

Mortgage Record, No. 90, Madison County, Iowa

J. H. WELCH PRtg. CO., DES MOINES 7640

Notary Public, Madison County, Iowa

Alvin L. Martin & wife et al #4360 Filed for record the 7 day of July
To A.D. 1939 at 8:00 o'clock A.M.
Phillips Petroleum Company Fee \$2.40 ✓ Pearl E. Shetterly, Recorder
26256

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 11th day of February 1939 between Alvin L. Martin and Ruth M. Martin
his wife; and Orley H. Martin and Myrtle B. Martin, his wife; of Creston, Iowa, Lessor (whether
one or more), and Phillips Petroleum Company, a corporation Lessee, WITNESSETH:

1. Lessor in consideration of one & no/100 Dollars (\$1.00) in hand paid, of the royalties
herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and
lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drill
ing and mining for and producing oil, gas and all other minerals, laying pipe lines, building
tanks, power stations, telephone lines and other structures thereon to produce, save, take
care of, treat, transport, and own said products and housing its employees, the following
described land in Madison County, Iowa, to-wit:

SE $\frac{1}{4}$ SW $\frac{1}{4}$ & S $\frac{1}{2}$ SE $\frac{1}{4}$ 31-74n-29w

and containing 120 acres, more or less. In the event a resurvey of said lands shall reveal the

For Release of mineral Mortgage see
Oil & Gas Lease
Mortgage Record 90
Page 600

Mortgage Record, No. 90, Madison County, Iowa

existence of excess and/or vacant lands lying adjacent to the lands above described and the lessor, his heirs, or assigns, shall, by virtue of his ownership of the lands above described, have preference right to acquire said excess and/or vacant lands, then in that event this lease shall cover and include all such excess and/or vacant lands which the lessor, his heirs, or assigns, shall have the preference right to acquire by virtue of his ownership of the lands above described as and when acquired by the lessor; and the lessee shall pay the lessor for such excess and/or vacant lands at the same rate per acre as the cash consideration paid for the acreage herein above mentioned.

2. Subject to the other provisions herein contained, this lease shall be for a term of five years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land hereunder.

3. The royalties to be paid Lessor are: (a) on oil, one-eighth of that produced and saved from said land, the same to be delivered at the wells or to the credit of Lessor into the pipe line to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price thereof prevailing for the field where produced on/ date of purchase; (b) on gas, including casinghead gas or other gaseous substance, produced from said land and sold or used off the premises or in the manufacture of gasoline or other product therefrom, the market value at the well of one-eighth of the gas sold or used, provided that on gas sold at the wells the royalty shall be one-eighth of the amount realized from such sale; where gas from a well producing gas only is not sold or used, Lessee may pay as royalty \$50.00 per well per year, and upon such payment it will be considered that gas is being produced within the meaning of Paragraph 2 hereof; and (c) all other minerals mined and marketed, one-tenth either in kind or value at the well or mine, at Lessee's election, except that on sulphur the royalty shall be fifty cents (50c) per long ton. Lessor to have gas free of cost from any such well for all stoves and all inside lights in the principal dwelling on said land during the same time, by making lessor's own connections with the well at lessor's own risk and expense. Lessee shall have free use of oil, gas, and water from said land, except water from Lessor's wells, for all operations hereunder, and the royalty on oil, gas and coal shall be computed after deducting any so used.

4. If operations for drilling are not commenced on said land on or before one year from this date the lease shall then terminate as to both parties, unless on or before such anniversary date Lessee shall pay or tender to Lessor or to credit of Lessor in Iowa State Savings Bank at Creston, Iowa (which bank and its successors are Lessor's agent and shall continue as the depository for all rentals payable hereunder regardless of changes in ownership of said land or the rentals) the sum of Thirty & no/100 Dollars (\$30.00), (herein called rentals), which shall cover the privilege of deferring commencement of drilling operations for a period of twelve (12) months. In like manner and upon like payments or tenders annually the commencement of drilling operations may be further deferred for successive periods of Twelve (12) months each during the primary term. The payment or tender of rental may be made by the check or draft of Lessee^e mailed or delivered to said bank on or before such date of payment. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payment or tender of rental until thirty (30) days after Lessor shall deliver to Lessee a proper recordable instrument, naming another bank as agent to receive such payments or tenders. The down cash payment is consideration for this lease according to its terms and shall not be allocated as mer rental for a period. Lessee may at any time execute and deliver to Lessor or to the depository above named or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by

Mortgage Record, No. 90, Madison County, Iowa

J. H. WELCH PRtg. CO., DES MOINES 7640

said release or releases.

5. If prior to discovery of oil or gas on said land Lessee should drill a dry hole or holes thereon, or if after discovery of oil or gas the production thereof should cease from any cause, this lease shall not terminate if lessee commences additional drilling or re-working operations within sixty (60) days thereafter or (if it be within the primary term) commences or resumes the payment or tender of rentals on or before the rental paying date next ensuing after the expiration of three months from date of completion of dry hole or cessation of production. If at the expiration of the primary term oil, gas or other mineral is not being produced on said land but Lessee is then engaged in drilling or re-working operations thereon, the lease shall remain in force so long as operations are prosecuted with no cessation of more than thirty (30) consecutive days, and if they result in the production of oil, gas or other minerals so long thereafter as oil, gas or other mineral is produced from said land.

6. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing without the consent of Lessor. When required by Lessor, Lessee will bury pipe lines below ordinary plow depth.

7. The Lessee agrees to promptly pay to the owner thereof any damages to crops, or improvements, caused by or resulting from any operations of Lessee.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, successors and assigns, but no change or divisions in ownership of the land, rentals, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No sale or assignment by Lessor shall be binding on Lessee until Lessee shall be furnished with a certified copy of recorded instrument evidencing same. In event of assignment of this lease as to ^a segregated portion of said land, the rentals payable hereunder shall be apportionable as between the several leasehold owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. If six or more parties become entitled to royalty hereunder. Lessee may withhold^d payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

9. Lessee is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof, with other land, lease or leases in the immediate vicinity thereof, when in Lessee's judgment it is necessary or advisable to do so in order properly to develop and operate said premises in compliance with the spacing rules of any lawful authority, or when to do so would, in the judgment of Lessee, promote the conservation of the oil and gas in and under and that may be produced from said premises, such pooling to be into a unit or units not exceeding 40 acres each, except that in cases where it may be necessary or convenient to conform a unit to survey subdivisions such unit may contain not to exceed 43 acres. Lessee shall execute in writing an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein bears to the total acreage so pooled in the particular unit involved. Provided, Lessee shall be under no obligation whatsoever, express or implied, to drill more than one well to each such unitized tract, regardless of when, ^{where} or by whom offset wells may be drilled.

10. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture

Mortgage Record, No. 90, Madison County, Iowa

or termination of this lease nor cause a termination or reversionⁿ of the estate created hereby, nor be grounds for cancellation hereof, in whole or in part, save as herein expressly provided. If at any time it shall be determined by judicial ascertainment that Lessee is obligated or required to drill a well or wells upon the leased premises or any area pooled or unitized in accordance with the provisions hereof, Lessee shall have ninety days after such judicial determination within which to commence the drilling of such well or wells.

11. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or any other lien upon said land and in event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in event of failure of title, it is agreed that if Lessor owns a less interest in the above described land than the entire undivided fee simple estate therein, then the royalties and rentals to be paid Lessor shall be only in the proportion that his interest bears to the whole and undivided fee.

12. Lessee agrees that, within one (1) year from this date, it will do such geological and geophysical work in such parts of Union County, Iowa, as Lessee may determine.

13. Lessee further agrees that within one year from ^{this} date that (1) it will commence operation for the drilling of a test well (the size of the hole and the type of the equipment to be determined solely by the lessee) at a point to be selected by lessee in Union County, Iowa, and drill said well with due diligence to a depth sufficient to test the siliceous (Arbuckle) lime, unless oil in paying quantities, in the judgment of lessee, is found at a lesser depth, or unless some normally impenetrable substance is encountered at a lesser depth; or (2) this lease shall terminate, anything to the contrary herein notwithstanding.

Witness our hands and seals on this 11th day of February, 1939.

Witnesses:

Lessor

Alvin L. Martin
Orley H. Martin

Ruth M. Martin
Myrtle B. Martin

(Corporate Seal)

ATTEST:

J. F. Kinslow Assistant Secretary

Lessee

PHILLIPS PETROLEUM COMPANY

By C. O. Stark Vice President *ECB*

SINGLE ACKNOWLEDGMENT

STATE OF IOWA, COUNTY OF UNION)SS:

On this 17th day of June, 1939, before me, Roy F. Millard, a Notary Public, personally appeared Alvin L. Martin and Ruth M. Martin, his wife; and Orley H. Martin and Myrtle B. Martin, his wife, 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.

In Testimony Whereof, I have hereunto set my hand and affixed my official seal at my office in said County and State the day and year last above written.

(Notarial Seal)

My commission expires: July 4, 1939

Roy F. Millard

Notary Public

CORPORATION ACKNOWLEDGMENT

STATE OF OKLAHOMA, COUNTY OF WASHINGTON)SS:

On this 1 day of July, A.D. 1939, before me, E. E. Holden, a Notary Public in and for said county and state, personally appeared C. O. Stark and J. F. Kinslow, to me personally known, who being each by me duly sworn did say that they are respectively the Vice President and the Assistant Secretary of Phillips Petroleum Company the corporation named in the foregoing instrument, that the seal affixed to said instrument is the seal of said corporation, and that said instrument was signed and sealed on behalf of ^{the} said corporation by authority of its Board of Directors, and the said C. O. Stark and J. F. Kinslow acknowledged the execution of said instrument to be the voluntary act and deed of said corporation by it voluntarily executed.

In Testimony Whereof, I have hereunto set my hand and affixed my official seal at my office in said County and State the day and year last above written.

My commission expires July 9, 1939

E. E. Holden
Notary Public in and for said County

NOTARIAL
SEAL