

IN WITNESS WHEREOF Trustor has executed this instrument.

Elsa Peck
Lyman E. Peck.

State of California, County of Los Angeles,)ss:

On this 13th day of November 1935, before me, the undersigned, a Notary Public in and for said County, personally appeared Lyman E. Peck and Elsa Peck, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged that they executed the same.

WITNESS my hand and official seal.

(NOTARIAL SEAL)

in and for said County and State. My Commission expires June 12, 1936.

R. D. Hicks, Notary Public

#182. Copy of original, recorded at request of Title Ins. & Tr. Co. Nov. 23, 1935, 8:30 A.M. Copyist #95. Compared C.L. Logan, County Recorder, by *C. Shauge (11)* Deputy.
\$4.00-34-K.

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OIL AND GAS LEASE.

THIS INDENTURE OF LEASE, made and entered into this 4th day of November 1935, between THE NEWHALL LAND AND FARMING COMPANY, a corporation, hereinafter called "Lessor," and BARNSDALL OIL COMPANY, a corporation, hereinafter called "Lessee,"

WITNESSETH: That the Lessor, for valuable consideration, receipt of which is acknowledged, and in consideration of the agreements of the Lessee herein contained, leases to the Lessee, and the Lessee, in consideration of the agreements herein contained, leases from the Lessor, the property herein described, for the uses and purposes of drilling for and producing petroleum oil and gas and other hydrocarbon substances and uses and purposes incidental thereto as herein provided. The property covered by this lease is situated in Los Angeles County, California, and is shown by Licensed Surveyors Maps of Lands of the Lessor recorded in Book 27, pages 19 to 43, of Licensed Surveyors Maps, in the office of the County Recorder of Los Angeles County, California, and is described as follows: All those parts of Blocks seven (7), eight (8), nine (9) ten (10) and eleven (11) located in Live Oak School District, as shown by maps recorded in Book 27, pages 22 to 26, inclusive, of said Licensed Surveyors Maps, within the following exterior boundaries:

Beginning at the point of intersection of the northerly line of Rancho San Francisco with the westerly boundary line of the County of Los Angeles; thence easterly along said northerly line of Rancho San Francisco, to the intersection of the north-south center line of Section 21, Township 4 North, Range 17 West S.B.B. & M.; thence southerly along the southerly extension of said center line forty-six hundred fifty (4650) feet, more or less, to a point five thousand two hundred eighty (5280) feet southerly from the northerly line of said section 21; thence westerly parallel with the northerly line of said Section 21 and the westerly extension thereof to a point on said westerly boundary line of the County of Los Angeles; thence northwesterly along said boundary line to the point of beginning, together with the Lessor's interest in lands within the said exterior boundaries occupied by railroad, highway and county road rights of way, subject to said easements and rights of way for railroad, highway and county road purposes, containing approximately nine hundred thirty-three (933) acres.

The said lease is on the following terms and conditions:

TERMS: 1. The lease shall continue for a period of thirty (30) years from and after the date hereof, subject to the provisions for an earlier termination hereinafter contained. After the expiration of said period and after any termination as hereinafter provided for, this lease shall continue in force as to each well drilling and each well completed and producing oil or gas in paying quantities at the time of such expiration or termination, and as to a rectangular parcel of land containing ten (10) acres around each such well, and as to the necessary easements for access to each such parcel for necessary roads, pipe lines and other lines, so long as the Lessee continues to produce oil or gas in paying quantities from the well, or a deepened or redrilled well on the parcel, or continues diligently to drill, redrill or deepen a well upon the parcel, and the provisions of this lease are performed as to such well and as to such surrounding parcel, and thereafter the lease shall in any event terminate as to each such parcel when the Lessee ceases to produce oil or gas in paying quantities from a well on such parcel and ceases to diligently drill a well for oil or gas on such parcel. So long as the Lessee continues to produce oil or gas in paying quantities from any well or wells on the said premises,

this lease shall also continue in force as to the land occupied by water wells, storage tanks, plants, refineries, lease houses and structures which are actually required and used in the operation of the retained properties or in the storage or treatment of products produced from the retained properties, and the Lessee shall also continue to have for such time the easements for roads, pipe lines and other lines required for the convenient use and operation of such retained properties.

USES AND PURPOSES: 2. The Lessee shall have the sole and exclusive right to prospect and to drill for petroleum oil and gas upon the said premises and to produce and remove petroleum oil and gas and other hydrocarbon substances therefrom, and shall have the right to use the said premises for treating, refining, storing and transporting petroleum oil, gas and other hydrocarbon substances produced therefrom, and for such uses and purposes may build or establish, and may maintain and operate on said premises, such plants, refineries, lease houses, camps, structures, derricks, machinery, apparatus, equipment, tanks, reservoirs, sump holes, pipe lines, telephone lines, roads, and other structures and facilities as may be necessary or desirable. The lessee shall also have the right to drill for, develop and take water from the premises for use in conducting such operations on said premises. The Lessee shall not physically occupy or erect any structures on land which is subject to easements or rights of way for railroad, highway, or county road purposes.

MINIMUM RENTAL: 3. The Lessee shall, and agrees to, pay to the Lessor during the continuance of this lease Nine hundred thirty-three dollars (\$933.00) per year. The said sum shall be paid annually, in advance, the first year's payment being made contemporaneously with the execution of the lease. Rentals paid for the first four (4) years of the term of the lease may be credited against royalties which become payable on account of oil and gas produced from the premises at any time during the said first four-year period. Commencing with the fifth year of the term of the lease, and continuing thereafter, a credit for rentals paid for any year shall be allowed only against royalties which become payable on account of oil and gas produced from the premises during the year for which the payment was made, and no credit shall be allowed for any payment made for one year against royalties on oil and gas produced during any other year.

ROYALTIES: 4. The Lessor reserves, and the Lessee agrees to pay to the Lessor, a one-eighth (1/8) part of all oil, gas and other hydrocarbon substances produced and saved from the premises after deducting from the gross product the quantity that may be reasonably consumed in operations conducted on the property under this lease.

OIL ROYALTIES: 5. The Lessee will purchase the royalty oil as hereinafter provided, or will deliver the royalty oil to the Lessor in kind as hereinafter provided, at the option of the Lessor. For the first ninety (90) days after the commencement of production of oil from the premises and thereafter until the method of handling the royalty oil is changed as herein provided, the Lessee will take delivery of and purchase the royalty oil. The Lessor may change the method of handling royalty oil from purchase to delivery in kind or from delivery in kind to purchase at any time by serving the Lessee with written notice of the change at least ninety (90) days before the effective date of the change. After the first change, the Lessor may not make another change within one year after the preceding change.

The Lessee will pay for the royalty oil so purchased the market price at the well of oil of like gravity prevailing at the said field at the time of delivery. The said market price shall be the price posted by the major oil companies, or one or more of them, for oil in the said field. If the posted prices differ, or if there is no posted price, then the said market price shall be the price for which the oil could be sold if it were not purchased by the Lessee, but not less than the price at which the Lessee's oil is sold. If there is a posted price but the said oil cannot be sold at such price, the Lessee may give to the Lessor written notice of such fact and require that the Lessor take delivery of the royalty oil in kind, or take payment at the price at which the Lessee's oil is sold, and thereafter and so long as such condition continues, the Lessor may take the royalty oil in kind at the tanks provided by the Lessee, and upon failure of the Lessor to so take its royalty oil the Lessee shall hold the same in its tanks and, without further notice to the Lessor, sell the Lessor's royalty oil with the Lessee's oil, if and when the Lessee's oil is sold, and the price received therefor by the Lessee

shall be the price used in settlement under this paragraph.

If the oil requires and receives treatment or dehydration, the reasonable cost of treatment and dehydration and the reasonable cost of transportation to and from the treating plant shall be charged proportionately to the Lessor. Quantity and gravity of oil will be measured after such treatment and dehydration.

Royalty oil deliverable in kind will be run into tanks erected and maintained at the expense of the Lessee, and royalty oil from not exceeding thirty (30) days' production will be stored without expense to the Lessor but at the Lessor's risk.

GAS ROYALTY: 6. The Lessee will make reasonable effort to utilize or sell gas produced from the premises and will pay to the Lessor one-eighth (1/8) of the proceeds of the sale or other disposition of the gas and the products therefrom, after deducting the reasonable cost of transporting and treating. The Lessee will have the right to contract for the utilization of wet gas on a royalty basis. If casinghead gasoline is extracted from gas and is added to the crude oil, the quantity and gravity of such crude oil shall be measured after the casinghead gasoline is added, and royalties on such crude oil shall be accounted for accordingly.

ACCOUNTING: 7. The Lessee will furnish to the Lessor, on or before the 25th day of each calendar month, a true accounting of the production of all oil, gas and hydrocarbon substances from the premises during the preceding month, except such portion thereof as may be used in the development and operation of the premises under the terms of this lease. The Lessee will make payment to the Lessor on or before the 25th day of each calendar month for all royalty oil produced during the preceding calendar month and purchased, as provided herein, by the Lessee, and for all royalty substances produced during the preceding calendar month. The payments for royalties shall be made to The Newhall Land and Farming Company at its principal place of business. In the event the Lessor shall dispose of all or any portion of the demised premises, or all or any portion of its royalty interests hereunder, the Lessee shall continue to make payment in the same manner, and the receipt of The Newhall Land and Farming Company, as agent for its successors or assigns, shall be an acknowledgment of receipt by such successors or assigns. Royalty oil deliverable in kind hereunder shall be ready for delivery at times convenient to the Lessor and the Lessor shall take delivery of the same at least once in each thirty (30) days. The accounts for oil produced in each calendar month shall be settled on or before the 25th day of the succeeding calendar month.

The Lessee shall keep full, true records of all production of oil, gas and hydrocarbon substances from each well on the premises and shall meter the gas and regularly gauge the oil. Tests and measurements shall be made by the latest approved methods commonly in use in California oil fields. The Lessor shall have the right to inspect the Lessee's field records of production at any reasonable time during business hours for the purpose of verifying the accounts, and shall have the right to measure and gauge the tanks and to check the meters and to check the quantities and gravities and the Lessee's methods of measuring the same, and shall have the right to inspect the Lessee's sales records when necessary to determine the price for which royalty oil might be sold, and shall have the right to inspect the Lessee's accounts with persons purchasing or treating gas.

DRILLING OBLIGATIONS BEFORE DISCOVERY OF OIL: 8. As a condition of the continuance of this lease, the Lessee shall commence the drilling of a well for oil within two (2) years from the date hereof and continue the work of drilling such well after commencing the same, continuously and diligently until oil or gas is discovered in paying quantities or until such formations are encountered or such depth is reached that further drilling would, in the opinion of the Lessee's geologist, be unsuccessful or impractical. If mechanical difficulties are encountered in said well or in any subsequent well, and the well is abandoned for that reason, the Lessee must, within thirty (30) days after cessation of work on said well, diligently commence the relocation of the equipment and the drilling of another well which will be regarded as a substitute for such abandoned well and as subject to the same terms and conditions.

In the event that the Lessee shall drill said first well and shall not find oil therein in paying quantities, then as a condition of the continuance of this lease the Lessee shall, within ninety (90) days after the cessation of work on the said first well,

commence the actual drilling of a second well and prosecute the drilling of said second well continuously and diligently until oil or gas is discovered in paying quantities or until such formations are encountered or such depth is reached that further drilling would, in the opinion of Lessee's geologist, be unsuccessful or impractical.

In the event that the Lessee shall drill a second or a third or a subsequent well while this lease is in force and oil or gas in paying quantities is not discovered and the Lessee shall abandon such well, then, as a condition of the continuance of this lease, the Lessee shall commence the drilling of another well within ninety (90) days after the cessation of work on the well last abandoned and shall continue the work of drilling such well after commencing the same, continuously and diligently until oil or gas is discovered in paying quantities or until such formations are encountered or such depth is reached that further drilling would, in the opinion of the Lessee's geologist, be unsuccessful or impractical.

In the event that the Lessee does not commence the actual drilling of an oil well on the said premises within two (2) years after the date of this lease, or does not commence the drilling of a second well within ninety (90) days after the cessation of work upon the first well, or does not commence the drilling of a third or subsequent well within ninety (90) days after the cessation of work upon the preceding well, or commence the relocation of the equipment and the drilling of another well within thirty (30) days after the abandonment of a well because of mechanical difficulties, or in the event the Lessee does not continuously and diligently prosecute the work of drilling the well after the commencement of the well, then at the option of the Lessor, exercised as hereinafter provided, this lease and all rights of the Lessee hereunder shall terminate, and upon the execution and delivery of a proper quitclaim deed to the Lessor, the Lessee shall be relieved from obligation to further drill and from all obligations thereafter accruing.

DRILLING OBLIGATIONS AFTER THE DISCOVERY OF OIL: 9. If oil or gas is discovered in paying quantities in any well drilled on the premises, then the Lessee shall commence the drilling of another well on the premises within ninety (90) days after the completion of the producing well, and shall continue the drilling of said well continuously and diligently thereafter until oil or gas in paying quantities is discovered therein and said well is completed, or until such formations are encountered or such depth is reached that further drilling would, in the opinion of the Lessee's geologist, be unsuccessful or impractical. Thereafter the Lessee shall continue to drill oil or gas wells on the premises, using not less than one string of tools and well drilling equipment, and allowing not to exceed ninety (90) days between the completion of a producing well or the cessation of work upon an abandoned well and the commencement of the next succeeding well, and shall drill continuously and diligently after such commencement until the completion of a producing well or the abandonment of a dry well, until there has been drilled on the premises at least one (1) well for each ten (10) acre parcel of said premises. If a well is abandoned before completion because of mechanical difficulties, the Lessee shall, within thirty (30) days after cessation of work on such well, diligently commence the relocation of the equipment and the drilling of another well which will be regarded as a substitute for such abandoned well and as subject to the same terms and conditions.

In the event that the Lessee does not commence the drilling of an additional well within ninety (90) days after the completion of the first well in which oil or gas in paying quantities is discovered, or does not commence the drilling of an additional well within ninety (90) days after the completion of a later producing well or cessation of work upon a later abandoned well, or does not commence the relocation of equipment and the drilling of a substitute well within thirty (30) days after the abandonment of a well because of mechanical difficulties, or in the event the Lessee does not, after the commencement thereof, continuously and diligently prosecute the work of drilling and completing any well which it is required to drill by the terms hereof, then at the option of the Lessor, exercised as hereinafter provided, this lease and all rights of the Lessee hereunder shall be terminated and ended, except as provided in paragraph 1 hereof as to each well completed and producing oil or gas in paying quantities at the time of such termination, and as to a rectangular parcel of land containing ten (10) acres around each such well, and as to the necessary easements for access to each such parcel for necessary roads, pipe lines and other lines, and as to lands occupied by water wells,

storage tanks, plants, refineries, lease houses and structures which are actually required and used in the operation of the retained properties or in the storage or treatment of products produced from the retained properties.

Upon a default by the Lessee in the performance of the covenants or conditions of this paragraph 9, the Lessor's sole remedy for such default (not including defaults in the performance of covenants or conditions provided for in other paragraphs hereof) shall be to exercise the right of termination or forfeiture provided for by this lease.

OFFSET DRILLING: 10. In the event that a well or wells producing oil in paying quantities shall be brought in on land adjoining the premises covered by this lease, which adjoining land shall not at the time be the property of the Lessor hereunder, and within two hundred (200) feet of the boundary of the premises covered by this lease, and whether the said well or wells shall be brought in by the Lessee hereunder or by any other person or corporation, an offset well shall be commenced upon the demised premises to offset each such well on such adjoining lands, within ninety (90) days after the said well on the adjoining lands commences to produce oil or gas in paying quantities, and each such offset well shall be drilled continuously and diligently after such commencement until oil or gas is discovered therein in paying quantities or until such formations are encountered or such depth is reached that further drilling would, in the opinion of the driller's geologist, be unsuccessful or impractical. Such offset well shall be located at a distance not greater than two hundred (200) feet from the boundary line between the leased premises and the adjoining land containing the well to be offset, and at a distance not to exceed two hundred (200) feet from either side of a line drawn from the well to be offset through the nearest point in the said boundary line.

In the event that the Lessee does not commence and continuously and diligently prosecute the drilling of an offset well to offset any well producing oil in paying quantities brought in on adjoining premises, as above provided, and within the time as above provided, the Lessor may, at its option, commence and drill a well at such offset location and terminate this lease as to a ten (10) acre parcel of land around such well, and for the purpose of such drilling the Lessor may, at its option, make a lease to some third person or corporation, including in such lease the ten (10) acre parcel of land around such offset location. The Lessor shall have the rights and easements reasonably required for roads, pipe lines and other lines for access to such parcel.

It is understood that the drilling obligation of the Lessee is to keep one string of tools in operation hereunder after it shall have commenced drilling as herein provided, and that this paragraph 10 is not intended to require the Lessee to keep more than one string of tools in operation. The Lessee, however, in drilling wells under this lease shall locate wells in such manner as to best offset wells which have been brought in to production on adjoining land, and thereby, as far as possible, prevent the Lessor's land from being drained by such operations on adjoining lands. In the event the well on adjoining property required to be offset is brought in before the Lessee has commenced the drilling of the first well as required by paragraph 8 hereof, the Lessee is required to commence the drilling of the offset well within ninety (90) days after said well on adjoining lands commences to produce oil or gas in paying quantities, and to prosecute the drilling, as above provided in this paragraph. A failure or refusal of the Lessee to so commence and prosecute the drilling of the offset well shall constitute a default under this lease. In the event that at the time the Lessee is required by this lease to commence a second or subsequent well, there is a well or wells on adjoining premises to be offset under the provisions of this paragraph 10, and the Lessor has not terminated this lease as to the land around all such offset locations, the Lessee shall locate said next well to be commenced hereunder in such manner as to offset such a well on adjoining premises. A failure or refusal of the Lessee to locate and commence said next well in such manner shall constitute a default hereunder.

Offset wells must be drilled to the producing sand or zone from which the well on adjoining land is producing so as to prevent the drainage from such sand or zone on the leased premises, and such well shall be developed and operated, so far as practicable, in such manner as to prevent the drainage from sands and zones penetrated and produced from by the well on adjoining premises.

Upon a default by the Lessee in the performance of the covenants or conditions of

this paragraph 10, the Lessor's sole remedy for such default (not including defaults in the performance of covenants or conditions provided for in other paragraphs hereof) shall be to exercise the right of termination or forfeiture provided for by this lease.

METHOD OF DRILLING AND OPERATION OF WELLS: 11. All drilling hereunder shall be conducted with rotary drilling equipment in accordance with late and modern practices and methods, except where the depth and formations or later developments are such that some other method is more efficient. Wells shall be drilled and completed and killed or abandoned in such manner as to comply with the lawful requirements of state and other laws and lawful regulations adopted and requirements imposed under such laws, and in such manner as not negligently or unnecessarily to injure, or permit the injury of, the producing sands, or to injure, or permit the injury of, underground waters. Wells shall be operated efficiently and in accordance with generally accepted and approved field and engineering practices so as to recover from the sands as high a proportion of the oil in the sands as is practicable.

Wells shall be located and spaced in accordance with generally accepted and approved engineering practices and so as to efficiently develop and drain the oil sands, taking into consideration the character of the formation, the gravity of the oil, the nature of the gas pressure, and the general conditions affecting the matter. If more than one sand or zone is proved to be oil bearing, the wells shall be located and spaced and the development shall be carried on in accordance with generally accepted and approved field and engineering practices and in such manner as to efficiently and expeditiously develop and drain all oil sands or zones.

Drilling or producing operations may be suspended or curtailed only in the event that they are prevented by the elements, accidents, strikes, lock-outs, riots, or other causes beyond the reasonable control of the Lessee, and to the extent required by conservation or curtailment regulations imposed by state or federal action or provided for by conservation or curtailment agreements entered into by the Lessee with other operators for the purpose of preventing waste when such agreements are permitted by state or federal statutes, provided that such curtailment shall be at no greater pro rata percentage of potential capacity to produce than that imposed against offset acreage, and shall be at no greater pro rata percentage of the potential capacity to produce, compared with the curtailment imposed against other wells in the field or wells in other fields within the state, than is fair, just and reasonable.

After the discovery of oil in paying quantities in any well drilled on the premises, further drilling operations may be suspended while the posted market price offered by the major oil purchasing companies and all available market prices in the district in which the premises are located, for oil of the gravity produced on the premises, shall be less than sixty-five cents (65¢) per barrel at the well; provided, however, that the obligation to drill offset wells as required by paragraph 10 hereof shall not be suspended.

METHOD OF DOING WORK: 12. The Lessee shall carry on all operations in a careful and workmanlike manner and in compliance and in accordance with the laws of the state of California. All materials furnished for and all work done on the premises by the Lessee shall be at the Lessee's sole cost and expense, except as herein otherwise provided, and the Lessee agrees to protect the said premises from all claims and liens of contractors, laborers and materialmen and to protect and save the Lessor harmless from all loss, cost, expense and attorney's fees by reason thereof. The Lessor shall have the right to post and keep posted on the premises such notices as he may desire to protect the premises against liens and claims.

13. In case any claim or claims of lien is or are filed against the demised premises, or any part thereof, the Lessee shall cause same to be released or discharged of record; provided, that if Lessee shall dispute the justice of any such claim or claims, it shall have the right to and shall diligently defend against the same, and in the event the claim is decided against the Lessee, it shall be paid and discharged immediately. In the event that Lessee shall fail or refuse to defend any action brought to enforce any such claim or claims, the Lessor shall have the right, but shall not be required, to defend against the same, and the Lessee shall be liable to the Lessor for all costs, damages and counsel fees reasonably expended by Lessor in defending any such action and

for the payment of any final judgment entered against Lessor.

LOG: 14. The Lessee shall keep an accurate log and casing record showing the formations penetrated by each well and the depth and thickness of the same and the location of all casing, and shall give the Lessor access to such log and casing record at all reasonable times, and shall permit the Lessor to inspect the same by its officers, engineers and geologists and to make a copy thereof.

PIPE LINES: 15. The Lessee further agrees to keep a record of installation of all pipe lines laid by the Lessee on the demised premises showing the location of such pipe lines, and to give the Lessor access to such record at all reasonable times, and at such times to permit the Lessor to inspect such record and make a copy thereof. The Lessee further agrees that the top of all pipe lines not in actual use for drilling operations laid on any portion of the demised premises shall be not less than fifteen (15) inches below the surface of the ground at all points when so requested in writing by the Lessor.

FIRE AND OVERFLOW OF OIL OR WATER: 16. The Lessee further agrees to prevent as far as practicable with the exercise of reasonable care and diligence the spread of fire and the overflow of oil or water which may be detrimental to improvements or vegetable growth upon the demised premises, and to pay all damage caused to the demised premises and crops thereon by any such fire or overflow resulting from its operations on the premises, and to save the Lessor harmless from all loss, cost, attorney's fees, damages and claims for damages for injuries to adjacent lands, caused by fire or by overflow of oil or water, resulting from the Lessee's operations on the demised premises.

REGULATIONS FOR EMPLOYEES: 17. The Lessee agrees that in connection with its operations on the demised premises, it will establish and enforce regulations whereunder (a) no fires shall be permitted on the demised premises, except in the conduct of operations under this lease, and no fires will be permitted on other parts of the San Francisco Ranch, and the Lessee assumes liability for damages caused by fire started on the premises by any employee of the Lessee; (b) the bringing or keeping of any dog on Lessor's premises shall not be permitted; (c) no hunting or shooting shall be allowed on the demised premises, or on any part of the San Francisco ranch, or the bringing or keeping of fire arms thereon, except as might be necessary under order of Lessee for the protection of its rights and property.

WATER: 18. In the event that the Lessee shall develop water on the demised premises in excess of the quantity which the Lessee may deem necessary for its use, the Lessor shall have the right to use any such excess water in any such manner as it might elect; provided, however, that the Lessor shall bear and pay all costs and expenses incident to the production and diversion of such excess water, and that Lessor shall use excess water entirely at its own risk, and that such excess water shall be so diverted and used as not to interfere with or interrupt the operations of the Lessee on the demised premises.

If the Lessee shall drill any well upon the demised premises which shall prove to be a water well and not an oil well, the Lessee shall notify the Lessor of that fact. If at any time the Lessee shall desire to abandon any well as an oil well, and the Lessor shall desire to acquire the same as a water well, the Lessor shall pay to the Lessee for such casing as it desires to have left in the well one-half the market price of new casing, delivered at the well, prevailing at the time of purchase thereof by the Lessor, and if the Lessor shall not desire to acquire such water well and purchase such casing or shall not desire to have all of the casing left in the well, the Lessee shall have the right to pull and remove the casing or such part thereof as the Lessor does not desire to purchase and have left in the well. Whenever the Lessee shall desire to abandon a water well, he shall notify the Lessor, in writing, of his desire so to do, and if the Lessor shall fail, within ten (10) days after the receipt of such notice, to notify the Lessee that it desires to retain said well and to pay for the casing which it desires to have left in the well, the Lessee shall be at liberty to pull and remove the casing from such well at any time after the expiration of said ten (10) days. In the event the Lessor shall acquire such water well or wells, the Lessee shall nevertheless have the right to use water from such well or wells at any and all times throughout the term of this lease for his necessary operations on the demised premises, in so far as such use does not interfere with the Lessor's use, and subject to pumping and operating costs.

REMOVAL OF IMPROVEMENTS AND RESTORATION OF LAND: 19. For the purpose of this lease, no structure, appliance, apparatus, machinery, equipment, derricks, tanks, pipe lines or facilities placed by the Lessee on the leased premises shall be deemed a fixture, but all thereof shall belong to the Lessee, and the Lessee shall have the right to remove the same from the land on which they are located at any time prior to the expiration of ninety (90) days after the termination of this lease as to the land or easement on land on which the same are located, provided the Lessee shall clean and fill all sump holes, remove foundations, fill and level off all excavations, and restore the ground to a safe and clean condition at its original contour as near as practicable. The Lessee shall have the right to abandon any well in which no oil in paying quantities is discovered or when a producing well becomes non-productive, and shall have the right to remove the casing from the well, provided it complies with the requirements of state laws and lawful regulations thereunder and properly protects underground waters and oil sands and zones, and subject to the provisions of paragraph 18 hereof. The Lessee agrees, upon the termination of the lease as to any part or all of the premises, to restore the same as above provided.

LESSOR'S USE OF THE PREMISES: 20. The Lessor reserves and shall have the right to use the land for agriculture, horticulture, grazing and residential purposes, and for mercantile, industrial and other purposes not inconsistent with the uses and purposes for which the land is leased to the Lessee and to such an extent as will not interfere materially with the rights granted to the Lessee herein. The Lessee shall conduct its operations so as to interfere as little as possible with the use of the land by the Lessor for such reserved purposes as is consistent with the economical operation of the property for oil, and to occupy no more land than is reasonably required for the drilling of wells and for the operation of producing wells and for such structures, machinery, appliances, equipment, tanks, pipe lines and facilities reasonably required for the effectual exercise of the rights herein granted to the Lessee. It is understood that this provision shall not operate as a limitation upon the number of wells which may be drilled by the Lessee, or so as to interfere with the effectual exercise by the Lessee of the rights granted hereby. The Lessor reserves the right to develop and use underground waters and surface waters.

If any fences on the said lands are cut by the Lessee for its purposes, the Lessee shall establish good and substantial gates at all such points. Whenever requested by the Lessor in writing, the Lessee shall fence all sump holes and other openings to safeguard livestock which may be grazing on said land. The Lessee agrees to pay the Lessor and any tenants of the Lessor for damage to growing crops which may be done by overflow or blowing of oil or through fire caused by the Lessee or its employees, or through acts of negligence of the Lessee or its employees.

TAXES: 21. The Lessee shall pay, before same become delinquent, all taxes that may be levied against its improvements, machinery and personal property on the demised premises, including any oil and minerals belonging to the Lessee that may be stored on said premises, and if the assessed valuation of the said demised premises shall be increased over and above the amount at which said premises were assessed for the fiscal year 1935-36, and such increase shall be due to the operations of the Lessee on said premises or to the existence of minerals or mineral rights, the Lessee shall pay seven-eighths ($7/8$) of the taxes upon such increase, or, if the minerals and mineral rights shall be separately assessed either to the Lessee or the Lessor, the Lessee shall pay seven-eighths ($7/8$) of all taxes assessed against said minerals and mineral rights. Subject to the foregoing provision, the Lessor shall pay all taxes assessed against said premises, including one-eighth ($1/8$) of the taxes due to the operations of the Lessee on said premises, whether the same are shown in an increase in the valuation of the property or the minerals and mineral rights are separately assessed.

In the event the United States, the State, or any county or municipality levies a license, severance, production, or other tax on the oil produced hereunder, including the royalty oil, or on the Lessee's right to operate based on the quantity of oil produced hereunder, including the royalty oil, then and in that event the Lessee shall pay seven-eighths ($7/8$) of said tax and the Lessor shall pay one-eighth ($1/8$) of said tax.

Either party may pay the entire amount of any tax, which shall constitute a lien

against the demised premises, and shall be entitled to reimbursement from the other party of the part thereof herein agreed to be paid by such other party, with interest thereon at the rate of seven (7) per cent per annum from and after the date upon which demand for such reimbursement shall have been made until paid. Failure of the Lessee to pay the taxes as herein agreed shall constitute a default hereunder.

LESSEE MAY DISCHARGE CERTAIN LIENS: 22. The Lessee, at its option, may pay and discharge any liens which may now or hereafter attach to the land or any part thereof where the amount secured by such lien or liens is past due and such payment is reasonably required to protect the interest of the Lessee hereunder, and upon such payment the Lessee shall be subrogated to the rights of the holder or holders thereof and may, in addition to asserting such rights, reimburse itself by applying to the amount owing to it any royalties, rentals or other sums accruing to the Lessor hereunder.

TERMINATION AND FORFEITURE: 23. If the Lessee shall fail or refuse to commence the actual drilling of an oil well within the time provided for in paragraph 8 hereof, or to commence the actual drilling of a second or any subsequent well within ninety (90) days after the cessation of work upon the next preceding well, or to commence the actual drilling of an offset well as required by paragraph 10 hereof, or if the Lessee shall be in default in the performance of any covenant, term, provision or condition of this lease, and shall fail, for a period of thirty (30) days after the Lessor has served upon it written notice of such default and demand for performance, to comply with the provision or provisions, term or terms, condition or conditions of this lease as to which the default exists, or to commence to remedy a default where time is required to complete such remedy, the Lessor may, at its option, terminate this lease and all rights and interests of the Lessee hereunder; provided, that in case the said default does not exist or has been remedied as to any such well or wells or parcel or land, the said termination or forfeiture shall not be effective as to each well drilling and each well completed and producing oil or gas in paying quantities at the time of such termination, and as to a rectangular parcel of land containing ten (10) acres around each such well, and as to the necessary easements for access to each parcel for roads, pipe lines and other lines, and as to lands occupied by water wells, storage tanks, plants, refineries, lease houses and structures which are actually required and used in the operation of said retained properties or in the storage or treatment of products produced from the retained properties, as to all of which wells and properties the lease shall continue in force as provided in paragraph 1 hereof. If the Lessee shall at any time be in default in the performance of any provision, term or condition of this lease as to any well, parcel or property retained under this lease after the expiration of the term hereof, or a termination as above provided for, and shall fail, for a period of thirty (30) days after Lessor has served upon it written notice of such default and demand for performance, to comply with the provision or provisions, term or terms, condition or conditions of this lease as to which the default exists, or to commence to remedy a default where time is required to complete such remedy, the Lessor may, at its option, terminate this lease and all rights and interests of the Lessee hereunder as to such well, parcel and property.

The Lessor shall exercise its rights of termination herein provided for by serving upon the Lessee a written notice of such termination.

Failure on the part of the Lessee to comply with any provision or condition of this agreement by reason of accident or delay caused by fire, the elements, act of God, strikes, lockouts, war, insurrection, rebellion, or by interruption of transportation facilities or by governmental action of general application, or by any causes beyond the control of the Lessee, whether similar to the causes herein specified or not, shall not be deemed a default hereunder so long as such excuse or prevention shall continue.

NOTICES: 24. Any notice or demand from the Lessor to the Lessee may be given or served by delivering the same personally to the Lessee or to an officer of a corporate Lessee or by sending the same by registered mail, addressed to the Lessee at 714 West Tenth Street, Los Angeles, California. Any notice from the Lessee to the Lessor may be given or served by delivering the same personally to an officer of the Lessor or by sending the same by registered mail, addressed to the Lessor at Piru, Ventura County, California. Either party or the assigns of either party may at any time, by written

notice to the other party, change the address to which notices shall be sent or the name of the person upon whom notices may be personally served, and thereafter all subsequent notices shall be served upon the person so designated or at the address so designated.

SURRENDER OF POSSESSION AND QUITCLAIMING: 25. Upon the expiration of this lease or a sooner termination in whole or in part, the Lessee shall surrender possession of the premises or the portion thereof as to which the lease is terminated and shall deliver to the Lessor a quitclaim deed to the premises or such part thereof. Upon the expiration of the lease or the termination thereof in whole or in part, all rights, titles and interests to unsevered petroleum oil, natural gas and other hydrocarbon substances in and under the premises, or the part thereof as to which the lease is terminated, and the right to drill for and extract the same from the said premises or such part thereof, shall revert to the Lessor.

The Lessee shall have the right at any time to quitclaim to the Lessor all or any part of the leased premises, and upon performance of the obligations with respect to said premises which have thereupon and theretofore accrued, shall thereupon be relieved from all obligations under this lease as to the part so quitclaimed, and shall have the right at any time to quitclaim to the Lessor all of the leased premises except completed producing wells and a rectangular parcel of land containing ten (10) acres around each such well, and except the necessary easements and the lands occupied by water wells, storage tanks, and structures actually required and used in the operation of the retained properties and in the storage or treatment of products produced therefrom, as to which the lease shall continue as provided in paragraph 1 hereof, and upon such quitclaiming, and upon performance of the obligations with respect to said premises which have thereupon and theretofore accrued, the Lessee shall be relieved of further obligation under this lease as to the said property quitclaimed.

EXISTING EASEMENTS AND ENCUMBRANCES: 26. This lease of the premises described herein is made subject to all easements over and across the property and all existing surface leases which may heretofore have been given or granted, and subject to all defects, liens and encumbrances of record. The Lessor warrants that the surface leases grant no rights greater than those reserved in paragraph 20 hereof.

ASSIGNMENT: 27. The Lessee shall have the right to assign this lease, in whole or in part, and shall have the right to sublease the property, in whole or in part, in the manner and on the conditions herein provided for, but the obligations and liabilities of the original Lessee hereunder shall not be released or affected by any assignment or sublease, or by an assumption of the lease, or any entry by the assignee or sublessee, without the written waiver of such obligations and liabilities by the Lessor.

Each assignment and each sublease and each assignment of a sublease shall be in writing, executed by the assignor or sublessor, and an executed copy thereof shall be promptly delivered to the Lessor herein. An assignee of the lease and a sublessee of any part of the property and an assignee of a sublease shall agree in writing, for the benefit of the Lessor herein, to assume, to be bound by, and to perform the covenants and conditions of this lease to be performed by the Lessee herein, in so far as it applies to the property covered by the assignment or sublease, and an executed copy of such agreement shall be promptly delivered to the Lessor.

A sublease or any assignee's interest shall not be assigned, and subdemised premises shall not be subleased, except in the manner herein provided for assignments and subleases and except by a writing, an executed copy of which shall be delivered to the Lessor herein. An assignment of this lease, a sublease, or an assignment of a sublease, shall not be effective to transfer any interest in this lease, or to create any interest in any property covered hereby, unless executed in strict compliance with the conditions and requirements of this paragraph 27, and until the conditions and requirements of this paragraph 27 have been complied with. No other assignment of this lease and no other sublease of the premises and no other assignment of a sublease shall be effective to transfer any interest in this lease or to create any interest in any property covered hereby. No grant of any royalty interest, and no assignment or agreement purporting to give to any person an interest in any oil or substances produced or to be produced from the demised premises, or an interest in the proceeds from any oil or substances produced or to be produced from the demised premises, and no agreement whatever, other than those

specifically permitted by this paragraph 27, shall grant or create any interest in this lease or in the demised premises or in the oil thereunder or in the oil to be produced therefrom, or be construed as creating anything other than an obligation of the person executing the same with respect to his interest in oil after it has been produced.

The Lessee agrees that it will not assign this lease in whole or in part, or sublease all or part of the leased property, or execute any grant, assignment or agreement purporting to create any interest in this lease or in the demised premises or in the oil under the same or to be produced from the same, otherwise than as herein provided, and agrees that it will not sublease the property except by written sublease which shall expressly provide that no assignment or sublease thereunder shall be made or be effective except when made in compliance with the provisions of this paragraph.

The rights of assignment and the rights of sublease by operation of law, by legal process, under writ of execution, in proceedings in bankruptcy, in proceedings in equity receivership, in government tax or other sales, shall be subject to the same limitations and conditions as are above provided in this paragraph, and any assignment or sublease by such proceedings shall confer no rights or interests except when made in the manner and upon the conditions above provided for, and a breach or default occurring in or by reason of any assignment or sublease in such proceedings shall operate as a default in the same manner as if the default occurred otherwise, and the rights of the Lessor upon such default shall be the same as if the default occurred otherwise.

In case the lease is assigned as to part of the leased premises, or in case a sublease or subleases of parts of the leased premises are executed, then, after the discovery of oil in paying quantities in any well drilled on any part of the leased premises, the drilling obligations provided for in paragraph 9 hereof shall be increased so that not less than two (2) strings of tools and well-drilling equipment shall be kept in continuous operation on the leased premises. The two strings of tools and well-drilling equipment shall be in, or commence, operation not less than ninety (90) days after the completion of the first producing well, if the discovery of oil is after the assignment or sublease, or not less than ninety (90) days after the assignment or sublease if the discovery of oil is before the assignment or sublease. Thereafter not less than two (2) strings of tools and well-drilling equipment shall be kept in operation on the leased premises, allowing not less than ninety (90) days between the completion of a producing well or the cessation of work on an abandoned well and the commencement of the next succeeding well, and such operations shall be carried on in the manner provided in paragraph 9. Upon a default in such performance the Lessor shall have the remedies for default as provided in paragraph 9 and in paragraph 23.

SHAPE OF TEN-ACRE PARCELS: 28. The ten (10) acre parcels around producing wells retained by the Lessee upon a termination of this lease and around offset locations, as hereinbefore referred to, shall be either square or rectangular in shape, with the long side not more than two (2) times the length of the short side, at Lessee's option, or shall be of such size and shape as may be otherwise agreed upon at the time by the parties.

29. This lease shall be binding upon the parties hereto and their respective successors and assigns. The term "Lessor" as used herein refers to the Lessor and the successors and assigns of the Lessor. The term "Lessee" as used herein refers to the Lessee and the successors and assigns of the Lessee.

IN WITNESS WHEREOF, the parties hereto have executed this instrument on the day and year first herein written.

(CORPORATE SEAL)

THE NEWHALL LAND AND FARMING COMPANY,
By Atholl McBean, President.
By George A. Newhall, Secretary. Lessor.

(CORPORATE SEAL)

BARNSDALE OIL COMPANY,
By R.A. Broomfield, Executive Vice-President.
By E.C. Reed, Asst. Secretary. Lessee.

State of California, City and County of San Francisco)ss:

On this 21 day of November, A.D. 1935, before me, W.W. HEALY, a Notary Public in and for said County and State, personally appeared Atholl McBean, known to me to be the

W.W.H.
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President, and George A. Newhall, known to me to be the Secretary, of THE NEWHALL LAND AND FARMING COMPANY, the Corporation that executed the within instrument, known to me to be the persons who executed the within instrument, on behalf of the corporation herein named, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

(NOTARIAL SEAL) W.W. Healey, Notary Public
in and for said County and State. My Commission expires August 29, 1937.
State of California, County of Los Angeles, ss:

On this 4th day of November, A.D. 1935, before me, Anna L. Schreiber, a Notary Public in and for said County and State, personally appeared R.A. BROOMFIELD, known to me to be the Exec. Vice-President, and E.C. REED, known to be the Asst. Secretary, of BARNSDALL OIL COMPANY, the corporation that executed the within instrument, known to me to be the persons who executed the within instrument, on behalf of the corporation herein named, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

(NOTARIAL SEAL) Anna L. Schreiber, Notary Public
in and for said County and State. My Commission expires July 6, 1937.

#748. Copy of original, recorded at request of Lessee, Nov. 30, 1935, 9:10 A.M.
Covyst #95. Compared C.L. Logan, County Recorder, By *A. Skarpen* Deputy.
\$10.00-96-T.

cc0000

B254-2- MORTGAGE DEED.

THIS INDENTURE, Made this 27th day of November, in the year of our Lord one thousand nine hundred and thirty-five, between Knute C. Norswing, a single man, of the County of Rice and State of Minnesota, party of the first part, and G.T.W. Norswing, of the County of Rice and State of Minnesota, party of the second part,

WITNESSETH: That the said party of the first part, for and in consideration of the sum of Six hundred fifty Dollars, to him in hand paid by the said party of the second part, the receipt whereof is hereby acknowledged, does by these presents grant, bargain, sell and convey to the said party of the second part, his heirs and assigns forever, all that tract or parcel of land lying and being in the County of Los Angeles and State of California, described as follows, to-wit: The west thirty (30) feet of lot sixty-five (65) and the east twenty (20) feet of lot sixty-six (66) of the Lennox Figueroa Street Tract, in the City of Los Angeles, California, as per map recorded in book 7, page 88 Maps,

FOR ASSIGNMENT TO
T. G. of Judge...
See Bk 12, Pg. 218... Official Records, D

TO HAVE AND TO HOLD THE SAME, Together with all the hereditaments and appurtenances thereunto belonging or in anywise appertaining, unto the said party of the second part, his heirs and assigns, forever. And the said party of the first part, does covenant with the said party of the second part, his heirs and assigns, as follows: First, that he is lawfully seized of said premises; Second, that he has good right to convey the same; Third, that the same are free from all encumbrances whatsoever, and Fourth, that the said party of the second part, his heirs and assigns, shall quietly enjoy and possess the same; and that the said party of the first part will warrant and defend the title to the same against all lawful claims.

Satisfaction of
MORTGAGE
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Official Records, D

PROVIDED, NEVERTHELESS, That if the said party of the first part, his heirs, executors or administrators, shall well and truly pay, or cause to be paid, to the said party of the second part, his heirs, executors, administrators or assigns, the sum of six hundred fifty dollars, and interest, according to the conditions of one promissory note for a principle sum of \$650.00, due in five years, or before, drawing interest at the rate of 5% per annum, and bearing even date herewith, and also to pay all taxes which now are, or may be hereafter assessed on said premises as they shall become due, then this deed to be null and void. But if default shall be made in the payment of said sum of money, or the interest, or the taxes, or any part thereof, at the time and in the manner hereinbefore or hereinafter specified for the payment thereof, the said party of the first part, in such case does hereby authorize and fully empower the said party of the second part, his heirs, executors, administrators or assigns, to sell the said hereby granted premises, and convey the same to the purchaser, in fee simple, agreeably to the statute in such case made and provided, and out of the moneys arising from such sale to retain the