



OIL AND GAS LEASE
(Paid-up)

AGREEMENT, made and entered into this 7th day of May, 2021, by and between **John H. Smith & Barbara Smith, husband and wife**, 13111 Upper Cow Creek Rd, Azalea, OR 97410, party of the first part, hereinafter called "Lessor" (whether one or more), and **Dudley Land Company**, 5925 North Robinson Avenue, Oklahoma City, OK 73118, party of the second part, hereinafter called "Lessee".

WITNESSETH, that the said Lessor, for and in consideration of Ten Dollars (\$10.00), cash in hand paid, and other good and valuable consideration 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 exclusive right to explore by geophysical and other methods, for 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 pipelines, and building drill sites, access roads, tanks, power stations, electrical lines and poles, telephone lines and poles, water lines, equipment, appliances 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 **Atoka**, State of **Oklahoma**, described as follows, to-wit:

Section 9-3S-12E: Northeast Quarter of the Northeast Quarter (NE/4 NE/4) and the North Half of the Southeast Quarter of the Northeast Quarter (N/2 SE/4 NE/4) and the Northeast Quarter of the Southwest Quarter of the Northeast Quarter (NE/4 SW/4 NE/4); Northwest Quarter of the Northeast Quarter (NW/4 NE/4); LESS and EXCEPT the Northeast Quarter of the Northeast Quarter of the Northeast Quarter (NE/4 NE/4 NE/4).

"SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR OTHER PROVISIONS OF THIS LEASE"

and containing **100.0000000** acres, more or less.

1. It is agreed that this lease shall remain in force for a term of **Three (3) Years** from the Termination Date, as defined as the date of termination of that certain oil and gas lease recorded at Book 719, Page 577, of the Atoka County, Oklahoma records (herein called primary term) and so long thereafter as oil or gas, or either of them, is produced from said land or lands pooled therewith. In the event this lease is not continued beyond the primary term by production, on-going operations or by any other means or provision herein contained, Lessee shall have the option, but not the obligation, to extend the primary term of this lease, as to all or any portion of the leased premises, for an additional and extended term of Three (3) Years, and for so long thereafter as this lease is continued or maintained in force and effect by the production, or allocation to the leased premises, of oil, gas or other hydrocarbons, or by any other means or provisions herein contained. Lessee may exercise the option to extend this lease as to all or any portion of the leased premises by tendering to Lessor, at the address stated above and on or before the expiration date of the initial primary term of this lease, an additional per acre bonus consideration equal to the same per acre bonus consideration originally paid for this lease.

2. In consideration of the premises the said Lessee covenants and agrees:

A. To deliver to the credit of Lessor free of cost, in the pipeline to which it may connect its wells, a **three-sixteenths (3/16)** part of all oil (including but not limited to condensate and distillate) produced and saved from the leases premises.

B. To pay Lessor for gas (including casinghead gas) and all other substances covered hereby, a royalty of **three-sixteenths (3/16)** of the proceeds realized by Lessee from the sale thereof, less a proportionate part of the production, severance and other excise taxes and the cost incurred by Lessee in processing, gathering, treating, compressing, dehydrating, transporting, and marketing, or otherwise making such gas or other substances ready for sale or use, 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 later of ninety (90) days following the date of shut in or the anniversary date of this lease during the period such well is shut in, to the Lessor. When such payment or tender is made it will be considered that gas is being produced within the meaning of the entire lease.

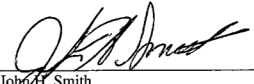
3. If Lessee shall commence operations to drill a well or commence reworking operations on an existing well within the term of this lease or any extension thereof, or on acreage pooled therewith, Lessee shall have the right to drill such well to completion or complete reworking operations with reasonable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

4. 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 permit or 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 permitted or prescribed or as may be used in such allocation of allowable.

5. 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 this lease 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 Lessor's acreage placed in the unit, or Lessor's royalty interest therein on an acreage basis bears to the total acreage in the unit.

6. 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 Lessor's interest bears to the whole and undivided fee.

7. 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.
8. When requested by the lessor, lessee shall bury its pipelines below plow depth.
9. 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.
10. Lessee shall pay for all damages to growing crops on said land caused by its operation.
11. 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.
12. 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.
13. 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, or operation of force majeure.
14. 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.
15. 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.
16. Lessee's failure to comply with any condition, covenant or obligation of this lease shall not result in the forfeiture or termination of the lease, unless Lessor has first provided Lessee notice of such breach or default and Lessee fails to cure such default/breach within sixty (60) days thereafter. Any forfeiture or termination of this lease shall not cause a release, surrender or termination of the rights and interests of Lessee in any wells, units, pools, improvements or other rights or interests that are unrelated to the underlying cause of the termination/forfeiture.
17. If at any time within the primary term of this lease or any continuation thereof, 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 reflecting 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. 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. Any top lease granted by Lessor in violation of this provision shall be null and void.
18. 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.
19. It is the intent of the Lessor to lease, and Lessor does hereby grant, demise, lease and let unto Lessee, all oil, gas and other minerals owned by Lessor in Section (9), Township (3S), Range (12E), Atoka County, Oklahoma whether or not properly and completely described herein. In the event it is determined that Lessor actually owns more net mineral acres than that assumed by the parties in the calculation of lease bonus and paid by Lessee, Lessor and Lessee agree that Lessee shall pay Lessor for such additional net acreage at the same bonus price per acre agreed upon for the execution of this oil and gas lease. Likewise, in the event it is determined that Lessor owns less net acres, or it is determined that Lessor's acreage is currently leased under a prior oil and gas lease, then the Lessor agrees to reimburse Lessee for the bonus per acre paid for the acreage not owned by Lessor or under the prior oil and gas lease.



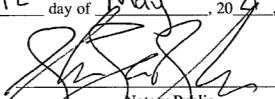
John H. Smith



Barbara Smith

State of Oregon
County of Josephine

The foregoing instrument was acknowledged before me on this 12 day of May, 2021, by John H. Smith & Barbara Smith.



Notary Public

My Commission Expires: 07/25/2022
My Commission Number: 976561

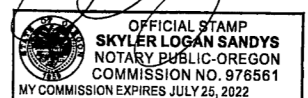


EXHIBIT "A"

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THIS EXHIBIT "A" attached hereto and made a part of that certain "Oil & Gas Lease" dated the 7th day of May, 2021 by and between John H. Smith & Barbara Smith, husband and wife, as Lessor and Dudley Land Company, as Lessee.

LEGAL DESCRIPTION:

Section 9-3S-12E: Northeast Quarter of the Northeast Quarter (NE/4 NE/4) and the North Half of the Southeast Quarter of the Northeast Quarter (N/2 SE/4 NE/4) and the Northeast Quarter of the Southwest Quarter of the Northeast Quarter (NE/4 SW/4 NE/4); Northwest Quarter of the Northeast Quarter (NW/4 NE/4); LESS and EXCEPT the Northeast Quarter of the Northeast Quarter of the Northeast Quarter (NE/4 NE/4 NE/4).

OTHER PROVISIONS:

DEPTH CLAUSE:


It is agreed and understood that this lease shall expire at the end of the primary term as to all depths one-hundred feet (100') below the stratigraphic equivalent of the base of the deepest formation penetrated from any well drilled during the term of the lease or any extension thereto or in any land that was spaced, unitized or pooled therewith during the primary term.

PUGH CLAUSE:

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 or any extension thereof. 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.



John H. Smith



Barbara Smith