copy of the lease form to be utilized, which form should reflect all pertinent and relevant terms and conditions of the top lease. Lessee shall have fifteen (15) days after receipt, from Lessor, of a complete copy of any such offer, to advise Lessor in writing of its election to enter into an oil and gas lease with Lessor on equivalent terms and conditions. Upon receipt of such notice, Lessor shall execute and deliver such new lease and Lessee shall pay the bonus due upon receipt of such new lease. If Lessee fails to notify Lessor within the aforesaid fifteen (15) day period of its election to meet any such bona fide offer, Lessor shall have the right to accept said offer.~~

Notwithstanding anything to the contrary contained in this Lease, Lessor hereby grants to Lessee, its successors and/or assigns, the option, but not the obligation, to extend the Primary Term of this Lease and all rights hereunder for an additional two (2) years from the date of the expiration of the initial Primary Term, by tendering to Lessor, an additional bonus payment totaling 100% of the initial bonus paid on this Lease. This bonus payment shall be deemed as tendered by Lessee when deposited with the U.S. Postal Service for delivery to the Lessor by certified mail at the address above on or prior to the expiration date of the Primary Term of this Lease.

IN TESTIMONY WHEREOF, we sign this the \_\_\_\_\_ day of \_\_\_\_\_, 2017.

**Lessor: LESSOR NAME**

\_\_\_\_\_  
**LESSOR NAME**

STATE OF \_\_\_\_\_ )  
 ) ss  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2017, before me, a notary public in and for said County and State, personally appeared, **LESSOR NAME**, known to me to be the person(s) who executed the foregoing instrument and acknowledged to me that he/she executed the same as his/her free and voluntary act and deed.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

Commission No: \_\_\_\_\_