

MINERAL LEASE NO. ____

GRANT: ____

**SITLA LEASE FOR
OIL, NATURAL GAS
AND ASSOCIATED HYDROCARBONS**

This Oil, Natural Gas, and Associated Hydrocarbon Lease (the "Lease") is entered into effective the __ day of _____, 20__, (the "Effective Date"), by and between the State of Utah School and Institutional Trust Lands Administration, 102 South 200 East, Suite #600, Salt Lake City, Utah 84111, (hereinafter "Lessor"), and

[_____]

having a business address as shown above (hereinafter "Lessee", whether one or more).

WITNESSETH:

Lessor, in consideration of the rentals, royalties, and other financial consideration required to be paid by Lessee, and the covenants of Lessee set forth below, does hereby lease to Lessee the exclusive right and privilege to explore for, drill for, produce, and sell Leased Substances as hereinafter defined, located within the boundaries of the following-described tract of land located in _____ County, State of Utah:

containing _____ acres, more or less (the "Leased Premises"),

together with the right and privilege, as conditioned herein, to construct and maintain on the Leased Premises roads, buildings, communication lines, gathering lines, pipelines, reservoirs, tanks, equipment, pumping and compression stations, and any other structures or improvements to the extent necessary to explore for, produce, save, dispose of and sell the Leased Substances.

This Lease is subject to, and Lessee hereby agrees to and accepts, the following covenants, terms, and conditions:

1. LEASED SUBSTANCES. Leased Substances are defined as and include: (i) oil, including all naturally occurring crude petroleum, oil, and other hydrocarbons regardless of gravity if produced at the wellhead in liquid form; (ii) natural gas, including hydrocarbon gases, casinghead gas, coalbed methane, and natural gas liquids; and (iii) liquid hydrocarbons such as distillate or condensate recovered or extracted from natural gas. Leased Substances and this Lease expressly excludes non-hydrocarbons, and non-oil and natural gas-associated hydrocarbons such as coal, bitumen, asphaltum and other associated heavy hydrocarbons occurring in tar sands, oil shale and gilsonite, all of which must be separately leased from Lessor. Lessee must immediately report the discovery of any substances not included in this Lease to Lessor in writing.
2. TERM OF LEASE; RELINQUISHMENT.
 - 2.1 Primary Term. This Lease, unless terminated at an earlier date as hereinafter provided, is granted for a primary term of five (5) years commencing on the Effective Date.
 - 2.2 Extension beyond Primary Term. Subject to Lessee's compliance with the other provisions of this Lease, this Lease shall remain in effect beyond the primary term for so long thereafter as: (i) Leased Substances are being produced in paying quantities from the Leased Premises or lands pooled or unitized therewith; or (ii) (a) Lessee is engaged in diligent operations which, in Lessor's sole discretion, and when approved in writing by Lessor, are reasonably calculated to result in production in paying quantities of the Leased Substances from the Leased Premises or lands pooled or unitized therewith, and (b) Lessee pays an annual minimum royalty equal to twice the highest annual rental provided for in paragraph 3 of this Lease. The annual minimum royalty is due to Lessor no later than sixty (60) days after the end of the Lease year. A "Lease year", for purposes of this Lease, will be determined beginning the month and day of the Effective Date and continuing for 365 days. Minimum royalty will be calculated using the highest rental per acre set out in paragraph 3 below.
 - 2.3 Diligent Operations. Upon and after expiration of the primary term, where Lessee holds the lease by approved diligent operations, Lessor may review and determine, in its sole discretion, as of each anniversary of the Effective Date whether Lessee is engaged in diligent operations sufficient to maintain this Lease in effect. Any cessation of operations for a period of more than ninety (90) consecutive days or a cumulative period of one hundred eighty (180) days in any one calendar year will be conclusive evidence that Lessee is not engaged in diligent operations.
 - 2.4 Paying Quantities For purposes of this Lease, "produced in paying quantities" means the production of Leased Substances sufficient for Lessor to receive royalties in an amount at least equal to twice the highest annual rental provided for in paragraph 3 of this Lease during a Lease year. In the event that the Lease is in production, but production royalties generated and paid to the Lessor during the Lease year do not total an amount equal to at least twice the highest annual rental provided for in paragraph 3 of this Lease during such Lease year, Lessee may maintain this Lease in force by paying the difference between the actual royalty amount paid to Lessor and twice the highest annual rental provided for in paragraph 3, in cash to Lessor no later than sixty (60) days after the end of the Lease year, or this Lease will terminate by its own terms; *provided, however*, that Lessee may not maintain this Lease by paying such difference for more than 5 years, cumulatively.

- 2.5 Shut-In Wells; Lease Extension. If Lessee has completed a natural gas well that is producing in paying quantities, but is thereafter prevented from producing natural gas because of market conditions or lack of pipeline or other transportation method, in each case, through no fault of Lessee, and that well is the only producing well on the Leased Premises or lands pooled or unitized therewith, this Lease will be extended beyond the primary term, subject to payment of annual minimum royalties pursuant to paragraph 2.2 and the remaining terms of this Lease. The determination of whether a shut-in well is capable of producing in paying quantities, or whether market conditions or lack of transportation prevent production, shall be vested in Lessor in its sole discretion and reviewed on a yearly basis. Lessee shall pay minimum royalties for a properly shut-in natural gas well for so long as the Lease is in effect. Notwithstanding the foregoing, no well may remain shut-in for longer than five (5) consecutive years. If a shut-in well is shut-in for five (5) consecutive years, it must be plugged and abandoned in accordance with the applicable regulations of the Utah State Division of Oil Gas and Mining (“UDOGM”), and if such well is the only well capable of extending this Lease, this Lease will terminate, unless Lessee requests a further extension at least 90 days prior to the end of such five (5) year period, and Lessor, in its sole discretion, elects to grant an extension.
- 2.6 Relinquishment. Lessee may relinquish all or portions of this Lease at any time by filing a written request of relinquishment with Lessor, subject to Lessor’s right to disapprove any relinquishment if (i) Lessee has failed to pay all rentals, royalties, and other amounts due and owing to Lessor, (ii) the Lease is otherwise not in good standing, or (iii) any unreclaimed surface disturbance or an abandoned and unplugged well exists on the Leased Premises. Lessee may not relinquish parcels smaller than a quarter-quarter section or surveyed lot. Relinquishment will relieve Lessee of all future rental obligations as to the relinquished lands, but will not relieve Lessee from any continuing obligations in this Lease, including, without limitation, as provided in paragraph 10.2 of this Lease.
- 2.7 Pugh Clause. As to any acreage of the Leased Premises which is not within a producing area in accordance with UDOGM rules and regulations, including, without limitation R649-3-2 and R649-3-3, or any SITLA approved production or spacing unit, at the expiration of the primary term, this Lease will automatically terminate, expire, and be of no further force or effect insofar, and only insofar, as to any lands comprising the Leased Premises that are not within such producing area or included in one or more of the said SITLA approved pools or units (unless the lands are otherwise maintained by the provisions of this Lease). Upon request by Lessor, Lessee shall execute a release of this Lease as to such acreage released under this pugh clause.
3. ANNUAL RENTAL PAYMENTS; BONUS PAYMENT. Lessee shall pay Lessor a bonus payment of _____, which includes the first year rental payment due during the primary term of this Lease, on or before _____ or this Lease will automatically expire and be of no further force or effect. If before the second anniversary date hereof operations for the drilling of a well for oil or gas or other Leased Substances have not been commenced on the Leased Premises or lands pooled or unitized therewith, or if there is no production in paying quantities from the Leased Premises or lands pooled or unitized therewith, then subject to paragraph 2 above, this Lease shall terminate unless Lessee before that date pays to the Lessor at its principal place of business, the greater of, (i) Five Hundred Dollars (\$500.00), or (ii) the sum of Two Dollars (\$2.00) per acre and fractional part thereof contained within the Leased Premises, as a yearly rental payment during the primary term of this Lease or thereafter, where the computation of minimum royalties or other lease payments are calculated based on this paragraph. Said rental payment shall support the privilege of

deferring the commencement of operations for the drilling of a well for a period of 12 months from said anniversary date. In like manner and upon like payments, the commencement of operations for the drilling of a well may be further deferred for one or more twelve-month periods during the primary term of this Lease.

4. ROYALTIES.

- 4.1 Production Royalty - Oil. Lessee shall pay Lessor a royalty, free of all production costs and expenses, of sixteen and two-thirds' percent (16 2/3%) of the proceeds from the sale of all oil and related hydrocarbons (including condensate or distillates) produced from the Leased Premises, such royalty payment calculations, including, without limitation, the determination of any post-production costs, determined in accordance with paragraph 4.3.
- 4.2 Production Royalty – Natural Gas. Lessee shall pay Lessor a royalty, free of all production costs and expenses, of sixteen and two-thirds' percent (16 2/3%) of the proceeds from the sale of all natural gas (including natural gas liquids, constituent substances, and related hydrocarbons) produced from the Leased Premises, such royalty payment calculations, including, without limitation, the determination of any post-production costs, determined in accordance with paragraph 4.3.
- 4.3 Royalties Calculated According to Federal Regulations. Notwithstanding anything in this Lease to the contrary, Lessor and Lessee acknowledge and agree that the calculation of the measurement and value of oil and gas for royalty purposes under paragraphs 4.1 and 4.2 of this Lease be conducted in the same manner as federal law and regulations governing the measurement and valuation of federally owned oil and gas and associated hydrocarbons (including but not limited to federal law and regulations with respect to the Lessee's obligation to place oil and gas into marketable condition), which federal laws and regulations are incorporated into this Lease by this reference. In no event will the value of oil or gas used and the calculated royalties under paragraphs 4.1 or 4.2 of this Lease be less than the value and royalties which would be obtained were federal measurement and royalty valuation regulations in existence at the time of production applied in the calculation of production and royalties under this Lease.
- 4.4 Reporting and Payment. For all oil and substances other than natural gas produced and sold or transported from the Leased Premises during a particular month, Lessee shall pay royalties to Lessor on or before the end of the next month of production. For all natural gas (and its respective associated constituents) produced from the Leased Premises during a particular month, Lessee shall pay royalties to Lessor on or before the end of the second month after the month of production. Royalty payments shall be accompanied by a verified statement, in a form approved by Lessor, stating the amount of Leased Substances sold or otherwise disposed of, the gross proceeds accruing to Lessee, the calculation of any deductions, and any other information reasonably required by Lessor to verify production and disposition of the Leased Substances.
- 4.5 Royalty-In-Kind. Lessor expressly reserves the right, but not the obligation, to take its royalty share of production of Leased Substances in kind after not less than thirty (30) days written notice to Lessee. For natural gas, Lessee shall deliver Lessor's royalty share of production, free of costs or deductions, into the pipeline or transmission system to which the wells of Lessee are connected. For oil, Lessee shall deliver Lessor's royalty share of production, free of costs or deductions, into Lessor's storage tanks. In the event that Lessor's royalty oil must be delivered into Lessee's tanks, Lessee shall not be required to

furnish storage for Lessor's royalty oil for more than thirty (30) days following the month of production.

- 4.6 Royalty Reduction. Lessor may, in its sole discretion, reduce the royalty rate payable under this Lease for any Leased Substances if Lessee demonstrates that it is otherwise uneconomic to operate the Leased Premises. As a condition of any such reduction, Lessor reserves the right to proportionately reduce all overriding royalty interests existing under this Lease.
- 4.7 Royalty on Oil Well Flared Gas. Lessee may request in writing, and subject to the prior written consent of Lessor, no royalty is required to be paid by Lessee to Lessor on any gas produced from an oil well that is flared within the standard limits and under the circumstances provided by UDOGM. If the same is approved by Lessor, Lessee shall pay royalty to Lessor as provided in paragraph 4.2 on any gas flared over and above the standard limits provided by UDOGM (including those amounts over and above the standard limits that Lessee seeks approval from UDOGM for), as if such amounts were produced and sold by Lessee. If Lessor does not approve a request from Lessee, Lessee shall pay Lessor royalty as provided in paragraph 4.2 on all gas flared.
- 4.8 Settlements. Lessor shall own and/or be paid an undivided sixteen and two-thirds' percent (16 2/3%) of all gas contract settlements, take or pay settlements, awards, payments and/or benefits (collectively, "Settlements") which arise out of, relate to or concern natural gas produced from or attributable to the Leased Premises. In no event shall the royalty provided for herein for royalty purposes ever bear, directly or indirectly, any deduction for gas contract, take or pay credit, amelioration, allocation, deduction, recoupment or makeup which is not a direct result of take or pay settlement and/or benefit in which Lessor has fully participated to the extent of its sixteen and two-thirds' percent (16 2/3%) royalty share. However, it is agreed that if there were actual costs and expenses paid by Lessee directly in connection with attaining such Settlements, Lessee may deduct Lessor's proportionate share of such costs and expenses out of Lessor's share of such Settlements.
5. RESERVATIONS TO LESSOR. Lessor hereby excepts and reserves from this Lease the following rights and privileges:
- 5.1 Rights-of-Way and Easements. Lessor reserves the right to establish rights-of-way and easements upon, through, and across the Leased Premises, under terms and conditions that will not unreasonably interfere with operations under this Lease, for roads, pipelines, electric transmission lines, transportation and utility corridors, and any other purposes deemed reasonably necessary by Lessor.
- 5.2 Other Mineral Leases; Multiple Mineral Development. Lessor reserves the right to enter into mineral leases and agreements with third parties covering minerals and/or substances other than the Leased Substances, under terms and conditions that will not unreasonably interfere with operations under this Lease. Lessor further reserves the right to impose reasonable stipulations upon operations under this Lease to permit multiple mineral development of the Leased Premises.
- 5.3 Use and Disposal of Surface. To the extent that Lessor owns the surface estate of the Leased Premises and subject to the rights granted to the Lessee pursuant to this Lease in paragraph 7.1, Lessor reserves the right to use, lease, sell, or otherwise dispose of the surface estate or any part thereof. Lessor reserves the right to charge for, negotiate and

coordinate with other surface owners, land management agencies or governmental agencies regarding mitigation or impact fees and shall coordinate the collection and expenditure of such fees, if any, that are imposed or collected. Notwithstanding any other provision of this Lease, Lessor reserves the right to permit third parties to undertake surface activities associated with seismic, geophysical, and geochemical exploration for oil, natural gas, helium and other substances (such activities being considered by Lessor to be a surface use) without compensation or other obligation to Lessee so long as such activities do not unreasonably interfere with Lessee's operations.

- 5.4 Rights Not Expressly Granted. Lessor further reserves all rights and privileges of every kind and nature, except as specifically granted in this Lease.

6. LEASE OPERATIONS.

- 6.1 Plan of Operations/Applications for Permit to Drill. Lessee does not have the right to conduct surface disturbing operations, or any operations that have the potential to affect historic properties, without first obtaining Lessor's approval pursuant to *Utah Administrative Code* R850-21-700. Lessee, no less than sixty (60) days prior to commencing such activities on the Leased Premises, shall submit a plan of operations and reclamation for Lessor's approval, which may not be unreasonably withheld. Prior to commencing any drilling operations on the Leased Premises, Lessee shall file and receive approval of an Application for Permit to Drill ("APD") with UDOGM, or any successor regulatory agency. Lessee shall file a copy of the APD with Lessor at the time it files the original APD with UDOGM for Lessor's approval, which may not be unreasonably withheld. Lessor may condition its consent to the approval of the APD by UDOGM upon Lessee's agreement to comply with reasonable measures for the prevention of waste, protection of mineral and surface resources, protection of cultural resources, protection of endangered, threatened, and/or sensitive species, reclamation, and other measures deemed necessary by Lessor. Lessee may not proceed with any surface disturbing activities before obtaining Lessor's approvals as provided in this paragraph.
- 6.2 Compliance with Applicable Law. Lessee, shall comply with all applicable federal, state and local statutes, regulations, and ordinances, whether now in effect or enacted in the future, including without limitation the rules and regulations of UDOGM, statutes and regulations governing the management of school and institutional trust lands, applicable statutes and regulations relating to safety and health, and applicable statutes, regulations and ordinances relating to public health, pollution control, management of hazardous substances, cultural resources and environmental protection.
- 6.3 Prudent Operator. After discovery, and subject to the right of relinquishment provided by this Lease, Lessee shall exercise reasonable diligence in drilling, operating, producing and marketing Leased Substances from the Leased Premises. Lessee shall conduct drilling and production operations as a prudent operator in accordance with standard industry methods and practices, having due regard for the prevention of waste of Leased Substances, the protection of Lessor's interest with respect to the Leased Premises and the production of Leased Substances therefrom; the preservation and conservation of the property and productive strata therein for future operations, the health and safety of workers and employees and such other practices that are recognized within the industry. Lessee may not use, keep, save, or store Leased Substances without the prior written consent of Lessor, and must use all reasonable efforts to sell all Leased Substances produced.

- 6.4 Unitization. Upon the prior written consent by Lessor, which may be given or withheld in Lessor's sole discretion, Lessee may commit the Leased Premises to a unit, cooperative or other plan of development with other lands. With the consent of Lessee, Lessor may alter or change the drilling, production and royalty requirements and terms of this Lease to conform to any such plan.
- 6.5 Measurement. All production must be accurately measured using equipment and standards approved by Lessor and in compliance with UDOGM rules set out at *Utah Administrative Code* R649-2-8. All measuring devices must be tamper-proof.
- 6.6 Disposal Wells. No well on the Leased Premises may be used as a disposal or injection well without the prior written consent of Lessor.
- 6.7 Offset Wells. Lessee shall protect the Leased Premises from drainage by offset wells located on adjoining lands not owned by Lessor by: (i) drilling to completion on the Leased Premises all wells that would be deemed necessary by a prudent operator to protect the Lessor from drainage by offset wells; (ii) paying Lessor compensatory royalties in an amount sufficient to compensate Lessor for production royalties that would have accrued had such drainage not occurred; or (iii) provide sufficient documentation to Lessor, upon Lessor's request, which will allow Lessor to determine that drainage from offset wells is not occurring.
- 6.8 Completion of Operations; Reclamation. Upon completion of operations and/or termination of this Lease, Lessee shall plug all wellbores located on the Leased Premises in accordance with UDOGM rules and standard industry practice, and reclaim all surface disturbances as set forth in this Lease in accordance with all UDOGM requirements and the reclamation plan approved by Lessor. At a minimum, Lessee shall return any disturbed areas to their approximate original contour, fill all reserve pits, remove all equipment and debris, redistribute any stockpiled topsoil, and revegetate the site with grasses and/or native plants as specified by Lessor. Lessee's right to remove casing shall be subject to the provisions of paragraph 9 of this Lease. All equipment and material not removed from the Leased Premises within ninety (90) days of completion of operations and/or termination of this Lease shall be deemed abandoned, and Lessor may remove or cause to be removed said equipment and material and sold to Lessor's account.
- 6.9 Cultural Resources. Prior to commencing any surface disturbing operations or any operations that have the potential to affect historic properties, Lessee shall complete a cultural resource inventory prepared in accordance with applicable laws and regulations, or otherwise provide evidence of compliance with *Utah Administrative Code* R850-60 et. seq. Lessee shall provide such cultural resource compliance materials to Lessor prior to the approval of the APD. Lessor will review all cultural resource compliance materials provided by Lessee, and may approve, condition or deny its consent to the APD based upon impacts to cultural resources. Lessor may require Lessee to complete appropriate cultural resources mitigation measures as a condition of APD approval.
7. USE OF SURFACE ESTATE.
- 7.1 Lessor-Owned Surface. If Lessor owns the surface estate of all or some portion of the Leased Premises, by issuance of this Lease, Lessee may use such lands to the extent reasonably necessary and expedient for the economic operation of the leasehold, subject to paragraph 6.1. Lessee may not use the surface estate of the Leased Premises prior to

complying with the requirements of paragraph 6.1. Such surface uses shall be exercised subject to the rights reserved to Lessor as provided in paragraph 5, and without unreasonable interference with the rights of any prior or subsequent lessee of Lessor. Lessee shall take all reasonable precautions to prevent any surface degradation and environmental hazards (including, without limitation, spills or leaks) and must immediately remedy the same and notify Lessor in writing of any incidents occurring on the Leased Premises. Lessee shall ensure that all equipment, vehicles, and materials are free of noxious weeds and noxious weed seeds prior to entering the Leased Premises or surrounding lands. Lessee shall monitor the Leased Premises for the growth of noxious weeds and take reasonable measures to eradicate noxious weeds from the Leased Premises. If Lessee fails to control noxious weeds, as reasonably determined by Lessor, Lessor may take action to eradicate the noxious weeds after 30 days' notice to Lessee and charge Lessee with the costs of such action. Lessee shall promptly pay Lessor's reasonably-incurred costs to eradicate the noxious weeds.

- 7.2 Split-Estate Lands. If Lessor does not own the surface estate of any portion of the Leased Premises, Lessee's access to and use of the surface of such lands shall be governed by Utah Code §53C-2-409 as may be amended, governing access by mineral owners to split estate lands, and all reclamation and bonding requirements. Lessee shall provide evidence of its right to access the surface of split-estate lands prior to approval of any APD, unless this condition is waived by Lessor. Lessee shall indemnify, defend and hold Lessor harmless for all claims, causes of action, damages, costs and expenses (including attorney's fees and costs) arising out of or related to damage caused by Lessee's operations to surface lands or improvements owned by third parties.
8. BONDING. A bond shall be posted with the Lessor as required by *Utah Administrative Code* R850-21-800 to ensure (i) compliance with the payment of royalties, (ii) proper maintenance and reclamation of the Leased Premises, and (iii) all other terms and conditions of this Lease, in an amount determined by Lessor in its reasonable discretion. At any time during the term of this Lease, Lessor may in its reasonable discretion require Lessee to furnish additional bonding for assuring compliance with the terms of this Lease upon thirty (30) days written notice.
9. WATER. In drilling any wells on the Leased Premises, Lessee shall note all water-bearing strata in the well log, and shall promptly give notice to Lessor. Such notice shall include an estimate of the flow and quality of said water. Lessor reserves the right to require that all or any part of the casing shall be left in any nonproductive well to maintain the well or wells for water production. If Lessee initiates any water right on the Leased Premises, such water right must be filed in the name of Lessor, will become an appurtenance to the Leased Premises, and will become the sole property of Lessor on termination of this Lease. In drilling, operating and plugging any well on the Leased Premises, Lessee shall take reasonable precautions to prevent contamination of any water-bearing strata by migration of petroleum, brines or other substances from other strata.
10. DEFAULT.
- 10.1 Notice of Default; Termination. Upon Lessee's violation of or failure to comply with any of the terms, conditions or covenants set forth in this Lease, Lessor shall notify the then current Lessee of such default by registered or certified mail, return receipt requested, at the last address for Lessee set forth in Lessor's files. Lessee shall then have thirty (30) days, or such longer period as may be granted in writing by Lessor, to either cure the default or request a hearing pursuant to the Lessor's administrative adjudication rules. In the event Lessee fails to cure the default or request a hearing within the specified time period, Lessor

may terminate this Lease without further notice to or appeal by Lessee. Failure to pay any rentals or minimum royalties is not a breach of covenants but rather a failure of condition and shall cause the Lease to automatically expire pursuant to its terms.

- 10.2 Effect of Termination. The termination of this Lease for any reason, whether through expiration, termination, or relinquishment, shall not limit the rights of Lessor or the State of Utah to recover any royalties and/or damages for which Lessee may be liable, to recover on any bond on file, or to seek injunctive relief to enjoin continuing violations of the Lease terms. No remedy or election under this Lease shall be deemed exclusive, but shall, whenever possible, be cumulative with all other remedies available under this Lease, at law, or in equity. Lessee shall surrender the Leased Premises upon termination; *provided however*, all obligations of Lessee under this Lease, including, without limitation, payment of royalties and other sums due, plugging of wells, reclamation, indemnification, and other covenants imposed by this Lease, shall survive termination.

11. RIGHT OF ACCESS; RECORDS.

- 11.1 Production Reporting; Records. Lessee shall promptly report all production from the Leased Premises to UDOGM in accordance with UDOGM rules, and shall maintain all records pertaining to production, processing, compressing, liquefying, marketing, transportation and disposition of the Leased Substances; all contracts relating to the same for the Leased Substances; and all documents pertaining to the calculation of royalties, for a period of at least seven (7) years after the date of production to which the documents pertain. Lessee will provide Lessor with well decks and associated pay decks for purposes of tracking lease base wells and unit base wells in the case of shared production in federal exploratory units or UDOGM approved spacing units, annually or as often as material changes are made.
- 11.2 Inspection; Audit. Lessor's employees and authorized agents shall have the right to enter the Leased Premises to examine, inspect, survey and take measurements for the purposes of verifying production amounts and proper Lease operations. Upon reasonable notice to Lessee, Lessor's employees and authorized agents shall further have the right to audit, examine and copy (at Lessor's expense) all documents described in paragraph 11.1, whether such documents are located on the Leased Premises or elsewhere. Lessor may request such documents in electronic format and Lessee shall provide Lessor with the same no later than thirty (30) days after Lessor's request. In addition to any other remedy under this Lease, if Lessee does not provide Lessor with the requested documents within thirty (30) days, Lessee shall pay Lessor a sum of Five Thousand Dollars (\$5,000.00) for failure to comply with the terms hereof and shall pay Lessor an additional \$5,000.00 every 30 days thereafter that the request is not complied with. Lessee shall furnish all conveniences necessary for any inspections or audits; provided, however, that such inspections or audits shall be conducted in a manner that is in conformance with all applicable safety regulations and does not unreasonably interfere with Lessee's operations.
- 11.3 Geologic Information. Upon reasonable notice to Lessee, Lessor may inspect seismic and geophysical information, core samples, well logs, and proprietary geologic data and evaluations concerning the Leased Premises. Lessor may request such information in electronic format and Lessee shall provide Lessor with the same no later than thirty (30) days after Lessor's request. In addition to any other remedy under this Lease, if Lessee does not provide Lessor with the requested information within thirty (30) days, Lessee shall pay Lessor a sum of Five Thousand Dollars (\$5,000.00) for failure to comply with the

terms hereof and shall pay Lessor an additional \$5,000.00 every 30 days thereafter that the request is not complied with.

- 11.4 Confidentiality. The parties agree that pursuant to Utah Code § 53C-2-102 and Utah Administrative Code R850-13, et. seq., SITLA will keep proprietary information identified by Lessee (including the Geologic Information in paragraph 11.3) confidential and will not disclose such information to third parties, unless required pursuant to law, rule, administrative order, court of competent jurisdiction, or other legal process. Lessee may seek additional protection under the Utah Government Records Access Management Act (“GRAMA”) against disclosure of trade secrets and commercial or financial information, as defined in Utah Code § 63G-2-305(2), by (i) submitting a request for business confidentiality at the same time as and as an attachment to the records for which confidentiality is sought; and (ii) complying with all requirements of GRAMA or other applicable privacy statute. In this event, SITLA, to the extent permitted by law, shall keep such information confidential and may not disclose the same to any third party without the written consent of Lessee, or except if ordered or required by administrative order, a court of competent jurisdiction, law, rule, or other legal process.

12. ASSIGNMENT OR SUBLEASE; OVERRIDING ROYALTIES; OTHER AGREEMENTS.

- 12.1 Consent Required. Lessee shall not assign or sublease this Lease in whole or in part, or otherwise assign or convey any rights or privileges granted by this Lease, including, without limitation, assignments of record title interests or transfer of operating rights, but not overriding royalties or payments out of production, without the prior written consent of Lessor. Any assignment, sublease or other conveyance made without prior written consent of Lessor will be void ab initio and have no legal effect unless and until approved in writing by Lessor. Exercise of any right with respect to the Leased Premises in violation of this provision shall constitute a default under this Lease.
- 12.2 Limitation on Overriding Royalties. Lessee shall not create, grant, assign, or otherwise convey any overriding royalty interest or payment out of production that reduces the net revenue interest under this Lease to less than eighty percent (80%) without the prior written consent of Lessor. Any conveyance in violation hereof will be void ab initio and have no legal effect unless and until approved in writing by Lessor.
- 12.3 Limitation on Other Agreements. Lessee shall not enter into any agreement limiting, restricting, prorating, or otherwise affecting the natural production from the Leased Premises in any way or in any event without the prior written consent of Lessor.

13. MISCELLANEOUS PROVISIONS.

- 13.1 Previously Authorized Improvements. If authorized improvements have been placed upon the Leased Premises by a third party prior to the commencement of this Lease, Lessee shall allow the owner of such improvements to remove them within ninety (90) days after the Lease term commences.
- 13.2 No Warranty of Title. Lessor claims title to the mineral estate covered by this Lease. Lessor does not warrant title nor represent that no one will dispute the title asserted by Lessor. It is expressly agreed that Lessor shall not be liable to Lessee for any alleged deficiency in title to the mineral estate, nor shall Lessee become entitled to any refund for any rentals, bonuses, or royalties paid under this Lease in the event of title failure. If Lessor

owns an interest less than the whole and undivided fee estate in the underlying Leased Substances, the royalties provided herein shall be paid to Lessor in the proportion which Lessor's interest bears to the whole and undivided fee estate.

- 13.3 Lessee Liable for Actions of Representatives. Whenever this Lease imposes obligations or liabilities on Lessee, those obligations and liabilities apply to actions or inactions of Lessee's officers, directors, owners, agents, employees, sublessees, assignees, contractors, subcontractors, invitees, and concessionaires. Lessee hereby assumes all liability arising from the actions or inactions of Lessee's officers, directors, owners, agents, employees, sublessees, assignees, contractors, subcontractors, invitees, and concessionaires on the Leased Premises or pursuant to this Lease.
- 13.4 Notices. All notices herein provided to be given or which may be given by either party to the other, except as otherwise provided by law, will be deemed to have been fully given when made in writing and deposited in the United States mail, postage prepaid, and addressed to the last known address of the parties. Lessee's address set forth above will be conclusively deemed to be correct unless Lessor has received written notice of change of address from Lessee.
- 13.5 Indemnity. Lessee shall indemnify and hold Lessor harmless for, from and against each and every claim, demand, liability, loss, cost, damage and expense, including, without limitation, attorneys' fees and court costs, arising in any way out of Lessee's occupation and use of the Leased Premises, including without limitation claims for death, personal injury, property damage, environmental damage or remediation, and unpaid wages and benefits. Lessee further agrees to indemnify and hold Lessor harmless for, from and against all claims, demands, losses, liabilities, damages, and penalties, including, without limitation, attorney's fees and court costs, arising out of any failure of Lessee to comply with any of Lessee's obligations under this Lease. Lessee's obligations in this paragraph will survive termination of this Lease.
- 13.6 Interest. Interest shall accrue and be payable on all obligations arising under this Lease at such rate as may be set from time to time by rule enacted by Lessor. Interest shall accrue and be payable, without necessity of demand, from the date each such obligation shall arise. The accrual and payment of interest does not constitute a waiver or satisfaction of any penalty that may apply under the Lessor's rules.
- 13.7 Governing Law: Consent to Suit; Jurisdiction. This Lease is subject to and shall be governed and interpreted by the laws of the State of Utah (including, without limitation, the rules and regulations of Lessor as may be amended from time to time) without regard to its choice or conflicts of laws rules that may refer to the laws of another state. Lessor and Lessee agree that all disputes arising out of this Lease shall be litigated only in the Third Judicial District Court for Salt Lake County, Utah. Lessee shall not bring any action against Lessor without exhaustion of available administrative remedies and compliance with applicable requirements of the Utah Governmental Immunity Act. Except as provided in this Lease, Lessor does not waive, limit, or modify any governmental immunity from suit. Service of process in any such action is hereby agreed to be sufficient if sent by certified mail to Lessee at the last known address appearing in Lessor's records.
- 13.8 Waiver. No waiver of the breach of any provision of this Lease shall be construed as a waiver of any preceding or succeeding breach of the same or any other provision of this

Lease, nor shall the acceptance of rentals or royalties by Lessor during any period of time in which Lessee is in default be deemed to be a waiver of such breach.

- 13.9 Severability. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, will not affect the validity of any other provision hereof.
- 13.10 Special Stipulations. The special stipulations, if any, set forth in Exhibit "A" to this Lease are hereby incorporated into and made an integral part of this Lease.
- 13.11 Entire Lease; Amendments. This Lease, together with any attached stipulations, sets forth the entire agreement between Lessor and Lessee with respect to the subject matter of this Lease. No subsequent alteration or amendment to this Lease shall be binding upon Lessor and Lessee unless in writing and signed by both parties.
- 13.12 Binding Effect. This Lease shall be binding upon, and shall inure to the benefit of the parties to it and their respective legal representative, successors, and assigns.
- 13.13 Certification. Lessee certifies that by signing this Lease, it is qualified to do business in the State of Utah and is not in default under the laws of the state of Utah relative to qualification to do business within the state or not in default of any previous obligation with the Lessor.
- 13.14 Tax and Zoning Immunity. Lessor does not intend by any provision of this Lease to waive any applicable laws providing tax and zoning immunity to state property or any interest therein or income therefrom. Lessee shall pay all taxes imposed as a result of Lessee's operations under this Lease.
- 13.15 Relationship of the Parties. The relationship of the parties is that of lessor and lessee, and Lessor is not in any way, or for any purpose, a partner or joint venturer of Lessee in the conduct of Lessee's business and neither party owes fiduciary duties to the other.
- 13.16 Signatures. The parties may execute this Lease in counterparts, each of which when taken together will be deemed one and the same document. The parties intend to allow for the electronic execution, imaging and storage of this Agreement and the admissibility into evidence of such an image in lieu of the original paper version of this Agreement. The parties agree that any computer printout of any such image of this Agreement shall be considered to be an "original" when maintained in the normal course of business and shall be admissible as between the parties to the same extent and under the same conditions as other business records maintained in paper or hard copy form. The parties agree not to contest, in any proceeding involving the parties in any judicial or other forum, the admissibility, validity or enforceability of any image of this Agreement because of the fact that such image was stored or handled in electronic form. The parties agree that an electronic version of this Lease, as amended, has the same legal effect and/or enforceability as a paper version as per Utah Code Ann. § 46-4-201.

[Remainder of Page Intentionally Left Blank. Signature Pages to Follow.]

IN WITNESS WHEREOF, the parties have executed this Lease as of the Effective Date.

THE STATE OF UTAH
SCHOOL AND INSTITUTIONAL TRUST LANDS ADMINISTRATION

By: _____
Stephanie Barber-Renteria
Managing Director of Energy and Minerals

APPROVED AS TO FORM:
SEAN D. REYES
ATTORNEY GENERAL

By: Chris Shiraldi
Special Assistant Attorney General

STATE OF UTAH)
 :
COUNTY OF SALT LAKE)

The foregoing instrument was acknowledged before me this ____ day of _____
20____, by Stephanie Barber-Renteria, in her capacity as Managing Director, Energy and
Minerals, of the State of Utah School and Institutional Trust Lands Administration.

Notary Public

IN WITNESS WHEREOF, the parties have executed this Lease as of the Effective Date.

[INSERT LESSEE]

By: _____
Signature

Name: _____

Title: _____

STATE OF _____)

:

COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____
202____, by _____, in his/her capacity as
_____ of _____.

Notary Public