

Party of the second part agrees to the following terms in regard to above mentioned Oil and Gas Lease:

1. If oil or gas is found in paying quantities upon completion of first well drilled on this lease, second party shall commence a second well within one year thereafter. Failure to do so shall void this lease with the exception of a 20 acre square tract surrounding Well #1. Well #1 to be at the center of above described tract. If a second well is commenced within the one year above mentioned then second party shall commence a third well within one year of completion of said 2nd well. Failure to commence a third well shall void this lease with the exception of the above mentioned 20 acre tract surrounding Well #2. Well #2 to be at the center of said 20 acre tract.
2. Second party agrees not to assign this lease to another party, individual or company.