

5. If during the term, the lessee shall fail to pay rental in advance for each subsequent year, within thirty days after the date upon which the same became due, the lease shall be subject to cancellation at the discretion of the Minister.

6. Provided, that if the lessee, in consideration of the expenditure to be incurred in actual boring operations, makes application, at or before the beginning of the second and third years, respectively, of the term of the lease, for an extension of time for the payment of rental, the Minister may grant such extension in writing; and if the lessee, before the end of the year in respect of which application was made, submits evidence to the Land Agent of the district that at least \$2,000 has been spent on actual boring operations, the amount expended, exclusive of the cost of machinery and casing, may be deducted from the rental.

7. Within one year from the issuance of the lease, prospecting machinery of the value of at least \$5,000 shall be installed.

8. Within fifteen months, the lessee shall commence boring operations and if he ceases to carry on the same for a period of more than three months, the lease shall be subject to cancellation. Provided, however, that if at least \$2,000 has been expended in actual boring operations, such expenditure shall be accepted as compliance with this provision for the year during which such expenditure was incurred.

9. A lessee, who has acquired by assignment or otherwise more than one lease may be permitted to consolidate his operations and expenditure, and to install machinery and equipment on one or more of the locations described in the lease affected. Provided that such consolidation shall apply only to the second and third years of the term of the leases and shall comprise only such basis as may at that time, be included in such consolidation. The group shall not exceed an area of 20 square miles, nor shall the locations be separated from one to the other by more than two miles.

10. The lessee shall at all times take reasonable measures to prevent the injurious access of water to the oil-bearing formations. Upon a well proving to be unproductive, or ceasing to yield oil in paying quantity, or being abandoned for any cause, the lessee shall be at liberty to withdraw the casing from the said well, but in order to prevent water gaining access to the oil-bearing formation, the lessee shall immediately close the well by filling it with sand, clay, or other material which may have the effect of preventing water from gaining access thereto.