

PLUGGING OF WELLS

Form 1.

Assignee shall plug all wells not capable or no longer capable of producing oil or gas in paying quantities and shall restore the lands around any such well in a manner that meets all requirements of any governmental agency having jurisdiction and the oil and gas lease on which the well is located. In the event Assignee fails to plug any well or fails to restore the surface around any well to the satisfaction of Assignor, and any governmental agency having jurisdiction, then Assignor, at its option, may plug any well and restore the surface around any well to its satisfaction, and Assignee shall reimburse Assignor for any and all sums of money expended in connection with the plugging and restoration. Assignee shall comply with all statutory requirements and governmental rules and regulations in effect at the time of plugging any well, and Assignee agrees to fully defend, protect, indemnify, and hold Assignor harmless from and against each and every claim, demand, or cause of action, expense or liability arising from Assignee's failure to plug or properly plug any well.

Form 2.

Assignee shall be responsible for properly plugging all wells on the lands and leases in compliance with all applicable law, rules, and regulations.