

PAID UP OIL AND GAS LEASE

This lease is made and entered into on _____ 20____ by and between _____ ("Lessor"), of _____ and _____ ("Lessee"), of _____.

For \$_____, receipt of which is acknowledged, and the covenants and agreements contained on this lease, Lessor leases exclusively to Lessee the premises described below for the sole and only purpose of exploring by geophysical and other methods, mining and operating for oil (including but not limited to distillate and condensate), gas and helium and all other constituents), and for laying pipelines, and building tanks, power stations and structures thereon, to produce, save and take granted, demised, leased and let and by these presents does grant, demise, lease and let unto the said Lessee, for the sole and only purpose of exploring by geophysical and other methods, mining and operating for oil (including but not limited to distillate and condensate), gas (including casinghead gas, coal gas and helium and all other constituents), and for laying pipe lines, and building tanks, power stations and structures thereon, situated in _____ Township, _____ County, State of Michigan, described as follows, to wit:

It is agreed that this lease shall remain in force for a term of _____ years from the above date (called the primary term) and as long thereafter as oil or gas, or either of them, is produced from the land by the Lessee.

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

1. To pay Lessor for oil or gas of whatsoever nature or kind (with all of its constituents) produced and sold or used off the leased premises, or used in the manufacture of products therefrom, _____ of the gross proceeds received for the oil or gas sold. Lessee will make these payments monthly.
2. During any period (whether before or after expiration of the primary term) when gas is not being so sold or used and the well or wells are shut in and there is no current production of oil or operations on said leased premises sufficient to keep this lease in force, Lessee shall pay or tender a royalty of ONE DOLLAR (\$1.00) per year per net royalty acre. Such payment or tender to be made, on or before the anniversary date of this lease next ensuing after the expiration of ninety (90) days from the date such well is shut in and thereafter on the anniversary date of this lease during the period such well is shut in, to the royalty owners.
3. To pay Lessor for gas produced from any oil well and used off the premises, or for the manufacture of casinghead gasoline or dry commercial gas, _____, at the wellhead, received by Lessee for the oil or gas.

4. If the Lessee commences to drill a well or commence reworking operations on an existing well within the term of this lease or any extension, or on pooled acreage, the Lessee shall have the right to drill such well to completion or complete reworking operations with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned.

5. Lessee is hereby granted the right at any time and from time to time to unitize the leased premises or any portion or portions thereof, as to all strata or any stratum or strata, with any other lands as to all strata or any stratum or strata, for the production primarily of oil or primarily of gas with or without distillate.

6. No well shall be drilled nearer than _____ feet to the house or barn now on said premises, without the written consent of the Lessor.

7. Lessee shall pay for all damages caused by its operations to growing crops or trees on said land.

8. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

9. If the estate of either part hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors, or assigns.

10. Lessee may at any time and surrender this lease as to all or part of the leased premises.

11. Lessor hereby warrants and agrees to defend the title to the land described.

LESSOR

Dated: _____

By: /s/ _____

Its:

LESSEE

Dated: _____

By: /s/ _____

Its: