

Tract No. \_\_\_\_\_  
Sale Date: \_\_\_\_\_  
Lease No. \_\_\_\_\_

# THE STATE OF OKLAHOMA

## (Department of Wildlife Conservation)

### OIL AND GAS MINING LEASE

#### (3 YEAR PAID-UP LEASE)

This lease is made and entered into in duplicate, on \_\_\_\_\_ A.D., by and between the Oklahoma Wildlife Conservation Commission of the State of Oklahoma, 1801 North Lincoln, Oklahoma City, Oklahoma, hereinafter designated as Lessor, and \_\_\_\_\_ party of the second part, hereinafter designated as Lessee, whose post office address is \_\_\_\_\_ (The post office address of Lessee for all purposes hereunder shall be as stated until Lessor has received written notice of a change thereof.)

UNDER AND PURSUANT TO THE PROVISIONS OF THE CONSTITUTION AND LAWS OF THE STATE OF OKLAHOMA, BY WHICH THE CONTROL AND LEASING OF CERTAIN LANDS BELONG TO THE DEPARTMENT OF WILDLIFE CONSERVATION OF THE STATE OF OKLAHOMA, **WITNESSETH:**

1. The Lessor for and in consideration of \_\_\_\_\_ Dollars, the receipt of which is hereby acknowledged, and the rents and royalties to be paid, and the covenants, stipulations and conditions to be observed and performed as herein set forth, does hereby demise, lease and let unto the lessee for a term of three (3) years from the date hereof and as long thereafter as oil or gas or either of them is produced in paying quantities, the following described tract of land situated in the County of \_\_\_\_\_, in the State of Oklahoma, to wit:

Legal: \_\_\_\_\_

***NOTE: Any use of the surface lands covered herein shall require the permission of the Lessor.***

Containing \_\_\_\_\_ acres, more or less, and does hereby grant to the Lessee the exclusive right and privilege to prospect and drill for, mine and extract all of the oil and natural gas deposits in or under said land, together with the right to pipe, store, and remove oil and natural gas and to occupy and use only so much of the surface of said land as may reasonably be necessary to carry on the work of prospecting for, extracting, piping, storing, and removing such oil, distillate, and natural gas. Lessor also grants to Lessee the right to use, free of cost, oil, gas and casing head gas for fuel so far as necessary to the development and operation of said property.

2. The Lessee hereby agrees to deliver or cause to be delivered to the Oklahoma Department of Wildlife Conservation of the State of Oklahoma, or its successors, without cost into pipeline, **a royalty of one-fifth (1/5)** part of the oil or gas produced from the leased premises and a one-fifth (1/5) part of all casing head or drip gas or gasoline or other hydrocarbon substances produced from any well or wells on said premises, or in lieu thereof, pay to Lessor the market value thereof, as the Lessor may elect. The Lessee, if operator, shall furnish to the Lessor certified copies of gauge tickets, sales, shipments, and amount of gross production to the Commissioners of the Land Office in Oklahoma City, Oklahoma. Gas is to be metered on the premises under pressure at 4 ounces above an assumed atmospheric pressure of 14.4 pounds per square inch at a temperature of 60 degrees Fahrenheit or computed to that measurement.

3. If operations for the drilling of a well for oil and gas are not commenced on said land on or before three years from date hereof, this lease shall terminate as to both parties. Operations for the drilling of a well are deemed to have commenced when a drilling rig is on location and conducting continuous drilling operations; however, said operations for the drilling of a well may, for good cause shown, be extended by the Lessor, for an additional thirty (30) days beyond the primary term of this lease, if Lessee submits a written request for the same before the end of the primary term.

4. In addition to the bonus, this lease shall have a Delay Rental payment of \$1.00 per acre, per year for the last two years of the primary term of the lease. These Delay Rentals shall be paid, in full, at the time the lease is paid, and shall be received by Lessor before the lease is issued. For the purpose of the calculation of rental payments, the acreage listed in paragraph (1) shall be controlling.

5. (A) It is expressly agreed that if Lessee shall commence drilling operations at any time during the primary term of this lease, the lease shall remain in force and its term shall continue so long as such operations are diligently prosecuted and, if production results therefrom, then this lease shall be extended as to the stratigraphic equivalent of the producing intervals, if unspaced, and/or the producing common sources of supply, as spaced, as long as production in paying quantities continues; provided that if a gas well is completed and shut-in for lack of a market, Lessee shall pay annually on or before the anniversary date next ensuing, the sum of One Dollar (\$1.00) per acre for the first year, and Three Dollars (\$3.00) per acre for every year thereafter. It is expressly agreed that this lease shall terminate as to all non-producing intervals, if unspaced, and all non-producing common sources of supply, as spaced, at the expiration of the primary term of this lease. No shut-in gas well shall extend this lease more than two (2) consecutive years after expiration of the primary term unless otherwise producing from other well(s) situated on said property.

5. (B) Within the last six (6) months before the end of the primary term, Lessee shall have the option to extend the lease, as to all non-producing intervals, if unspaced, and/or all non-producing common sources of supply, as spaced, above the said deepest producing interval or deepest producing common source of supply, in exchange for a payment equal to 50% of the original bonus paid for this lease. Said payment shall be made to the Commissioners of the Land Office, during office hours, at its office in Oklahoma City, Oklahoma, and if not paid by the end of the primary term, this option shall terminate. However, said option may, for good cause shown, be extended by the Lessor, beyond the primary term, if the Lessee submits a written request for the same before the end of said primary term. If the Lessee, its successors and assigns exercises this option, it shall terminate by the cessation of production in paying quantities or by other just cause.

6. Notwithstanding any provision hereof to the contrary, drilling operations on or production from any spacing unit embracing any portion of the land covered hereby shall maintain this lease in force only as to land included in such unit and the royalty attributable to said unitized lands shall be on an acreage basis proportionate to the total acreage in such unit.

7. Notwithstanding anything to the contrary contained in the Lease, it is expressly agreed that operations to drill will not be deemed to have been commenced until; 1) Lessee, if operator, files a notice of intention to drill with the Commissioners of the Land Office in Oklahoma City, Oklahoma at least five (5) days prior to commencement of operations, 2) a drilling rig capable of drilling to total depth is on location and drilling.

8. Lessee, if operator shall exercise diligence in sinking wells for oil and natural gas on the land covered by this Lease, and shall drill a sufficient number of wells to directly offset the wells upon adjoining premises and to protect the leased premises from offset drainage. Said offset wells shall be commenced within sixty (60) days after commencement of marketing of production from the well upon such premises, unless a longer time is agreed to in writing by the Lessor, and drilling shall be prosecuted diligently and continuously until completed. Lessee, if operator, shall operate the leased premises for the production of oil and gas in accordance with the standard of a prudent operator, and in no event to a lesser standard than individual and corporate premises are being operated within the general oil and gas field where such land is located.

9. Lessee, if operator, shall not commit or suffer to be committed waste upon the lands in his occupancy and use. In drilling completion, and production operations, the Lessee, if operator, shall use only so much of the land as is necessary; shall safeguard the lakes and streams from any pollution; and shall not permit oil, salt water, drilling mud or other deleterious substances to escape onto the land or into surface of subsurface water, but the same shall be retained in proper tanks, receptacles or in pits prepared for such purposes, and after the termination of drilling operations any such pits shall be filled and the land properly restored to its original condition. At the termination of the Lease the Lessee, if operator shall promptly surrender and return the leased premises to the Lessor, and at such termination the leased premises shall be restored to its original condition. No well shall be drilled within 300 feet of any lake, lodge, cabin or other building owned or operated by the Lessor or its tenant without written permission of the Department of Wildlife Conservation.

10. All tools, derricks, boilers, boiler houses, pipelines, pumping and drilling outfits, tanks, engines and machinery casing and fixtures of all dry or exhausted wells, shall remain the property of the Lessee, and shall be removed upon the termination of the Lease. Lessee, if operator, shall not permit any nuisance to be maintained on the premises and shall not use said premises for any purposes other than those authorized in the Lease. Before abandoning any well, Lessee, if operator, shall securely plug the same in the manner required by the rules and regulations of the Oklahoma Corporation Commission and the Laws of the State of Oklahoma.

11. The Lessee, if operator, shall keep an accurate account of all oil and gas mining operations, including a log of each well drilled, duly sworn to by the contractor or driller which shall be filed with the Commissioners of the Land Office within thirty (30) days after said well is completed. Accurate and reliable information concerning the operation and management of all wells shall be furnished to the Department of Wildlife Conservation or its representatives upon demand. Lessee, if operator, shall also provide Lessor an accurate accounting showing the sales, prices, dates, purchases, contracts, and the whole amount of oil and gas mined or removed, and all sums due as royalties shall be a lien upon the implements, tools and moveable machinery or personal chattels used in operating said property, and also upon all the unsold oil and gas obtained from the land herein leased as security for the payment of said royalties.

12. The Lessee, if operator, shall be liable to the Lessor, and to the Lessor's tenant if the surface of the land is leased, for any and all damages or loss accruing to the surface interests in said land, and to all crops, timber and improvements thereon and appurtenances and hereditaments thereunto belonging, by reason of the oil and gas mining operations hereunder, and in the event the amount of damage cannot be agreed upon between the Lessor and/or its tenant and the Lessee, then the amount of such damage shall be determined as is or may be provided by law. The Lessee, if operator, hereof further agrees to pay all such damages upon demand, and the Lessor and/or its tenant shall have a lien upon any personal property placed upon the leased premises by the Lessee to secure the payment hereof.

13. Lessor expressly reserves the rights of ingress and egress over, through and across all geologic formations, horizons and zones held by Lessee for the purpose of exploring and producing the geologic formations, horizons and zones which are not being held by Lessee hereunder.

14. This lease shall be subject to the Constitution and laws of the State of Oklahoma and the rules and regulations of the Department of Wildlife Conservation now or hereafter in force, all of which are made a part and condition of this Lease. Provided, however, no regulation of the Department pertaining to operations shall be unreasonable, and further provided that no regulation made after the execution of this Lease shall affect the length of the term or the rate of royalty hereof, or shall operate to eliminate or amend the express terms and conditions hereof.

15. No transfer or assignment of this Lease, or any part thereof, shall be valid, or convey any right to the assignee: 1) until assignor has obtained the consent in writing of the Commissioners of the Land Office, and 2) if the assignee is the operator of any well, tank battery or other surface facilities on the Leasehold premises, until assignee has provided the Lessor with a good and sufficient performance surety bond as detailed in paragraph two (2) of Exhibit "A" attached hereto.

16. Upon the violation of any material term or condition of this Lease, the Department of Wildlife Conservation of the State of Oklahoma shall have the right at any time to: 1) seek judicial forfeiture of this Lease, or 2) declare this Lease forfeited after administrative hearing before the Oklahoma Wildlife Conservation Commission following fifteen (15) day's notice be registered mailed to the last known address of Lessee specifying the terms or conditions violated; provided any person affected thereby may appeal in the manner provided by law. Further provided, forfeiture shall not be the exclusive remedy but a suit for damages or specific performance or both may be instituted.

17. The Lessee may at any time hereafter surrender and wholly terminate this Lease upon payment of all liabilities then accrued and due hereunder, and may exercise such right by filing a formal relinquishment and release of this Lease with the Commissioners of the Land Office. Lessee specifically agrees to release this Lease upon expiration; provided, the release thereof must be properly recorded in the county where the leasehold is located prior to filing with the Commissioners of the Land Office.

18. If Lessor owns a lesser interest in the oil, gas and other minerals in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided for shall be paid the Lessor only in the proportion which Lessor's mineral interest ownership bears to the entire and undivided fee estate.

19. All entries upon the surface of the leased premises shall be conducted in accordance with the terms and conditions of Exhibit "A", which is attached and made a part hereof.

**IN WITNESS WHEREOF**, the parties hereunto subscribed their signatures on the day and year first above written.

**THE STATE OF OKLAHOMA  
DEPARTMENT OF WILDLIFE CONSERVATION**

By: \_\_\_\_\_  
Director, Oklahoma Department of Wildlife Conservation

**ATTEST:**

\_\_\_\_\_  
(Lessee)

\_\_\_\_\_  
Secretary

By: \_\_\_\_\_

**ACKNOWLEDGEMENT FOR THE DEPARTMENT OF WILDLIFE CONSERVATION  
OF THE STATE OF OKLAHOMA**

State of Oklahoma )  
 ) §  
County of Oklahoma )

Before me, the undersigned Notary Public, within and for said County and State, personally appeared \_\_\_\_\_ to me known to be the person who subscribed the name of the Wildlife Department of Wildlife Conservation of the State of Oklahoma, to the foregoing instrument, as its Director, and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed of for the Department of Wildlife Conservation of the State of Oklahoma.

IN WITNESS WHEREOF, I have hereunto set my hand and Notary Seal on this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

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

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

**ACKNOWLEDGEMENT FOR INDIVIDUAL**

State of \_\_\_\_\_ )  
 ) §  
County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_ by \_\_\_\_\_.

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

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

\_\_\_\_\_  
Title

(SEAL)

**ACKNOWLEDGEMENT FOR CORPORATION**

State of \_\_\_\_\_ )  
 ) §  
County of \_\_\_\_\_ )

This instrument was acknowledged before me on \_\_\_\_\_ by \_\_\_\_\_.

Its \_\_\_\_\_ President/Attorney-in-Fact of \_\_\_\_\_  
(Company Name)

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

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

\_\_\_\_\_  
Title

(SEAL)

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## EXHIBIT "A"

To that certain Oil and Gas Lease Between the Oklahoma Wildlife Conservation Commission and [REDACTED] dated [REDACTED].

The following provisions are part of this oil and gas lease as if the same were more fully set forth in said Lease:

1. Prior to entering upon the leasehold premises to construct a well site, road, pipeline, tank battery or other surface facility, Lessee, if operator, shall pay Lessor damages and monitoring charges for such facilities in accordance with the then current surface damage rate schedule which has been established by the Oklahoma Wildlife Conservation Commission.
2. Prior to entering the property to construct a well site, road, pipeline, tank battery or other surface facility, the Lessee, if operator, shall provide lessor with a good and sufficient performance surety bond for a surety company licensed to do business in this state in the sum of Ten Thousand Dollars (\$10,000). If Lessee, as operator, has ten (10) or fewer wells on lessor's property, only one bond of Ten Thousand Dollars (\$10,000) shall be required. If the Lessee, as operator, has more than ten (10) wells on Lessor's property, an additional One Thousand Dollars (\$1,000) bond per well will be required. The bond will be conditioned upon the observance and compliance with the provisions in the leases.

Lessee, if operator, shall be subject to forfeiture of this bond to the Lessor upon noncompliance of any terms and any provisions in the Lease for this property. This bond shall remain in effect as long as Lessee, if operator, is drilling or operating a well on the Leasehold premises or until released by the Oklahoma Department of Wildlife Conservation.
3. Prior to entering the property to drill, Lessee, if operator, shall provide Lessor with the length, width, and location of the well site; length, width, and location of all pits; and the length, width, and location of the roadways and any other supports structures Lessee, if operator, will need to construct.
4. Prior to entering to drill, Lessee, if operator, shall provide Lessor an estimated time to drill, and a statement of where water will be obtained. If water is to be used from a source owned by Lessor, the Lessee, if operator, shall make arrangements to purchase water from Lessor according to current policy of the Oklahoma Wildlife Conservation Commission.
5. If shrubs or trees are removed while clearing land for roads or the drilling site, Lessee, if operator, shall stack bush in piles and locate piles as directed by the Area Manager for the Oklahoma Department of Wildlife Conservation.
6. If any oil or gas activity damages any trees, shrubs, crops, improvements, shooting ranges, fences, gates, land residences, roads, camping facilities, or any other permanent structures or causes pollution to enter in a pond, lake, stream, or river, or flow over the land surface, the Lessee, if operator, shall promptly clean up the pollution, shall repair any damage, and shall pay for the damages as assessed by Lessor.
7. Lessee, if operator, agrees to pay annually a sum for maintenance of Department of Wildlife Conservation roads used by Lessee, if operator, his employees, or anyone working for the Lessee, if operator, or anyone hauling oil, gas, wastes, or equipment for the Lessee, if operator. This sum will be determined by the Department of Wildlife Conservation and it shall be equal to the proportionate use (including amount of traffic as well as weight of traffic) of the road by the Lessee, if operator, and all oil and gas related traffic to and from the well site.
8. Lessee, if operator, shall install and maintain signs at the well site, and at the tank battery. These signs shall include the name, address, and telephone number of the operator, plus the well name and legal description.
9. Within thirty (30) days after completion, Lessee, if operator, shall provide the Commissioners of the Land Office with a copy of the Corporation Commission completion notice (Corporation Form 1002A).
10. If a well is dry, the Lessee, if operator, at his expense, shall plug the well, pump the reserve pit dry, level the area, reseed the area, and restore it to approximate original conditions within 180 days.
11. Within twelve (12) months from completion (date as shown on Corporation Commission Form 1002A) of the well, the Lessee, if operator, shall pump the reserve pit dry, level the area, reseed the area, and restore it to its approximate original condition. If a circulation pit or fracture pit is needed, the Lessee, if operator, shall pump the pit dry, level it and restore it within sixty (60) days after completion of drilling or fracturing operations.
12. Lessee, if operator, shall bury all collection pipelines outside of the immediate service area as requested by Lessor.
13. Lessee, if operator, shall enclose the tank batteries and production equipment in an impermeable dike. Dikes around tank batteries shall be of a height sufficient to contain one and one-half times the volume of the largest container within.
14. Lessee, if operator, shall install and maintain a lockable gate at the entrance road to the well site.
15. If the well is located within 300 feet of a residence, cabin, camping area, shooting range, parking area, or other high use public area, the pump area and tank batteries shall be enclosed within a six (6) foot chain-link perimeter fence.
16. If the well is abandoned, the Lessee, if operator, shall restore, at his expense, the area (including roads and fences) to its approximate original condition within ninety (90) days from the plugging date. Failure of Lessee, if operator, to comply with this provision shall give Lessor the right, but not the obligation, to restore the premises, the right to make demand upon the bond, and the right to obtain reimbursement for the cost of restoration and a reasonable attorney's fee for the collection of such costs.
17. At no time will employees of the Lessee, if operator, or anyone hauling oil, gas, wastes, or equipment for the Lessee, if operator, to and from the leased premises carry firearms or trapping equipment on the leased premises unless the equipment is appropriate to a season open on the leased premises at the time and the individual(s) would otherwise be authorized to hunt. An exception will be made for security personnel, if prior arrangement is made with the Department of Wildlife Conservation.
18. All non-electrical motorized equipment will have noise mufflers properly installed, properly functioning, and maintained at all times.

19. The operator of any well on the leased premises shall provide the Department of Wildlife Conservation with a copy of the operator's surety bond or letter of credit in the amount of Twenty-Five Thousand Dollars (\$25,000) that is filed with the Secretary of State of Oklahoma as required by Statute.

20. This Lease shall be a Non Surface Operational Lease; No surface operations of any kind shall take place upon the lands herein leased without the written permission of the Oklahoma Department of Wildlife Conservation.

**END OF EXHIBIT "A"**

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